

Financial Management Status Report and Strategic Plan FY 2001 - FY 2005



December 2000

U.S. Department of the Interior



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

DEC 15 2000

Ms. Sally Katzen
Deputy Director, Management
Office of Management and Budget
Old Executive Office Building, Room 349
Washington, D.C. 20503

Dear Ms. Katzen:

I am pleased to submit the Department of the Interior's 2000 Financial Management Status Report and Strategic Plan in support of the Chief Financial Officers (CFO) Act of 1990. This plan summarizes the significant accomplishments achieved in fiscal 2000 and outlines the Department's agenda for continuing the improvement of financial management over the next five years.

Over the past few years, the Department has significantly improved accountability and financial management by streamlining organizations, reengineering business processes, improving service to customers, applying technology to facilitate operational performance, and providing more accurate financial information to the public and Congress.

While we are pleased with our progress to date, we are very cognizant of the need to further enhance and improve our operations and program performance. This plan identifies several new initiatives that are extremely important for the continued improvement of financial management in the Department. These include (1) the financial management system migration project which is nearing completion of the preliminary planning phase and is ready to move to the acquisition phase once funding is secured for FY 2002; (2) a collaborative effort with the Office of Inspector General to use the private sector to perform financial statement audits; (3) a collaborative effort between the finance and information technology communities to resolve computer security and information technology architecture issues; and (4) the continued support of electronic commerce through the use of the single integrated charge card program.

If you have any questions or would like additional clarification about the contents of this plan, please do not hesitate to call me on (202) 208-4203.

Sincerely,

Lisa Guide
Acting Assistant Secretary
Policy, Management and Budget and
Chief Financial Officer

Enclosure

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CHAPTER 1. OVERVIEW

Interior's Mission

“To protect and provide access to our Nation's natural and cultural heritage and honor our trust responsibilities to tribes and our commitments to island communities.”

The American people have had a long-term investment in the resources managed by the Department of the Interior (DOI). From its establishment in 1849, the Department has managed many and varied programs including Indian affairs, administering land grants, improving historic western emigrant routes, maintaining boundaries, administering pension laws, issuing patents, conducting the census, and conducting research on the geological resources of the land. Following the conservation movement at the beginning of the 20th century, however, the Department focused its attention on the preservation, management, understanding, and use of natural and cultural resources with an increasing sense of the fragile nature of those resources and the interdependence of ecosystems.

Interior's Mission

The Department's mission is to protect and provide access to our Nation's natural and cultural heritage and honor our trust responsibilities to tribes and our commitments to island communities. Charged with this mission, the Department ensures that the Nation's investment in its natural and cultural resources is cultivated to guarantee the optimum environmental, recreational, cultural, and economic benefits for the American people.

The Department strives to ensure that the funding the American people provide is used as efficiently and productively as possible. To that end, the Department has focused on three areas: (1) streamlining and reengineering; (2) improving accountability; and (3) customer service. As a result, the Department has been a leader in the Administration's initiative to reinvent the federal government and implement the recommendations of the National Partnership for Reinventing Government (NPR). The reduction of our workforce responds to the President's Executive Order, the Federal Workforce Restructuring Act of 1994, and the Secretary's direction to reinforce employees in the field who are in direct contact with the public. Other driving forces promoting improved efficiency and effectiveness include the Chief Financial Officers Act of 1990 (CFO Act), the Government Performance and Results Act of 1993 (GPRA), the Government Management Reform Act of 1994 (GMRA), the Federal Acquisition Streamlining Act of 1994, Information Technology Management Reform Act of 1996 (ITMRA), Debt Collection Improvement Act of 1996 (DCIA), and the Federal Financial Management Improvement Act of 1996 (FFMIA).

Chief Financial Officer Organization

The Department has developed and implemented a sound Chief Financial Officer organization that is capable of successfully meeting the current and future challenges in federal financial management. The CFO organization is headed by the Assistant Secretary for Policy, Management and Budget (see Appendix A) who is also the Department's CFO. The Department CFO provides detailed and objective advice on program planning, budget, and policy matters; oversees compliance with environmental statutes and standards; develops and maintains internal administrative policy, standards, objectives, and procedures for use throughout the Department; oversees the administrative appeals process; and undertakes special analytical and administrative support services for the Office of the Secretary. In addition, the Department CFO leads Interior's CFO Council in addressing emerging financial management issues and fulfilling its financial management vision.

Collaborative Working Relationships

Interior recognizes that to improve financial management and effectively reengineer and streamline financial management activities and processes, it is imperative that collaborative working relationships be established between program and financial managers. To that end, Interior has established strong collaborative working relationships through the Interior CFO Council, the Interior Management Council (IMC), the Finance Officers' Partnership (FOP), other collaborative Interior committees, and reengineering laboratories sponsored by the Department in support of NPR.

Interior Management Council: The Council, which is chaired by the Assistant Secretary for Policy, Management and Budget, and comprised of the Deputy Assistant Secretaries, Directors of Administration, and other senior bureau and departmental management staff, meets monthly to establish and monitor the implementation of high priority management initiatives requiring uniformity and consistency across bureau and organizational lines.

Interior CFO Council: The CFO Council advises and assists Interior's CFO to efficiently and effectively implement the CFO Act. The Council assists in identifying bureau and departmental financial management issues for consideration by the CFO to implement effective departmentwide financial management policies and management controls, ensure uniform and consistent reporting, recruit and train financial management personnel, develop financial statements and integrated systems with appropriate internal controls, maximize cost recovery, and generate necessary financial management plans and reports, including program performance measures.

Information Technology Steering Committee (ITSC): The ITSC is the primary review and recommendation body for information resources management in the Department. The ITSC is responsible for reviewing new and major acquisitions involving information resources management, monitoring the progress of major information systems development, recommending Information Resource Management (IRM) policies and standards, and reviewing IRM budgets and strategic plans for major information systems improvements.

Capital Assets Executive Review Committee (ERC): The ERC advises the Assistant Secretary for Policy, Management, and Budget on capital asset investment decisions, including investments in building and technology infrastructure.

Performance Management Council (PMC): The PMC provides departmental leadership and coordination in implementing the Government Performance and Results Act and developing common approaches to performance management. The PMC includes senior planning officials from the bureaus, as well as representatives from the Department's planning, budget, finance, human resources, and information management offices.

Finance Officers' Partnership: The FOP was established to enable the Department to work better and cost less through the collaborative planning, development, and implementation of improved financial management policies and practices. See Appendix B for a description of the FOP. The FOP has established subcommittees or working groups to focus on important financial management issues that confront the Department. These include:

- *Federal Financial System Software Advisory Board (FFS-SAB)* to provide analytical and technical support to the FOP in the areas of FFS software design, development, and implementation.
- *Standard Accounting Classification Advisory Team (SACAT)* to establish and maintain a common approach among the bureaus for addressing accounting classification issues including Standard General Ledger (SGL) maintenance, accounting policy and procedures, internal controls, and reporting requirements.
- *Financial Statements Guidance Team (FSGT)* to coordinate bureau and Departmental preparation of financial statements.
- *Operations Accounting Group (OAG)* to coordinate efforts of bureau finance offices and the Department to improve the effectiveness and efficiency of financial management procedures and practices.
- *Budget Execution Reporting Working Group* made up of Department and bureau budget office and finance office representatives to coordinate and improve budget execution processes and reporting practices.

Property Management Partnership (PMP): The PMP, comprised of personal, real, and museum property management officials from the bureaus and the Department, was formed in FY 1997 to increase productivity, promote multi-bureau initiatives, and avoid the costly development or modification of duplicative, independent, stand-alone property systems.

Acquisition Managers' Partnership (AMP): The AMP, comprised of senior procurement managers from Interior's bureaus, was formed in FY 1998 to serve as a forum to work cooperatively and continuously to improve the management, efficiency, and effectiveness of procurement services in support of Interior's mission.

Interior Federal Assistance Working Group (IFAWG): The IFAWG was established to provide a focal point for coordinated federal assistance activities of the DOI bureaus and offices. The Working Group provides an opportunity for representatives from bureaus and offices to provide input into the formulation and implementation of federal assistance policies.

Financial Management Vision and Goals

The Department has adopted the following updated financial management vision established by the Office of Management and Budget (OMB) and the governmentwide CFO Council.

Interior's Financial Management Vision Statement

“Shaping an environment in which government officials use high quality financial and performance information to make and implement effective policy, management, stewardship, and program decisions.”

Each year OMB and the governmentwide CFO Council develop goals and initiatives that are published in the *“Federal Financial Management Status Report and Five Year Plan.”* These goals and initiatives are consistent with the Federal Financial Management Vision and form the basis for many of the initiatives in the Department's Financial Management Plan.

The Department's focus and priorities in the Federal Financial Management Plan is to improve financial management over the next five years by:

- Improving financial management information
- Improving financial management systems
- Implementing the GPRA
- Ensuring management accountability and control
- Developing financial human resources
- Improving asset and debt management
- Modernizing payments and business methods
- Providing financial data stewardship
- Improving administration of federal grants programs

The departmental initiatives in support of these governmentwide priorities are described in the chapters and appendices that comprise this report.

