Strategic Goal: Management Excellence—Manage the Department to be Highly Skilled, Accountable, Modern, Functionally Integrated, Citizen-Centered, and Result-Oriented

- **End Outcome 1** — Workforce has Job-Related Knowledge and Skills Necessary to Accomplish Organizational Goals

- **End Outcome 2** — Accountability

- **End Outcome 3** — Modernization

- **End Outcome 4** — Integration

- **End Outcome 5** — Customer Value

Management excellence lies at the heart of serving the public well. President Bush has challenged all of us in the Federal service to deliver the best value we can for the American people. Our Management Excellence Strategic Goal helps us focus on ways we can overcome the many complex challenges facing us by taking new approaches to workforce planning; improving financial and budget management tools; using more objective and comprehensive approaches to facility and asset management; improving information technology (IT) to enhance efficiency and consistency; and actively encouraging managers and employees to identify better ways to achieve desired results.

In FY 2005, we met 73% of our performance targets for our Management Excellence Area. We did not meet 19% of our targets. This compares with 57% of targets met and 20% of targets where we fell short in FY 2004 (see *Table 1-9* for more detail).

We fell short of, or exceeded our performance in this area during the year because of the following factors:

- The ongoing *Cobell vs. Norton* court case continues to complicate our ability to provide some customers with the information they need in a timely manner.

- Despite the court case, we made significant improvements in our IT certification and accreditation (C&A) levels and in our IT security overall.

- We continue to address a number of material weaknesses.

- We have made progress toward implementing our new Financial and Business Management System (FBMS). In April 2005, we launched the financial assistance module for grant and cooperative agreement programs at MMS, OSM, and selected FWS programs. We severed our relationship with the system integrator for FBMS in September 2005 and are planning to award a new contract in FY 2006.

TABLE 1-9

Strategic Goal: Management Excellence Performance and Resource Scorecard				
End Outcome Goal	**Number of Measures Met (including estimates)**	**Number of Unmet Measures (including estimates)**	**Number of Measures Containing Preliminary Data**	**Number of Measures Containing No Reports**
Goal #1: Workforce has Job-Related Knowledge and Skills Necessary to Accomplish Organizational Goals	6	1	0	0
Goal #2: Accountability	3	1	0	0
Goal #3: Modernization	8	2	0	0
Goal #4: Integration	2	1	1	0
Goal #5: Customer Value	0	0	1	0
Total	19	5	2	0
Percentage (Total of 26 Measures)	73%	19%	8%	0%

* Management Excellence costs are part of Mission Area goal costs.

Maintaining a Skilled Workforce

In FY 2002, Interior completed its first Strategic Human Capital Management Plan. Now in the third year of implementing that plan, we are steadily closing gaps in critical occupational areas such as fire management, law enforcement, and Indian trust management (*Table 1-10*). In FY 2005, we successfully deployed a five-level performance evaluation system for all employees so that we can make refined distinctions in performance not possible with a pass-fail system. We are using new human resources technologies such as the Fire Integrated Recruitment and Employment System (FIRES), which has automated most of our wildland fire-related recruitment processes, saving our bureaus time and money. Our Occupational Health and Safety Program has implemented an on-line system that employees can file to use Workers' Compensation claims, enabling claims to be processed and benefits provided more quickly. We have realigned our workforce to achieve consistent management structures, improve decision-making, and take advantage of modern technologies. For example, the USGS is currently realigning its mapping workforce to refocus its efforts on mapping analysis and standards-setting rather than on making maps. Savings from this realignment will allow USGS to redirect millions of dollars to value-added mapping activities.

TABLE 1-10

Making the Grade: Interior's Human Capital Scorecard			
September 30, 2005		**September 30, 2004**	
Status	Progress	Status	Progress
🟢	🟢	🟡	🟢

Ensuring Accountability

Interior holds managers and employees accountable for performance results using clear measures that link budgets to program performance and sound financial management.

We begin with our GPRA Strategic Plan, which embodies our strategic direction for the next 5 years. Each quarter, we review and report progress toward meeting our measured targets. This gives us an opportunity to make any mid-course adjustments before the end of the performance year. Our Strategic Plan is a "living" document. In August 2005, we began revising and refining several of our GPRA measures, collaborating with our bureaus and offices to ensure that we are measuring the right things and that the results will not only be meaningful, but can also be used to effect programmatic change and improvement. Our revised Strategic Plan will be published in September 2006.

