CHAPTER 3. IMPROVING FINANCIAL MANAGEMENT SYSTEMS

> **GOAL:** *Achieve and maintain a single, integrated financial management system that complies with federal government policy.*

The Department shares the view of the governmentwide CFO Council that a key to improved financial and program management is improved financial management systems. Improving financial management systems will provide for and strengthen our decisionmaking capabilities and enable Interior program and financial managers to more effectively carry out the Department's missions. The Department recognizes the importance of its financial management systems as a part of its capital assets portfolio, and uses sound information technology investment management principles to plan and monitor these systems. The Department's goal is to achieve the objective stated in OMB Circular A-127 for each agency to establish a single, integrated financial management system. In pursuing this goal, the Department will follow the information technology investment management practices and principles identified in the Clinger-Cohen Act of 1996.

History

The Department continues to move toward the objective stated in OMB Circular A-127 for each agency to establish a single, integrated financial management system. Since the mid-1980s, Interior has improved its financial systems and eliminated duplicative and redundant systems. By 1984, the number of personnel/payroll systems used by Interior had been reduced from five to one. All bureaus within the Department were converted from the PAY/PERS personnel/payroll system to the Federal Personnel/Payroll System (FPPS) by the end of 1998. The FPPS is a new, agency-developed system maintained by the National Business Center. The FPPS is a fully integrated, on-line system that services 22 agencies, including the Social Security Administration, in addition to the Department.

By FY 1992, the number of existing bureau core financial systems had been reduced from ten to two, with off-the-shelf software, Federal Financial System (FFS), being used in six bureaus which account for over 95 percent of Interior's annual accounting transaction volume. One additional bureau, the Office of the Secretary, converted to FFS during FY 2000. The remaining two smaller bureaus use ABACIS, an in-house developed core accounting system.

Overall, Interior's financial management systems represent a combination of governmentwide systems, departmental systems, and bureau managed systems. Increasingly, the Department is becoming reliant on technology as the enabling agent for meeting management's need for more timely and comprehensive financial management information for streamlining underlying financial and administrative processes, and improving the efficiency of transaction processing. Moreover, Interior is fully aware of the importance of information technology as a financial investment and of the necessity to manage this investment wisely.

Financial Management Systems Improvement Strategy

The Department's goal is to continue to improve financial transaction processing and to enhance the financial management systems support through an effective partnership of program, information system, and financial managers.

The Department relies on a unified set of financial management systems planned for and managed together, and operated in an integrated fashion to collectively support program and financial managers. These systems are managed at various levels within the Department. Some of these systems are managed on a departmental level, others are maintained at a bureau or local level, and some are governmentwide systems that the Department relies on. Collectively, they represent the Department's financial management systems architecture. The current financial system architecture is shown in *Exhibit 3-1*, arrayed by the different types of management approaches being used. *Exhibit 3-2* lists the Department's financial management systems and applications.
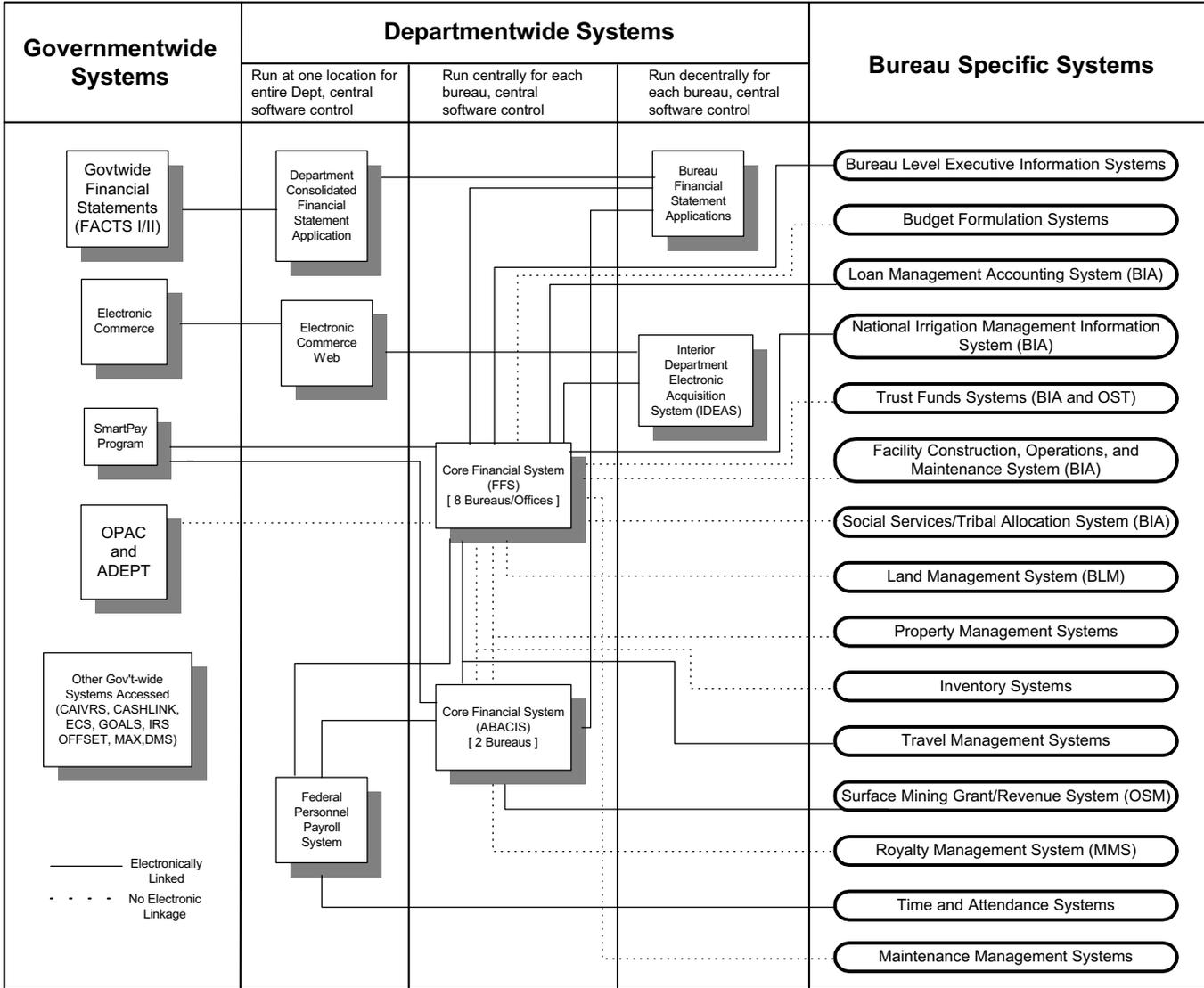
Exhibit 3-1

