

How We Performed in FY 2004

The Department met or exceeded 63% of the 226 performance measures monitored during FY 2004 (*Figure 1-7 and Table 1-1*). For a full report of each measure, see Part 2: Performance Data and Analysis. In FY 2004, 22% of the measures were not met and 15% were not reportable because data were insufficient to generate or estimate performance. Performance information for these measures will be provided no later than our FY 2005 Performance and Accountability Report.

A principal reason that performance was not better is that most of the Department's measures were new for FY 2004. Consequently, historical data to support targeting was only rarely available. To our credit, we chose not to set exceptionally conservative targets despite this uncertainty. The value of the data collected for the FY 2004 report will grow over the remaining years of our FY 2003–2008 Strategic Plan. FY 2004's results will become a point from which we can begin to show performance trends over a longer term, while identifying the factors that impact our mission performance.

FIGURE 1-7

Performance Measures Met or Exceeded

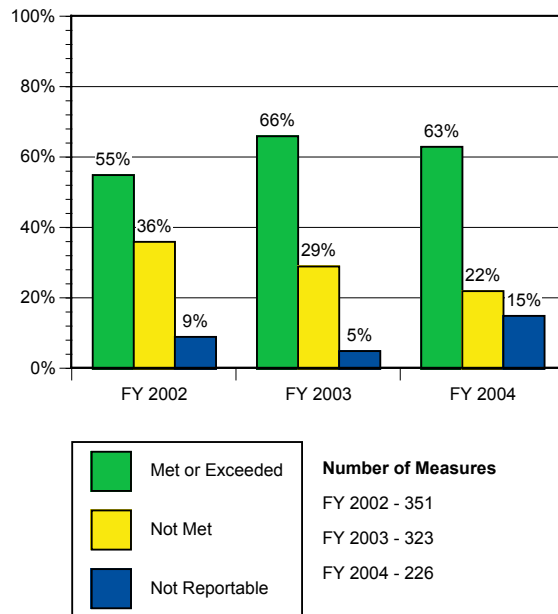


TABLE 1-1

Interior's FY 2004 Performance Measure Scorecard					
GPRA Program Activity	Number of Measures	Met Goal	Did Not Meet Goal	No Report	Percent Exceeding or Meeting Goal
Mission Area 1	48	25	14	9	52.0%
Mission Area 2	41	29	10	2	70.7%
Mission Area 3	16	9	3	4	56.0%
Mission Area 4	86	59	17	10	68.6%
Strategic Goal	35	20	7	8	57.0%

Program Assessment Rating Tool (PART)

Since FY 2002, the Administration has reviewed programs using a government-wide evaluation approach called the Program Assessment Rating Tool, or PART. PART is a standardized and systematic process by which OMB evaluates program performance against a standard set of criteria. PART results will be used to affirm programs that are performing well and to improve underachieving programs through the development and implementation of program-specific recommendations.

Like all new management tools, PART implementation is neither quick nor easy—and its utility will increase as the Administration gains experience with the tool. But it is helping Interior take a focused look at its programs. For example, the PART process helped Interior identify a need for greater program clarity to more effectively and efficiently address rural water requirements. As a consequence, the Administration proposed legislative changes to create a more coherent program within the Bureau of Reclamation relating to the construction of rural water projects.

Fifteen Interior programs were assessed using the PART process for Budget Year 2004. These assessments led to several recommendations for improvement. In response, Interior program managers developed corrective action plans to improve the effectiveness of these assessed programs. Key executives are actively monitoring progress toward implementing these actions using a web-enabled tracking system. Part 2 of this report provides a list of the programs assessed and the actions taken to date in response to the PART evaluation process.

Performance Scorecard and the President's Management Agenda (PMA)

In FY 2004 Interior continued to improve in areas targeted by the President's Management Agenda (PMA). The PMA focuses on improving Federal management and program performance. Organized around five mutually reinforcing components, the PMA applies to every department and agency. The five elements are:

- Strategic Management of Human Capital
- Competitive Sourcing
- Improved Financial Performance
- Expanded Electronic Government (E-Government)
- Budget and Performance Integration

These components share a common goal of enhancing citizen-centered governance focused on delivering results that matter to the American public. OMB uses what is called an Executive Branch Management Scorecard to monitor the status and progress of agencies toward attaining PMA goals. Color-coded ratings (red, yellow, and green) are used to visually depict agency ratings.

The Executive Branch Scorecard for the fiscal year ending September 30, 2004, showed Interior's progress as green in four areas and yellow in the other two (*Table 1-2*). Overall, Interior has moved from red to yellow in performance status in three areas, while remaining red in two areas. We improved our status rating in FY 2004 in the areas of Strategic Management of Human Capital and E-Government (moving from a red to a yellow rating). However, we still have much work to do in the areas of Budget

and Performance Integration and Financial Performance (red rating for FY 2004 and FY 2003). Interior's progress ratings for Budget and Performance Integration, E-Government, and Financial Performance was upgraded to green, although Competitive Sourcing dropped back to yellow. In FY 2004, Interior took on an additional initiative, Real Property, in an effort to improve how it manages its physical assets. While it scored a red rating in this category, it has shown progress during the year (yellow). *Table 1-3* summarizes benefits Interior expects to derive by continuing and completing goals related to the PMA.