The Department is committed to integrating its program management functions with financial management functions (budget, financial reporting, performance measurement and analysis, and financial statement audits). The Department is also committed to playing a leadership role and making considerable contributions to the development and implementation of governmentwide financial policies and programs in the areas of accounting and reporting standards, financial systems, streamlining financial management processes, franchising, and meeting the objectives of NPR and GPRA.

The Department, like other federal agencies, has expended considerable resources in rethinking the way it conducts its business. The Department provides the necessary leadership to efficiently manage its resources; provides timely and accurate financial information for stakeholders and program managers; and contributes to restoring public confidence in government. Interior intends to continue this effort.

Within this framework, the Office of Financial Management (PFM) has lead responsibility for improving financial management in the Department. In this role, PFM assists the Department to achieve its goals by:

- Providing leadership to promote the efficient management of Interior resources and assets.
- Providing quality financial services to customers based on their needs.
- Providing high quality financial information on Interior operations which fully supports financial and performance reporting.
- Enhancing the framework that provides sound financial policies and services and facilitates effective communication.
- Further enhancing financial management use of modern technology and business practices.

The Department recognizes that capital and human resource constraints, organizational streamlining, reengineering, rightsizing, and accelerating technological advances all pose major challenges for the timely achievement of our financial management improvement goals. Many of the planned actions for FY 2001 and beyond are contingent on obtaining necessary resources. However, we believe that the plan established for the Department focuses on improving the areas necessary to ensure integrity in our operations and provides financial management leadership in support of Interior's mission.

Financial and Performance Management

The Department has established three primary strategic goals for its financial management program. These goals are: (1) ensure integrity in management functions; (2) provide efficient financial management operations; and (3) improve financial and performance reporting.

Each of these strategic goals is supported by performance measure(s).

Strategic Goal 1 - Integrity: Strengthen the integrity of financial operations to ensure accuracy of financial data and management control over activities.

Performance Measure - Audit Opinions

Interior places a high priority on preparing reliable financial information. Accordingly, the Department publishes annual financial statements for the Department and each of its individual bureaus. Independent financial audits attest to the validity and reasonableness of the information disclosed in the financial statements and the accompanying notes and supplemental information to assure the Office of Management and Budget, Congress, and the public of the integrity of the Department's external reporting. The following three opinions are issued annually by the Office of the Inspector General (OIG): (1) financial statements; (2) internal controls; and (3) FFMIA. Auditors classify financial statements in one of three categories: disclaimer, qualified, or unqualified (clean).

Performance Goal: The Department's goal is to achieve and maintain unqualified (clean) audit opinions on the financial statements included in the Department's Annual Accountability Report. These include: (1) opinions on financial statements; (2) reports on internal controls; and (3) compliance with laws and regulations.

Performance Objectives: By the end of FY 2000 and every year thereafter, obtain unqualified (clean) audit opinions on 100 percent of annual financial statements including all eight bureaus, the Departmental Offices, and the Department's consolidated statements. This represents an increase from the 90 percent level actually achieved with the FY 1997 financial statements (as accomplished in FY 1999). By the end of FY 2005, obtain clean opinions on the Internal Control and Compliance with Laws and Regulations opinions for all eight bureaus, the Departmental Offices, and the Department.

In FY 1999, the Department and all bureaus publishing financial statements received unqualified audit opinions. The Bureau of Reclamation did not publish separate financial statements in FY 1999. The FY 2000 audit results are expected by March, 2001. FY 2001 reports will be published for all bureaus.

Audit Opinions

	FY 99 Actual	FY 00 Plan	FY 00 Actual	FY 01 Plan	FY 02 Plan	FY 03 Plan
Unqualified opinions on financial statements	9 of 9 *	10 of 10	**	10 of 10	10 of 10	10 of 10
No exceptions in report on internal controls (departmentwide)	11	10	**	8	6	4
No exceptions in compliance with laws and regulations (departmentwide)	7	5	**	4	3	2

* BOR did not issue a separate financial statement for FY 1999. MMS published financial statements on custodial revenue only.

** Due date for completion is March 1, 2001. MMS will separately report appropriated funds but audit the ending balance only.

Performance Measure - Correction of Material Weaknesses And Audit Recommendations

A number of management control weaknesses are identified in bureau and office self-assessments, and in program and financial statement audits by the Office of Inspector General. In addition, audit recommendations reported by the OIG, the General Accounting Office (GAO), and those reported by professional audit firms through single audits need to be implemented in a timely manner.

Performance Goal: The Department's goal is to correct 75 percent of the audit recommendations reported in financial statement audits, OIG program and operation audits, single audit findings, and GAO reports within one year of the date of referral to the Department for tracking of implementation. We also plan to complete 75 percent of corrective actions for material weaknesses disclosed in bureau self-assessments within the original planned targeted completion date.

Performance Objectives: By the end of FY 2005, the Department intends to complete 100 percent of all planned corrective actions for material weaknesses by the original target date (compared to 60 percent actual achieved in FY 1999). Additionally, the Department plans to implement 90 percent of all OIG and GAO audit recommendations within one year of referral (compared to 70 percent actually achieved in FY 1999.)

The Department's FY 2000 objective with respect to audit recommendations is to implement within one year 65 percent of the audit recommendations reported in financial statement audits, OIG program audits, single audits, and GAO reports. This was accomplished as a 70 percent rate was achieved. The Department's FY 2000 objective with respect to material weaknesses is to complete corrective actions on 70 percent of all reported material weaknesses by the original targeted correction date. This was not accomplished as only a 67 percent rate was achieved. One of the three weaknesses, originally scheduled for completion in FY 2000, slipped due to additional corrective actions being added to the corrective action as a result of a GAO audit report.

Correction of Material Weaknesses and Audit Recommendations

	FY 99 Actual	FY 00 Plan	FY 00 Actual	FY 01 Plan	FY 02 Plan	FY 03 Plan
Correction of audit recommendations	61%	65%	70%	75%	80%	95%
Correction of material weaknesses	50%	70%	67%	80%	90%	90%

Strategic Goal 2 - Efficiency: Optimize financial management operations to increase customer satisfaction and decrease costs to the Department.

Performance Measure - Prompt Pay

The Prompt Payment Act requires that payments be made within 30 days of receipt of invoice; otherwise, the federal government is required to pay interest. Performance is measured by the number of payments without interest penalties to the total number of payments subject to the Prompt Payment Act. Over the past several years, the number of payments subject to the Prompt Payment Act has shown a steady decline. This decrease is primarily attributable to the Department's increased use of the governmentwide purchase charge card.

Performance Goal: The Department's goal is to pay 97 percent of its invoices without late payment interest penalties.

Performance Objective: By the end of FY 2001 and every year thereafter, each bureau will maintain a percentage of 97 percent or better for payments not requiring interest penalties. Interior's percentage of payments not requiring interest penalties increased from 96 percent to 97.4 percent in FY 2000. This improvement effort will continue during FY 2001 and beyond, as the Department expects to further improve prompt payment performance by using new technologies and best practices. Estimated FY 2001 and beyond performance targets are indicated in the following table:

Prompt Pay

	FY 99 Actual	FY 00 Plan	FY 00 Actual	FY 01 Plan	FY 02 Plan	FY 03 Plan
Percent of payments not requiring interest penalties	95.9%	97%	97.4%	97%	97%	97%

Performance Measure - Use of Electronic Funds Transfer (EFT)

The Debt Collection Improvement Act of 1996 (DCIA) requires that all payments be made by EFT by December 31, 1998, unless covered by waiver.

Performance Goal: The Department's goal is to use EFT, including charge cards, to the maximum extent possible except for those payments covered by waiver.

Performance Objective: By the end of FY 2001, the Department will process 98 percent of salary payments, 88 percent of vendor payments, 92 percent of miscellaneous payments by EFT, and 91 percent of purchases of \$25,000 or less via a charge card.

In order to achieve the stated objectives, the Department has increased the use of the governmentwide purchase charge card, minimized the use of imprest funds and third party drafts, and required new vendors and employees to enroll for EFT payments. Also, we are investigating the use of the Central Contractor Registry to facilitate vendor enrollment for EFT. Estimated FY 2001 and beyond performance targets are shown below:

Electronic Funds Transfer

	FY 99 Actual	FY 00 Plan	FY 00 Actual	FY 01 Plan	FY 02 Plan	FY 03 Plan
Salary	97.9%	98%	98%	98%	98%	98%
Vendor	61.1%	95%	76.5%	80%	80%	80%
Miscellaneous	83.5%	85%	91.6%	92%	92%	92%
Charge Card	88.2%	90%	94%	91%	91%	92%

Performance Measure - Referral of Eligible Debt

The Debt Collection Improvement Act of 1996 requires agencies to refer eligible 180 day delinquent debt to the Department of the Treasury for cross-servicing and, if necessary, offset action.

Performance Goal: Refer all eligible 180 day delinquent debt to the Department of the Treasury in compliance with the DCIA.