Governmentwide Systems	Departmentwide Systems			Bureau Specific Systems
	Run at one location for entire Dept, central software control	Run centrally for each bureau, central software control	Run decentrally for each bureau, central software control	

Govtwide Financial Statements (FACTS I/II)

Electronic Commerce

SmartPay Program

OPAC and ADEPT

Other Gov't-wide Systems Accessed (CAIVRS, CASHLINK, ECS, GOALS, IRS OFFSET, MAX, DMS)

Department Consolidated Financial Statement Application

Electronic Commerce Web

Core Financial System (FFS) [8 Bureaus/Offices]

Core Financial System (ABACIS) [2 Bureaus]

Federal Personnel Payroll System

Bureau Financial Statement Applications

Interior Department Electronic Acquisition System (IDEAS)

Bureau Level Executive Information Systems

Budget Formulation Systems

Loan Management Accounting System (BIA)

National Irrigation Management Information System (BIA)

Trust Funds Systems (BIA and OST)

Facility Construction, Operations, and Maintenance System (BIA)

Social Services/Tribal Allocation System (BIA)

Land Management System (BLM)

Property Management Systems

Inventory Systems

Travel Management Systems

Surface Mining Grant/Revenue System (OSM)

Royalty Management System (MMS)

Time and Attendance Systems

Maintenance Management Systems

———— Electronically Linked

- - - - - No Electronic Linkage

Exhibit 3-2

Department of the Interior
Financial Management Systems Supporting Exhibit 3-1
System/Applications

DEPARTMENTWIDE SYSTEMS

Core Financial System (FFS)
- Federal Financial System (8 Bureaus/Offices)

Core Financial System
- Advanced Budget/Accounting Control and Information System (2 Bureaus)
- Accounting and Aircraft System (OAS)

Payroll Personnel System
- Federal Personnel/Payroll System (FPPS)

Interior Department Electronic Acquisition System

BUREAU SPECIFIC SYSTEMS

Bureau Level Executive Information Systems
- Management Information System (BLM)
- Administrative Information System (GS)
- Administrative Financial System II (NPS)
- Federal Aid Information Management System (FWS)
- TABS (GS)
- Financial Reporting and Reconciliation System (NPS)

Budget Formulation Systems
- Budget Allocation System (FWS)
- Program and Budget System (BOR)
- Budget Formulation System (NPS)

Loan Management Accounting System (BIA)

National Irrigation Management Information System (BIA)

Trust Funds (BIA, OST)
-Trust Funds Accounting System
- Integrated Resources Management System

Facility Construction, Operation, and Maintenance System (BIA)

Social Services/Tribal Allocations System (BIA)
- Tribal Allocation Priority System
- Social Services Automated System

Land Management System (BLM)
- Payment in Lieu of Taxes
- Collection and Billing System

Property Management Systems
- FFS Fixed Assets Subsystem (BIA, BLM, GS, NPS)
- Real Property (BLM)
- Moveable Property System (BOR)
- Property Management System (MMS)
- Property Management Web (New System Being Developed by MMS)
- Personal Property Management Information System (FWS)
- Real Property Inventory (FWS)
- Federal Real Property Management (GS)
- Property Accountability Ledger System (OSM)

Inventory Systems
- FEDSTRIP System (BOR)
- DORRAN (GS)
- Inventory Subsystem (GS)

Travel Management Systems
- Travel Manager Plus

Royalty Management System (MMS)
- Production Accounting and Auditing System
- Auditing and Financial System

Surface Mining Grant/Revenue System (OSM)
- Grant Information Financial Tracking System
- Fee Billing and Collection System
- Audit Fee Billing and Collection System
- Civil Penalty Accounting Control System

Maintenance Management Systems (Various)

The Department has viewed the movement toward a single, integrated financial system as encompassing four interrelated elements: (1) migrating to and enhancing standard department-wide systems; (2) improving or replacing financial and mixed systems to take advantage of new technological capabilities (e.g., Internet browser and smart card technology); (3) effectively interfacing or integrating financial management systems through electronic transfer of data and establishing standardized financial data classifications for movement of data to support finance and program managers; and (4) following sound investment principles in selecting and evaluating its financial management systems and recognizing those systems as part of the Department's portfolio of capital assets.

Over the past five years, the Department's financial management systems strategy was to target systems improvements to adjust to changes brought about by organizational rightsizing, streamlining, and reengineering efforts. These efforts focused on completing nine major financial management systems improvement efforts: (1) enhancing current core accounting systems; (2) implementing FPPS; (3) implementing a Decision Support System/Executive Information System (DSS/EIS); (4) implementing a departmentwide procurement system (IDEAS); (5) maximizing opportunities for utilizing Electronic Commerce (EC) and other Electronic Data Interchange (EDI) applications; (7) improving property systems through the use of the FFS Fixed Assets module; (8) improving the Indian Trust Funds systems; and (9) implementing the Minerals Revenue Management Reengineering Initiative. The last two efforts are still underway.

The Department's current financial management systems improvement efforts involves four major thrusts:

- *Current Systems:* Maintain current financial management systems to support administrative and program managers, update these systems where necessary for regulatory compliance requirements, and manage these systems in a manner consistent with the Department's information systems investment management policies and procedures. These systems were upgraded prior to January 2000 to be Year 2000 compliant, and functioned as expected beginning January 1, 2000.

