

MANAGEMENT EXCELLENCE



We are a results-oriented country, and it's important for us to be judged based upon results.

President George W. Bush, June 21, 2001

The Department of the Interior embraces the President's agenda for a citizen-centered government utilizing the Secretary's Four C's vision of consultation, cooperation, and communication in the service of conservation. Interior is focusing on management excellence guided by its proposed strategic plan. The 2004 President's budget request reflects the Department's efforts to deploy more unified and integrated approaches to achieve its multifaceted mission.

MANAGEMENT PRINCIPLES

The Department of the Interior is committed to achieving the Secretary's management principles of accountability, modernization, integration, and customer value.

Through greater integration, Interior is implementing electronic-government solutions to improve citizen access to information. It is using competitive sourcing to improve the efficiency of existing activities and to access much needed skills and specialties in the marketplace. It is using activity-based cost management to more effectively allocate resources and monitor performance.

The 2004 budget presents strategic investments to address Department-wide needs to improve the security of information technology systems, implement a comprehensive program for workforce management, migrate to a new financial and business management system, and improve Interior's capacity to evaluate program performance and use that information to improve management decisions and set priorities.

The Department's proposed strategic plan, available for public comment in early 2003, presents a unified and integrated approach that emphasizes results, inter-bureau cooperation, and accountability in the service of citizens.

In developing the proposed strategic plan, Interior first sought extensive informal public comment. The public's initial ideas were evaluated, together with internal ideas, through a process of extensive inter-bureau consultation at all levels of the Department. Three critical differences distinguish the plan and its predecessor. It is a plan for the entire Department, rather than a collection of disparate, unconnected bureau plans. Second, the performance measures tie to the individual annual performance appraisals of all senior executives. Third, the goals and performance structure will be tied to the activity-based cost management system that tracks spending and performance.

The management goals in the plan center on four key principles: customer value, accountability, modernization, and integration. These business principles are the basis of the Secretary's *Citizen-*

The Department's enhanced citizen-focus is reflected in our governance and our ongoing attempts to become more responsive and cost-effective. Starting with improving our performance plan, we have charted a course for achieving results and devised an organizational and workforce plan to align our resources to meet the commitments we have made to succeed in the 21st century.

Secretary Gale A. Norton, January 17, 2003

The Department is committed to excellence in mission performance, efficiently using the resources entrusted to us, consistent with applicable laws and regulations.

Assistant Secretary P. Lynn Scarlett, January 17, 2003

Centered Governance Plan, a blueprint for management that reflects the actions that Interior has taken over the last year to implement the President's management agenda, achieve management excellence, and expand collaborative actions with States, organizations, and citizens.

The 2004 budget proposal supports the strategic plan objective for management by focusing resources on achievement of results in line with these principles. The Department proposes key investments in effective workforce management, linking planning and budget with program performance, technology security and efficiency, and business management systems.

CUSTOMER VALUE

Through our customer value focus Interior emphasizes service to citizens, partners, stakeholders, other agencies, States, Tribes, and local governments. Customer value requires efficiency through the application of best practices in competitive sourcing and human capital management.

Implementation of Competitive Sourcing – In its most recent inventory for 2002/2003, conducted pursuant to the Federal Activities Inventory Reform Act, the Department identified about 20,000 positions that are involved in commercial activities. The Department is studying, through the end of 2004, approximately 5,000, or 25 percent, of these positions to determine how to more effectively deliver services to the public and whether these functions stay in-house or might be better performed by non-Federal employees.

To facilitate the review process and implement best practices in competitive sourcing, Interior's Center for Competitive Sourcing Excellence provides inter-bureau coordination to promote functional and geographical approaches and identify best practices to improve results. The Department's express review methodology, used by bureaus to review contracting potential for functions with ten or fewer positions, is being used as a model by other departments.

Strategic Management of Human Capital – To meet its goal for citizen-centered governance, Interior needs an organization with a results-oriented, skilled, and diverse workforce. The Department issued its *Strategic Human Capital Management Plan* in September 2002 to guide its efforts to address the increased demand for services in

MANAGEMENT GOALS

Workforce has job-related knowledge and skills necessary to accomplish organizational goals

Customer Value

Accountability

Modernization

Integration

the face of resource constraints; aging infrastructure coupled with an unprecedented retirement wave; greater emphasis on wildland firefighting, law enforcement, and security; and accelerating technological change. An estimated 20 percent of Interior's positions will turn over in the next four years; attrition will greatly impact selected occupations such as park rangers, with a turnover rate approaching 50 percent.

