

## Part B

# ANNUAL PERFORMANCE REPORT (Unaudited)

## COMPONENTS OF THE ANNUAL PERFORMANCE REPORT

The Annual Performance Report (APR) section of the *Performance and Accountability Report* (P&AR) is a requirement of the Government Performance and Results Act (GPRA)—a law that guides how agencies prepare strategic plans, performance budgets, and performance reports that set goals and report on achieving them. The FY 2006 APR discusses the means by which the Forest Service demonstrates *performance* accountability to stakeholders—the Administration, Congress, and the American public.

Within the APR, the reader will find by strategic goal:

- A strategic context for the Executive Priorities
- Accountability through Assessment—Program Assessment Rating Tool (PART) assessments, status, and progress
- Accountability to the Executive Priorities—the *preliminary* results for FY 2006
- Accountability to the Future—Research and Development (R&D) contribution for future results

The “*Accountability through Assessment*” section for each strategic goal reports Forest Service status and progress toward PART assessments that align with that goal. The format of this section has changed due to OMB’s implementation of [www.ExpectMore.gov](http://www.ExpectMore.gov), a Web site that reports agencies’ progress and status for PART assessments from previous years.

The “*Accountability to Executive Priorities*” section discusses the Forest Service’s *preliminary* results toward its FY 2006 performance reporting for key performance goals. Fiscal yearend performance for Executive Priorities in the APR and the Management Discussion and Analysis (MD&A) is a projected estimate, certified by regional foresters, and compiled by the Program and Budget Analysis (P&BA) Staff. This section also discusses the actions taken by management to improve agency performance reporting throughout FY 2006.

The discussion on Executive Priorities links each performance goal with the strategic goal and objective to which they align. For each Executive Priority, a performance chart provides the targeted and projected accomplishment, the resulting percentage of accomplishment, and the 2008 target from the Forest Service’s Strategic Plan 2004—2008. This presentation gives the reader a sense of the agency’s short-term and long-term accomplishments toward meeting the strategic objectives.

However, any discussion on performance accountability must take into consideration past performance. In the MD&A the exhibit, Performance and Trend 2002—2006 displays FY 2006 accomplishment with a 4-year trend to allow for comparison.

Finally, the “*Accountability to the Future*” for each strategic goal highlights FY 2006 successes from the R&D Deputy Area.

Outside the strategic context are the sections on status for U.S. Department of Agriculture (USDA) Office of Inspector General (OIG) and U.S. Government Accountability Office (GAO) audits, and Forest Service’s Major Management Challenges.

### ***The Relationship of PART to GPRA***

The relationship between GPRA’s strategic goals, objectives, and measures and the program-specific PART assessments may not be readily transparent to Forest Service stakeholders. GPRA links long-range planning and goals in a 5-year cycle with the shorter-term objectives and performance in the Forest Service’s performance budget. It is the combination of strategic plan, performance budget, and this annual performance report that meet GPRA’s performance reporting requirements.

PART is a tool that enables Forest Service management to assess the agency's programs for efficiency, effectiveness, and accountability in a different 5-year cycle. Based on these evaluations, OMB makes recommendations to improve program performance, and USDA monitors the agency's status and progress in meeting the milestones in the improvement plan.<sup>1</sup>

PART builds on GPRA by encouraging agencies to integrate operational decisions with strategic and performance planning. The PART can play an important role in improving performance measurement when existing measures are not outcome-oriented or sufficiently ambitious. Although the 5-year cycles are not concurrent, OMB requires GPRA performance measures and those developed or revised through the PART process to be consistent.

### ***Forest Service Management Challenges***

In August 2006, the OIG released its annual report, *USDA's Management Challenges*. For a second year, OIG stated; "Forest Service needs to improve internal controls and management accountability in order to effectively manage its resources, measure its progress towards goals and objectives, and accurately report its accomplishments." In this report, OIG again found the Forest Service in need of improvement in policy, process, and internal control issues.

Exhibit 6 lists FY 2006 Management Challenges – Accomplishments for corrective actions completed for this management challenge. To see newly identified challenges, or for actions not complete, see Exhibit 7, FY 2006 Management Challenges – Plan.

In this management challenge, OIG reiterated many of the findings from previous OIG and GAO audits, to which the Forest Service has concurred:

- The use and accuracy of performance management information is severely limited.
- The usefulness of performance measures and the accuracy of reporting processes are often flawed.
- The lack of timely and accurate information deprives Forest Service management of tools needed to measure the direction and progress of the agency, and prevents oversight bodies and the public from being able to make informed decisions regarding the agency.

In *USDA Management Challenges*, OIG recognized the progress the agency made to complete corrective actions intended to improve agency performance reporting, such as the policy on the *Performance Measure Review and Validation* process, implemented after the *2005 OIG Audit Report for the Implementation of GPRA*. The FY 2005 reviews provided management with information on how the agency's internal controls were operating.

### ***General Findings from FY 2005 Performance Measures Review and Validation***

- Training and ongoing data entry throughout the fiscal year is critical to ensure accurate and timely yearend performance reporting.
- Accomplishment reporting systems must include a controlled information-processing environment, where reporting systems have the same definitions and accomplishment codes (FFMIA and FISMA requirements).
- Management reviews at the functional or activity level improve internal control. The reviews ensure that definitions, methodologies, and timing requirements are consistently interpreted and applied across units within a region, and across regions; and provide an opportunity to exchange information or share best practices.

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<sup>1</sup> This comparison of GPRA and PART comes from "PAR: The Report We Hate to Love", AGA Corporate Partner Advisory Group Research Series: Report No. 6, June 2006.

- Line officer confidence in regional performance reporting improves when standards and protocols are referenced in the definitions for the Executive Priorities.
- The Forest Service must set and adhere to performance targets.
- Performance measures should be “field tested” for reasonableness.

In FY 2006, five regions continued these performance measures reviews -- Regions 2, 3, 6, 8, and 10. These reviews continue to be the basis by which regional foresters certify the regions' performance reporting for the Executive Priorities.

Feedback from these field reviews provides the background needed to assert the *completeness* and *reliability* of the accomplishment reporting in the MD&A, as required by OMB.

*Preliminary findings from FY 2006 Performance Measures Review and Validation*

- Forest Service accomplishes its mission by leveraging the contributions of its many partners and through the efforts of volunteers. This is especially true of Executive Priorities for trails, wildlife habitat, and stream and lake habitat. Field program managers find they need the appropriated funding to build and maintain the valuable partnerships and relationships with volunteer groups, yet the agency cannot claim these improvements to the Nation's stewardship assets as accomplishments.
- There continues to be inconsistencies among the various databases for what should be the same accomplishment. Regional review teams found that the Forest Service cannot ensure that the upwardly reported accomplishment data is consistent, valid and supported due to inconsistencies between WorkPlan and the various reporting databases, such as Infrastructure Application (INFRA) and National Fire Plan Operations and Reporting System (NFPORS).
- Performance reporting continues to be subjective and inconsistent across the agency, especially when measures change. Definitions should reference the standards used to assess the acceptable operating condition for various classes of assets<sup>2</sup>, such as roads, buildings, trails, and minor constructed features. Field program managers would know to access the directives<sup>3</sup> in the Forest Service Manuals (FSM) and Handbooks (FSH) when questioning applicable standards for accomplishment reporting. Identifying the same standards for reporting on major assets could minimize or prevent inconsistencies in the field's interpretation, thereby improving the cohesiveness and integration of the P&AR.

In FY 2006, the Forest Service continued to implement controls to improve the accuracy and timeliness of its accomplishment reporting through reviews held by the Washington Office Oversight Review Team. The objectives for the reviews were to:

- Evaluate the effectiveness of performance measures, their definitions, and the use of performance measures data in supporting management decisions.
- Identify and assess issues related to performance management, accomplishment reporting, and data quality.
- Understand significant variations in accomplishment between units to identify knowledge that might be gained from these variations.

Regions 1, 4, 5, and 9 hosted the Washington Office Oversight Reviews. The final report, *Washington Office Oversight Performance Reviews*, documents findings and planned actions for the coming fiscal year. The findings and planned actions are discussed in Appendix D.

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<sup>2</sup> See Deferred Maintenance in the Required Supplementary Information (RSI) section of P&AR.

<sup>3</sup> In a letter dated April 6, 2006, the Chief of the Forest Service reiterated the policy that standards shall be published in the agency's directive system of Forest Service Manuals (FSM) and Handbooks (FSH).

**Data Assessment of Performance Measures**

The MD&A Exhibit 6, *Priority Measures, Data Sources, and Accomplishment Reporting*, describes each Executive Priority, its data source(s), and how accomplishment for the measure is reported.

The USDA 2006 Performance Management Guidance considers performance data *complete*, even if *preliminary*, if it is the data available for the accelerated reporting schedule. Performance reporting for most Executive Priorities is *preliminary*, until the 12-month actual performance is available in the FY 2008 Budget Justification. Not all Executive Priorities are in the Budget Justification; therefore, actual accomplishments for those measures will be published in the *FY 2007 Performance and Accountability Report*. In the Annual Performance Report, the *reliability* of each Executive Priority accompanies the 2006 target and result for that measure.

In FY 2007, the full implementation of the PAS is expected to resolve any material inadequacies in the Forest Service's reliability in yearend accomplishment reporting for its Executive Priorities.

## GOAL 1: REDUCE THE RISK OF CATASTROPHIC WILDFIRE

*Reduced risk to communities and the environment from catastrophic wildland fire*

### **Accountability through Assessment**

#### Wildland Fire Management

The Wildland Fire Management Program consists of five major activities: fire preparedness, fire suppression; hazardous fuels reduction, burned area rehabilitation, and State and community fire assistance.

**Initial PART Assessment:** 2002 Assessment for FY 2004 President's Budget  
Rating: Results Not Demonstrated

**PART Reassessment Scheduled:** 2006 Reassessment for FY 2008 President's Budget  
Rating: Official PART scores are released with the FY 2008 President's Budget

#### *Actions Taken in FY 2006*

#### **Performance Measures and Project Criteria**

The Forest Service made progress toward implementing new performance measures and strengthening hazardous fuels project criteria to ensure that funds are effectively targeted.

New measures were developed and presented to the Executive Leadership Team (ELT) in July 2006. Appropriate subsets of these measures will be used in multiple performance documents including the 2007—2012 Forest Service Strategic Plan, OMB's PART Assessment, and the update of the Interagency 10-Year Implementation Plan. The agency anticipates approval of the 10-year plan by the Wildland Fire Leadership Council (WFLC) in November 2006. The Forest Service's strategic plan is pending approval from USDA, as of September 30, 2006.

In August 2006, the first version of the Hazardous Fuels Prioritization and Allocation system was completed, using agency-defined criteria and geospatial data to assist with the realignment of FY 2006 funding and FY 2007 allocations to the regional level.