Performance Objective: Achieve a 90 percent referral rate by the end of FY 2001. The Bureau of Indian Affairs is nearing completion of an intensive effort to improve performance of debts related to irrigation services involving approximately \$15 million. This effort, when completed, will greatly improve the percentage of referral of eligible debt to Treasury's Financial Management Service. Estimated FY 2001 and beyond performance targets are shown in the following table:

Referral of Eligible Debt

	FY 99 Actual	FY 00 Plan	FY 00 Actual	FY 01 Plan	FY 02 Plan	FY 03 Plan
Percent of eligible debt referred to Treasury *	88%	90%	80%	90%	92%	94%

* Eligible debt excludes amounts in litigation and amounts currently being considered by agency for compromise.

Performance Measure - Reduce SmartPay Program Employee Delinquent Accounts

In acknowledgment of the need to improve the Department's performance in the area of 60 days and over delinquent charge card accounts, Interior has created a departmentwide goal to reduce the delinquencies to one percent, exclusive of former employees.

Performance Goal: The Department's goal is to reduce the amount of 60 days and older delinquent charge card accounts to below the commercial level of the total outstanding balance, exclusive of former employees.

Performance Objective: By the end of FY 2001 achieve a level of SmartPay Program 60 days or older delinquent charge card accounts of two percent of the total outstanding balance and a level of one percent for each year thereafter. FY 2001 and beyond performance targets are shown below:

SmartPay Delinquent Accounts

	FY 99 Actual	FY 00 Plan	FY 00 Actual	FY 01 Plan	FY 02 Plan	FY 03 Plan
Percent of SmartPay Program Employee Delinquent Accounts (60 days or older)	N/A	N/A	3.1%	2%	1%	1%

Strategic Goal 3 - Reporting: Improve financial and performance reporting to better support management decisions at all levels and to ensure compliance with the Government Management Reform Act and the Government Performance and Results Act.

Performance Measure - Combining financial statement information with performance data

Combining annual financial and performance reports provides a more accurate overview of financial operations and program results. Performance information is necessary to comply with GPRA requirements and is critical to supporting management decisions. Combining cost data with performance data further enhances the reporting of information to managers.

Performance Goal: The Department's objective is to increase the reporting of performance information in Interior's Accountability Report and in bureau level reports, improve the reporting of cost information in the Accountability Report, and increase cost information related to GPRA goals.

Performance Objective: By the end of FY 2001 and each year thereafter, report 100 percent of the high-level annual performance measures in the Accountability Report, report costs for 100 percent of GPRA program activities starting in FY 2000, and report costs for bureau goals as part of the GPRA annual performance plan beginning in FY 2001 at 20 percent and increasing to 100 percent by 2006.

Combining Financial Statements with Performance Data

	FY 99 Actual	FY 00 Plan	FY 00 Actual	FY 01 Plan	FY 02 Plan	FY 03 Plan
Ratio of selected, high-level annual performance measures reported in the DOI Annual Accountability Report	100%	100%	*	100%	100%	100%
Percent of GPRA Program Activities reporting cost measures in the Accountability Report	95%	100%	*	100%	100%	100%
Percent of bureau annual performance goals capturing actual costs	N/A	N/A	*	20%	40%	60%

* Due date for completion is March 1, 2001.

Performance Measure - Interim financial statements and performance reports

The Department strives to prepare interim financial statements for all bureaus and the Department, and improve the availability of financial and budget information to Interior management.

Performance Goal: The Department's goal is to produce two interim financial statements and one interim report on performance data during the year.

Performance Objective: By FY 2001 and each year thereafter, produce interim financial statements, including the Statement of Budgetary Resources, for each bureau and the Department using the Consolidated Financial Statement application.

Interim Financial Statements and Performance Reports

	FY 99 Actual	FY 00 Plan	FY 00 Actual	FY 01 Plan	FY 02 Plan	FY 03 Plan
Number of interim financial statements	0	2	1	2	2	2
Number of interim reports on performance data	1	1	1	1	1	1

Benchmarking of Financial Management Functions and Operations

The Department feels strongly that it needs to continually evaluate how well it is doing compared to its peers in government and industry. To assess its performance, the Department uses benchmarking, which is the comparison of similar processes across organizations, companies, and industries to identify best practices.

In 1998, the Department continued the best practices analysis by participating in a government-sponsored benchmarking study conducted by The Hackett Group for 11 federal and state agencies. The Hackett Group specializes in business reengineering to provide technical expertise and a database application with detailed process definitions that were developed specifically for this study. The Hackett Group Benchmark program is the largest, most comprehensive finance study of its kind, with more than 650 companies participating worldwide. The benchmarking study covered over 20 finance processes.

The agencies were compared to companies in the “large service company database”, and results showed that overall, the Department was better than the average of all companies in the database, although not as good as those in the first quartile (i.e., the top performers). *Exhibit 1-1* presents some of the more significant results of the government study and comparative results for the Department.

Based on the latest financial benchmarking study, the Department is focusing efforts in two areas:

- Reducing transaction processing costs; and
- Increasing analyst support to finance and program managers, comparable to the amount of support provided in commercial organizations.

These strategies are reflected in the initiatives identified in this plan.

Exhibit 1-1

Government Study Results	Department of Interior Results
On average, each agency in the study spent \$56.4 million annually on finance	DOI spends \$67.6 million annually on selected finance functions
Finance cost represents 0.85 percent of revenue	Finance cost represents 0.6 percent of revenue
Finance staff is equivalent to 101 FTEs per \$1 billion of revenue	Finance staff is equivalent to 70 FTEs per \$1 billion of revenue
Finance staff spend 79 percent of their time on transaction processing	Finance staff spend 84 percent of their time on transaction processing
The government's finance cost is higher than the first quartile	DOI finance cost is lower than the first quartile
The government's FTEs per \$1 billion are higher than the first quartile	DOI's FTEs per \$1 billion is within the first quartile
Overall core processes are lower than first quartile	Overall core processes are comparable to the first quartile

CHAPTER 2. IMPROVING FINANCIAL ACCOUNTABILITY

***GOAL:** Prepare timely, unqualified bureau and consolidated financial statements and make financial management information accessible throughout the year.*

The Department is committed to preparing and publishing complete, concise, understandable, and meaningful information about the financial and operating performance of the Department and the individual bureaus, offices, and programs which comprise the Department. The Chief Financial Officers' Act (CFO Act), as amended by the Government Management Reform Act (GMRA), requires agencies to prepare and publish annual agencywide financial statements beginning with FY 1996.

The Department's financial reporting goals are to achieve and maintain unqualified audit opinions for departmental and bureau financial statements, to strengthen financial controls, and to ensure that financial data produced for management decisionmaking is reliable, verifiable, and consistent with the annual audited financial statements.

In FY 1996, the Department prepared its first Accountability Report under a pilot program established by the Office of Management and Budget under the Government Management Reform Act. The Department's Accountability Report provides readers with consolidated financial statement data and information on operating performance and management integrity which demonstrates Interior's stewardship over the assets, missions, and responsibilities entrusted to it. The report integrates the multiple financial management and performance measurement requirements of the CFO Act, the Government Performance and Results Act (GPRA), the GMRA, and the Federal Managers' Financial Integrity Act (FMFIA) into a comprehensive process.

The Department continues to prepare Accountability Reports on an annual basis, revising and expanding the content of the report as necessary to adapt to changing requirements and to meet the needs of interested parties. The Department's financial reporting strategy also includes the preparation of bureau annual reports and financial statements. The Department believes that there are significant and long-term benefits of bureauwide statements, including verification of the financial and cost accounting data used by management, presentation of a clear and concise summary of bureau operations, accomplishments and concerns, and identification and correction of operating weaknesses such as inventory management and collection of accounts receivable by working capital funds.

Improving Financial Management Reporting

The Department's goal is to prepare timely, unqualified bureau and consolidated financial statements and to make financial management information accessible throughout the year.

Key laws such as the Chief Financial Officers Act, the Government Management Reform Act, the Government Performance and Results Act, the Debt Collection Act, and the Federal Financial Management Improvement Act have established new standards and high expectations for government operations. In response to these new laws and other initiatives, such as the implementation of Federal Accounting Standards Advisory Board (FASAB) pronouncements, the Department continues to reshape the way it conducts business. To comply with the new standards and to meet these high expectations, timely and reliable financial and performance information will permit stakeholders and decisionmakers to track progress and evaluate the results of Interior's programs.

In order to achieve the goal of unqualified (clean) audit opinions and maintain this level of achievement, the Department will continue to improve the quality of the financial data and related information available at year-end for annual financial reporting purposes. The following initiatives will be taken:

- Increase analyses of interim data, including preparation of quarterly financial statements, to assist in the analysis of financial information throughout the year; and
- Improve technical tools including adoption of departmentwide financial data consolidation software to ensure that the same data is used for bureau financial reports, consolidated Department reports, and FACTS I and FACTS II reporting to Treasury.

The benefits of financial statement audits and, in particular, obtaining unqualified opinions are twofold: (1) providing quality data to external parties; and (2) ensuring that the books and records used by management can withstand the rigors of the audit process. Unqualified opinions provide independent assurance to external users that the information being provided is reliable. Moreover, the discipline required to produce annual financial statements and audits demand that proper management attention and oversight is directed to improving agency financial management and complying with applicable laws and regulations.

Financial statement audit results are summarized in *Exhibit 2-1*.