We have linked specific GPRA and Management Excellence Strategic Plan goals and measures to the performance of our Senior Executive Service (SES) and employees, thus making the connection between executive performance and organizational results. In FY 2005, an estimated 90% of SES executives and their employees with program management or administrative responsibilities had performance agreements in place containing GPRA, PMA, and Citizen-Centered Governance elements (Ref #190).

Activity-Based Cost Management (ABC/M) is another way that we enhance accountability. In FY 2005, 89% of our bureaus and offices were collecting ABC/M data in compliance with Departmental guidelines (Ref #211). As a result, many of our bureaus and offices are now reaping the benefits by using these data to more accurately gauge and measure performance across their organizations and to identify low-cost performers. Bureaus and offices are beginning to document an appropriate level of costs relative to administrative requirements. They can also use performance-based information to improve their allocation of funding among units

The Department is still grappling with some challenges in fully implementing ABC/M. Our FY 2005 performance result is down from FY 2004. Systematic sampling of data collected in the ABC/M system reveals that there are some data validation and verification issues within some of our bureaus. During FY 2005, we worked exhaustively to assure that bureau activities are reflected consistently in Departmental level activities, which will improve data validity. In addition, some units in remote areas continue to collect labor cost information using surveys rather than directly entering these data into ABC/M-related applications. These challenges are currently being resolved by the Department.

FY 2004 marked the first time ever that the audit of Interior's Performance and Accountability Report was completed 45 days after the end of the fiscal year—a huge improvement from the 5 months it took us just 5 years ago (*Figure 1-26*). We repeated that performance in FY 2005 thanks to the outstanding efforts

TABLE 1-11

Making the Grade: Interior's E-government and Budget and Performance Integration Scorecards				
	September 30, 2005		September 30, 2004	
	Status	Progress	Status	Progress
E-Government	🔴	🔴	🟡	🟢
Budget and Performance Integration	🟡	🟢	🔴	🟢

FIGURE 1-26
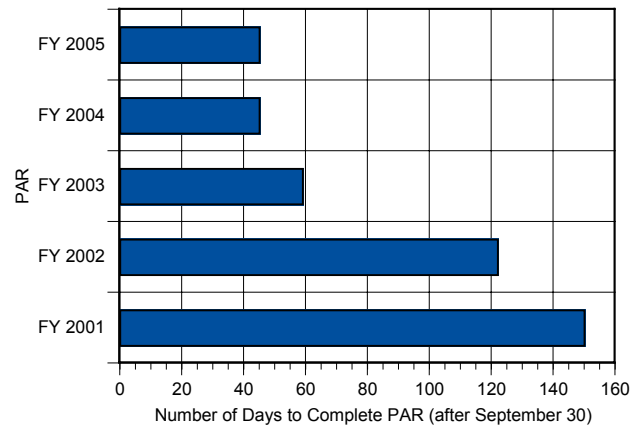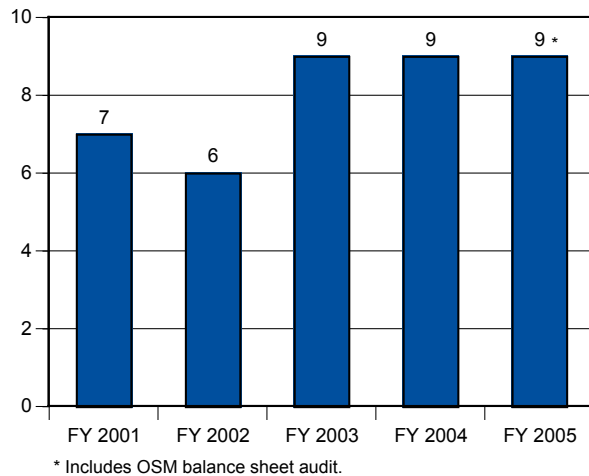**Number of Days to Complete PAR After September 30**

FIGURE 1-27
Interior's Unqualified Audit Opinions (Department and Bureaus)

* Includes OSM balance sheet audit.

of our financial and strategic planning workforce. In FY 2005, we once again obtained an unqualified audit opinion, continuing a record established 9 years ago, for our consolidated financial statements (*Figure 1-27*) (Ref #196, 197).