- *Financial Management Systems Migration Project:* Define, carefully plan, and implement a new generation of financial management systems to take advantage of new technology and processing opportunities.

- *Federal Human Resources Information System (FHRIS):* Define, carefully plan, and implement the system functionalities needed in the Human Resources community.

- *Critical Programmatic Management Systems:* Reengineer and/or replace certain critical bureau-based programmatic/financial management systems supporting critical programs: Minerals Revenue Management; Indian Trust Funds Systems; and Facilities Management System.

The target architecture for the next five years will be determined by the results of the Financial Management Systems Migration Project. Therefore, an illustration of the target architecture is not included in this financial management plan.

FY 2000 Accomplishments

During FY 2000, the Department continued financial systems enhancements which included successfully completing systems improvement efforts begun in previous years and expanding the use of outside services to support transaction processing.

Significant FY 2000 accomplishments include the following:

- *SmartPay Program:* In FY 2000, the Department continued its highly successful implementation of the largest, fully integrated charge card program in the federal government or private industry. All cards were successfully reissued to ensure full benefit of state sales tax exemptions. The program now consists of approximately 55,000 integrated cards covering the three business lines (purchase, travel, and fleet management) and approximately 22,000 vehicle-assigned fleet management cards. Interior will continue to operate on a daily invoice/daily pay basis, with subsequent reconciliation with a fully electronic interface to Interior's financial management systems. A major emphasis during FY 2000 has been the active and effective management of delinquencies on individually billed accounts. A test by the Bureau of Reclamation to centrally bill lodging costs was successful, contributing greatly to further reducing delinquencies and improving the quality of work life for Reclamation travelers.

- *Implement a Departmentwide Procurement System:* In FY 2000, the Department maintained the Interior Department Electronic Acquisition System (IDEAS) across all major buying offices of the Department and continued implementations in smaller offices. A total of approximately 350 locations are now using the software for requisitioning, purchasing, contracting, and contract administration. IDEAS consists of American Management Systems, Inc.'s Procurement Desktop software, supplemented with in-house functionality for electronic commerce and procurement data collection. The system was effectively prepared for the Year 2000 rollover and no problems occurred. Enhancements were made to the system as required by internal and franchise customer requests and to respond to changes to governmentwide procurement regulations and data reporting requirements. Interfaces to bureau financial management system databases are complete in almost all cases and Interior expects all regions of all bureaus to be using the interface in FY 2001.

- *Current Core Accounting Systems:* The Department continues to maintain the existing core accounting systems until a replacement core accounting system is identified, acquired, and implemented. A new release of the FFS core accounting system software was implemented in July 2000.

- *Improving Property Systems:* The Department continues to coordinate with the bureaus to reduce the number of separate bureau automated personal property systems. The Department's property system strategy is aimed at standardizing and streamlining the automation of the personal and real property management functions departmentwide. This effort is intended to increase productivity and to avoid the costly development or modification of duplicative, independent systems, and interfaces with other administrative systems. Material weaknesses have existed in several bureaus' property management programs. The Property Management Partnership is continuing to address needed enhancements in property systems with the objective to migrate as quickly as possible to systems that incorporate new technologies which will eliminate duplicate data entry and

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allow for easy and timely access to data. A personal property module, with an electronic linkage to the Federal Financial System (FFS), has been developed and implemented in four bureaus: the U.S. Geological Survey (USGS), the Bureau of Land Management (BLM), the Bureau of Indian Affairs (BIA), and the National Park Service (NPS). Progress in real property systems is underway with BLM now tracking real property in the FFS personal property module, and BIA is modifying the FFS personal property module to also track real property.

- *Expanded the use of Hyperion Enterprise Consolidated Financial Reporting System to all bureaus:* In FY 1997, the Department began using Hyperion Enterprise software for collecting financial statement information to support the preparation of consolidated financial statements. The Consolidated Financial Statement (CFS) application collects summary financial data by Treasury Fund Symbol and Standard General Ledger codes from the core accounting systems that process financial transactions for each bureau of the Department. The CFS application is the single source of data used in preparing the Department's consolidated financial statements. In FY 1999, the Department enhanced the preparation process to allow each bureau finance office to participate in the data collection process via direct access to the Hyperion Enterprise application. Using a single unified application, each bureau now has direct ownership of its portions of the consolidated financial statements, allowing each bureau to prepare separate financial statements and create journal entries. In FY 2000, application capabilities were enhanced with the implementation of a Citrix server which eliminated the need to transfer data nightly between bureau applications and the CFS. The benefits of this enhancement include the elimination of redundant journal postings, improved response time, improved timeliness of trial balance data submissions, and a uniform throughput of analysis by the Department's Office of Financial Management and the OIG audit teams. The CFS application is also used to provide data to the Department of the Treasury for the governmentwide consolidated financial statements through the FACTS I process and supports certain parts of the FACTS II budget execution reporting process.

- *GPRA Performance Tracking System:* The Government Performance and Results Act (GPRA) requires agencies to submit strategic plans to the Office of Management and Budget and Congress identifying measurable goals that define what will be accomplished during a fiscal year and reflect a level of accomplishment commensurate with the resources required and subsequently funded. The Department has implemented an Access-based system for GPRA performance information to meet the GPRA requirement on a departmental basis. The Department's Access database is being used to collect quarterly performance measurement information. This approach recognizes the need to be compatible with bureau level systems that are being built or planned to support GPRA requirements. The system is being used to report on performance measurement data; support data collection requirements for the Annual Accountability Report; and support requirements to report on performance against the annual performance plan.

Planned Actions

FY 2001 Planned Activities

- Continue to address needed enhancements in property systems through the leadership of the Property Management Partnership (PMP), in conjunction with the Financial Management Systems Migration Project, with the objective to migrate as quickly as possible to systems that incorporate new technologies which will eliminate duplicate data entry and allow for easy and timely access to data. These enhancements include the following:

  1. The Property Management Partnership will expand efforts to standardize and streamline real property systems by including BOR, FWS, USGS, and NPS, and determine the extent of common requirements and of an interface with the Department's current facilities management initiative. As requirements for real property automation are defined, future funding needs to support system development for the other four bureaus will be determined.