FY 2000 Accomplishments

During FY 2000, the Department continued to improve the reporting of financial information. Significant accomplishments include the following:

- *Prepared the Department's fourth Accountability Report under an OMB-sponsored pilot program:* The FY 1999 Accountability Report included audited consolidated financial statements for the Department, which for a third year in a row, received an unqualified audit opinion. This report included enhanced segment and program information that linked financial and GPRA performance information.

Exhibit 2-1

**Department of the Interior
Financial Statement Audit Results
FY 1991 to FY 1999**

	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
Departmental Consolidated	N/A	N/A	N/A	F/S prepared but not audited	Qualified	Qualified	Unqualified	Unqualified	Unqualified
Fish and Wildlife Service	F/S prepared but not audited	Qualified	Qualified	Qualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
U.S. Geological Survey	F/S prepared but not audited	Disclaimer	Disclaimer	Disclaimer	Qualified	Unqualified	Unqualified	Unqualified	Unqualified
Bureau of Indian Affairs	F/S prepared but not audited	Disclaimer	Disclaimer	Disclaimer	Qualified	Qualified	Qualified	Qualified	Unqualified
Bureau of Land Management	Disclaimer	Qualified	Qualified	Qualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
Minerals Mgmt Service	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	No Statements Prepared	Unqualified *
Bureau of Mines	F/S prepared but not audited	Unqualified	Unqualified	Unqualified	Unqualified	Bureau Eliminated	N/A	N/A	N/A
National Biological Service	N/A	N/A	N/A	Unqualified	Unqualified	Merged with USGS	N/A	N/A	N/A
National Park Service	F/S prepared but not audited	Disclaimer	Disclaimer	Disclaimer	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
Bureau of Reclamation	Qualified	Qualified	Qualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	No report issued
Office of Surface Mining	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
Departmental Offices	F/S prepared but not audited	Qualified	Qualified	Qualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
Office of Territories and Int'l Affairs	F/S prepared but not audited	F/S prepared but not audited	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Combined with Dept Offices	N/A

* Custodial revenues only.

- Prepared and audited FY 1999 financial statements for the Department's nine bureaus and operating components:* Of the nine audited Interior bureaus issuing financial statements, all received unqualified audit opinions, indicating that the financial information presented was fairly stated in all material respects. For the first time, the Bureau of Indian Affairs received an unqualified opinion on its financial statements. The audit opinion for the Bureau of Reclamation's FY 1999 financial statements has not been issued to date pending the results of certain FY 2000 audit procedures. All bureaus and operating components continue to demonstrate significant progress in improving the quality of financial data and financial statement presentation. *Exhibit 2-1* presents a summary of the Department's progress in the preparation and audit of financial statements.
- Participated in the Association of Government Accountants (AGA) Certificate of Excellence Program:* The Department's FY 1999 Accountability Report was submitted for review under the Certificate of Excellence Program for the third year. The comments received from this review continue to be used to improve Interior's Accountability Reports.
- Enhanced the Consolidated Financial Statement application to permit bureau access to the Hyperion Enterprise application:* This system enhancement allows each bureau finance office to participate directly in the data collection process via a new Citrix server capability. This capability is being used in preparing the FY 2000 financial statements within the Department (see Chapter 3 for further information).

Planned Actions**Ongoing Activities**

- Continue to prepare and audit bureau and Department annual financial statements.
- Further streamline the financial data collection process to permit more timely preparation of the annual audited financial statements as well as the preparation of periodic unaudited financial reports for management. This will include continued enhancement of the Consolidated Financial Statement application to further streamline the process. The streamlining will provide a single FACTS II submission to the Department of the Treasury for FY 2000 information and improved FACTS I reporting capabilities submission that the Department provides.

FY 2001 Planned Activities

- Complete the preparation and audits of the FY 2000 consolidated financial statements by the statutory deadline of March 1.
- Continue preparing quarterly financial statements, including the Statement of Budgetary Resources, for bureaus and operating components.
- Investigate more cost-effective approaches to the audit of Department, bureau, and operating component financial information to ensure the continuing preparation and publication of meaningful financial information including contracting out annual financial statement audits.
- Investigate establishing an audit committee to oversee financial statement audit activities.

FY 2002 and Beyond Planned Activities

- Continue to improve the quality and timeliness of financial reporting.
- Test preparation of monthly financial statements for bureaus and operating components.
- Achieve unqualified audit opinions for all bureau and operating component financial statements and the Department's consolidated financial statements.

Correction of Federal Financial Management Improvement Act Deficiencies

The Federal Financial Management Improvement Act of 1996 (FFMIA) builds upon and complements the CFO Act, the Government Performance and Results Act, and the Government Management Reform Act. The FFMIA requires that federal agencies conform to the governmentwide Standard General Ledger, comply with all applicable federal accounting standards, and establish financial management systems that support full disclosure of federal financial data, including the full costs of federal programs and activities. The auditor is to include a statement regarding compliance with these provisions in the audit report on agency financial statements. If an agency is not in compliance with these requirements, the FFMIA requires that the agency head establish a remediation plan necessary to bring the agency's financial management systems into substantial compliance.

For FY 1999, the Office of the Inspector General (OIG) reported in its opinion on the Department's consolidated financial statements that the Bureau of Land Management (BLM), did not comply with the requirements for federal financial management systems and federal accounting standards in processing assembled land exchanges, and that the material internal control weaknesses concerning the ineffective general controls over the Bureau of Indian Affairs' (BIA) automated information systems and the Minerals Management Service (MMS) financial management and accounting processes resulted in substantial non-compliance with FFMIA.

The Department did not concur with the Office of Inspector General's assessment that the \$4.5 million related to assembled land exchanges held by custodians in financial institutions not designated as depositories of the Secretary of the Treasury represented a substantial noncompliance with federal financial management systems and federal accounting standards. However, the Department took the following steps to improve control over land exchanges.

- ***BLM Land Exchanges:*** BLM intensified its programmatic and financial oversight of assembled land exchanges. BLM initiated a procurement for an independent audit of the financial records for assembled land exchanges; established procedures to ensure that all aspects of land exchange transactions are properly accounted for in its financial system; updated internal directives; provided new training programs to staff and private appraisers; implemented new technical review and compliance criteria; established an independent agency land exchange review team, the National Land Exchange Team, to review and approve land exchanges; engaged the Solicitor's Office for quality control and compliance reviews of proposed land exchanges; and, revised cash management policies and procedures to address and resolve the deficiencies cited with escrow and third party accounts, and ensure compliance with U.S. Treasury regulations.

The Department did concur with the findings related to Bureau of Indian Affairs automatic updating systems and the Minerals Management Service financial management and accounting processes. The following steps are underway to correct these deficiencies:

- ***BIA Automatic Financial System:*** BIA identified and reported this issue as a material weakness in the Department's FY 1999 Accountability Report and developed a comprehensive corrective action plan with a targeted completion date of December 31, 2001. During FY 2000, BIA made significant progress in the remediation of this weakness. In accordance with the recommendations of a National Academy of Public Administration

(NAPA) report, BIA relocated its Division of Information Resources Management and Division of Accounting Management to Reston, Virginia. In addition, BIA and the Assistant Secretary of Indian Affairs recruited and filled key accounting and information resources management positions including the Chief Financial Officer, the Chief Information Officer (CIO) and the Deputy CIO; developed an automated information system technology security plan; and, commenced the development of policies, standards, and procedures to address the internal control deficiencies identified by the OIG. The remaining milestones in the corrective action plan, and any additional issues identified in the FY 2000 audited financial statement process, are expected to be resolved during FY 2001.

- *MMS Financial Management and Accounting Processes:* MMS identified and reported this issue as a material weakness in the Department's FY 1999 Accountability Report and provided a comprehensive corrective action plan with a targeted completion date of December 31, 2001. During FY 2000, MMS made significant progress in the remediation of this weakness by developing and implementing an improved internal control structure; revising internal policies and procedures to address the accounting operation deficiencies identified by the OIG; completing the required General Ledger account, payroll and daily synchronization report reconciliations; implementing the Standard General Ledger (SGL) at the transaction level; correcting erroneous prior fiscal year data; implementing monthly and year-end closeout procedures; training staff; and, contracting with KPMG to perform a comprehensive internal control and organizational assessment of its Accounting Operations Division. MMS expects to complete the remaining milestones in the corrective action plan, and address any additional issues identified in the FY 2000 audited financial statement process, during FY 2001.