#### **Partnership Development**

In 2006, the Forest Service made progress by requiring States to have completed cost share agreements with the Federal Government. The agency now has master cooperative fire agreements with each State. These agreements:

- Provide a framework for mutual apportionment and reimbursement of costs for initial attack fires;
- Establish cost-share procedures and guidelines to deal with costs for large multi-jurisdictional fires on an incident-by-incident basis, according to direction provided in the Northwest Coordinating Group (NWCG) Incident Business Management Handbook.

The Forest Service and Department of Interior (DOI), in coordination with the National Association of State Foresters (NASF), developed templates for Master Co-op Fire Agreements with cost-share guidelines and for cost-share agreements on multi-jurisdictional fires.

#### **Cost Reduction**

In the continuing effort to reduce costs by more effectively targeting funding for hazardous fuels reduction, the agency completed several pilots for Strategic Placement of Treatments (SPOTS). In October 2005, teams reported lessons learned from the pilots, from which a seven-step interagency framework for SPOT assessments was developed and incorporated into new training.

The Fire and Aviation Management (FAM) Staff issued the annual Operating Action Plan, assigning accountability for suppression costs to line officers.

### **Cost Containment Reviews**

In an effort to evaluate results and recommendations from several independent cost reviews, the Forest Service and DOI are currently preparing a report on recent efforts to better manage costs on incidents. This report will include the WFLC Cost Action Team efforts, the status of significant cost containment recommendations made in recent years as summarized in the TriData report, and the revised cost-containment review process. (The TriData report consolidated cost containment recommendations from over 20 previous reports, evaluated the cost-effectiveness of implementing each of the recommendations and prioritized the recommendations based on potential savings, cost to implement and the time needed to implement.) The report is due in the first quarter of FY 2007.

FAM revised its cost containment review process for regional, national, and independent panel reviews. The new methodology helps ensure that review teams are evaluating the most significant cost drivers, and holds line officers accountable for implementing the recommendations made by the review teams.

### **Accountability to Executive Priorities**

In FY 2006, the Forest Service reduced the intensity and harmful effects of wildland fires by treating hazardous fuels in the wildland-urban interface (WUI) near communities, and outside the WUI (non-WUI) in forests, woodlands, shrublands, and grasslands.

For FY 2006, traditional treatments reduced hazardous fuels, such as the *prescribed fires* conducted primarily in spring with additional activity in the late fall, and the *mechanical thinning* that is conducted throughout the field season. In addition, the Forest Service increased its *wildland fire use* (WFU), allowing natural ignitions to burn to meet resource objectives, but only to meet the predetermined conditions designated in a national forest or grassland's Fire Management Plan. Finally, restoration and rehabilitation treatments by other programs reduced hazardous fuels (i.e., wildlife habitat, watershed, timber, and pest management).

The Forest Service continued working with communities to develop Community Wildfire Protection Plans (CWPP). CWPPs identify wildland fire hazards in areas within and surrounding communities and identify the high-priority work needed to reduce the risk of catastrophic fire. The agency's State and local partners are leading this process, with active participation and technical assistance from the Forest Service.

In cooperation with the DOI, State and local governments, and nongovernmental partners, the Forest Service updated the 10-year Comprehensive Strategy Implementation Plan. This plan identifies a collaborative approach for reducing wildland fire risks to communities and the environment. Goals established in the original plan were met in FY 2006, just 5 years after the establishment of the National Fire Plan (NFP).

The devastating hurricanes, floods, and unusually active winter and spring fire season that affected the southern States and Gulf Coast area affected the agency's ability to meet many of the Executive Priorities contributing to this strategic goal.

The Forest Service reports the number of acres of high-priority hazardous fuels treated through several measures, including a new measure in FY 2006—"Forest lands treated to achieve healthier conditions." This measure is the number of acres of forest lands treated using timber sales, with a primary purpose of achieving healthier conditions or other desired conditions. This does not include timber sales where the primary purpose is forest products production.

Additionally, this affects the consistency of the trend data in MD&A Exhibit 5, “Performance and Trends 2002—2006.”

<b>Strategic Objective:</b> <i>Improve the health of National Forest System (NFS) lands that have the greatest potential for catastrophic wildland fire</i>				
	<b>Target</b>	<b>Projected</b>	<b>Result</b>	<b>2008 Target</b>
Number of acres treated within WUI	1,383,000	1,181,470	<b>85.4%</b>	2,000,000
Number of acres treated outside WUI <sup>4</sup>	417,000	402,677	<b>96.6%</b>	2,000,000
Total acres of high-priority hazardous fuels treated	1,800,000	1,584,147	<b>88.0%</b>	
Percent of acres identified as <i>high-priority</i> consistent with the NFP 10-Year Comprehensive Strategy and Implementation Plan	100%	100%	<b>100%</b>	100%
Number of acres brought into stewardship contracts	0	71,604	<b>N/A</b>	380,000

For the following objective NASF estimates the number of “communities at risk” at 28,740. This measure is the number of completed projects that meet the standard as identified in the NFP. NASF and State Foresters are responsible for providing Community Wildfire Protection Plans (CWPP) performance information to Forest Service regional office contacts or NFPORS.

The definition for "acres under partnership agreement" is the number of acres of hazardous fuels treatments under NFP State Fire Assistance (SFA), with a focus on treating acres in the WUI. The Forest Service is well into the fiscal year before projects are selected and funded via grant application, making it difficult to determine how many acres to target.

<b>Strategic Objective:</b> <i>Assist 2,500 communities and those non-NFS lands most at risk with developing and implementing hazardous fuels reduction and fire prevention plans and programs</i>				
	<b>Target</b>	<b>Projected</b>	<b>Result</b>	<b>2008 Target</b>
Percent of communities at risk with completed and current fire management plans	23%	22%	<b>95.6%</b>	30%
Acres covered by partnership agreements	152,750	76,750	<b>50.2%</b>	925,450

**FY 2006 Results**

At midyear in FY 2006, the Regional Offices reported their potential for meeting, or not meeting, the Executive Priorities. National program managers could then take corrective actions to attain these key performance goals by fiscal yearend.

Natural processes, such as long-term drought, affect the “acres of hazardous fuels treated,” resulting in fluctuations in annual performance and trend. Some regions reported under-accomplishment at midyear, stating that the risk was too great that prescribed fire treatments could escape, and under current conditions, cause inadvertent consequences to local communities.

The different regions experienced very different weather conditions in the spring, providing favorable windows in which to use prescribed burning.

<sup>4</sup> The Executive Priority changed in FY 2006 for acres treated in non-WUI, and no longer requires non-WUI to be in Fire Regime I, II, or III in Condition Class 2 or 3 (FRCC).



Regions in the West and Southwest were challenged by vastly different weather conditions and drought. One region reported switching treatments using prescribed burning to mechanical treatments due to the poor burning conditions in the non-WUI areas. The number and intensity of wildland fires in the early fire season hampered treatments in the very best time to accomplish reducing hazardous fuels.

Another region stated that the severity of conditions were influenced by drier than normal weather required higher levels of staffing during burning and monitoring activities to ensure that prescribed burns were conducted safely.

Finally, a region reported in FY 2006 that the decreasing unit cost and an emphasis on meeting overall targets influenced their decisions on whether to treat WUI or non-WUI. As the funding decreases, this region emphasized the “cheaper” acres (usually non-WUI) to meet overall program accomplishment goals.

#### *FY 2006 Performance Measures Review and Validation*

Feedback from the field in the FY 2006 Performance Measures Review and Validation expressed a concern in the consistency of the CWPP boundaries. Local jurisdictions and communities develop CWPPs, which are then mapped by the Forest Service. In areas where the communities delineated a large area, it becomes more difficult to determine the high-priority acres of hazardous fuels to treat. One region reported that a county government included all NFS lands in their CWPP, while another county included only those NFS lands within 1 1/2 miles of the community. One national forest works with both counties.

#### ***Accountability for the Future***

The Forest Service released its latest version of the fuel consumption model, Consume 3.0. The upgrade imports data directly from the Fuel Characteristic Classification System and reformats it for use by other models that provide data for burn plans and smoke management requirements. The newly released upgrade includes data from Alaska and western shrub fuel types needed to track fuel consumption and emissions for smoke management reporting by the Forest Service, Bureau of Land Management (BLM), U.S. Fish and Wildlife Service (FWS), and National Park Service (NPS).

Researchers compiled Fuels Synthesis Project fact sheets, providing fuels treatment options for use by National Environmental Policy Act (NEPA) teams within the Forest Service, DOI, and States as they develop alternatives for management activities in the dry forests of the interior West. ([http://www.fs.fed.us/fire/tech\\_transfer/synthesis](http://www.fs.fed.us/fire/tech_transfer/synthesis)).

In cooperation with Space Instruments Inc., researchers developed the FireMapper, a thermal-imaging system, and successfully transferred the technology to a BLM lead plane used during firefighting operations. FireMapper provides a thermal-forward view, producing a map of fire intensity that enables crews to evaluate the effectiveness of retardant at reducing fire intensity. Imagery was successfully collected on several fires including the Sawtooth/Millard Complex in southern California and the Dawes Complex in Nebraska.

## GOAL 2: REDUCE THE IMPACTS FROM INVASIVE SPECIES

*Fewer impacts from invasive species due to healthier forests and grasslands*

Invasive species—particularly insects, pathogens, plants, and aquatic pests—pose a long-term risk to the health of the Nation’s forests and grasslands by interfering with natural and managed ecosystems, degrading wildlife habitat, reducing the sustainable production of natural resource-based goods and services, and increasing the susceptibility of ecosystems to other disturbances, such as fire and flood.

### **Accountability through Assessment**

#### *Invasive Species Program*

The Forest Service’s Invasive Species Program reduces, minimizes, or eliminates the potential for the introduction, establishment, spread, and impact of detrimental invasive species across all landscapes and ownerships.

**Initial PART Assessment:** 2004 Assessment for FY 2006 President’s Budget

Rating: Results Not Demonstrated

**PART Reassessment Scheduled:** 2006 Reassessment for FY 2008 President’s Budget

Rating: Official PART scores are released with the FY 2008 President’s Budget

#### *Actions Taken in FY 2006*

##### **Performance Measures**

In FY 2006, outcome and efficiency measures were refined for the NFS and State and Private Forestry (S&PF) programs.

R&D’s invasive species outcome measure is, “Percentage of R&D customers surveyed reporting satisfaction with accessibility, relevance, outcome, and cost effectiveness of tools developed, delivered, and used.”

To establish baseline and target data for this outcome measure, an external organization conducted a customer satisfaction survey in early 2006. R&D received a score of 72 percent, out of 100 points. This score is higher than the average target score of 71.3 percent received by other Federal agencies over the past 7 years. The survey will be conducted every 3 years.

##### **Pesticide Risk Assessments**

The Forest Service met several milestones for environmental risk assessments in FY 2006. The agency completed the following pesticide risk assessments:

- The human health and ecological effects of 2,4-D;
- Borax, used for stump treatment;
- Disparlure, a gypsy moth pheromone;
- The herbicide oxyfluorfen, for invasive weeds;
- The insecticide imidoclorprid, to control hemlock woolly adelgid; and
- The herbicide hexazinone, for invasive weeds.