  2. The PMP will implement, with BLM serving as the lead bureau and with the assistance of the National Business Center, the Screen Available and Exchange-Sale (SAVES) system which is a standardized, departmentwide web-based system to share and report information on personal property available for reuse within Interior.

- Continue to enhance the consolidated financial statement process through the use of Hyperion Enterprise software as the single source of consolidated financial statement data. The Department will enhance the Hyperion Enterprise application software and data processing environment to more effectively support centralized FACTS II budget execution reporting requirements and the preparation of quarterly financial reports. The Department will continue to enhance the system's accessibility to individuals outside the bureaus' finance offices through web-based technology.

- Further Interior's efforts to meet GPRA requirements by determining how it will obtain data on a departmentwide basis to meet performance measurement requirements and the means that will be used to verify and validate measured values. This effort will include an assessment of options for developing a data warehouse for collecting departmental GPRA data from bureaus to support GPRA reporting requirements for subsequent years, using technology currently available in the Department or accessible within the time frames and budget constraints. The intent is to establish a technical architecture to appropriately link bureau-level initiatives with departmentwide efforts.

- Maintain IDEAS through: (a) assisting bureaus in any additional IDEAS implementations at smaller field units, including implementing financial interfaces and electronic commerce; (b) continuing to work with other federal agency users of the AMS Procurement Desktop product, including the Patent and Trademark Office, the U. S. House of Representatives, the Library of Congress, franchise client agencies, and others to coordinate and reduce the costs of software enhancements; and (c) continuing to provide (as an OMB authorized franchise effort) procurement system support to other agencies.

- Implement additional management controls and launch a major training effort for supervisors and cardholders on the SmartPay program. As these new controls are verified, Interior will begin to phase in central billing of lodging transactions across the Department.

Financial Management Systems Migration Project

In February 1998, the Interior Chief Financial Officers (CFO) Council established the Financial Management Systems Migration Steering Committee, which is composed of bureau CFOs/Deputy CFOs and co-chaired by Interior's Deputy CFO and the Director of Interior's Office of Acquisition and Property Management. The purpose of establishing the Steering Committee was to provide for senior level leadership in the planning, acquisition, and implementation of replacements for existing Interior financial management systems. An integrated approach to systems replacement is greatly needed since a number of the Department's financial management systems must be replaced within the next few years. For example, both of the Department's core accounting systems (FFS and ABACIS) are nearing the end of their useful lives. FFS is a mainframe system based on outdated technology that was first implemented in Interior in October 1988. The FFS vendor has already developed and is marketing its new generation of core accounting system software, and will eventually discontinue support of the old version of FFS. Consequently, Interior must replace FFS with a system that complies with a contemporary "open system architecture" environment within the next five or so years. The development of a migration strategy will ensure that any new replacement systems adhere to the Department's information systems architecture and allows for full integration among the Department's financial management systems.

The Interior CFO Council endorsed the Steering Committee recommendation that the Department engage in a coordinated cross-functional financial management streamlining effort that encompasses the following business functions: budget formulation and execution; personnel and payroll management; acquisition, receipt, accounting, maintenance, and disposition of property and services; managerial cost accounting; and travel management. This effort provided the basis for developing a comprehensive strategy for implementing a new integrated financial management system within an Interior information systems architecture that adheres to the Joint Financial Management Improvement Program's "*Framework for Federal Financial Management Systems.*" Thirteen cross-functional teams were established which assessed each financial management business process and identified both process improvements and outlined the data used in each process; the information required by each process; and the system requirements to support the streamlined processes.

Utilizing the direction of the Clinger-Cohen Act of 1996, this proposed financial systems improvement strategy will include reengineering processes, where necessary, and building a business case for making investments in financial management systems replacement. The current effort involves three phases:

Phase I - Functional Analysis Phase: Defining/refining the requirements of the individual systems/modules (by function) that comprise the integrated financial management systems and identify and document interactions/transactions/data exchanges with other financial management systems/modules to identify potential business process improvements.

Phase II – Business Process Review: Reviewing individual and cross-functional processes to identify business process improvements that are automation related that should be incorporated into any new financial management systems architecture. The goal is to identify what the integrated systems environment should be to meet the Steering Committee's goals to be paperless to the extent possible, require only a single user logon for access, allow one-time initial data entry, and provide easy access to common data.

Phase III – Business Case Development: Preparing a business case for acquiring software to meet the requirements of the reengineered processes defined in Phase II. This business case will need to meet the requirements of the Information Technology Management Reform Act (Clinger-Cohen Act), satisfy "Raines Rules" for justifying major information technology investments, and receive departmental approval from the Information Technology Steering Committee (ITSC) or other oversight committee. Following the streamlining efforts, the migration effort would replace existing system modules within the defined architecture on a schedule determined by Interior's CFO.

Phases I and II were completed last year. Phase III is expected to be completed by the end of calendar year 2000. This migration project will form the basis for a systems architecture that supports financial management functions and executive information into the future.

FY 2000 Accomplishments

- Solicited the assistance of the Private Sector Council (at no cost to the federal government) to review the products of Phases I, II, and III, and provide a private business perspective of process improvements and systems replacements.

- Completed a Benefit/Cost Analysis (with contractual assistance).

- Issued a Request for Information (RFI). The purposes of issuing the RFI were to:

  - determine if commercial-off-the-shelf software is available to meet the DOI financial management needs;

  - gain a better perspective on the information technology environment within which these systems operate;

  - provide more specifics on how much it may cost in the long term to implement and operate these systems; and

  - determine the time frame to install and implement these systems.

Planned Actions

FY 2001 Planned Activities

- Complete the RFI process by conducting vendor software demonstrations.