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 government-wide 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

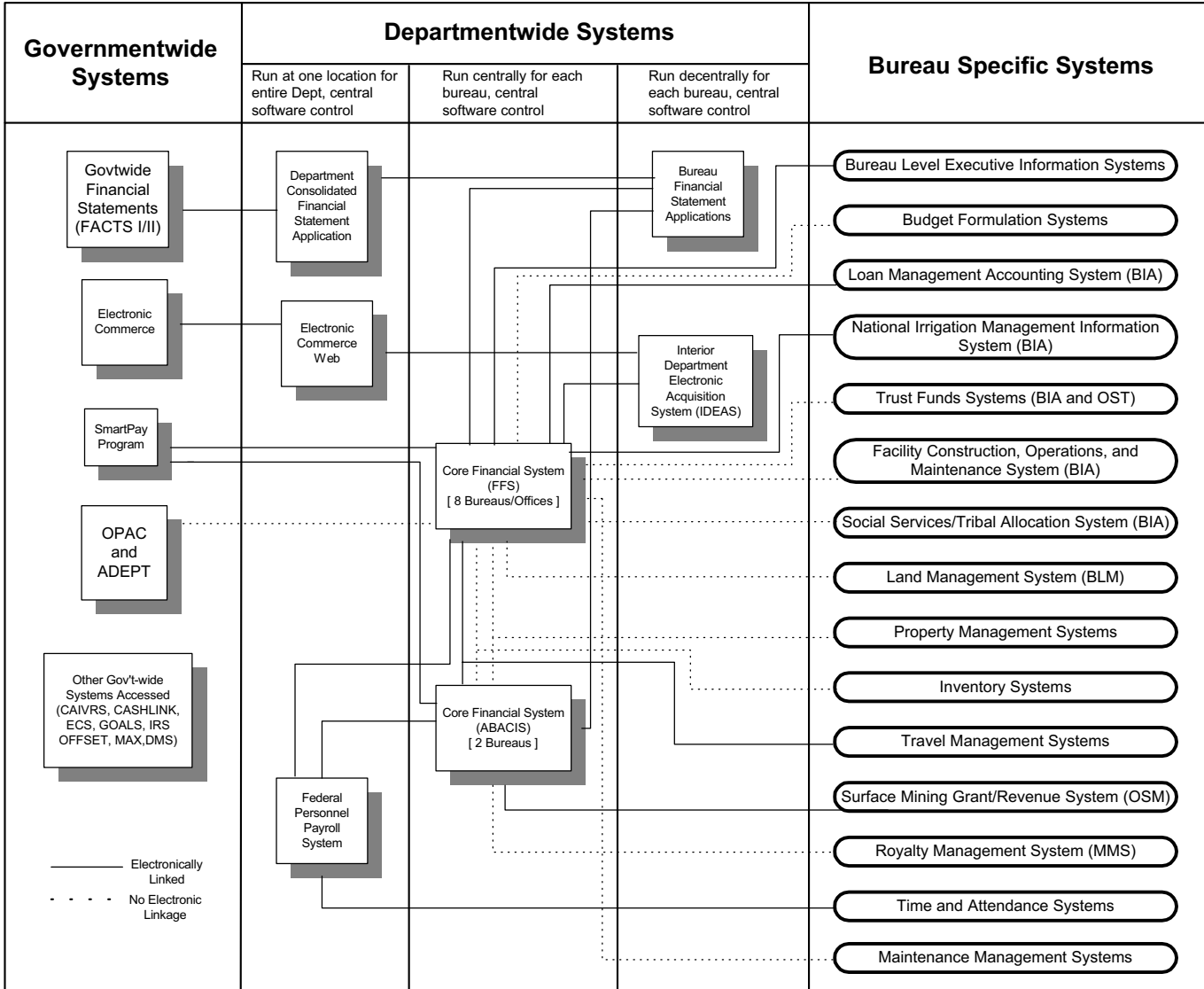


Exhibit 3-2

**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)

Payroll Personnel System

- Federal Personnel/Payroll System (FPPS)

Core Financial System

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

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 departmentwide 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

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 "Rainey 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 Infrastructure 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 compliance 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 organizations 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, disbursement, 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 Reinvolution 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.

CHAPTER 4. IMPLEMENTING THE GPRA

GOAL: Implement the Government Performance and Results Act as a driving force toward establishing a results orientation within the federal government.

The Department of the Interior continues to make progress in implementing the Government Performance and Results Act (GPRA). GPRA has become a driving force toward establishing a results orientation within the federal government. The Congress, the Administration, and taxpayers want greater accountability in the management and operation of federal programs and GPRA is a key step toward achieving this goal.

GPRA requires agencies to develop strategic plans that elaborate the mission, outcomes, and results that agency programs are dedicated to achieving. Further, the Act requires that agencies set annual performance goals that will reflect progress toward outcomes, measure performance against goals, and report annually on accomplishments. The Department fully supports the principles embodied in the GPRA.

Interior has gone through one complete cycle of strategic planning, annual planning, and preparing an annual performance report for FY 1999. During FY 2000, the Department prepared a Revised Strategic Plan covering FY 2000 to FY 2005. As we complete each stage in the GPRA cycle, we are learning and improving, continuing to build our performance measurement infrastructure, developing more results-oriented goals, and monitoring progress toward meeting our performance targets. Interior recognizes that much needs to be done before the Department will have a fully effective performance management system in place. During FY 2000 the following improvements were made:

- Developed a Departmental Overview that includes performance goals and measures linked directly to Interior's five strategic goals.
- Applied a standard, clear, concise format for GPRA plans that resulted in reader-friendly documents and facilitated their use.
- Developed self-assessment tools for verification and validation of performance data.
- Strengthened and reduced the number of goals and measures in GPRA plans, and presented the GPRA documents in clear, concise formats.
- Published a corporate-style program performance report on Interior's accomplishments in FY 1999.

Interior is also an active member of the National Academy of Public Administration's (NAPA) GPRA Consortium, working cooperatively with other agencies on common performance management issues. During FY 2000, an Interior representative served on the NAPA Consortium's advisory council and helped develop the programs for NAPA's Annual Performance Management Conference and plan for the Executive - Legislative Conference.

Interior coordinates the GPRA planning activities through the Performance Management Council, which consists of the senior planning officials from the bureaus, as well as representatives from the Department's planning, budget, finance, human resources, and information management offices. This team approach has enabled Interior to build a broad-based departmental infrastructure to implement performance management.

FY 2000 Accomplishments

FY 1999 Annual Performance Report: FY 1999 was the first year the Department operated under a GPRA annual performance plan, the results of which were presented in Interior's first Annual Performance Report (APR), which was submitted to Congress on March 30, 2000. Interior chose to combine the FY 1999 APR with the FY 2001 Annual Performance Plan (APP) so that readers would be able to see in one document results for the past year along with proposed performance for the coming year. To help explore how best to present a combined APP/APR, Interior initiated and hosted a multi-agency planning meeting. The results for FY 1999 show that 67 percent of 291 performance measures were accomplished, and that substantial progress was made toward meeting another ten percent of the goals. For goals that were not achieved, the APR explained why the goals were not met and outlined our strategies to meet future goals.

FY 2001 Annual Performance Plan: The FY 2001 annual plan was submitted to Congress in February 2000. This document featured several improvements over the FY 2000 plan. The number of goals tracked were reduced, creating more outcome-oriented goals, and, where possible, presented crosswalk tables that linked intended performance to budget accounts and subaccounts. Whereas the FY 2000 plan was prepared as a notebook, the FY 2001 plan was a suite of bureau and office plans with an expanded Departmental Overview. Each plan used the same format and presentation so that a reader could easily navigate between documents. The Departmental Overview included representative bureau goals as well as crosscutting program goals, all linked to the Department's five strategic goals to create a "highlights" view of Interior's performance.

Partners in Stewardship: To simplify the presentation of Interior's accomplishments in an interesting and informative fashion, *Partners in Stewardship*, a corporate-style performance report was published. This attractive and highly readable document linked Americans' lives and activities to Interior's programs and accomplishments. *Partners in Stewardship* highlights the Department's responsibilities to land, natural resources, Indian tribes, and island communities, as well as our dedication to providing science to a changing world.

FY 2000 - FY 2005 Revised Strategic Plan: Interior submitted its revised strategic plan covering FY 2000 - FY 2005 to Congress and the President on September 29, 2000. This is the first revision to the first strategic plan prepared in 1997. In this document, Interior's change from ten commitments to five strategic goals was presented. The Departmental Overview strategic plan presented Interior's vision for creating a number of common goals for the Department that reflect the combined efforts and accomplishments of multiple bureaus. For example, many bureaus have land health management goals for their particular land base and mission, but the goals are slightly different and use different measures which prevent rolling up each bureau's accomplishment into a common goal achieved by the Department as a whole. A similar format and branding approach was applied to create a suite of bureau and departmental strategic plans that are easy to navigate and read.

FY 2001 Ongoing and Planned Activities

FY 2000 Accountability Report: Interior continues to include selected high-level performance indicators in the Department's Accountability Report and bureau annual reports. Consideration is also being given to how GPRA reports might be combined with future Accountability Reports to link financial and performance accountability.

Data Verification and Validation: Data verification and validation assessment tools are being applied in a series of bureau pilots to further refine the Department's ability to evaluate data collection and reporting systems for performance measurement data.

Senior Executive Service (SES) Performance Standards: Interior's planning and human resource offices are collaborating on how best to include performance results as part of each SES manager's performance appraisal. The policy will address GPRA and performance appraisal cycles, and how to include organizational results and balanced measures.

Coordination with Office of Inspector General (OIG): Because the OIG has been called upon to review and assess GPRA documents and performance, the planning and OIG offices have established regular meetings to explore the OIG role in the GPRA process, provide direct access to performance information, resolve procedural issues, and establish protocols for including GPRA performance in entrance conferences for audits.