##### **Insect and Disease Risk Maps**

The Forest Service updated its periodic assessment of the risk of mortality from insects and pathogens. The resulting map, Insect and Disease Risk, will help prioritize treatments in combination with other criteria such as accessibility, capacity, and the ability for the treatment to succeed.

In addition to the Insect and Disease Risk map, species-specific maps were generated for *Sirex noctilio* and *Ips typographus* in FY 2006.

**Accountability to Executive Priorities**

This measure is the total for Federal acres and acres of S&PF private lands protected by one or more treatments to control invasive pests and weeds. If thinning follows spraying, the acres count only once. The treatment and retreatment of invasive plant infestations, including noxious weeds, contribute to this Executive Priority.

<b>Strategic Objective: Improve the effectiveness of treating selected invasive species on the Nation's forests and grasslands</b>				
	<b>Target</b>	<b>Projected</b>	<b>Result</b>	<b>2008 Target</b>
Number of acres treated for selected invasive species	574,351	--	<b>N/A</b>	2,068,000
Number of acres treated for noxious weeds	80,800	--	<b>N/A</b>	--
Number of acres treated for selected invasive species, noxious weeds, and invasive plants on NFS, State, and private lands	655,151	931,000	<b>142.1%</b>	--

FY 2006 Results

For fiscal yearend reporting, the overachievement of treating acres for selected invasive species, noxious weeds, and invasive plants on NFS, State, and private lands was due to several factors.

Lower than expected treatment costs and stewardship contracting opportunities allowed some regions to accomplish additional acres. Efficiency contributed to success through units treating large contiguous areas, treating acres easily accessible via the road network, or leveraging funding by tying into other projects. Finally, the weather again played a role as some regions experienced a longer treatment season due to good spring weather.

The change in definition to allow counting re-treatment of areas may also have contributed to overachievement.

One region contributed their success, in part, to applying biocontrol treatments with insects harvested from forest insectories.

FY 2006 Performance Measures Review and Validation

Feedback from the field in the FY 2006 Performance Measures Review and Validation suggests that some units are using forest systems to track treatment information, until the databases of record “allow reporting that meets forest needs.” Another region reported that program managers only recently had become “aware of the change by letter made during the third quarter of the fiscal year to the original direction in WorkPlan.” The region had not been aware of this change and continued to report as originally directed.

**Accountability for the Future**

Forest Service R&D mapped the spread of tamarisk along stream corridors for Idaho, Oregon, and Washington. As the first comprehensive documentation of tamarisk in these States, the mapping is necessary to manage this invasive shrub that threatens native plant communities, wildlife habitat, some recreation activities, and water supplies.

The Pest Risk Assessment evaluated the risk of importing logs and chips from various species of pine. Entomologists, plant pathologists, and S&PF Forest Health Protection cooperated as the Wood Import Pest Risk Assessment and Mitigation Evaluation Team, conducting a literature

review of pine insects and diseases from Australia. The team determined nine insects and two fungal pathogens to be organisms of potential risk, and forwarded the findings to the USDA Animal and Plant Health Inspection Service (USDA–APHIS) for regulatory action.

Forest Service R&D, the NFS Eastern Region, and S&PF's Northeastern Area jointly developed an integrated plan to improve research, education, monitoring, and management of invasive species within the 20 States bounded by Minnesota, Missouri, West Virginia, and Maine. As an integrated strategy, this effort supports the *National Strategy and Implementation Plan for Invasive Species Management*, benefiting from each contributor's unique skills, resources, partnerships, and authorities to create targeted action plans. The collaboration not only increased awareness of ongoing and planned activities throughout the agency, but ensured better oversight.

Scientists' 2006 efforts to prevent or slow the spread of the Midwest's emerald ash borer (EAB) infestation included:

- Expanding the States' arsenal of techniques for detecting new infestations.
- Increasing the effectiveness of State and Federal regulatory programs through guidelines for using heat treatment or chipping, storing firewood as split logs stored uncovered in the sun, and treating stumps with the herbicide Garlon® to prevented EAB colonization and stump sprouting.
- Identifying EAB-resistant tree species in Asia, a first step to developing North American-Asian hybrids to restore ash trees to affected areas.

Scientists created a new risk map for *Phytophthora ramorum*, the invasive exotic pathogen causing Sudden Oak Death. The risk map is a product of a newly developed model that assesses climatic suitability, and therefore the potential for infestation, across the contiguous United States. Results suggest that while most of the Intermountain West and Great Plains are at very low risk, the climate in a significant portion of the eastern United States is favorable for infestation. With this information, surveys can now concentrate in areas favorable to infestation, once a susceptible host plant is found. Findings also reinforce the value of continued quarantines on potentially infected host materials to prevent the spread of the pathogen into the eastern States.

### GOAL 3: PROVIDE OUTDOOR RECREATIONAL OPPORTUNITIES

*High-quality outdoor recreational opportunities exist on the national forests and grasslands*

The Forest Service provides high-quality recreational experiences for the American public, especially in the national forests near the growing urban centers. To provide benefits for all recreation users, the Forest Service maintains public access to its facilities, roads, and trails, and acquires new rights-of-way (ROW) for public access to NFS lands.

#### **Accountability through Assessment**

##### Recreation, Heritage and Wilderness Resource Program

Major operational components of the Recreation, Heritage and Wilderness Resource Program (RHWR) include the administration and management of the recreation facilities, roads, and trails infrastructure (including acquisition of ROW easements); wildlife opportunities; wilderness and heritage resources; partnerships and tourism; interpretive services; recreation special uses; congressionally designated areas; and national forest scenic by-ways.

**Initial PART Assessment:** 2005 Assessment for FY 2007 President's Budget  
Rating: Moderately Effective

##### *Actions Taken in FY 2006*

#### **Performance Measures**

The Forest Service made progress toward linking improvements in RHWR performance with the achievement of strategic goals. New measures, based on PART outcome performance measures, were drafted into the *Forest Service Strategic Plan 2007-2012*, which is pending approval from USDA as of September 30, 2006.

#### **Recreation Site Facility Master Planning**

In an effort to optimize available resources, the Forest Service accomplished several milestones toward the analysis needed for Recreation Site Facility Master Planning, including highlighting the significance of public participation. After public input is incorporated, 5-year programs of work will be completed for an estimated 60 percent of the national forests in FY 2007.

##### National Forest Capital Improvement and Maintenance

The Capital Improvement and Maintenance (CI&M) program improves, maintains, and operates roads, trails, buildings and other facilities to facilitate recreation, research, fire, administrative and other uses on Forest Service lands.

**Initial PART Assessment:** 2002 Assessment for FY 2004 President's Budget  
2003 Assessment<sup>5</sup> Rating: Adequate

##### *Actions Taken in FY 2006*

#### **Funding Allocation and Enhanced Disposal Authority**

Responding to a new PART recommendation and milestones, the agency has used its enhanced disposal authority through the Facility Realignment and Enhancement Act to reduce excess facilities. The agency is also making progress in its efforts to align the road system with available resources, and is improving efficiencies in project work through the use of Value Analysis.

In June 2006, the Forest Service completed the Facilities Accomplishment Report which tracks monthly trends in deferred maintenance, in accordance with the agency's Asset Management Plan.

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<sup>5</sup> This second assessment was prior to OMB's use of reassessments.

The Forest Service is utilizing enhanced disposal authorities to dispose of unneeded facilities. The agency is monitoring progress, and reporting to Congress and OMB by listing conveyance properties in the budget justification. As of June 2006, the agency closed sale on approximately \$24 million. Statistics for the entire year were available on October 31, 2006. (FY 2006 data goes through September 30, 2006)

In April 2006, the Forest Service submitted to USDA the FY 2005 Value Analyses Report for all capital improvement projects greater than \$1 million. The Forest Service revised its direction for the Value Management Program in FY 2006, but the policy will not be final until first quarter FY 2007.

The Forest Service has completed some trend analysis on the loss of roads passable to passenger cars. This analysis shows that between 1990 and 2005 roads passable to passenger cars decreased by 17,635 miles. Between 2001 and 2005, the rate of decrease has been roughly 1,700 miles per year. A more in-depth analysis will be complete by December 31, 2006.

As an incentive for field units to optimize facilities, a multiprogram charge was assessed in FY 2006. For FY 2007, field units will be assessed a charge based upon the amount of building square footage that they maintain. The incentive therefore, is to minimize that charge by eliminating unneeded or surplus square footage.

**Accountability to Executive Priorities**

The Executive Priority for “miles of road (passenger and high-clearance) maintained” aligns with the strategic performance measure of reducing fatalities. A unit reports accomplishment when it performs at least one maintenance activity during the fiscal year, measured without regard to width of road or number of lanes. Performing a condition survey is not maintenance.

The Executive Priority for “miles of trails maintained to standard” is defined as receiving the annual amount of maintenance performed with the annual appropriation. Some regions exceeded their trails targets by using partnerships and grant agreements or volunteer work.

The Executive Priority for “facilities maintained to standard” now includes recreation sites.

Another Executive Priority tracks the total number of road and trail ROW easements acquired, resolved through other lands activities, or by cooperative effort.

<b>Strategic Objective:</b> <i>Improve public access to NFS land and water and provide opportunities for outdoor health enhancing activities</i>				
	<b>Target</b>	<b>Projected</b>	<b>Result</b>	<b>2008 Target</b>
Miles of road maintained to standard for high-clearance and passenger vehicles	65,508	62,542	<b>95.5%</b>	--
Miles of trail maintained to standard	20,557	22,599	<b>110.0%</b>	71,400 , or 60%
Number of facilities maintained to standard	26,970	26,289	<b>97.5%</b>	24,000, or 60%
Number of ROW acquired to provide public access	172	158	<b>91.9%</b>	300

***FY 2006 Results***

At midyear in FY 2006, the NFS regional offices reported their potential for meeting, or not meeting, the Executive Priorities. National program managers could then take corrective action to attain these key performance goals by fiscal yearend.

Although one region reported at midyear that a level of funding was not authorized to meet the targets for facilities maintained to standard, ROW acquired, and trails maintained to standard, it did not appear to affect the agency’s overall accomplishment for these Executive Priorities.

Preliminary performance as of September 30, 2006 is within +/- 10 percent of the targets, with 110 percent for “miles of trail maintained to standard.” The Forest Service may have exceeded “miles of trail maintained to standard” because of the shifting priority to the planning and implementation of the off-highway vehicle (OHV) rule, as reported by another region.

Several regions reported exceeding their FY 2006 targets because additional donation ROW or those acquired due to additional land exchange projects had been completed.

However, another region reported that a State continued to deny easements to the Forest Service. Private landowners were also resistant to granting rights required by the agency, yet units were reluctant to employ eminent domain proceedings because of the consequences to other priorities. This region is reorganizing the ROW positions into zones to better serve the public and attain the mission.

For FY 2006, Forest Service reported the following deferred maintenance for these assets:

- \$4,053 million for roads, with \$748 million in critical maintenance
- \$242 million for trails, of which approximately \$18 million is considered critical maintenance
- \$482.7 million for facilities (i.e., buildings), of which \$105.9 million is critical maintenance. Deferred maintenance causes deterioration of facility performance, increased repair costs, and a decrease in facility value.