- Develop a long term strategic plan for the migration to an integrated financial management system for the Department (Phase III). This effort would establish the proper strategy for upgrading/replacing the existing financial management systems within the

Department and provide the justification for the system migration efforts under "Raines Rules" and the Information Technology Management Reform Act (ITMRA). This effort would be led by the Steering Committee.

- Obtain funding to carry out the migration strategy established to replace existing financial management systems within an integrated information technology architecture.

- Obtain departmental approval for the FMSMP and its planned strategy.

FY 2002 and Beyond Planned Activities

Depending on funds available:

- Implement the Financial Management Systems Migration strategy in phases as defined in the long term strategic plan for the migration to an integrated financial management system for the Department.

Federal Human Resources Information System

In 1998, the Department enlisted Booz, Allen & Hamilton to do an analysis of the Federal Personnel/Payroll System (FPPS) and private sector vendors to assist in determining how best to provide additional system functionalities needed in the Human Resources (HR) community. These additional needed system functionalities include:

- Applicant Tracking
- Priority Placement Program
- Electronic Rating and Ranking of Applicants
- Reduction-in-Force Processing
- Labor/Employee Relations Case Tracking
- Complaint Tracking, including EEO
- Position Classification
- Training/Employee Development
- Skills/Competencies Management

The recommendation of Booz, Allen & Hamilton was to continue the use of FPPS for payroll and payroll-related HR functions and to select a commercial-off-the-shelf product to provide the additional HR functionalities.

On February 2, 2000, the Department signed an agreement with an 8A Native Alaskan Corporation to add SAP human resources software functionality to complement FPPS, in accordance with the recommendations contained in the 1998 Booz, Allen & Hamilton report.

The Federal Human Resources Information System (FHRIS) Project resulting from the above referenced contract has three objectives:

- Determine what areas in the SAP HR product need modification to meet federal requirements and help SAP understand the requirements so they can be added to the SAP product.

- Configure and pilot test three areas of functionality (applicant tracking, skills bank, and training and event management) at bureau test sites.

- Develop a business case for a long-term, departmentwide implementation of a federalized SAP HR system.

FY 2000 Accomplishments

- Completed a six-month pilot test of three areas of functionality at bureau test sites.

- Obtained contractual support to develop a Business Case for FHRIS.

Planned Actions

FY 2001 Planned Activities

- Complete the Business Case.

- Complete an 11 month demonstration pilot of HR functionality in the National Business Center.

- Obtain departmental approval for the full project, based on the Business Case.

- Identify funding requirements for future years.

- Depending on availability of funding, commence implementation of all the functional areas listed above.

FY 2002 and Beyond Planned Activities

- Depending on availability of funding, complete the implementation of all the functional areas listed above.

- Investigate adopting additional functionalities that may be available in the SAP product.

- Develop interfaces between FHRIS and other Interior financial management systems.

Improve the Information Technology Infrastructure Supporting Financial Systems

The information technology (IT) infrastructure is critical to maintaining quality financial management systems that are secure. Two major efforts are underway to improve this infrastructure.

IT Architecture Project

Historically, mission requirements have been isolated in focused organizations within Interior serving their specific purposes. Although these needs often overlapped among Interior's bureaus, they were often acquired, managed and supported independently. The

result is a variety of unconnected, repetitive, or inconsistent information systems on a variety of technical platforms. Rapid advancements in the maturity of information technology, such as networking, the World Wide Web, data warehousing, and application sharing have eliminated many of the barriers formerly impeding the sharing and integration of data, information, and resources. This sharing can ultimately provide the ability to enhance or recreate business processes. These enhancements, in turn, improve management of IT requirements, total cost of ownership, and service delivery. It is precisely these improvements that enables Interior to take an agency view of financial management related systems, as well as other departmental administrative systems. These same principles are being applied across all business systems within Interior.

Recognizing these factors and the absolute need for change, the Clinger-Cohen Act of 1996 requires each Agency Chief Information Officer to develop and implement an Enterprise Information Architecture. Interior's implementation is designated the Interior Information Architecture (IIA). Statutory requirements supporting the development and implementation of an information architecture include, but are not limited to, the Government Performance and Results Act, Presidential Decision Directive 63, and the Government Paperwork Elimination Act. The goal of the IIA is to provide the process and the policies needed to evolve Interior's various information systems and technical infrastructures to a coordinated overall structure that is responsive, accessible, affordable, and easier to maintain.

Implementation of the Interior Information Architecture is a well-coordinated effort making progress on several levels. The Clinger-Cohen Act calls for an Information Technical Architecture that is driven by business needs. To meet this goal, Interior is articulating the business drivers in an Enterprise Business Architecture (EBA), and developing or improving the component architectures that make up the Interior Information Architecture. The Interior Architecture Project has joined with the Government Performance and Results Act effort to develop the EBA. This coalition incorporates bureau information technology and mission requirements into the GPRA process; thus, ensuring a consistent and crosscutting view of Interior's business. The development of the EBA is following a recognized industry best practice, from the META Group, for developing information architectures. The META Group has been secured to provide independent validation and verification to the process and output. Support for this development is secured through a GSA FEDSIM contract.

The component architectures are being developed or enhanced by the program managers within Interior's Office of Information Resources Management, Information Architecture Division. Component architectures include IT Security, Data Resource Management, Applications, Collaborative Computing, Directory Services, Web Services, Network Services, and Platforms. Development of the component architectures will ensure Interior meets at least minimal compliance with related statutory and operational requirements.