FY 2002 Annual Performance Plan/FY 2000 Annual Performance Report: Interior's FY 2000 Annual Performance Report is due to Congress and the President in March 2001. However, the FY 2002 Annual Performance Plan will not be submitted with the budget justification until April 2001. The Department plans to continue to use the same combined APP/APR to meet both deadlines. The document will include any revisions to the FY 2001 performance goals resulting from final enactment of the FY 2001 budget. Draft departmental guidance on the combined document is being developed but will not be made final until the new Administration approves this approach.

Development of Common Goals: Interior's Planning Office is working with bureau staff to select several performance goal areas that are common to two or more bureaus. These are not crosscutting goals, but rather, are goals that each bureau has that are achieved independently, but also address the same or similar resources and rely on the same strategies. With minimal revisions, similar goal language and performance measures can be established that will allow the accomplishments of multiple bureaus to be summed and presented in the Departmental Overview as an accomplishment toward one of Interior's five strategic goals.

Strategic Planning in a New Administration: It is anticipated that the new Administration will be interested in Interior's plans and may likely use the strategic planning process to help establish, communicate, and promote its agenda and policies for the Department of the Interior. This may include preparation of a new strategic plan ahead of the next scheduled revision in FY 2003, and/or careful review and adjustments to the strategic plan using the annual performance plan.

CHAPTER 5. ENSURING MANAGEMENT ACCOUNTABILITY AND CONTROL

GOAL: Ensure that a sound system of financial management controls exists in all programs, organizations, and functions.

Interior believes that maintaining integrity and accountability in all programs and operations: (1) is critical for good government; (2) demonstrates responsible stewardship over assets and resources in the Department's care; (3) ensures high quality, responsible leadership; (4) ensures the sound delivery of services to customers; and, (5) maximizes desired program outcomes. Accordingly, the Department has developed and implemented management, administrative, and financial system controls which reasonably ensure that:

- Programs and operations achieve their intended results efficiently and effectively;
- Resources are used in accordance with the Department's mission;
- Programs and resources are protected from waste, fraud, and mismanagement;
- Laws and regulations are followed; and,
- Reliable, complete, and timely data are maintained and used for decisionmaking at all levels.

Further, the Department firmly believes that the timely implementation of Office of Inspector General (OIG), General Accounting Office (GAO), and Single Audit recommendations are essential to improving the efficiency and effectiveness of programs and operations, and achieving integrity and accountability goals. As a result, the Department has instituted a comprehensive audit follow-up program to ensure audit recommendations are implemented in a timely and cost-effective manner, and that disallowed costs and other funds due from contractors and grantees are collected or offset.

Management Controls

The Department's goal is twofold: (1) to ensure that a sound system of management controls exists in all programs, organizations, and functions and meets the objectives and requirements of Federal Managers' Financial Integrity Act and OMB Circular A-123; and, (2) to implement an effective and systematic approach to assessing management controls that integrates other management improvement initiatives within the Department.

FY 2000 Accomplishments

- ***Provided Reasonable Assurance Objectives Were Met:*** Based on the results of midyear and year-end progress reviews, the Department can again provide reasonable assurance to the President and the Congress that, with the exception of BIA and OST, the systems of management, accounting, and administrative controls, taken as a whole, achieve the objectives of the Federal Managers' Financial Integrity Act and OMB Circular A-123, and that accounting and financial systems generally conform with governmentwide standards.
- ***Corrected Material Weaknesses:*** During FY 2000, the Department completed corrective action on two of its 17 pending material weaknesses carried over from FY 1999. This represented 67 percent of the material weaknesses planned for correction in FY 2000, thus missing the achievement of its annual GPRA performance goal of completing corrective action on 70 percent of material weaknesses by the originally scheduled target date. One material weakness slipped due to the expansion of its corrective action plan. In addition, the Department reported five new material weaknesses: two Department weaknesses, and one each in the Bureau of Reclamation, the National Park Service, and the U.S. Geological Survey, all of which have post-FY 2000 planned correction dates. Over the years, the Department has identified and reported 171 material weaknesses and 64 accounting system non-conformances. At the end of FY 2000, the Department had corrected 152 of the total reported material weaknesses (90 percent) and all 64 accounting system non-conformances (100 percent). Much of the progress in correcting material weaknesses was achieved over the last three years. The Department will carry forward 20 pending material weaknesses into FY 2001, of which seven are identified as mission critical weaknesses.
- ***Continued Institutionalizing the Management Control Automated Assessment Approach:*** The automated assessment approach was developed in a Reengineering Lab in 1997. During 1998 to 1999, the Department successfully pilot-tested the automated assessment approach in 21 different programs and administrative functions. The resource savings and results were exceptional when compared to a traditional management control assessment. The new automated approach saved over 90 percent of the staff resources consumed in planning, conducting, processing, and reporting the results of the assessments; avoided travel costs; and, identified several areas of potential material weaknesses and best practices which were not previously detected. In FY 2000, bureaus began to use the new Internet version of the automated assessment approach and conducted over 23 management control assessments, or 48 percent of all bureau assessments performed and utilized in the annual assurance process. The Department expects this percentage rate to increase in FY 2001 and thereafter.
- ***Prepared the FY 1999 Annual Accountability Report:*** The Department was approved by OMB to participate in the Accountability Report Pilot Program beginning in FY 1996. The pilot program allows agencies to consolidate several financial management statutory reports into a single Accountability Report in order to streamline reporting, save staff resources, and provide better information to the President and Congress. All of the information previously reported in the Secretary's FMFIA Annual Report, the Secretary's Semi-Annual Report on Audit Follow-up, the CFO Act Annual Report, the Civil Monetary Penalties Report, and Prompt Payment Act Report is now condensed into the Department's Annual Accountability Report, resulting in a more concise, narrative, and

statistical report which meets all statutory requirements. In addition, the report now includes key Government Performance and Results Act data that link programmatic and financial accountability performance.

FY 2001 Planned Actions

- Institute a management control quarterly progress automated status reporting program with bureaus and offices to support the oversight performed by the Management Control and Audit Follow-up Council.
- Prepare and issue the FY 2000 Annual Accountability Report by March 1, 2001.
- Complete corrective actions on five of the 19 pending material weaknesses carried over from FY 2000.
- Complete the development and issuance of the Departmental Management Control and Audit Follow-up Handbook.
- Assist bureaus in implementing the Internet version of the management control automated assessment approach.

Ongoing Activities

- Continue progress toward the achievement of the Association of Government Accountant's Certificate of Excellence in Accountability Reporting.
- Accelerate Department validation of the implementation of material weakness corrective actions.
- Complete corrective actions on the remaining material weaknesses carried over from FY 2000, and ensure that other material weaknesses are promptly identified, reported to senior management, and corrected.
- Work with the OIG and the Department's Chief Information Officer to develop a more effective and efficient approach for assessing whether adequate computer security is being provided on computer systems, including financial management systems and financial data.
- Conduct a feasibility study about the Department providing technical guidance and support through the National Business Center to other federal agencies in planning and conducting automated management control assessments over the Internet.

Audit Follow-up

The Department's goals are to ensure that audit recommendations designed to improve the efficiency and cost-effectiveness of programs and operations are implemented in an expeditious manner, and that disallowed costs and other funds owed to the Department which are identified in audits are collected and/or offset within reasonable or statutory time frames.

FY 2000 Accomplishments

- ***Improved the Rate of Management Decisions on Single Audits:*** The Department provides over \$1 billion each year in funding for grants, cooperative agreements, Indian self-determination contracts, and Indian self-governance compacts to state and local governments, Indian tribes, colleges and universities, and other nonprofit organizations. Over 800 single audits are conducted of Department grantees each year. All Single Audit reports are now forwarded to the federal Single Audit Clearinghouse. Those with findings and recommendations requiring OIG and/or bureau actions are forwarded by the Clearinghouse to the OIG. These actions include resolving deficiencies identified in the audit report, and determining the allowability of any expenditure of federal funds which have been questioned by the auditor. During 2000, the Department was successful in closing approximately 92 percent (337 of 372) of the single audits referred for action by the Clearinghouse.
- ***Collected and Offset Disallowed Costs in Single Audits:*** The Department has made good progress in collecting and closing single audits with disallowed costs. During FY 2000, approximately 75 percent of these audits were closed and \$3.1 million of \$6 million (52 percent) in disallowed costs were collected.
- ***Improved the Closure Rate of Internal Audits:*** Internal audits are audits conducted by the OIG of the programs, organizations, financial and administrative operations of the Department. One category of internal audits are those audits where the OIG presents recommendations where “funds can be put to better use” (FBU audits). The Department made significant progress in implementing recommendations and closing FBU audits during FY 2000. Approximately 45 percent of the FBU audits pending during the year were closed. These closed audits involved \$4.7 million of FBU funds.
- ***Reached Timely Management Decisions on Internal Audits:*** The Department has made steady progress in reducing the number of pending internal audits with unimplemented recommendations greater than one-year old. With the help of the Interior Management Council, all 10 of the oldest audits in tracking were closed in FY 2000. As a result of this aggressive monitoring activity, the total number of audits in this category declined by approximately 70 percent for the year. Those audits still pending involve recommendations with long-term and multifaceted corrective actions or require statutory changes.
- ***Improved the Implementation Rate of GAO Audit Recommendations:*** General Accounting Office audits are a major component of the Department’s audit follow-up program workload. During FY 2000, 27 final audit reports were issued. These audits contained 24 recommendations of which 75 percent were implemented by the end of the year. The remaining recommendations involve actions that appear to be cost-prohibitive or represent policy changes.