For more information on conditions surveys used to assess deferred maintenance by asset class, see Exhibit 1, *Deferred Maintenance Totals by Asset Class as of September 30, 2006*, in the Required Supplementary Information (RSI) section of the P&AR.

**Strategic Objective:** *Improve the management of OHV use to protect natural resources, promote safety of all users, and minimize conflicts among various uses through the collaborative development and implementation of locally based travel management plans*

	Target	Projected	Result	2008 Target
Percent of NFS lands covered by travel management implementation plans	Not targeted	1,176,000 <sup>6</sup>	N/A	75%

The Executive Priority for “percent of NFS lands covered by travel management implementation plans” became feasible on November 2, 2005, when the Forest Service announced release of the final travel management rule (36 CFR parts 212, 251, 261, and 295). The implementation schedule was not known when direction to the field was published; therefore, no FY 2006 national target was established.

However, once the agency released the final implementation schedule in June 2006, the Chief of the Forest Service assigned a target of 3 million acres, or 1 percent of NFS lands. The projected accomplishment of 1,176,000 acres is 0.6 percent of NFS lands.

<sup>6</sup> Percent of NFS lands, at 193 million acres would equal 0.6%. This is 1% in FY 2008 Department Estimate.

### *FY 2006 Performance Measures Review and Validation*

Feedback from the field in the FY 2006 Performance Measures Review and Validation informed program managers that forests might be tracking several of these measures with their own spreadsheets, using WorkPlan and INFRA only at the end of the season. A regional review team reported that the consequences of using alternative means for tracking performance are the potential for underreporting deferred maintenance within a fiscal year, and having “no numbers available outside of the forest spreadsheet” when a review was held.

#### *Roads*

Pertaining to the “miles of road maintained” measure, two regions reported uncertainty in the definition. One region stated that by having no reference to standard requirements for the accomplishment, forest records would likely vary greatly in detail or reliability. Another region found a national forest was including condition survey activities in its performance reporting; consequently, the reported accomplishment is higher than it should have been.

#### *Trails*

A region reported that the definition for “trails maintained to standard,” does not represent the significant amount of fieldwork accomplished by volunteers. Much of the actual accomplishment is not accounted for because miles maintained with leveraged funding, i.e. State grants, are not included in this measure. One national forest in this region has adopted a strategy to leverage all appropriated trail maintenance funds using district trail coordinators. These individuals apply for grants, coordinate volunteer work, develop partnerships and coordinate expenditures of recreation fee funds. Each trail person on the forest brings in approximately \$300,000 in maintenance value annually through these tools. This national forest reported to the review team that the actual miles of maintenance and deferred maintenance far exceeds the target, but none of this work is accomplished with appropriated dollars. Without these critical positions and use of these tools, the trail maintenance program on the forest would be minimal.

A second review team stated that although a national forest exceeded their assigned target for “trails maintained to standard,” the reported value is not consistent with the definition. “The actual value that can be reported under the Forest Service’s current reporting method is zero because the work was not accomplished using appropriated funds.”

Both reviews point to the success of the Forest Service’s volunteers and partnerships.

In interviews with forest supervisors, staff officers, district rangers, and team leaders, one region reported much discussion on the accuracy of what constitutes “trails maintained to standard,” because the definition does not include “to standard.”

#### *Facilities*

Feedback on “facilities to standard” suggests that the national forests and grasslands with a completed Recreation Site Facility Master Planning Process may not be able to meet an assigned target. For example, a national forest assigned a FY 2006 target of 314 facilities (including FA&O), recently completed the Recreation Site Facility Master Planning Process. Through this master planning, the forest identified 167 developed recreation sites. Of the 167 sites, there are 45 in Concentrated Use Area (CUA) status, and 7 were identified to be decommissioned. The review team found the resulting 115 sites consistent with the definition provided and maintained to the Regional Required Standard.

Another region reported that this “measure lacks clearly defined or understood direction on what facilities/constructed features are to be included.”

Performance reporting for Executive Priorities would be less subjective if the definition in the program direction would reference standards from the FSM or FSH. For example, the section, “Deferred Maintenance,” in the RSI reports for the same asset classes, and references specific



standards from the Forest Service directives. Referencing the same standards would eliminate any vague definitions and prevent inconsistent interpretation from individual to individual.

### ***Accountability for the Future***

The Americans with Disabilities Act (ADA) requires firm and stable surfaces for use of mobility devices such as crutches, wheelchairs, and walkers. Forest Service researchers created a resilient wood-based playground surface that is soft enough to cushion falls, but firm and stable enough to support wheelchairs and walkers. The stabilizing engineered wood fiber (SEWF), combined with a polyurethane or latex binder, creates an affordable alternative to bonded rubber for accessible recreational areas. Cooperating with leaders in the playground surfacing industry, R&D installed three school and park playgrounds and one beach trail at a State park. Zeager Brothers of Middletown, PA, a supplier of playground surfacing began commercially marketing and installing these commercial playground surfaces across the country.

R&D published a significant state-of-the-knowledge review on using computer simulation modeling as a tool for recreation planning and management. The publication resulted from a multiyear collaboration between the Forest Service, NPS, and several universities.

The American Society of Landscape Architects awarded the Forest Service the 2006 Honor Award for Research. The award recognizes collaborative efforts to provide scientific information about causes and effects of development-oriented landscape change in the Midwest, dealing with issues such as wildland fire, invasive species, and market-induced changes to forests. Landscape planners, designers, and policymakers can make better decisions about landscape futures. Since the program's start in 1999, the Forest Service has sponsored more than 100 studies identifying critical patterns and trends of changes in the Midwest region over recent decades.

Dr. Deborah Chavez received the American Recreation Coalition's 2006 Legends Award at the America's Great Outdoors Week celebration in Washington, DC. This award recognizes outstanding employees who make significant contributions to enhancing the Nation's outdoor recreation resources, facilities, and experiences. Dr. Chavez's major contributions have helped managers develop recreation opportunities and facilities that meet the needs and interests of minority populations in Southern California.

The Forest Service, in cooperation with the Caribbean National Forest, the University of Pennsylvania, and the National Science Foundation Biocomplexity Program developed studies and published guidance to managers for integrating swimming activities with the management of mountain streams, including wild and scenic rivers. This study provides information that addresses concerns about the potential impacts of swimmers on water quality and aquatic organisms.

#### GOAL 4: HELP MEET ENERGY RESOURCE NEEDS

*Consider opportunities for energy development and the supporting infrastructure on forests and grasslands to help meet the Nation's energy needs*

##### **Accountability through Assessment**

###### Energy Program

In support of the National Energy Policy (NEP), the energy component of the Minerals and Geology Program focuses on increasing opportunities for development and supply. This effort is particularly focused on eliminating backlogs of oil and gas lease nominations by providing timely recommendations on leasing and the efficient processing of the Surface Use Plan of Operations (SUPO) portion of the Application for Permit to Drill (APDs) that is submitted to BLM.

**Initial PART Assessment:** 2005 Assessment for FY 2007 President's Budget  
Rating: Adequate

###### *Actions Taken in FY 2006*

###### **Performance Measures**

The Forest Service is refining its energy performance measures to include compliance and remediation. To do this effectively, the agency plans to conduct a survey of regional offices to assess any existing data systems that could implement proposed changes or refinements. As of September 2006, these discussions have begun, led by the Minerals and Geology Management Staff.

###### **Improving Efficiencies through Partnership**

The Forest Service is committed to coordinating with BLM to improve efficiencies. To increase this coordination as well as reduce the backlog of lease applications, the agencies implemented authorities provided by the Energy Policy Act of 2005. FY 2006 milestones toward these efforts under the Energy Policy Act of 2005 include:

###### October 24, 2005

Agencies signed a Memorandum of Understanding (MOU) to set up seven BLM pilot offices to improve Federal permitting coordination. Four of the pilot offices include Forest Service personnel.

###### April 14, 2006

Agencies signed an MOU for Consultation Regarding Oil and Gas Leasing on Public Lands.

Agencies signed an MOU for Coordination of Geothermal Leasing and Permitting on Federal Lands.

Minerals Management Service transferred funding to DOI to establish a 5-year program for geothermal leasing, and a program for reducing the backlog of geothermal lease applications, pending as of January 1, 2005.

###### July 17, 2006

The Chief of the Forest Service issued a letter to the Director of the BLM, supporting efforts to implement a joint data retrieval system for oil and gas leasing and permitting, as well as geothermal leasing and operations.

Agencies completed the first review of the Federal Onshore Oil and Gas Leasing and Permitting Practices (Section 361) report and BLM anticipates the report will be ready for final review by December 2006. The USDA Office of the General Counsel (OGC) will review the final version of

the report and expects to complete their review by January 2007. Pending is the approval and submission process which is led by BLM.

**Accountability to Executive Priorities**

The “percent of energy facility application” measure is the number of special use applications processed within the projected timeline, as determined by the authorizing officer, for electric transmission lines, oil or gas pipelines, and renewable energy generation facilities.

The Executive Priority for “number of oil and gas applications processed in prescribed timeframes” adheres to these timeframes:

- 60 days, if the land availability decision is made;
- 18 months, if requiring a land availability decision;
- 180 days, if requiring an environmental assessment (EA); or
- 18 months, if requiring an environmental impact statement (EIS).

Units report a potential nomination as 1,000 acres if the lease application is not filed. This is the numerator for the strategic plan measure, which is a percent.

<b>Strategic Objective:</b> <i>Work with other agencies to identify and designate corridors for energy facilities, improve the efficiency of processing permit applications, and establish appropriate land tenure (including transferability clauses) in easements and other authorizations to provide for longterm project viability</i>				
	<b>Target</b>	<b>Projected</b>	<b>Result</b>	<b>2008 Target</b>
Percent of energy facility applications	45%	70%	<b>155.5%</b>	
Percent of oil and gas applications	45%	28%	<b>62.2%</b>	
Percent of energy facility and corridor APDs approved within prescribed timeframes	--	--	--	50%

*FY 2006 Results*

FY 2006, performance for these priority measures appeared mixed. Due to the high price of oil throughout 2006, one region reported a national forest had nearly doubled the target. Another successful region exceeded its target because of its commitment to facilitate energy development through regional priorities. A reduction in funding would not allow for this same level of accomplishment, it also noted.

A region reported it was able to complete projects if there were no processing delays due to NEPA or issues that could be resolved later. Conversely, another region reported that meeting their target was not feasible because the reduction in their leasing backlog was dependent upon resolving the appeals and litigation for five EIS's.

*FY 2006 Performance Measures Review and Validation*

Feedback from the field in the FY 2006 Performance Measures Review and Validation informed program managers that the field's understanding of these measures is not consistent.

### **Accountability for the Future**

**Strategic Objective:** *Stimulate commercial use of small-diameter trees from NFS lands for biomass energy*

Researchers collaborated with Flambeau Paper Company, Biopulping International, and American Process, Inc., in several experiments, providing pulp for testing waste liquors from the pulping process. American Process Inc.'s ethanol-sulfite pulping technology is being considered for Flambeau Paper Company's Park Falls mill. In this process, the waste liquor from pulping contains 40 percent or more of the original wood substance, approximately half of which is carbohydrates available for fermentation to ethanol.