FY 2000 Accomplishments

- Established Information Architecture Division - Interior Architecture Project (IAP) Program Office

- Established an Interior IT Security Program Office (see next section)

- Established the Interior Data Resources Management Program

- Awarded contract to META Group to aid in development of IAP Plan and to provide independent validation and verification of IAP products

- Conducted Information Architecture awareness and training classes to all Bureau representatives participating in the Interior Architecture Project

- Implemented access to disability standards on the "top 20" Interior sites

- Implemented compliance with required child privacy statements on Interior educational web sites

- Completed the consolidation of electronic mail support contracts resulting in a 14 percent cost savings for the Department

- Completed installation of a standardized directory that will provide for an accurate address list and reliable mail transfer

- Monitored all Interior electronic mail systems, resulting in 97 percent uptime

- Conducted Information Architecture awareness training at the Fall Interior Information Technology Conference reaching over 800 Interior IT professionals

FY 2001 Planned Activities

- Complete Enterprise Business Architecture in cooperation with GPRA effort

- Complete Technical Reference Model

- Establish Interior Data Resource Management policy, standards, and procedures.

- Coordinate E-government activities

- Complete consolidated contract for electronic mail licensing

- Establish Directory Services program

- Continue coordination of non-exclusive enterprise licensing agreements to leverage Interiorwide purchasing power and reduce total cost of ownership

FY 2002 and Beyond Planned Activities

- Complete gap analysis for high priority projects comparing current and future business, data, applications, and technology architectures

- Update and maintain Technical Reference Model

- Develop and implement data sharing policies and procedures

- Develop and implement E-government policies and procedures

- Develop and implement a Directory Services program to support Public Key Infrastruc-ture and other Government Paperwork Elimination Act requirements

- Identify and facilitate Interiorwide acquisitions of commonly used information technologies

Computer Security Improvement Project

Interior is committed to implementing an agencywide, uniform approach to meeting the statutory and practical requirements for protecting sensitive information and information systems. This approach is not exclusive to the financial management systems, but considers them as being some of the most important assets. Interior recognizes that adequate security for its financial management systems can only be achieved if the environment in which they operate is secure. An agencywide approach to computer security means ensuring compliance with public laws, federal regulations, and executive branch directions. These are not new requirements. They have existed for many years and are the minimum requirements that apply to all federal organizations.

Beyond the statutory requirements, it is clearly understood by Interior's management that there are practical risk mitigation requirements involved in operating distributed financial management systems. Specifically, shared interests exist between Interior's bureaus. In examining the potential for loss, in many cases the loss is not separable to an individual component, but could in fact impact multiple bureaus, significant portions of Interior, other federal agencies, and even the general public. The risk mitigation approach must therefore be uniform across the entire agency.

Implementing Interior's IT security program is proceeding in a well-defined manner. The first phase is to ensure that Interior meets (at least) the minimum level of security compli-ance required for all federal organizations, which entails utilizing a well defined, structured approach. Interior developed a preliminary IT security plan which is providing the basis for a full plan that will specify minimum requirements across Interior. This preliminary plan was developed in conjunction with Interior's IT Security Working Group, and has been reported to outside oversight organizations and internal management. Under a GSA SafeGuard contract presently underway, the full IT Security Plan will specify the minimum requirements for Interior's security to be assessed by internal and external oversight organi-zations as "adequate". Completion of the full plan for Interior's most important systems is anticipated by February 2001.

With the completion of the full IT Security Plan, Interior will implement operating capabilities for its IT security program. Operating capabilities will allow implementation of Program Management, Policy Development, Education and Awareness, Computer Incident Handling, Intrusion Detection, Security Certification and Accreditation, and Oversight Assessments.

FY 2000 Accomplishments

- Completed Interior's preliminary Information Technology Security Plan

- Awarded contract under GSA SafeGuard Contract to SAIC to fully develop Interior's IT Security Plan

- Conducted IT Security Education and Awareness training for selected portions of Interior

- Established the IT Security Program Office

FY 2001 Planned Activities

- Complete an asset valuation standard to ensure that systems can be uniformly evaluated for importance to national, departmental, and bureau interests

- Conduct asset valuation to uniformly categorize Interior's most important systems

- Perform gap analysis to determine the state of security compliance

- Develop and implement security remediation plans

- Implement structured processes to ensure that security requirements are well articulated in future year budget requests

FY 2002 and Beyond Planned Activities

- Complete standards for all categories of information systems

- Develop and implement remediation plans to include all information systems

- Continue security program capability maturity model development, as specified by the National CIO Council

- Continue development in accordance with Chief Information Officer Council guidelines

Replacing Critical Programmatic Management Systems

The Department has projects underway to replace or enhance certain critical programmatic management systems that process financial data. These projects include the following:

Minerals Revenue Management Reengineering Initiative

Minerals Revenue Management (MRM) is responsible for ensuring that all mineral revenues from federal and Indian Lands are efficiently, effectively, and accurately collected, accounted for, verified, and disbursed to appropriate recipients in a timely manner. These revenues amount to more than $4.5 billion annually. The MRM is faced with a number of challenges that has forced it to reexamine its core business processes. One of these challenges is the

Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 that significantly changed many of the MRM's historical operating assumptions, as well as some fundamental federal oil and gas mineral revenue financial activities. Another compelling reason for a reengineering effort is the need to improve the MRM's performance by reducing its business cycle to match other comparable organizations in the public and private sectors. Key to the MRM's reengineering initiative is the modernization of its information technology infrastructure, by deploying a variety of new technologies and replacing many applications whose roots can be traced to the early 1980s.

The reengineering initiative addresses all core MRM business processes including financial, accounting, compliance, and supporting computer systems. The reengineering effort is expected to eventually produce new business processes and support systems that are highly integrated, process centered, focused on outcomes, less costly, and well positioned to meet current and future mission requirements.

FY 2000 Accomplishments

- In September 1999, the MMS awarded the financial system contract to Andersen Consulting. The general design of the new MRM Financial System was completed in June 2000. The general design document explains how the new system will work in the new environment. The detailed design of the new Financial System was completed in September 2000.

- The MRM awarded a contract to Andersen Consulting to design, build, and implement the new Compliance System in September 2000. The MRM also completed the design of the database and established the underlying technical infrastructure to be used to integrate the compliance and asset management, financial management, and royalty management systems.

- In August of 2000, MRM received OMB approval for changes to royalty and production reporting requirements in conjunction with MRM's goal to streamline reporting. New reporting requirements are scheduled to be effective October 1, 2001. The MRM also issued "Dear Reporter" letters explaining the new reporting changes and provided the record layouts that industry needs to perform necessary system modifications.