The Department's 2004 budget proposes \$1.0 million to implement the *Strategic Human Capital Management Plan*. Led by an executive Management Initiatives Team, the intra-agency implementation effort is developing common approaches and tools for recruitment, training, and retention. Through this effort the Department will:

- Implement performance standards systems that tie employee performance to strategic goals;
- Establish an Interior-wide management intern program and a mid-career exchange program;
- Establish a more integrated corporate approach to recruitment, orientation, and training programs;
- Design and administer survey and other measurement tools to determine employee satisfaction and concerns on an ongoing basis; and
- Ensure training and development resources are used effectively; coordinate and focus training resources on highest priorities; and evaluate effectiveness of training.

ACCOUNTABILITY

Accountability requires clear performance measures for managers and employees. Financial information, essential to ensure accountability for results, is one of the key indicators used to measure performance.

Activity-based Cost Management – Interior is among the first of the Cabinet departments to implement, develop, and utilize cost information for decision making. Interior will complete implementation of an approach known as activity-based

cost management (ABC/M) to make program cost information available throughout the Department beginning in 2004. The Bureau of Land Management and Office of Surface Mining have implemented this approach. The National Business Center, Minerals Management Service, and Office of Hearings and Appeals began the transition to activity based costing in 2003. Seven cross-cutting pilots are now underway using ABC/M and will provide the foundation for deploying ABC/M in the rest of the Department in 2004.

Linking Budget and Performance – The Department has launched a major effort to link program performance with the budget. The new strategic plan emphasizes achievement of results and integration of the work of its many organizations in one plan. The Department will gauge results using performance measures applied to end and intermediate outcome goals laid out in the plan. In addition, bureaus will develop performance metrics within the context of their own operational plans.

These performance expectations are being linked to budgetary requests. In so doing, we can better answer the question of what will be accomplished for the dollars expended. Activity-based cost management will result in more reliable calculations of the cost of doing business to achieve intended results. This information will, in turn, improve budget allocations and reinforce performance and budget integration at Interior.

These linkages will enable managers to better allocate resources to achieve results and evaluate the cost-effectiveness of management options. Activity-based cost management information, in combination with performance results tied to the GPRA plan, will allow the Department to better assess program effectiveness and performance. This effort requires a set of unique skills and expertise and the capacity to integrate budgetary, financial, and programmatic information. The Department's 2004 budget includes \$605,000 to develop the expertise and programs to assess and evaluate performance against planned goals.

MODERNIZATION

Modernization of technology and practices helps Interior simplify and achieve more consistent practices and processes to improve efficiency and ef-

PROGRAM ASSESSMENT RATING TOOL

During formulation of the 2004 budget, the Administration began reviewing programs throughout the Federal government using the Program Assessment Rating Tool. The process generated extensive information on program effectiveness and accountability, including the need for additional performance measures. The Department of the Interior utilized preliminary PART information in formulating its 2004 budget. The programs reviewed were:

Wildland Firefighting
BLM Restoration Programs
MMS Environmental Studies
OSM Abandoned Mine Lands
USGS National Mapping
Reclamation Hydropower
Reclamation Title XVI Water Reuse
Reclamation Rural Water Projects
FWS Fish Hatcheries
FWS Partners for Fish and Wildlife
NPS Deferred Maintenance Backlog
NPS Natural Resource Challenge
BIA School Operations
BIA School Construction
BIA Tribal Land Consolidation

For a full presentation of all PART evaluations, see the *Performance and Management Assessments* volume of the President's budget.

fectiveness. Modernization can help the Department use technology to work smarter and provide single points of access to services, including taking advantage of e-government opportunities.

Technology Security and Efficiency – The Department has developed its information technology architecture and is using an enterprise approach to plan, procure, and deploy new IT systems and acquire hardware, software, and systems support. Through an enterprise approach, Interior is evaluating and modifying business practices and related IT systems to bring about greater integration and consistency. These efforts are key to addressing the challenges in keeping information and systems secure and to support public demands for services and information.