R&D led the development of the Street Tree Resource Analysis Tool for Urban Forest Managers, or STRATUM. An easy-to-use decision-support tool, STRATUM allows communities of any size to identify urban forest benefits and management needs as a basis for developing management plans. STRATUM quantifies the value of annual benefits such as energy conservation, air quality improvement, CO<sup>2</sup> reduction, storm water control, and increases in property value with the associated costs, using street tree data from an inventory collected by trained volunteers. In 2005, STRATUM joined the suite of inventory, analysis, and forecasting tools called *i-Tree*. Technical support, training, and marketing for *i-Tree* are provided through partnership with the Davey Tree Expert Company and the National Arbor Day Foundation.

As part of the U.S. Climate Change Initiative, R&D completed a 3-year effort to develop national accounting rules and guidelines for use in development of a new commodity market for carbon in the forestry sector. Estimating the quantity of carbon sequestered by a forest can be a complex and potentially expensive task, representing a significant cost. These rules and guidelines provide new options at the lowest possible cost, while maintaining sufficient accuracy. With these new rules in place, public and private forest owners have a sound basis for capturing the value that their forest management practices contribute to offset greenhouse gas emissions. The effort also included improvements to the U.S. Department of Energy's Voluntary Greenhouse Gas Reporting Program.

Forest Service R&D, in partnership with NFS and S&PF, will purchase a wood gasification unit to convert wood chips to electrical energy. The unit serves three main purposes:

- Electricity generation for the Winn Ranger District;
- Demonstration project for southern pine beetle control; and
- Biomass to bioenergy research.

The easy-to-use system, constructed by Community Power Corporation, burns wood chips in an ash bed while oxygen is removed from the combustion chamber. Researchers will evaluate the effect of raw materials on the yield of gases and system performance, and the utilization of the remaining ash in soil remediation. The system will be fully transportable in the South via a flatbed truck for use in an emergency to generate electricity and dispose of woody debris.

GOAL 5: IMPROVE WATERSHED CONDITION

*Fully functional and productive watersheds*

**Accountability through Assessment**

Watershed Management

**Initial PART Assessment:** 2006 Assessment for FY 2008 President’s Budget  
The assessment was not final, as of September 30, 2006.

**Accountability to Executive Priorities**

The Executive Priority for “Percent of inventoried forest and grassland watersheds in fully functional condition” focuses on watershed stability and the ability to attain beneficial uses. National forests and grasslands use coarse filter watershed analysis to assign fifth-level hydrologic units (HUC5) into three condition classes.

The FY 2006 yearend projected accomplishment reflects unforeseen environmental degradation from three sources:

- The severe summer fire season in the western States;
- Floods in southern California; and
- Hurricane damage in the Gulf Coast States.

The Executive Priority reporting the number of “acres of nonindustrial private forest (NIPF) lands” complements the above measure, encouraging the active long-term forest management of important private forest resource areas. The Forest Service provides direct assistance to affect targeted forest resource areas.

<b>Strategic Objective:</b> <i>Assess and restore high-priority watersheds and maintain riparian habitat in these watersheds</i>				
	<b>Target</b>	<b>Projected</b>	<b>Result</b>	<b>2008 Target</b>
Percent of inventoried forest and grassland watersheds in fully function condition as a percent of all watersheds	40%	31%	<b>77.5%</b>	41%
Acres of NIPF land under approved stewardship management plans	1,575,000	1,600,000	<b>101.5%</b>	3,200,000

The Executive Priority for “acres of terrestrial habitat” reports the total acres restored or enhanced to achieve desired future condition of habitat for threatened, endangered, and sensitive species (TES) species, and non-TES species. Management activities may include prevention, control, and mitigation against infestations of invasive species (plants, vertebrates, invertebrates, or pathogens) that affect terrestrial wildlife and associated habitats.

The Executive Priorities for “miles of stream habitat” and “acres of lake habitat” report the restoration or enhancement completed using structural or non-structural improvements in anadromous and inland fish-bearing rivers and streams, or lakes, ponds, and reservoirs, respectively.

<b>Strategic Objective:</b> <i>Restore and maintain native and desired nonnative plant and animal species diversity in terrestrial and aquatic ecosystems and reduce the rate of species endangerment by contributing to species recovery</i>				
	<b>Target</b>	<b>Projected</b>	<b>Result</b>	<b>2008 Target</b>
Acres of terrestrial habitat enhanced to achieve desired ecological conditions	196,716	247,217	<b>125.6%</b>	225,000
Miles of stream habitat enhanced to achieve desired ecological conditions	1,457	1,799	<b>123.4%</b>	2,400
Acres of lake habitat enhanced to achieve desired ecological conditions	13,743	17,116	<b>124.5%</b>	18,000

*FY 2006 Results*

At midyear in FY 2006, regions reported their potential for meeting, or not meeting, the Executive Priorities. Corrective actions made achieving these key performance goals possible by fiscal yearend. While some regions anticipated accomplishing less than the targeted amount at midyear for “miles of stream enhanced or restored” or “acres of lake habitat enhanced or restored,” the preliminary performance reporting for the entire agency dispels this at 123.5 and 124.5 percent, respectively. Consequently, the Forest Service made progress in FY 2006 toward the strategic objective of “restoring and maintaining species diversity in the terrestrial and aquatic ecosystems” in watersheds on NFS lands.

Partnerships attributed to the agency exceeding the target, due to leveraging funds with contributions, while implementing projects that also reduced hazardous fuels. Often, it was the case that the agency had completed the NEPA process and other prework in FY 2005.

Regions again acknowledged the strong cooperative relationships with partners when reporting they met or exceeded the target for “miles of stream enhanced.” The funding from State agencies and private conservation groups often makes this level of accomplishment possible. A clarification in this Executive Priority’s definition from the Washington Office also contributed to this accomplishment.

A region reported that a single project led to exceeding the regional target for lake habitat. The project, conducted with the State’s Division of Wildlife Resources, restored a lake for a healthy sport fishery for trout.

The Executive Priorities for terrestrial habitat and lake habitat were also overachieved in FY 2005, but no further action was taken, as reported in the Forest Service’s FY 2007 Budget Justification. The agency attributed this 2005 overachievement to favorable weather conditions, and reconstruction of a nonfunctioning fish ladder, respectively.

*FY 2006 Performance Measures Review and Validation*

Feedback from the field in the FY 2006 Performance Measures Review and Validation informed program managers of several issues. One region reported the following concerns from the review team’s interviews with forest supervisors, staff officers, district rangers, and team leaders.

Performance reporting is challenging for the field when reporting the stream habitat and lake habitat measures because of the multiple databases used to report these Executive Priorities. When using WorkPlan to report these measures, the “contributed acres from partnerships” are not included in the performance reporting. This region also commented that the “conversion of structural investments to acres” needs improvement.

### ***Accountability for the Future***

Scientists and collaborators researched the reproductive, physiological, and environmental constraints on the regeneration of native dry forest species. Results demonstrated that when the understory is restored to a mix of native species the slower-growing, native canopy trees are established, minimizing the need for long-term efforts to control re-invasion by exotic grasses. This research was used in the design of the first prescriptions for dry forest restoration in Hawai'i, including procedures and products for controlling invasive grasses, applying a weed-tolerant fast-growing native species seed mix to gain control of the understory, and protecting existing and developing regeneration from animals and fire.

Research established a clear link between air pollution and forest susceptibility to wildfires. In southern California, other factors were found to increase susceptibility of forests to wildfire: increases in human population, changes in land use, fire suppression, and frequent droughts. The Forest Service also mapped ozone concentrations to help identify forest areas most in need of fire prevention treatments.

Forest Service scientists cooperated with the Korea Forest Research Institute and Oregon State University to develop a method to analyze how levels of creosote component migrate from newly treated wood after immersion in fresh water. This work led to the development of mathematical models that predict emissions from creosote-treated wood into the aquatic environment, detecting up to 16 poly aromatic hydrocarbons. Research found that levels of creosote component declined sharply after initial exposure to undetectable levels within 7 days.

Scientists authored, "The Fernow Watershed Acidification Study," a book synthesizing the first 15 years of the Study on the Fernow Experimental Forest in West Virginia. This is the first book to focus on valuable and widespread mixed hardwood forest ecosystems, making up much of the dominant forest type in the eastern United States. The book evaluates effects of atmospheric pollution on vegetation, soils, water quality, salamanders, and nutrient cycling. Results from the study show that the acidification treatment elicited a quick response in soil and stream water chemistry, and slower responses for the terrestrial components.

GOAL 6: CONDUCT MISSION-RELATED WORK TO SUPPORT THE AGENCY'S GOALS

*Productive and efficient agency programs support the mission of the Forest Service*

The Forest Service provides direction for natural resource stewardship through direct land management practices, indirect management under partnership agreements, and research and development programs. The agency also provides many goods and services—such as recreational opportunities, clean water, and wood products—to the American people. The agency consistently strives to maintain the organizational structure and capacity to deliver the necessary mission-related work.

**Accountability through Assessment**

Forest Legacy Program

The Forest Legacy Program (FLP) identifies and protects environmentally important private forest lands, threatened by conversion to nonforest uses. FLP acquires land to protect the important scenic, cultural, fish, wildlife and recreation resources, riparian areas, and other ecological values using conservation easements and full fee purchase. Donations and purchases must meet FLP purposes, and be acquired only from willing sellers or donors.

**Initial PART Assessment:** 2003 Assessment for FY 2005 President's Budget  
Rating: Results Not Demonstrated

**PART Reassessment Completed:** 2004 Reassessment for FY 2006 President's Budget  
Rating: Moderately Effective

*Actions Taken in FY 2006*

**Performance Measures and Project Criteria**

In FY 2006, the Forest Service revised its project selection criteria for the FY 2008 national ranking process. The revised project selection criteria incorporates the newly updated FLP Strategic Direction priorities, including— "The majority of FLP projects are strategically linked to other protected lands to create cumulative conservation benefits."

The agency focused on forest areas at greatest risk by working with State partners to revise statewide assessments of need (AONs). These revised AONs reduce the size of forest legacy areas, focusing on the important forests threatened by conversion to nonforest uses, permitting more targeted acquisitions. In April 2006, a schedule was developed for States to review their AONs and revise as needed. Seven States needed to reduce their Forest Legacy Areas (FLAs) by the end of 2006. So far, two States have revised their FLAs.

Land Acquisition Program

The Land Acquisition Program works through partnerships between the Forest Service and other governments, private landowners, and nongovernmental organizations.