Planned Actions

FY 2001 Planned Activities

- On October 8, 2000, all employees transition into the new MRM organization.

- Transition MRM organization and staff to the new business processes and new automated systems.

- Continue work on other key components of the future technical architecture including the data warehouse, workflow, and data administration functions.

- Finalize and implement plan to convert data received prior to implementation of the new systems.

- Finalize system test plan.

- Perform acceptance, performance, and system tests.

- Develop materials and conduct training modules for both internal and external stakeholders.

- Continue outreach and communication efforts.

- Implement financial module (September 2001).

- Implement compliance module (September 2001).

FY 2002 and Beyond Planned Activities

- Schedule and complete additional system maintenance and development efforts.

- Continue outreach and communications effort.

- Continue training activities, as needed, for both internal and external stakeholders.

Improving the American Indian Trust Funds Systems

The American Indian Trust Fund Management Reform Act of 1994 affirmed the Secretary's trust responsibilities and established the Office of Special Trustee for American Indians (OST). The Act identified actions required for the Secretary's proper discharge of trust responsibilities including: providing adequate systems for accounting for and reporting trust fund balances; providing adequate controls over receipts and disbursements; providing periodic, timely account reconciliations; determining accurate cash balances; and preparing periodic statements of account performance and balances. The Act also addressed the need for developing systems for accounting and investing funds, for reporting to account holders, and maintaining accurate data on ownership and lease of Indian lands.

The OST, headed by the Special Trustee, oversees and coordinates trust fund management reforms for the Department and reports directly to the Secretary. The OST's responsibilities include the Office of Trust Funds Management (OTFM) and other financial trust services functions transferred from the Bureau of Indian Affairs (BIA).

Reviews by the General Accounting Office (GAO) , the Department's Inspector General, and independent accounting firms have identified serious financial management problems in the management of Indian Trust Funds. Reports based on these reviews indicated, among other things, that trust fund data is unreliable, inaccurate, and inconsistent, and trust systems have been inadequate to comprehensively process trust data and support investment activities. Additionally, inadequate internal controls and lack of consistent, written policies and procedures were also cited in the reports.

To bring about long-term constructive improvement in trust funds management, the Department issued a draft report, "*Indian Trust Funds and Trust Asset Management Reform Plan*" in June 1994. Several initiatives stemmed from the report, known as the Secretary's

"Six Point Plan." The Office of Trust Funds Management implemented an interim service bureau system for managing tribal investments and accounting services. It improved the Office of Trust Funds Management's performance of fiduciary duties regarding tribal trust fund investment, accounting, and reporting. BIA has performed most collection activities. The Six Point Plan also called for correcting problems with Individual Indian Money (IIM) accounts, including correcting IIM data and improving IIM-related systems.

In April 1997, the Special Trustee submitted a proposed comprehensive strategic plan to the Secretary and the Congress. Although the Secretary had reservations about certain aspects of the plan, it was agreed that the trust system improvements and data cleanup efforts in the plan would proceed. The plan included initiatives to clean up IIM records; eliminate data backlogs; improve policies, procedures, and controls; enhance training; and improve computer systems. Acquisitions were planned for: (1) Trust Funds Accounting System (TFAS), (2) Trust Asset and Accounting Management System (TAAMS), and (3) Land Records Information System (LRIS) enhancements.

These initiatives are also included in the High Level Implementation Plan (HLIP) of the Trust Management Improvement Project (TMIP). The HLIP, first published in July 1998 and revised in February 2000, now addresses 11 subprojects, and identifies responsible officials, progress made, action plans, and resource requirements. The HLIP subprojects are:

- Administrative Data Cleanup (OST)
- BIA Resources Data Cleanup
- Probate Backlog (BIA and Office of Hearings and Appeals)
- BIA Appraisal Backlog
- Trust Funds Accounting System Deployment (OST)
- Trust Asset and Accounting Management System Deployment (BIA)
- MMS Systems Reengineering
- Records Management Improvement (OST)
- Policy and Procedures (BIA)
- Training (OST)
- Internal Controls (OST)

FY 2000 Accomplishments

- Efforts have progressed in various areas including records cleanup, probate backlog elimination, and activities for improved systems. Pilot efforts have helped to prove concepts, develop alternatives where necessary, identify implementation barriers, develop realistic cost estimates, and gain firsthand experience for broader full scale implementation.

- The TFAS was fully implemented. There are over 260,000 IIM and tribal accounts on this state-of-the-art trust finance system. It provides basic collection, accounting, investment, disbursment, and reporting functions of trust fund management operations.

- TAAMS is an asset and accounting management system which will include master lease, billing and accounts receivable, collections, and land title functions. The Secretary approved the recommendation to deploy the title function of TAAMS to the BIA and tribal land title and records offices (LTROs) after a user test was satisfactorily completed.

The land title and records functionality has been loaded on desktops in various regional LTROs and some other BIA and tribal LTROs. A redeployment of the realty function is underway in Billings (Rocky Mountain Region). Also, the leasing functions were extensively tested.

Planned Actions

FY 2001 Planned Activities

- Continue TFAS training.

- Further deploy the realty portion of TAAMS. Implement TAAMS at additional locations (Rocky Mountain Region, Southern Plains Region, Alaska Region, and Eastern Oklahoma Region). Redeploy the leasing, distribution, and accounts receivable functionality in Billings. Staff will enter actual transactions into TAAMS (initially running in parallel with the Legacy System) for surface, range, right-of-way, subsurface, and forestry functions. Reevaluate title functionality to determine where enhancements can be made.

- Provide TAAMS training and orientation. Currently, major challenges concern data conversion and cleanup, and user training and acceptance of the system.

- Implement records management improvements in OST and BIA.

- Continue implementing Indian Probate Reinvention Lab recommendations.

- Establish continuing risk management presence to prevent internal control weaknesses relapses.