Last year, the Department identified a material weakness, the lack of sound information system security controls, because its Federal financial management systems did not meet the requirements of OMB Circular A-130. As a result of inadequate security for outdated computer sys-

tems, systems were breached by auditing entities and outside parties. Subsequently, the Department was ordered by the court in the *Cobell v. Norton* case to disconnect from the internet. Many bureaus were able to complete the certification process and reconnect after several months. Some offices have yet to be reconnected. These events underscore the vulnerability of the Department's IT systems and its need to invest in security assessment and certification. The 2004 budget addresses this need to comply with OMB Circular A-130 for IT assessment and certification and to implement corrective actions, providing \$13.0 million for major reforms including:

- Upgrade infrastructure using standard lifecycle management practices to replace deteriorated and obsolete equipment and software;
- Procure enterprise applications coordinated on a Interior-wide basis for improved security and cost efficiency;

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- Complete enterprise architecture; and
 - Deploy staff and contracting capability to effectively manage systems.

Improved Financial Management – For the sixth straight year, the Department has received an unqualified audit opinion on its consolidated financial statements. This year’s *Report on Performance and Accountability* was produced on an accelerated schedule that will make this information, vital to understanding how the Department manages its budgetary resources and applies them to producing tangible performance results, available at the outset of congressional deliberations on the 2004 budget.

Financial and Business Management System – The 2004 budget includes \$13.8 million for the Financial and Business Management System, an integrated financial management system for use throughout the Department. The age and potential lack of support for Interior’s two current core financial systems, FFS and ABACIS, threaten the Department’s ability to continue to support accounting and financial operations. These aged systems require extensive work-arounds, incur exceptionally high maintenance, and require extensive manual efforts to undertake annual financial audits and generate required accountability reports. The outdated technology does not support OMB Circular A-130 and other security requirements; it is not designed to move into the e-government world; and it cannot be integrated with other critical transaction systems, such as property and grants systems.

Deployment of a single, unified system throughout Interior will facilitate the generation of activity-based costing and other management information data and will result in savings through the

elimination of multiple bureau-level management information and desktop applications. The system will allow users in the field and senior management to access common financial data and will allow the processing necessary to record underlying transaction data. It will be a secure, integrated system that will support e-government initiatives, be paperless, require only a single log-on for access, reduce multiple entries of data with one-time initial data entry, and provide easy access to common reports.

The total system acquisition and implementation investment is anticipated to be \$111.0 million over an eight-year period, excluding the planning activities occurring before 2004. Maintenance costs for this system of \$1.0 million will be paid out of bureau internal funds. In addition, bureaus will support data cleanup required before installing the new system, training for the new system, and interfaces to other bureau systems.

Information Technology – Interior is undertaking significant IT reforms to improve the management of IT investments, improve the security of systems and information, and realize short- and long-term efficiencies and savings. This integrated approach includes consolidated purchases of hardware and software; consolidation of support functions including helpdesks, e-mail support, and internet services; and coordination of training. This approach will eliminate duplication in information technology, while also migrating Interior to more modern IT solutions in compliance with the Clinger-Cohen Act of 1996. Working through the Information Technology Management Council, comprising bureau and office chief information officers, the Department is developing a single enterprise architecture and an enterprise infrastructure plan to lay the groundwork for information technology needs as they are defined by business requirements.

Today I have signed into law H.R. 2458, the “E-Government Act of 2002.” This legislation builds upon my Administration’s expanding e-government initiative by ensuring strong leadership of the information technology activities of Federal agencies, a comprehensive framework for information security standards and programs, and uniform safeguards to protect the confidentiality of information provided by the public for statistical purposes. The Act will also assist in expanding the use of the internet and computer resources in order to deliver government services, consistent with the reform principles I outlined on July 10, 2002, for a citizen-centered, results-oriented, and market-based government.

President George W. Bush, December 17, 2002

The Department-wide efforts to integrate IT activities, combined with targeted reductions to eliminate duplication, are expected to achieve savings. Reflecting these efforts, the 2004 budget includes a Department-wide reduction of \$56.2 million in information technology.

Capital Planning and Investment Control – Interior has relied on a Department-wide control process to guide investments in construction for several years. Utilizing the five-year planning process, Interior has identified its highest priority construction needs, and uses this information to guide budget decisions. In formulating the 2004 President's budget, the Department instituted a new capital planning and investment control process to identify, screen, and review new IT investments and the enhancement of existing systems. As a result, the Department identified opportunities to integrate duplicative systems and focus resources on highest priority investments. For 2004 the migration to a new financial and business management system was ranked as the highest priority Department-wide.