**Initial PART Assessment:** 2003 Assessment for FY 2005 President's Budget  
Rating: Results Not Demonstrated

**PART Reassessment Completed:** 2005 Reassessment for FY 2007 President's Budget  
Rating: Adequate

**Performance Measures and Project Criteria**

In FY 2006, the Forest Service worked to eliminate those projects that do not contribute towards achieving the goals of the Forest Service Strategic Plan. Additionally, the Forest Service uses established criteria to identify and prioritize acquisitions that will provide the greatest public



benefits. In 2006, the agency identified two measures for FY 2007 reporting in the Forest Service’s Performance Accountability System (PAS):

- Number of priority acres acquired or donated that provide public access for high-quality outdoor recreational opportunities on NFS land.
- Number of priority acres acquired or donated that reduce the conversion of forests, grasslands, and aquatic/riparian ecosystems to incompatible uses in order to improve and maintain ecological conditions for critical species.

In FY 2006, the agency developed a process to implement two efficiency measures and will continue to formalize this process in FY 2007. The efficiency measures are:

- Percentage of total acquisition cost per acre attributed to third party and private landowner participation.
- Percentage of acquisition cases completed within a prescribed timeframe.

Support Mission

**Initial PART Assessment:** 2006 for FY 2008 President’s Budget  
The assessment was not final, as of September 30, 2006.

**Accountability to Executive Priorities**

The Forest Inventory and Analysis (FIA) program conducts annual inventories of forest status and trends. FIA has historic inventory data in all 50 States and is currently collecting annual inventory data in 45 States, including 38 of the 41 States containing NFS land.

Each year, the FIA program addresses accountability by publishing a business report that describes basic information about the business side of FIA, which includes current year’s accomplishments, performance measures, budget and staffing data, program changes, and future direction. This report is distributed to all interested customers and partners, and made available on the Web site at <http://www.fia.fs.fed.us/library/bus-org-documents/default.asp>

<b>Strategic Objective:</b> <i>Provide current resource data monitoring and research information in a timely manner</i>				
	<b>Target</b>	<b>Projected</b>	<b>Result</b>	<b>2008 Target</b>
Percent of the Nation for which FIA information is accessible to external customers	72%	88%	<b>122%</b>	100%

The following measure is the percent of regions, stations, and area providing certification forms to the Program Budget and Analysis (PB&A) Staff, certifying that their unit’s accomplishment data is reliable and complete. The regional foresters certify performance reporting for the Executive Priorities before submission. Certification forms are forwarded to PB&A Staff, and supporting documentation for the certification is kept by the regions.

For FY 2006, this performance measure was 100 percent, and serves as baseline.

<b>Strategic Objective:</b> <i>Meet Federal financial management standards and integrate budget with performance</i>				
	<b>Target</b>	<b>Projected</b>	<b>Result</b>	<b>2008 Target</b>
Extent to which performance data are current and complete	Not targeted	96%	<b>N/A</b>	100%

<b>Strategic Objective:</b> <i>Maintain the environmental social and economic benefits of forests and grasslands by reducing their conversion to other uses</i>				
	<b>Target</b>	<b>Projected</b>	<b>Result</b>	<b>2008 Target</b>
Acres acquired <sup>7</sup> or conveyed	20,824	16,697	<b>80.2%</b>	--
Acres acquired or donated	37,545	60,353	<b>160.7%</b>	--
Acres protected by the FLP	230,000	358,500	<b>156%</b>	--
Total acres to conserve the integrity of undeveloped lands and habitat quality.	288,369	433,550	<b>151%</b>	948,000

The Forest Service tracked this Executive Priority using these measures:

- Number of acres acquired through land purchase or donation, including conservation easements or interests in land, for NFS purposes.
- Number of acres acquired and conveyed, through land exchanges, transfers, interchanges, and conveyances, including acres acquired and conveyed under the Small Tracts Act and Townsite Act.
- Number of acres protected by the FLP through fee simple purchases or conservation easements.

The Forest Service reports accomplishment for these measures when the documents of conveyance are recorded within the fiscal year. This process differs from the process used for the stewardship lands in RSI Exhibit 3, “Net Change in Acres in National Forests by Various Purposes (FY 2005 to FY 2006).”

Performance for the individual components contributing to this Executive Priority varies from year to year, causing the trend in MD&A Exhibit 5, “Performance and Trends 2002—2006” to fluctuate up and down. However, it is reasonable to expect complex processes such as conveyances and donations of land to extend longer than a 12-month period; more often, these processes take a minimum of 18 months.

*FY 2006 Results*

In midyear performance reporting, regions anticipated unmet targets due to:

- A landowner rejecting an offer as insufficient compensation;
- Difficulty in getting private owners to agree on a final sale configuration for appraisal; and
- Configuring the second phase of an acquisition later than the first phase, resulting in the per-acre purchase price being higher than initially anticipated, so fewer acres were acquired.

However, by fiscal yearend, the preliminary combined performance was 151 percent, with “acres acquired through land purchase or donation” and “acres protected by the FLP” exceeding the target, and “acres acquired and of conveyed” reporting below target.

*FY 2006 Performance Measures Review and Validation*

The National Forest Management Act (NFMA) requires that each unit of the NFS have a Land Management Plan (LMP) that may be amended, as appropriate, but formally revised every 10 to 15 years to address changing conditions related to natural resources, management goals, and public use. Results are reported when a revision is completed, based on the Chief’s National LMP

<sup>7</sup> In previous performance reporting, this was “acres adjusted.”

Revision Schedule. This schedule identifies a timetable for the revision of all existing national forest, grassland, prairie, and other NFS unit LMPs.

At midyear, the regions expected under-accomplishment for the “number LMP’s developed and revised.” Those national forests and grasslands currently revising the LMPs under the new planning rule reported needing more time for review by the regional offices and the national program managers. The regions were experiencing schedule delays as the Forest Service interpreted the new planning rule. The preliminary performance reporting for this Executive Priority supports the regions’ assertion with only 10 of the planned 20 LMPs completed by fiscal yearend.

The Forest Service Strategic Plan 2004—2008 includes the strategic objective, “Develop and maintain the processes and systems to provide and analyze scientific and technical information to address agency priorities.” The performance measure for this objective became the Executive Priority, “proportion of data which is current to standard.”

FY 2006 is the first year the Forest Service had the capability to capture this information, using both the Standard Data Evaluation Tool (SDET) and the Resource Mapping Evaluation Toolset (RMET).

SDET measures tabular databases in certain developed national applications. RMET measures Geographic Information Systems (GIS) data at a national forest or grassland administrative unit. The Executive Priority directly measures quantity, but not quality of these data.

Performance for this Executive Priority is not preliminary, as SDET measurements were made in September 2006, and RMET results were made in April 2005.

The accomplishment of 44.48 percent is for tabular and GIS (geospatial) data meeting the above criteria in the following applications:

- **Automated Lands Project (ALP)**, selected core portions
- **Natural Resource Information System (NRIS)**, selected core portions
- **Infra**, for roads and trails, as they are significant components of wildlife habitat
- **GIS**, for datasets with established Forest Service-wide standards.

The Forest Service’s monitoring and evaluation activities sustain viable populations of fish, wildlife, and plant species by restoring forest and grassland ecosystems and improving watershed conditions. The program focuses on identifying changing conditions over time and monitoring the implementation, effectiveness, and validity of LMPs.

<b>Strategic Objective:</b> <i>Develop and maintain the processes and systems to provide and analyze scientific and technical information to address agency priorities</i>				
	<b>Target</b>	<b>Projected</b>	<b>Result</b>	<b>2008 Target</b>
Number of LMP developed and revised (completed).	20	10	<b>50%</b>	15, or 12%
Proportion of data within information systems that are current to standard	Not targeted	--	<b>N/A</b>	40%
Number of forest plan monitoring and evaluation reports completed	90	92	<b>102.2%</b>	119, or 100%

### ***Accountability for the Future***

The FIA Program completed a reinventory of Mississippi to complete a damage assessment of forests following Hurricane Katrina. The Forest Service will continue the annual inventory as FIA transitions the State to the annualized survey status.

FIA has now implemented annual inventories in 46 States, as well as a new National Information Management System (NIMS) across all research stations to improve timeliness and consistency in compiling national data and for estimating inventories. FIA developed new analytical tools (e.g., Mapmaker) that make FIA data and analysis available to assess changing forest conditions at multiple spatial scales, manage fire risk, and restore healthy forest ecosystems. FIA also initiated a range monitoring pilot study in partnership with NFS, BLM, and USDA's Natural Resources Conservation Service (NRCS) to expand and enhance inventories and tools for broader landscape management planning.

Researchers developed a standardized survey protocol to detect bats in forests, particularly within prescribed area boundaries and at several specific roost structures: caves, mines, bridges, and buildings. This survey was developed to meet the specific needs of the bat survey community and government regulators, ensuring comparable data collection across geographic regions. The publication, "Survey Methods for the Detection of Bats in Forests of Western North America" (Zielinski and Weller, editors) is in peer review, as of September 30, 2006.

The results of 15 years of research on the California spotted owl's demographic and habitat selection in the Sierra Nevada enabled scientists and managers to understand population trends of this species-at-risk. These data were instrumental in informing the May 2006 FWS decision on a petition to list this species under the Federal Endangered Species Act. This comprehensive dataset also provides crucial information to help the agency understand how habitat conditions affect survivorship of adults and offspring.

Scientists developed several new products for Puerto Rico:

- Species range and distribution maps for 200 terrestrial vertebrate species;
- New land cover map with 70 land cover units; and
- GIS thematic layers and data for all public and private lands with conservation management plans.

From this work, scientists are analyzing the distribution of vertebrate species to determine gaps in conservation protection and identify potential conservation areas.

Scientists compared the ability of various hardwoods and softwoods to resist damage by native subterranean termites, with southern yellow pine and Douglas-fir treated with copper organic preservatives. Tropical woods, such as Erisma and Ipe, and native woods, such as juniper and white cedar, were highly resistant to termite attack. Study results proved that certain naturally durable wood species, both tropical and native, inhibit subterranean termites as effectively as preservative treatments.

Scientists evaluated essential oils—typically used in the food, cosmetic, and pharmaceutical industries, for their ability to inhibit mold on wood. Studies showed that thyme and Egyptian geranium oils are very effective as a surface treatment when brushed, dipped, or sprayed on southern pine. The vapors of dill weed oil proved effective against mold spores that germinate over long periods of time, suggesting suitability as a fumigant for stored building materials.

The Forest Service consolidated the North Central and Northeastern Research Stations to launch the new Northern Research Station (NRS), headquartered in Newtown Square, PA. Serving a 20-State region stretching from Maine to West Virginia to Missouri to Minnesota, NRS emphasizes science and science delivery through a stronger network of cooperators to better

leverage the Forest Service's scientific capacity. The consolidated NRS is now the largest organization in the R&D Deputy Area, and saved \$1.275 million in FY 2006. Savings will continue to be redirected to promoting leading-edge discovery and improving the linkages of environmental health with community well being. The rapid, virtually seamless establishment of the Northern Research Station has been deemed by others "an unprecedented success."

Forest Service and Alabama A&M University continued the second year of testing to enhance technical assistance to underserved landowners. In FY 2006, A&M conducted 8 training sessions for landowners through a Forest Service grant, and plan an additional 12 sessions in FY 2007.