Still another tool used to improve our accountability is competitive sourcing (*Table 1-12*). Competitive sourcing is not an outsourcing agenda. Rather, competitive reviews provide a disciplined, periodic way to review and compare our current operations with alternatives so we can achieve the best value for the services we provide. From FY 2001 to the present, DOI has studied 3,200 full-time equivalents with a projected $5.4 million annual cost savings for the next 4 years. In all cases, Interior has given its bureaus ability to retain cost savings to meet increasing demands related to their programs. During FY 2005, DOI announced studies of another 1,000 FTEs. Four studies of 198 FTEs were completed during FY 2005 with an estimated cost savings of $382,000 annually over the next 5 years (Ref #212).

Integrating and Modernizing Our Business Practices

The foundation of our integration and modernization efforts is architecture. At Interior, we like to call what we're doing "Architecture in Action." Our Enterprise Architecture (EA) Program has far exceeded the target maturity level. Of the 25 agencies assessed in July 2005, Interior was awarded the highest maturity score (4.06 out of 5) in the government for its EA program. In FY 2005, Interior's Executive IT Investment Review Board approved three of the four modernization blueprints developed in 2004. These blueprints are roadmaps for change and help identify gaps in our IT portfolio that could potentially hamper the successful achievement of mission-related goals and objectives.

The blueprints also highlight system redundancies and identify opportunities for data sharing. We have been able to save money by making large-volume IT purchases and by adopting Department-wide systems, instead of maintaining redundant systems. We have completed a Department-wide Intranet. By the end of 2006, all of Interior's bureaus and offices will have transitioned to managed services and be operating on the Enterprise Services Network (ESN). This will provide access to the Internet and the Department-wide intranet and will be supported by a fully operational technical support center. In addition to providing better services for many Interior bureaus and offices, the system will provide a uniformly secure environ-

ment, standardized and efficient 24 hour/7 day operations, and improved technical support. ESN will also facilitate efforts to consolidate directory services, web hosting, messaging, data warehousing, and other applications and systems.

Many of these efforts contributed to our ability to respond swiftly to Hurricanes Katrina and Rita relief efforts. For example, in cooperation with many Federal and non-Federal partners, Interior launched Geographic Information Systems for the Gulf, which provided near-real-time maps, aerial photos, and data to assist emergency personnel and provide information to the Nation. This information was critical to first-responders and is also being used by scientists conducting modeling to prepare for future incidents.

Interior is committed to a sound Capital Planning and Investment Control (CPIC) framework based on best practices outlined by GAO and OMB. In FY 2005, 100% (Ref #206) of our IT investment expenditures were reviewed or approved through our CPIC process. We issued key investment management documents, such as the CPIC Guide, version 2.0, and Departmental System Development Lifecycle guidance. Interior also met its goal of reaching an overall 2.0 maturity level for IT investment management.

Interior made significant progress in improving its overall security posture in FY 2005, in spite of the extraordinary burden placed on us by the ongoing *Cobell vs. Norton* litigation. We produced over 4.5 million pages of documentation, and testified throughout a 59-day evidentiary hearing. The significant demands on us to respond to the court impacted the annual Financial Information Security Management Act (FISMA) evaluation, causing unanticipated delays and limitations.

TABLE 1-12

Making the Grade: Interior's Competitive Sourcing and Financial Performance Scorecards				
	September 30, 2005		September 30, 2004	
	Status	Progress	Status	Progress
Competitive Sourcing	🟢	🟢	🟡	🟡
Financial Performance	🔴	🟢	🔴	🟢

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The following highlights show IT security achievements in FY 2005:

- Over 98% of our systems were certified and accredited compared to 2002, when *none* of our systems were certified and accredited, demonstrating considerable progress in securing our IT systems so that our service to the public will not be interrupted by security breaches.

- The Department is maintaining a continuous monitoring program as part of the Certification and Accreditation (C&A) processes (*Figure 1-28*). This includes:

  - independent third-party review of C&A packages;
  - routine automated vulnerability scanning and remediation of identified weaknesses; and
  - internal and external penetration testing of networks and major applications.

- Interior initiated state-of-the-art penetration testing, independently conducted by the OIG, for our bureaus and offices. The enhanced monitoring program provided critical information needed to prioritize further improvements to our operational security posture.

- We entered into an agreement with USALearning. gov to deliver a standardized curriculum for individuals with significant IT security roles.

- Interior's CIO conducted an independent IT security assessment to evaluate DOI against the myriad of security policies and guidance. We achieved a 3.63 maturity level out of 5 from this assessment.