Major Management Challenges

Each year, the Inspector General and GAO identify what they consider to be the major management challenges facing the Department. *Table 1-21* in Part 1, Compliance with Legal and Regulatory Requirements section, summarizes these and provides actions taken to address the challenges to date. More in-depth discussion of the OIG's Top Management Challenges can be found in Part 4, Top Management Challenges for the Department of the Interior section. Many of these challenges remain the same as in past years. They include:

1. Financial Management. Although the Department has made some progress, internal control weaknesses continue to hinder our management systems. Interior has several initiatives underway aimed at improving financial management, including: the Financial and Business Management System (FBMS), Performance and Budget Integration, and Activity-Based Costing/Performance Management (ABC/PM). While these initiatives should upgrade financial management in the future, they are placing increased demands on already stretched financial resources.

TABLE 1-2

Interior's FY 2004 and FY 2003 Scorecards				
	September 30, 2004		September 30, 2003	
	Status	Progress	Status	Progress
<i>Human Capital</i>	●	●	●	●
<i>Competitive Sourcing</i>	●	●	●	●
<i>Financial Performance</i>	●	●	●	●
<i>E-Government</i>	●	●	●	●
<i>Budget and Performance Integration</i>	●	●	●	●
<i>Real Property</i>	●	●	N/A	N/A

TABLE 1-3

Interior Looks Forward	
By continuing and completing goals related to the PMA areas, we will . . .	
Strategic Human Capital	Know which types of jobs with what sort of skills we need for the future in the most challenging areas so that we can target recruitment efforts and make the most intelligent use of contractors.
Competitive Sourcing	Save money to reinvest in our mission by routinely challenging ourselves to re-examine how we get the job done, and looking for ways to operate more efficiently and make better use of partners' capabilities.
Financial Performance	Have a modern financial management system that will allow us to enter data once into one system, thereby saving time on administrative chores that can be spent instead on accomplishing our mission, and reduce errors due to several manual data entries.
E-Government	<p>Save millions of dollars through volume Information Technology (IT) purchases and by adopting Department-wide modern systems, freeing up funds to invest in on-the-ground mission delivery.</p> <p>Increasingly use technology to handle routine and repetitive tasks like taking campground reservations, so the Department will have more time to do the more challenging work that draws on our expertise and taps our enthusiasm.</p> <p>Have secure IT systems so that our work and service to the public will not be interrupted by security breaches.</p> <p>Provide readily available information for management decisions.</p>
Budget and Performance Integration	<p>Have current and easy-to-use financial and performance information available to all employees, so we can more easily learn from each other's best practices, as well as anticipate and resolve problems.</p> <p>Be better able to make budget decisions based on comparing performance of related programs.</p>
Real Property	Have developed the first Department Asset Management Plan, so we can make more intelligent choices about the investment in and use of our assets.

2. Information Technology. The Department has made information technology (IT) security maintenance a high priority for all bureaus. Interior has significantly improved its information security program, as demonstrated by the increase in the percentage of systems that were certified and accredited from 6 percent in 2003 to more than 80 percent in 2004. To foster this effort, Interior has invested more than \$100 million in its security program over the past 3 years. Based on these efforts, the Inspector General and the Department have concluded that DOI's information security program generally meets the requirements of the Federal Information Security Management Act (FISMA). DOI will continue to make improvements to further strengthen IT security and ensure consistent implementation by all bureaus and offices.

3. Health, Safety and Emergency Management. Interior has a responsibility to protect the millions of visitors to its recreation sites and public lands. Likewise, it must protect its facilities and property from both internal and external threats. Interior continues to be challenged in updating its mission and priorities to reflect its new security responsibilities and commitment.

4. Maintenance of Facilities. Interior needs to more aggressively address its deferred maintenance backlog. DOI has embarked on a comprehensive approach to maintenance management that includes implementation of a comprehensive maintenance management system to effectively plan, prioritize, conduct, and track the condition of maintenance of facilities. It has adopted a computer-based facilities maintenance management system, which it tested in FY 2002, and has been assessing the condition of facilities. It has developed a five-year maintenance plan, and established goals to reduce the deferred maintenance backlog. However, maintenance remains a material weakness and an enormous challenge to be managed.

5. Responsibility to Indians and Insular Areas. Interior needs to address persistent management problems in programs for Indians and island communities. Despite DOI's efforts, inadequate information systems and controls prevent it from completely ensuring that trust and program funds are properly managed. Interior managers are taking

steps to improve, including replacing information technology legacy systems and implementing enhanced management controls to ensure proper accounting of trust funds.

6. Resource Protection and Restoration. Interior resource managers face the challenge of balancing the competing interests for use of the Nation's natural resources. Interior has made progress in this area, particularly toward restoring significant national ecosystems to health by: (1) addressing the growing wildland fire threat to communities and resources caused by excessive buildup of fuels in forested ecosystems; (2) restoring the South Florida ecosystem, including the Everglades; and, (3) controlling and eradicating invasive non-native species.

7. Revenue Collections. The largest revenue collector in DOI is the Minerals Management Service (MMS). The amount of collections and the significant potential for underpayments make revenue collections a continued management challenge for the Department. MMS has implemented a comprehensive system and other program improvements to address concerns with its entire Minerals Revenue Management Program.

8. Procurement, Contracts and Grants. Interior spends substantial resources each year in contracting for goods and services, and in providing Federal assistance to States and American Indian organizations. Managing procurement activities continues to be a challenge requiring constant attention. Interior has developed and implemented several comprehensive plans to continue to address deficiencies in specific areas.