R&D, in cooperation with S&PF's Conservation Education Staff and partners designed, distributed, and printed two editions of the Natural Inquirer. One edition addressed the issue of invasive species, discussing such topics as research on Sudden Oak Death in California forests and the use of "harmonic radar" to track the flight of beetles. The other edition introduced young readers to the benefits of wilderness and the concept of "paying for wilderness," challenging them to define and measure the ecological value of wilderness.

EXTERNAL AUDITS AND REVIEW

***FY 2006 OIG Audits Conducted on the Forest Service***

The Inspector General Act (Public Law 95-452) requires the OIG to independently and objectively:

- Perform audits and investigations of USDA’s programs and operations;
- Work with USDA’s management team in activities that promote economy, efficiency, and effectiveness or that prevent and detect fraud and abuse in programs and operations, both within USDA and in non-Federal entities that receive USDA assistance; and
- Report OIG activities to the Secretary of Agriculture and the U.S. Congress semiannually as of March 31 and September 30 each year.

*Current OIG Audits (Audits less than 1 year old)*

During FY 2006, the OIG began or concluded various audits on Forest Service programs and activities. These audits are considered “current” because they are less than 1 year old as determined by the management decision date. The following is a list of these audits and their status as of September 30, 2006.

**Exhibit 1: Status of Current OIG Audits as of September 30, 2006 <sup>8</sup>**

<b>Audit Number</b>	<b>Audit Title</b>	<b>Report Issued?</b>	<b>Audit Status</b>
08001-01-AT	Forest Service Capital Improvement Program	No	Awaiting Final Audit report, with Management Decisions on the 9 recommendations.
08601-02-HY	Follow-up on Recommendations Made on Forest Service’s Maintenance Backlog	Yes	Final Audit report issued with 8 recommendations. Report title changed to, “Follow-up on Recommendations Made on the Maintenance of Forest Service’s Infrastructure.” Estimated completion date: 09/30/2007
08601-03-TE	Controls Over Forest Service Vehicle Fuel and Maintenance Costs	No	Audit in progress
08601-06-AT	Audit of Forest Service’s Implementation of the Healthy Forest Initiative	Yes	Audit report issued with 5 recommendations Estimated completion date: 07/31/2007
08601-38-SF	Forest Service Compliance to Fire Safety Standards	Yes	Audit report issued 09/23/2004 with 9 audit recommendations (last management decision date: 01/11/2005) Estimated completion date: 01/01/2006
08601-40-SF	Forest Service Emergency Equipment Rental Agreements	Yes	Audit report issued with 16 recommendations Estimated completion date: 06/30/2006
08601-41-SF	Forest Service Collaborative Ventures and Partnerships with Non-Federal Entities	Yes	Audit report issued with 18 recommendations Estimated completion date: 12/29/2006
08601-42-SF	Forest Service Firefighting Contract Crews	Yes	Audit report issued with 9 recommendations Estimated completion date: 12/15/2006
08601-44-SF	Large Fire Suppression Costs	No	Discussion Draft Audit report issued with 18 recommendations. Forest Service developing management decisions.

<sup>8</sup> Copies of the issued reports can be obtained at <http://www.usda.gov/oig/releaseandreport.htm>

Audit Number	Audit Title	Report Issued?	Audit Status
08601-45-SF	Followup Forest Service Security over Explosives	Yes	Audit report issued with 2 recommendations Estimated completion date: 10/31/2006
08601-46-SF	Forest Service Response to Recent Hurricane Disasters	No	Monitoring and Assessment in progress.
08601-47-SF	Improper Payments- Monitoring the Progress of Corrective Actions for High-Risk Programs in the Forest Service	No	Discussion draft report issued with 9 recommendations. Forest Service is developing management decisions.
08601-48-SF	Forest Service Air Safety Program	Yes	Audit report issued with 5 recommendations Estimated completion date: 07/31/2007

***OIG Audits Officially Closed in FY 2006***

The following is a listing of the audits where the implementation of all audit recommendations associated with the audit was completed by the responsible staff(s). Documentation to demonstrate the implementation of the recommendations were submitted to the USDA Office of the Chief Financial Officer (OCFO) for official closure during FY 2005, and subsequently approved.

**Exhibit 2: Audits Officially Closed as of September 30, 2006**

Audit Number	Audit Title	Deputy Area / RSA	Report Issue Date	Age in Years	Comments
08001-02-HQ	Review of Forest Service Security over Aircraft and Aircraft Facilities	S&PF	03/29/2002	4.5	Closed 08/03/2006
08003-02-SF	Humboldt-Toiyabe National Forest Land Adjustment Program	NFS	08/05/1998	8.0	Closed 09/01/2006
08401-01-FM	FY 2002 Financial Statement Audit	CFO	01/09/2003	3.1	Closed 04/19/2006
08601-18-SF	Research Cooperative and Cost Reimbursable Agreements	Business Operations (BusOps)	03/01/1997	9.0	Closed 08/24/2006
08601-25-SF	Review of Forest Service Enterprise Program	CFO/ Region 5	06/22/2001	5.0	Closed 06/21/2006

***Summary of Outstanding OIG Audits (Audits over 1 year old)***

An OIG audit is considered “outstanding” if it is over 1 year old and final actions to close the audit are incomplete. The Inspector General Act requires management to complete all final actions on audit recommendations within 1 year of the date of the OIG’s final audit report.

In FY 2006, the Forest Service continued to make progress towards closing its outstanding OIG audits; however, multiple audits remain open. Based on the activities that occurred during FY 2006, the agency’s outstanding audit inventory, as of September 30, 2006, is as follows.

**Exhibit 3: Outstanding Audit Activities Inventory during FY 2006**

FY 2006 Beginning inventory (October 1, 2005)	14
Number of audits added to the inventory	4
Number of audits submitted for official closure	(6)
Number of audits awaiting official closure	1
<b>FY 2006 Ending balance (September 30, 2006)</b>	<b>13</b>

Outstanding OIG Audits – Scheduled for Closure in FY 2006

The following table lists the remaining “outstanding” audits that are scheduled for closure during FY 2006. The audits are grouped according to the reason the audit has not closed.

**Exhibit 4: Explanations for Outstanding OIG Audits without Final Action**

Audit Number	Audit Title	Deputy Area / RSA	Report Issue Date	Age in Years	Estimated Completion Dates
<b>Pending systems development, implementation, or enhancement</b>					
08001-01-HQ	Forest Service Implementation of the Government Performance Results Act	BusOps	06/28/2000	6.3	12/31/2006
08099-06-SF	Security Over USDA IT Resources	IRM	03/27/2001	5.5	09/30/2007
08401-02-FM	Audit of FY 2002 Financial Statements - IT	CFO	02/28/2003	3.5	09/30/2007
<b>Pending receipt and/or processing of final action documentation</b>					
08003-05-SF	Land Acquisition and Urban Lot Management	NFS	12/15/2000	5.8	03/31/2007
08016-01-SF	Followup Review of Forest Service Security Over Aircraft and Aircraft Facilities	S&PF	09/30/2003	3.0	06/30/2007
08401-04-FM	Audit of FY 2004 Financial Statements	CFO	11/01/2004	1.8	12/31/2006
08601-01-HY	Forest Service Implementation of the Government Performance and Results Act	BusOps	03/31/2005	1.5	09/30/2007
08601-38-SF	Forest Service Firefighting Safety Program	S&PF	09/23/2004	2.0	06/30/2007
<b>Pending issuance of policy/guidance</b>					
08401-03-FM	Audit of FY 2003 Financial Statements	CFO	01/26/2004	2.7	09/30/2007
08601-02-TE	Survey of Timber Theft Controls	Law Enforcement and Investigations (LEI)	09/27/2004	2.0	12/31/2006
08601-30-SF	Reviews of Security Over Explosives Munitions Magazines within the NFS	NFS	03/31/2003	3.5	03/31/2007
08601-40-SF	Emergency Equipment Rental Agreements (EERA) Audit	S&PF	07/06/2005	1.2	09/30/2007
08801-02-TE	Forest Service Assistance Agreements with Nonprofit Organizations (NPOs)	BusOps	09/24/1998	8.0	12/31/2006

***FY 2006 GAO Audits Conducted on the Forest Service***

The U.S. Government Accountability Office (GAO) is an independent, nonpartisan agency that works for Congress. GAO gathers information to help Congress determine how well executive branch agencies are doing their jobs. GAO’s work routinely answers such basic questions as whether Government programs are meeting their objectives or providing customer service to the public.

Ultimately, GAO ensures that Government is accountable to the American people. To that end, GAO provides Senators and Representatives with the best information available to help them arrive at informed policy decisions—information that is accurate, timely, and balanced.

GAO supports congressional oversight by:

- Evaluating how well Government policies and programs are working;
- Auditing agency operations to determine whether Federal funds are being spent efficiently, effectively, and appropriately;
- Investigating allegations of illegal and improper activities; and
- Issuing legal decisions and opinions.



GAO Audits Conducted During FY 2006

The following table lists the GAO audits conducted on the Forest Service during FY 2006. Many of the audits are still in progress, or were issued with recommendations. In these cases, the Forest Service, via the Secretary of Agriculture, responded to the appropriate congressional staff with its corrective action plan to implement the recommendation within the mandated 60 days.

**Exhibit 5: GAO Audits Conducted During FY 2006<sup>9</sup>**

Job Number/ Audit Report Number	Audit Title	Responsible Deputy Area / RSA	Report Issued?	Audit Status
120507	Planning for Emergency Procurements	Acquisition Management (AQM)	N	Audit in progress
130530	Worker Safety in the Aftermath of Hurricane Katrina	Office of Safety and Occupational (OSOH)	N	Audit in progress
195073 / GAO-06-834	Disaster Relief for 2005 Gulf Coast Hurricanes	ASC	Y	Closed 09/08/2006 No recommendations
197012 / GAO-06-1002R	Managerial Cost Accounting Practices at Large Federal Agencies	FIN OCFO	Y	Closed 09/21/06 5 Recommendations
250222 / GAO-06-294	Rural Economic Development: More Assurance is Needed that Grant Funding Information Is Accurately Reported	S&PF	Y	Closed 02/24/2006 No recommendations
250286	Catastrophe Mitigation	FAM	N	Audit in progress
320406	Review of Department of State/Bureau of International Narcotics and Law Enforcement (State/INL) Aviation Programs	FAM	N	Questionnaire submitted 08/16/2006
360524 / GAO-06-96	Chesapeake Bay Restoration	R&D NFS NE Area	Y	Closed 11/17/2005 No recommendations
360525 / GAO-06-98	Valles Caldera National Preserve	Forest Service Civil Rights	Y	Closed 11/17/2005 No recommendations
360532 / GAO-06-624	Federal Wood Utilization Research and Development	Forest Products Lab R&D S&PF NFS	Y	Closed 06/15/2006 No recommendations
360583 / GAO-06-353	Invasive Forest Insects and Diseases	S&PF	Y	Closed 04/21/2006 3 Recommendations
360586 / GAO-06-570	Wildland Fire Cost Sharing	FAM S&PF BusOps	Y	Closed 05/30/2006 2 Recommendations
360587 / GAO-06-336	Key Factors in Woody Biomass Use	S&PF NFS R&D	Y	Closed 03/22/2006 No recommendations
360589 / GAO-06-670	Restoration of Burned Lands	Watershed, Fish, Wildlife, (WFW)	Y	Closed 06/30/2006 2 Recommendations
360596 / GAO-06-1016	Recreation Fees	NFS	Y	Closed 09/22/2006 No recommendations
360620	Endangered Species Habitat Review	WFW	N	Closed 11/2005 With a briefing to Senate Committee
360623	Categorical Exclusions (Vegetation Removal)	NFS S&PF	N	Awaiting final report
360651 /	Biscuit Fire Recovery Plan	WFW	Y	Closed