Additional challenges remain, including the need to balance resources so that the timing of key enterprise initiatives can be scheduled to realize sufficient savings each year to fund further implementation. As Interior continues to mature in the management of IT assets, integration of the various initiatives becomes ever more important, particularly for enterprise-wide efforts. IT is a rapidly evolving area, requiring significant effort to stay current with new technologies, emerging threats, and new policies or guidance from oversight bodies. Some examples of our challenges include:

FIGURE 1-28

IT Security Vulnerability Scans Conducted in FY 2005
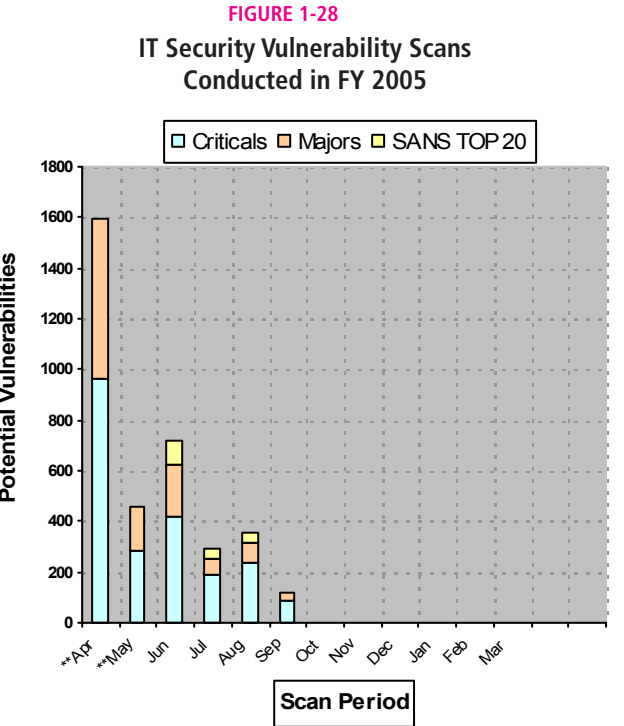
- Implementing the new Internet Protocol version 6 represents a significant workload, one that will require new technical skills for DOI employees to meet mandated deadlines.

- Completion of planned Enterprise Services Network, enterprise messaging and Active Directory initiatives will require continued a commitment of resources.

- Implementation of Homeland Security Presidential Directive 12 is expected to further enhance security, but it will require implementation of an Active Directory and a significant commitment of resources.

- The ongoing *Cobell vs. Norton* litigation continues to hamper our ability to provide access to Interior Internet services for many key customers, while redirecting significant resources away from needed security and other improvements.

- Hurricanes Katrina and Rita relief efforts highlighted the need for additional interoperable telecommunication abilities. Interior intends to conduct an assessment to find opportunities for sharing resources with other Federal agencies as well as with State, Tribal, and local governments.

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Another key to improving our administrative practices and processes and maintaining management excellence is to move from outdated systems. Our emerging Financial and Business Management System (FBMS) will enable us to streamline our business processes and to standardize data elements and reporting requirements. FBMS will create a single system that includes functional areas for: (1) Financial Assistance; (2) Core Financials; (3) Budget; (4) Acquisition; (5) Property (personal, real, and fleet); (6) Travel; and (7) Enterprise Management Information. In April 2005, Interior took a step toward seeing FBMS become a reality when it successfully launched the financial assistance functionality of the FBMS. As part of the management oversight of the project, Interior decided to sever its business relationship with its FBMS contractor in September 2005. Efforts are continuing to keep the project moving toward its final deployment.

Assuring Customer Value

At Interior, we are using information technology to improve citizen service. One example is the new Geospatial One-Stop portal, *www.geodata.gov*, launched in July 2005. This fast, efficient, and now personalizeable online tool improves access to nearly 100,000 Federal, State, and local government geospatial data sets. Featuring a new Google search appliance, Geodata.gov makes it easier for users with a wider variety of technical backgrounds to access the data needed to improve their productivity in areas as varied as transportation planning, social services, regional planning, emergency response, and environmental protection. The portal will also boost opportunities for cost-sharing partnerships through its upgraded "marketplace" features.

We also provide customer value by leveraging resources and fostering partnerships to help us accomplish our mission. One valuable resource is our volunteer partners. In FY 2005, volunteers contributed an estimated 9.1 million hours of their time to the Department, meeting our performance goals for the year by working with the NPS, FWS, BLM, USGS, and BOR (Ref #195). Individuals of all ages and levels of experience contribute valuable time to help us fulfill our recreation and conservation mission while promoting healthy lifestyles and outdoor recreational opportunities.