The Department's capital planning and investment control process is now providing for Interior-wide management of major investments in construction and information technology. Through a process that engages senior management in determining capital investments, Interior is monitoring project status, evaluating and prioritizing new systems for funding, and reassessing projects that are at variance with their planned schedule. The CPIC is now providing a forum for identifying information technology systems that are duplicative and opportunities for coordination of technology investments.

E-Government – The internet has generated tremendous improvements in efficiency and customer service. With these improvements, the public has come to expect a higher level of service and convenience from all organizations, including government agencies. More than 60 percent of all internet users interact with government web sites. E-government will save taxpayers significant amounts of money, while adding value to citizens' experience with government and better serving their needs. Interior's e-government projects use modern information technologies to make information and services more accessible to the public, more integrated, and more efficient. The Department has established its own e-government team to manage the current Administration initiatives

and other opportunities to apply the e-government philosophy. The Department is a partner in many of the Administration's signature e-government initiatives and the managing partner for three: Recreation.gov, Geospatial One-Stop, and Volunteer.gov/gov.

The Department's award-winning Recreation.gov web site is a one-stop, easy-to-use portal for information about Federal, State, and local recreational opportunities. Geospatial One-Stop is setting standards for geospatial data, providing an interactive index to existing data, promoting partnerships among Federal, State, and local agencies for future data collection, and providing online access to data. The Department also led an interagency effort to establish Volunteer.gov, a clearinghouse for public-sector volunteer opportunities. Volunteer.gov allows prospective volunteers to search and apply online for opportunities to volunteer within government and improves the Department's ability to manage the volunteer program that already benefits from the contributions of 200,000 volunteers annually.

E-Payroll – Among the e-government reform efforts underway is an inter-agency consolidation of Federal civilian payroll processing. This effort will eliminate 22 duplicative, redundant systems currently in operation and migrate all agencies onto standardized, consolidated systems. Four agencies, the Department of Defense, General Services Administration, U.S. Department of Agriculture, and Interior, have been selected as the hosts for the modernization effort.

INTEGRATION

Through its efforts to integrate, Interior is identifying opportunities to avoid duplication to enhance customer service and efficiency and achieve economies. This principle is a part of all of the Department's initiatives supporting a single, integrated approach to management challenges, as exemplified by Service First.

Office of the Solicitor – The Office of the Solicitor's efforts advance all four mission goals in the strategic plan by providing legal counsel and support to all of Interior. The Solicitor's input is essential to ensure that programs are carried out in a manner consistent with laws and regulations. For 2004 the request for the Office of the Solicitor totals \$50.4 million. Included in this request is an important

SERVICE FIRST

Service First is an innovative approach created by BLM and the Forest Service to deliver citizen-centered services. At 21 locations in nine states, BLM and the Forest Service provide one-stop shopping for citizens that used to negotiate between two separate entities. Both agencies have improved customer service, improved the quality of natural resource stewardship, and improved operational efficiency by working together in a seamless approach. Delivering one-stop services to citizens, BLM and the Forest Service have developed multi-agency statewide recreation passes, revised resource management plans, and conducted prescribed burns to reduce hazardous fuels.



component of the human resources strategy — a strengthened ethics capability. The 2004 budget proposal includes a \$395,000 increase that includes a centralized training function to improve consistency and establish high standards of ethical conduct among Interior's employees; create an automated filing program to facilitate reporting and record keeping; and conduct audit and evaluation to achieve a high level of compliance with legislative and administrative requirements.

Office of Inspector General – The Office of Inspector General's independent and objective reviews of the integrity of Interior's programs and

operations support achievement of all four of Interior's mission goals. The 2004 budget proposal is \$39.0 million, including an increase of \$1.9 million to respond to increased requests and requirements for audit and investigations, and specialized and required training.

Information on the Department's management initiatives can be found at: <http://www.doi.gov/ppp/ccgp2.html> for the *Second Edition of the Secretary's Citizen-Centered Governance Plan* and http://www.doi.gov/pfm/human_cap_plan/ for the *Strategic Human Capital Management Plan FY 2003 – 2007*.