FY 2001 Planned Actions

- Implement a new Audit Tracking System to track audit follow-up actions. The new system will facilitate more effective monitoring of audit progress linked to a new system being developed by the Department's Office of Inspector General. This system will have improved functionality and ad hoc report capabilities and will enable the Department to consolidate tracking of audit follow-up recommendations (both programmatic and financial management) from OIG, GAO and Single Audit recommendations, and provide for direct bureau updates on the status of corrective action and implementation activities.
- Institute a quarterly automated status reporting program with bureaus and offices to support the oversight performed by the Management Control and Audit Follow-up Council, and improve and expand progress reporting and oversight during monthly Interior Management Council meetings.
- Complete the development and issuance of a Departmental Management Control and Audit Follow-up Handbook.
- Establish a quarterly audit follow-up newsletter that will be posted on the Office of Financial Management web site.

Ongoing Activities

- Continue to improve the rate of implementing audit recommendations, collecting disallowed costs, and closing audits.
- Initiate appropriate actions to facilitate mutual agreements on audit recommendations and corrective actions between OIG and GAO auditors and bureau and office management before final audit reports are issued. This action should substantially reduce the number of audit recommendations referred to the Department for final resolution and promote more timely implementation of audit recommendations.
- Accelerate Department validation of the implementation of audit recommendations and corrective actions.

CHAPTER 6. DEVELOPING FINANCIAL HUMAN RESOURCES

GOAL: *Build and maintain a highly qualified financial management workforce in the Department to support program managers' financial management needs.*

The decade of the 1990s brought significant legislation and organizational rightsizing to the federal community. Both rightsizing and the legislative requirements of the CFO Act, GPRA, and GMRA have increased the demands on financial management personnel. With the advent of a new decade, it is imperative that personnel responsible for the administration of the Department's financial resources continuously develop and upgrade their skills so that they can meet the challenges imposed by internal and external forces.

To assist the Department financial management personnel in achieving the skills needed to operate in a changing environment, the Department is committed to developing and maintaining a cadre of highly skilled financial management personnel. To that end, and to ensure a strong and effective financial management program, the Interior CFO Council provides guidance to the Office of Financial Management in developing an overall training and development plan for the Department.

To facilitate the development and implementation of a training and development plan, the Department has designated a Training Coordinator within the Department of the Interior University (DOIU) to work with the Office of Financial Management to implement the plan. The DOIU delivers services through:

- DOIU Learning Centers located in Washington, D.C.; Anchorage, Alaska; Denver, Colorado; and Albuquerque, New Mexico.
- DOIU On-line Learning Center, provides new delivery methods (e.g., distance learning, Internet training) to enable the Department to reach more employees - any time, any place and at any pace.
- DOIU Leadership Institute manages the Department's formal career development programs—the Team Leadership Program (TLP), the Senior Executive Service Career Development Program (SESCDP), and the Acquisition Intern Programs (AIP). The Institute manages the AIP on a governmentwide and departmentwide basis.

The Training Coordinator directs the Department's Financial Management Training and Development Program (FMTDP), schedules financial management training, locates and reserves training sites, identifies instructors and on-the-job training experiences, tracks and records participants' training, reviews and maintains participant's Individual Development Plans (IDPs), prepares and distributes training certificates, and monitors and responds to program evaluation and feedback. The Training Coordinator also serves as the Department's liaison to the governmentwide CFO Council for Human Resources, the Joint Financial

Management Improvement Program (JFMIP), the Association of Government Accountants, the Training Officers Conference, the American Association for Training and Development, and professional organizations related to financial management.

The focus of the FMTDP Training Coordinator is to improve the skill levels and increase the availability of personnel throughout the Department to support financial management functions and to better serve the financial management needs of program managers and other responsible for carrying out the mission of the Department. Improvement will be made in two areas:

- Sponsoring comprehensive training programs in financial management that deliver effective training to financial managers and their staff throughout the Department to improve the skills and knowledge to enable financial management personnel to perform their jobs in an excellent manner.
- Increasing the availability and diversity of qualified accounting, financial systems, and other financial personnel to ensure adequate human resources are available to carry out financial management responsibilities.

Sponsoring Comprehensive Training Programs in Financial Management

The primary objective of the Financial Management Training and Development Program is to provide proper training and professional development opportunities to financial management personnel so that they are properly prepared to carry out their growing responsibilities. The Department's training program provides information on external training courses, provides cost effective training to Interior bureau personnel through the use of internal instructors or external instructors, and develops special training programs to address individual bureau needs.

The Department will expand the training and development program over the next five years by developing a comprehensive training program built on the JFMIP core competencies, aggressively publicizing financial management and related training opportunities and encouraging employees to avail themselves of personal and professional development opportunities. The Department, through the program, will prepare new financial management employees for current and future challenges in financial management and enhance the financial management skills of senior financial managers. To assist in that effort, the Department will offer an array of training in accounting, governmental accounting, budgeting, financial analysis, project management, team building, and problem solving techniques. The program continually analyzes training results and makes appropriate curriculum revisions and reports periodically on the results of the financial management training and development program to Bureau CFOs, DCFOs, and Finance Officers.

FY 2000 Accomplishments

- *Financial Statement Preparation Seminar:* The Finance Officers' Partnership sponsored the Department's first Financial Statement Preparation Seminar. Approximately 85 Department personnel attended the June 2000 seminar which was designed to provide Interior-specific training on financial statement preparation and related topics for all

those responsible for the preparation and audit of the annual financial reports at the bureau or the departmental level. Seminar attendees overwhelmingly rated the seminar as very good or excellent.

- *Web Site for Course Offerings:* The Office of Financial Management home page (<http://www.doi.gov/pfm/training.html>) was used to disseminate course offerings to the Department and other agencies. The home page was also used to advertise and register participants for the June 2000 seminar.
- Conducted a departmentwide survey on training needs for FY 2000 with special emphasis on the top five critical training needs. These include:
 1. Interior Standard General Ledger
 2. External Reporting, A-34 and A-11
 3. External Reporting, SF-224
 4. Systems - FFS Organizational Applications
 5. Vendor audit and payment
- Continued to promote the use of the governmentwide CFO Human Resources Committee core competencies for budget analysts, accountants, and financial managers in career development planning published by JFMIP.
- Conducted training courses in the following subject areas:
 - Performance Management and Budgeting
 - Standard General Ledger
 - Cost Accounting
 - Budget Formulation and Execution
 - Budget Analyst Workshop
- Trained 176 staff members at DOIU's Washington, Denver, and Albuquerque Learning Centers. The smaller number of staff members trained is a result of two factors:
 1. The Financial Management Training Coordinator retired in 1999. The position was not filled until April 2000.
 2. In FY 2000, special emphasis was given to training 85 departmental personnel in financial statement preparation during a four day seminar in June 2000.
- Provided training to National Business Center customers in the following areas:
 - Hyperion End User and Reporting Training
 - Use of FFS
- Established a cooperative agreement with a local university for a student intern in financial management.

Planned Actions

FY 2001 Planned Activities

- Based on the needs identified in the training survey conducted in FY 2000, provide and/or sponsor training in the following core curriculum areas:
 - Appropriations Law
 - Federal Accounting Standard Advisory Board Standards
 - Dollars and Sense
 - SGL
 - Vendor Audit and Payments
 - FACTS II
- Work with the National Business Center, bureau finance officers, and bureau budget officers to develop a cross training program related to the Federal Financial Systems (FFS) to provide comprehensive training in the functions and features of the software and how it is implemented in the Department.
- Depending on resource availability, the following additional training will be considered:
 - Budgetary Resources Reporting
 - Budget Formulation and Execution
 - Budget and Accounting for Non-Financial Managers
 - Principles of Accounting
 - Cost Accounting
 - DOI Budget Process
- Link the Department's financial management community to other sites providing information on training and career development in federal financial management through the Department's Office of Financial Management web site.
- Work with the Department of Treasury's Center for Applied Financial Management to develop a one day overview of federal financial management for program managers.
- Promote the use of more seminars and workshops sessions lead by the Department's financial management personnel to facilitate working group training, new idea development, and sharing of best practices.

FY 2002 and Beyond Planned Activities

- Encourage the use of nontraditional approaches to provide additional training and career development opportunities for the Department's financial management community. Opportunities should be available for entry level, mid level, and senior level personnel (FY 2002).
- Develop a formal process using the Individual Development Plans (IDP) to ensure that financial management personnel receive cross training. Use the certification component of the Financial Management Training and Development Program to ensure that department bureau finance and budget officers cross-train and cross-utilize financial management managers and staff (FY 2002).

- Work with Office of Personnel Management and the Department's Office of Personnel Policy to establish the CFO Council's core competencies for financial management as the criteria for job selection, promotion, and training (FY 2002).
- Encourage and support participation in the Department's Team Leadership Program (TLP) and Senior Executive Leadership Program (SESCDP).