A History of Volunteers
(Volunteers Hours Contributed to DOI)
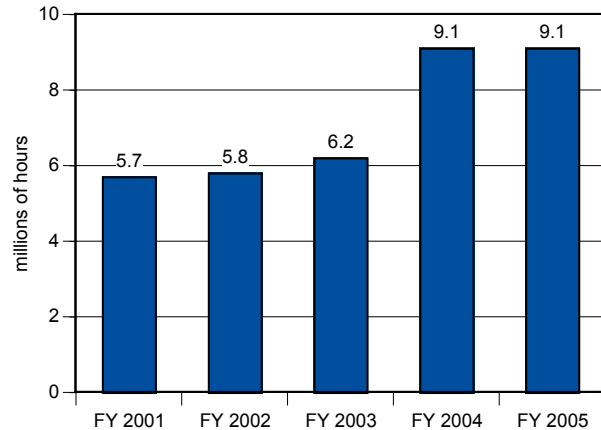
Looking to the Future—Our Challenges

Interior has made tangible improvement in key mission and business areas, including facilities management, financial management, and information technology. But we still have lots of work to do and plenty of challenges.

In an FY 2005 report, the OIG identified eight management challenges facing the Department. These include:

• Financial Management

• Information Technology

• Health, Safety, and Emergency Management

• Maintenance of Facilities

• Responsibility to Indians and Insular Affairs

• Resource Protection and Restoration

• Revenue Collections

• Procurement, Contracts, and Grants

These issues are considered top challenges because they are important to the Department's mission, involve large expenditures, require significant management improvements, or involve significant fiduciary responsibilities. For additional details concerning the

top management challenges, please see "Compliance with Legal and Regulatory Requirements," *Table 1-25*.
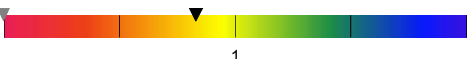
We also must continue to correct remaining financial management weaknesses. ABC/M and FBMS will help, but for now, seven material weaknesses have been identified that require our attention. For additional details concerning the financial management weaknesses, see "Compliance with Legal and Regulatory Requirements," *Table 1-23*.

Meeting our challenges requires new thinking and new ways of doing business. In a world of competing interests and constrained budgets, we cannot simply maintain the status quo. We have to find ways to work smarter, using new tools and technologies, within the confines of limited funding resources.

We are taking some innovative approaches to meeting the challenges that face us today and into the future. Some of these represent best practices of other agencies or the private sector. These innovative approaches are helping us save money, improve citizen service, and recruit and retain the best workers. But more importantly, they ensure that we can continue to protect America's public lands and resources, furnish recreational opportunities, foster sound use of land, mineral, energy, and water resources, use science to inform decision-making, and serve communities in the 21st century and beyond.

FIGURE 1-30

How We Measure Up: Performance on Key Management Excellence Goals

Performance Goal (Total Number of Reported Results)	Average Performance Rating and Number of Reported Results				
	Target Not Met	Below Target	On Target	Above Target	Target Exceeded
End Outcome Goal – Workforce Has Job-Related Knowledge and Skills Necessary to Accomplish Organizational Goals					
Human Capital Plan Implementation: Performance-Based Management- Percent of SES executives and direct reports with program management or administrative responsibilities that have performance agreements containing GPRA, President's Management Agenda and Citizen-Centered Governance performance-based elements			1		
Volunteers: Number of volunteer hours per year supporting DOI mission activities	1				
End Outcome Goal - Accountability					
Obtain unqualified audit for DOI's eight bureaus, the Departmental offices *1 Result*			1		
Obtain unqualified audit for DOI's consolidated financial statements *1 Result*			1		
Corrective actions: Percent of audited financial statements and Federal Managers Financial Integrity Act (FMFIA) material weaknesses that are corrected on schedule			1		
End Outcome Goal - Modernization					
Percent of IT investment expenditures reviewed/approved through the CPIC process *1 Result*			1		
End Outcome Goal - Integration					
Cost management: percent of bureaus and offices fully implementing accurate, activity-based cost accounting systems in compliance with Departmental guidelines *1 Result*	1				
Number of commercial-type FTE involved in competitive sourcing studies completed during the fiscal year *1 Result*		1			

KEY

Range	95% - 105% of Target
▼	DOI FY05 Aggregate Actual compared to FY05 Target
▽	DOI FY04 Aggregate Actual compared to FY04 Target (Relative position of Bureau results identified by number)