- Under the MMS Systems Reengineering initiative, complete development and delivery of financial system, relational database management system and related modules, and compliance system.

- After completion of TAAMS implementation at any remaining sites and completion of deferred modifications, complete documentation and supporting information as needed.

FY 2002 and Beyond Planned Activities

- Complete TAAMS post-deployment data cleanup.

- Continue records management improvement activities.

Facilities Management System

Interior's public buildings, structures, and other facilities represent a major investment of tax dollars. Ensuring that maintenance and repair of such facilities is funded and implemented efficiently and effectively is an important element in protecting that investment and reducing potential Department and bureau liability. Inadequately funded maintenance due to reduced budgets, diversion of maintenance funds for emergency responses, and competition for resources from other program needs has led to accelerated facility deterioration. Deterio-

ration can affect public health and safety, reduce morale and productivity of employees, compromise bureau missions, reduce revenues, and increase the need for costly major repair or early replacement of constructed assets.

In FY 1997, the Interior Planning, Design, Construction and Maintenance Council (PDCMC) initiated a departmentwide study of maintenance and repair issues with the goal of reducing financial and safety liability to Interior, increasing the effectiveness and awareness of facilities maintenance, controlling the increasing backlog of deferred maintenance, and ultimately, improving the stewardship of Interior's constructed assets. In February 1998, the final report from the study was issued. It is entitled, "*Facilities Maintenance Assessment and Recommendations*", and offers ten major recommendations to improving the bureaus' and the Department's facilities maintenance programs. Three of these recommendations directly relate to facilities management systems:

1. Ensure Appropriate Use of Maintenance Allocations

- Initiate policies and procedures such that maintenance funds are separately identified, allocated, and tracked to ensure that all maintenance funds are used for facilities maintenance.

- Establish policies and procedures to effectively account for expenditure of facilities maintenance funds.

2. Establish Common Definitions for Key Maintenance Terms

- Interior should establish:
  - a common subset of facilities data elements
  - more standardized definitions of terms
  - procedures for documenting inventory and backlogs
  - procedures for determining estimated replacement costs
  - budget categories for the bureaus to adopt into their facilities program processes

- The bureaus' real property and facilities data and systems should be consistent to achieve compatibility of data.

- Program and budget information should be linked with the Federal Financial System.

3. Ensure Integrity of Maintenance Deficiency Databases

- Initiate a uniform methodology and core data set for facility condition surveys to assess the maintenance and repair needs of all existing Interior facilities. Validate inventory of existing facilities.

- Develop automated backlog documentation that accurately communicates the facilities' needs and that can easily be reviewed and updated by field staff. Include standard need descriptions and associated cost estimating procedures.

The Department is currently implementing these recommendations.

FY 2000 Accomplishments

- As a result of the recommendations presented in the *"Facilities Maintenance Assessment and Recommendations"* report and the Administration's concerns regarding the deteriorating condition of the federal government infrastructure, the Department continued to request funding for the Safe Visits to Public Lands initiative which began with the FY 1999 budget. This initiative recognizes that funding is urgently required to ensure safe visits for the visitors to the national parks, refuges, fish hatcheries, and public lands. It is also needed to ensure that Interior employees have safe working environments and that students attending BIA schools have safe educational environments. This initiative relies heavily on the availability of accurate and complete facilities needs data and a comprehensive facilities management system to effectively utilize that data in identifying those facilities that are at most risk.

- In December 1998, Interior's Chief Financial Officer determined that a departmental material weakness existed in the area of maintenance management systems in four of the six facility managing bureaus (BLM, FWS, NPS, and USGS). A common core COTS software system, MAXIMO, is used by BOR, is being implemented by NPS, and is being pilot tested by USGS. The Department, working with BLM and FWS on strategies for future system solutions, is cognizant of FY 2001 Appropriations Conference Committee Report language directing the development of consistent facilities management systems departmentwide. BIA has recently implemented an internally developed maintenance management system.

- In December 1999, the Department issued to the bureaus standard guidelines for the conduct of cyclic facilities condition assessments to be implemented in FY 2000. This requires the bureaus, through a formal process, to assess each of their constructed assets on no greater than a five year cycle. The data from these assessments are to reside in a facilities information system and will, after the completion of the first cycle (expected in FY 2005), form the baseline that would allow reliable annual reporting of deferred maintenance and be the basis for future prioritization of facilities repair and construction projects.

- The Department established a Facilities Management System Partnership to function under the PDCMC. This partnership is to:

  - Coordinate FMS implementations within the Department.
  - Provide a forum for exchanging information and experience on FMS.
  - Develop standardized facilities management data definitions and databases.
  - Coordinate FMS developments with the Financial Management Systems Migration Project.
  - Ensure compatibility among FMS.
  - Develop improved methods for meeting regulatory and other requirements (e.g., FASAB No. 6).
  - Recommend future common software enhancements and acquisitions.

Planned Actions

FY 2001 Planned Activities

• In support of the Safe Visits to Public Land initiative, the Department will implement the second year of the "*Five-Year Facilities Maintenance and Capital Improvement Plan*" to address critical health and safety needs and critical resource protection needs across the bureaus. The long-term improvement of facilities management is dependent upon the ability to collect current and accurate facilities data, utilize standard data base definitions for those data elements that are required at the Department level, implement a formal program of facilities condition assessments, and have consistent facilities management systems to effectively and efficiently process facilities data.

• The Department will issue common definitions of facilities-related terms for use by all facilities managing bureaus. Through the use of common definitions, data gathered through a comprehensive condition assessment process, and continued use of the Five-Year Plan, Interior will be able to present a more consistent and credible view of its budgeted resources and capital investments, goals, needs, and priorities to the Administration and the Congress.

FY 2002 and Beyond Planned Activities

• Continue implementation and improvement of the Five-Year Facilities Maintenance and Capital Improvement Plan.

• Improve accuracy of the deferred maintenance backlog through cyclic facilities condition assessments.

• Complete development and deployment of consistent facilities management systems throughout the bureaus.