<sup>9</sup> GAO reports may be found at <http://www.gao.gov/docsearch/>

Job Number/ Audit Report Number	Audit Title	Responsible Deputy Area / RSA	Report Issued?	Audit Status
GAO-06-967				09/18/2006 1 Recommendation Closed
360686 / GAO-06-671R	Update on Agency Efforts to Develop a Cohesive Strategy to Address Wildland Fire Threats	FAM S&PF	Y	05/01/2006 No recommendations
360694	Potential Vulnerability of Federal Lands to Climate Change	NFS	N	Audit in progress
360702	Forest Service Timber Sales	Financial Management Forest Management ASC	N	Audit in progress
360717	Federal Agencies' Efforts to Contain Wildland Fire Suppression Costs	FAM	N	Audit in progress
360745	Fuels Reduction on Federal Lands	FAM	N	Audit in progress
360746	U.S. Forest Service Competitive Sourcing Program	Competitive Sourcing	N	Audit in progress
440366 / GAO-06-304	Public Service Announcements	PL&C	Y	Closed 01/13/2006 No recommendations
440485	Federal Law Enforcement Authority and Training	LEI	N	Data collection survey in progress
450336 / GAO-06-15	Coordination of Federal Agencies	S&PF NFP	Y	Closed 10/21/2005 No recommendations
450397 / GAO-06-765	Information Quality Act (IQA) Followup	Office of Regulatory and Management Services (ORMS)	Y	Closed 10/11/2006 No recommendations

MAJOR MANAGEMENT CHALLENGES

The Reports Consolidation Act of 2000 requires the USDA OIG, to identify and report annually the most serious management challenges facing USDA and its agencies. To identify Departmental challenges, the OIG examined previously issued audit reports where corrective actions have yet to be taken, assessed ongoing investigative and audit work to identify significant vulnerabilities, and analyzed new programs and activities that could pose significant challenges due to their range and complexity. In response to the report, the Forest Service prepares a corrective action plan to address the challenges in the coming fiscal year. Exhibit 6 lists the Forest Service’s major management challenges as identified by the OIG in August 2005, and the corrective actions completed during FY 2006.

**Exhibit 6: FY 2006 Management Challenges – Accomplishments**

<b>Planned Corrective Action</b>	<b>FY 2006 Actual Completion Dates</b>
<p><b>Management Challenge:</b>  <b>Implementation of Strong, Integrated Management Control (Internal Control) Systems Still Needed –</b></p> <p><i>Improve Forest Service internal controls and management accountability in order to effectively manage its resources, measure its progress towards goals and objectives, and accurately report its accomplishments.</i></p>	
<p>Establish accountability for performance measure reporting accuracy throughout the Forest Service.                      Ref. OIG Audit No. 08601-1-HY, recommendation #3</p>	04/10/2006
<p>Direct Forest Service line officers to implement GPRA by implementing management controls necessary to ensure adequate, reliable, verifiable, and useful information. Hold managers accountable.                      Ref. OIG Audit No. 08601-1-HY, recommendation #4</p>	05/01/2006
<p>Ensure targets and goals not met are identified in the P&amp;AR and plans/schedules to meet the unmet goals are included in the FY 2006 Program Direction.                      Ref. OIG Audit No. 08601-1-HY, recommendation #9</p>	08/23/2006
<p>Resolve the three key issues regarding further implementation of the performance accountability system (PAS) by:</p> <ol style="list-style-type: none"> <li>1) Determining an official set of performance measures (completed 1/10/2006);</li> <li>2) Developing guidance for the nationally required elements of a strategic business planning process; and</li> <li>3) Developing the business rules and requirements for a management information system to provide data on performance measures and other management information. Standard Business rules/requirements are included in the Program Direction that was issued 12/5/2006. Business rules/requirements continue to be developed as PAS evolves.</li> </ol>	Continuing
<p>Obtain official closure on 50 percent of audits under 1 year old. Quantity 4.                      Implement new requirements of OMB Circular A-123, Appendix A.</p>	Continuing 01/15/2006
<p>Prepare assurance statement to assert to the effectiveness of internal control “as of June 30.” Not required to report until August 31, 2006, and as of September 30, 2006.</p>	08/31/2006

**Management Challenge:**  
**Implementation of Strong, Integrated Management Control (Internal Control) Systems Still Needed –**

*Improve Forest Service internal controls and management accountability in order to effectively manage its resources, measure its progress towards goals and objectives, and accurately report its accomplishments.*

Planned Corrective Action	FY 2006 Actual Completion Dates
Continue the implementation of performance accountability by developing a working proof-of-concept of PAS in Region 10. Action cancelled. Implementation of PAS is continuing. Final testing to prepare for the October 1, 2006 release of PAS 1.0 is in progress.	06/30/2006
Obtain official closure on 70 percent of outstanding audits over 1 year old. Quantity of 14 as of 09/30/2005	Continuing
Conduct comprehensive risk assessment for Forest Service programs and develop plans to address identified risks.	08/31/2006
Provide consolidated report of review findings to Forest Service management by May 31, 2006, and develop process to monitor actions to address “significant” review findings.	Continuing
Install additional security features needed to meet the minimum security standards at aviation facilities. Ref. OIG Audit No. 08001-2-HQ, recommendation #6	08/03/2006
Develop site-specific security plans at each Forest Service operated aviation facility. Ref. OIG Audit No. 08016-1-SF, recommendation #3	07/25/2006
Improve oversight of national firefighting contract crews by implementing corrective actions in response to the OIG audit report. Ref. OIG Audit No. 08601-42-SF	Continuing

**Management Challenge:**  
**Continuing Improvements Needed in Information Technology (IT) Security**

Planned Corrective Action	FY 2006 Actual Completion Dates
Complete the actions necessary to obtain official closure on the two outstanding OIG IT audits. Ref. OIG Audit No. 08099-6-SF and No. 08401-2-FM	Continuing

**Management Challenge:**  
**Reducing Improper Payments Continues to be a Priority of Congress and the Administration**

Planned Corrective Action	FY 2006 Actual Completion Dates
Obtain FY 2006 reduction target of 2.9 percent for improper payments and/or recovery target of \$150,000. Ref. Forest Service ASC FY 2005 Corrective Action Plan	08/30/2006

Exhibit 7 lists the OIG management challenges identified in August 2006, and the corrective action plan for addressing those challenges during FY 2007. Note that actions not completed in FY 2006 carryover into the following fiscal year(s).

**Exhibit 7: FY 2007 Management Challenges – Plan**

<b>USDA Management Challenge #2:</b>	
<i>Improve Forest Service internal controls and management accountability in order to effectively manage its resources, measure its progress towards goals and objectives, and accurately report its accomplishments.</i>	
<b>Planned Corrective Action</b>	<b>FY 2007 Estimated Completion by Quarter</b>
Implement PAS in FY 2007—P&BA OIG Audit No. 08001-01-HY, recommendation #1	1 <sup>st</sup> Quarter
Establish accountability for performance measure reporting accuracy throughout the Forest Service for FY 2007—SPRA and HCM	1 <sup>st</sup> Quarter
Direct Forest Service line officers to implement GPRA by implementing management controls necessary to ensure adequate, reliable, verifiable, and useful information. Hold managers accountable—SPRA and HCM	1 <sup>st</sup> Quarter
Conduct Washington Office oversight reviews on performance accountability within the Forest Service in various regions—P&BA	3 <sup>rd</sup> Quarter
Conduct annual internal control risk assessment throughout the agency and develop plans to address identified risks—FIN	3 <sup>rd</sup> Quarter
Conduct annual risk assessment of all financial/mixed financial systems—FIN	3 <sup>rd</sup> Quarter
Improve closure rate on audit recommendations under 1 year old over the previous year's rate—FIN and Forest Service-wide	3 <sup>rd</sup> Quarter
Implement 60 percent of corrective actions (excluding IT) identified through the OMB Circular A-123, Appendix A, <i>Internal Controls over Financial Reporting</i> process—ASC Internal Quality Assurance	4 <sup>th</sup> Quarter
Close 70 percent of “outstanding” OIG audits and audit recommendations—FIN	4 <sup>th</sup> Quarter
Improve oversight of national firefighting contract crews by implementing corrective actions in response to the OIG audit report—FAM Ref. OIG Audit No. 08601-42-SF	4 <sup>th</sup> Quarter

<b>USDA Management Challenge #3:</b>	
<i>Continuing Improvements Needed in Information Technology (IT) Security</i>	
<b>Planned Corrective Action</b>	<b>FY 2007 Estimated Completion by Quarter</b>
Close 70 percent of the actions necessary to obtain official closure on the two outstanding OIG IT audits. Ref. OIG Audit No. 08099-6-SF and Audit No. 08401-2-FM	4 <sup>th</sup> Quarter
Complete corrective action steps that address—	4 <sup>th</sup> Quarter

<p><b>USDA Management Challenge #3:</b>  <i>Continuing Improvements Needed in Information Technology (IT) Security</i></p>	
<p><b>Planned Corrective Action</b></p>	<p><b>FY 2007                  Estimated                  Completion by                  Quarter</b></p>
<p>1. Federal Information Security Management Act plan of action and milestones (POAM) and</p> <p>2. Circular A-123, Appendix A, corrective action plan included in the FMFIA report.</p>	

<p><b>USDA Management Challenge #4:</b>  <i>Implementation of Improper Payment Act Requirements Needs Improvement.</i></p>	
<p><b>Planned Corrective Action</b></p>	<p><b>FY 2007                  Estimated                  Completion by                  Quarter</b></p>
<p>Revise sampling methodology for FY 2007 to ensure it is statistically valid and meets OMB requirements.</p>	<p>1<sup>st</sup> Quarter</p>
<p>Attain FY 2007 reduction target of 1.5 percent for improper payments and/or recovery target of \$200,000.</p>	<p>4<sup>th</sup> Quarter</p>

<p><b>USDA Management Challenge #5:</b>  <i>Improve security and accountability of explosives and munitions.</i></p>	
<p><b>Planned Corrective Action</b></p>	<p><b>FY 2007                  Estimated                  Completion by                  Quarter</b></p>
<p>Close remaining 10 outstanding audit recommendations.                  Ref. OIG Audit No. 08601-30-SF</p>	<p>4<sup>th</sup> Quarter</p>