Increase the Availability and Diversity of Qualified Accounting, Financial Systems, and Other Financial Personnel

The second focus of the Human Resource Program is to support the need for additional qualified accounting, financial systems, and other financial personnel to fill critical vacancies anticipated over the next few years. Currently, the Department has over 50 vacant positions and can expect additional vacancies as a result of expected retirements by financial management personnel over the next several years. The plan will be to build and increase the quality, availability and diversity of entry level personnel and to improve the recruitment of mid and senior level staff. This support will include establishing a Financial Management Intern Program to recruit and train entry level individuals for professional careers in accounting and financial management in the Department and bureaus. This is a new program for the Department and will take advantage of the knowledge of the DOIU in developing and managing such programs and programs established on a governmentwide basis such as those being established by the CFO Human Resources Committee.

FY 2000 Accomplishments

- Partnered with the CFO Human Resources Committee in the newly formed CFO Recruitment Consortium. Joined the first governmentwide recruitment effort to recruit top quality entry level personnel for the federal financial management community. Recruitment efforts will continue through the fall and early winter of 2000/2001. This is expected to be an annual event.
- Began efforts to coordinate a departmental financial management recruitment effort to fill current vacancies in the Washington D.C. and Denver areas.
- Established a cooperative agreement with a local university for a student intern in financial management.

Planned Actions

FY 2001 Planned Activities

- Explore with the Department's financial management community ways to increase the knowledge and skills of the current workforce or retrain the current workforce where trends show specific jobs will disappear or be transformed.
- Establish an ongoing relationship with local colleges and universities in the Washington D.C. and Denver areas to provide a continuous vehicle for qualified financial management personnel to join the Department and/or the federal workforce.

- Develop and use Interior recruitment materials for careers in financial management (accountants and financial analysts).
- Continue to work with local universities, nonprofit student placement agencies, the Department's Human Resource Division, and budget offices to recruit junior persons to student internship positions in financial management.
- Continue to partner with the CFO Human Resources Committee to recruit top quality entry level personnel for the Department's financial management community.
- Design the entry level intern program managed by the DOIU including: duration of the program, target population for selection, rotational assignments, number of hours of technical and nontechnical training, mentors, full performance level of graduates, and the budget for consideration by the Interior CFO Council.
- Design mid and senior level recruitment program with phased-in approach to provide sources for filling mid and senior level positions as they open up due to retirements or departures.

FY 2002 Planned Activities

- Develop curriculum for training the interns and implement a financial management intern program under the DOIU, if approved by the CFO Council with a pilot class for 2002.
- Develop brochures for marketing the program.
- Improve the management of the vacancy announcement and selection process through a more coordinated recruiting program within the Department.
- Implement the first phase of the mid and senior level recruitment program.

FY 2003 and Beyond Planned Activities

- Conduct the first class of financial management interns.
- Hold orientation, develop IDPs, assign mentors, and begin training and rotational assignments.
- Design and implement a financial management mentoring program at all levels.
- Implement additional phases of the mid and senior level recruitment program.

CHAPTER 7. MANAGING RECEIVABLES, COSTS, AND COLLECTIONS

***GOAL:** Bill and collect amounts due the federal government in accordance with applicable laws and regulations and capture costs to meet reporting and management needs of the Department.*

Effective management of receivables, costs, and collections is a critical component of the Department's overall ability to account for its financial resources and to efficiently use those resources to fulfill Interior's mission and perform its programs in an effective manner. The Department's overall goals include billing and collecting amounts due the federal government in accordance with applicable laws and regulations, and to track and report costs for management purposes. Interior continues to make progress in achieving these goals.

Accounts Receivable

The Department continues to make significant progress in its collection and receivable management activities. Over 70 percent of the Department's receivables originate from the enforcement of laws and regulations and audit findings. The remaining 30 percent originates from loans (direct and guaranteed) and the sale of goods and services. Consequently, traditional receivable management procedures and safeguards, such as credit worthiness checks, are often not applicable.

The Department has been working closely with the Department of the Treasury to refer its delinquent receivables over 180 days past due to the Financial Management Service for cross-servicing and/or offset in accordance with the Debt Collection Improvement Act of 1996. All bureaus and offices are currently in the process of referring eligible delinquent receivables to Treasury for collection. A monthly reporting system has been established by the Department to monitor performance.

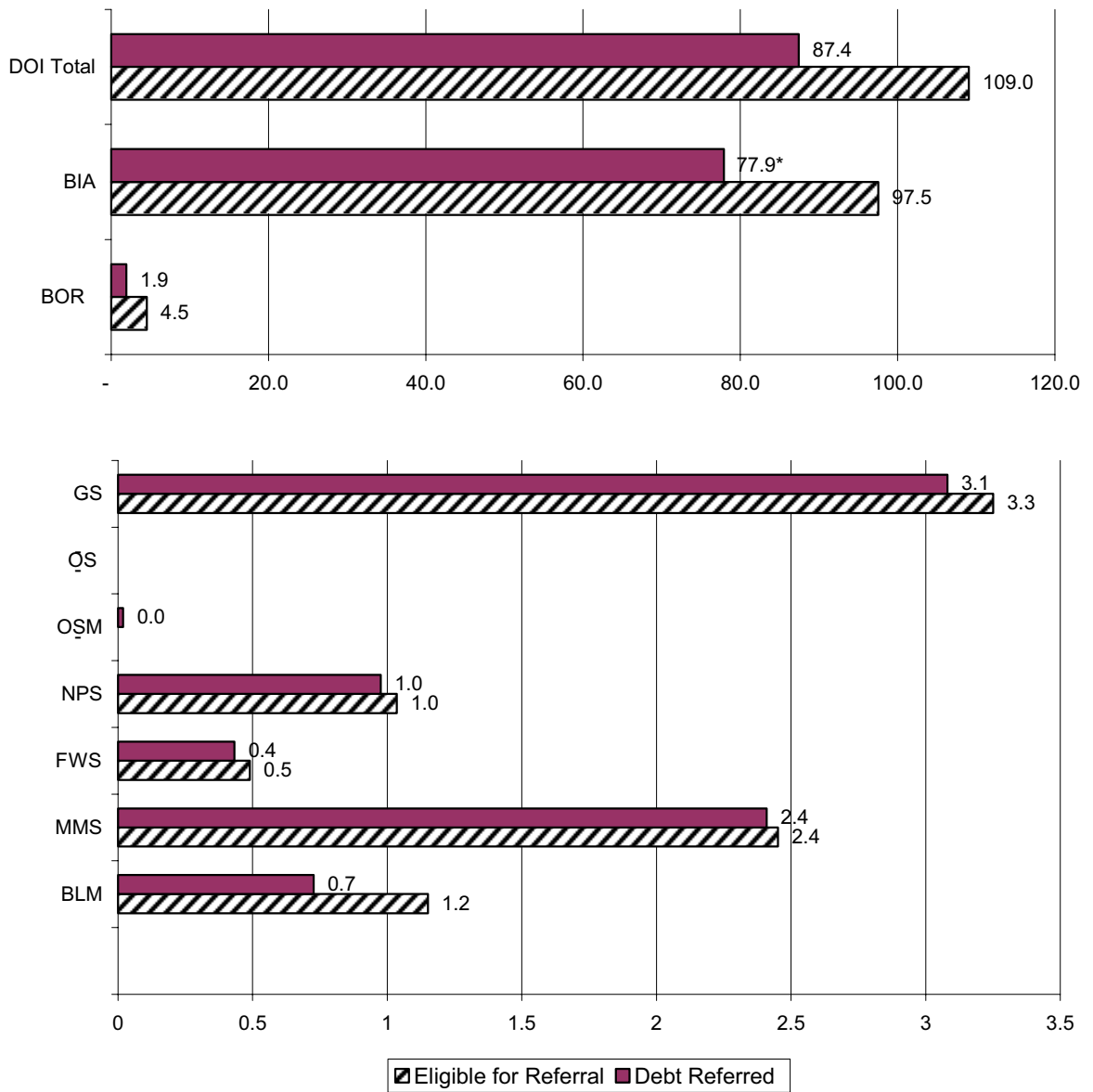
Exhibit 7-1 summarizes Department and bureau-level debt referral performance as of September 30, 2000:

FY 2000 Accomplishments

- Referred 80 percent of the 180 day delinquent debt to the U.S. Treasury for cross-servicing in accordance with the Debt Collection Act of 1996.
- Continued a special initiative to confirm and refer appropriate Bureau of Indian Affairs (BIA) irrigation-related delinquent debts to Treasury for cross-servicing.

Exhibit 7-1

Department of the Interior
 Monthly Debt Management Report
 September 30, 2000
 (dollars in millions)



* BIA expects to refer \$2.5 million and terminate collection action on another \$9 million in early FY 2001.

Planned Actions

Ongoing Activities

- Work with BIA to refer irrigation-related delinquent debts to Treasury.
- Refer 90 percent of all eligible delinquent receivables over 180 days past due to the Department of the Treasury for collection via cross-servicing and/or offset.

FY 2001 Planned Activities

- Encourage one Interior bureau to establish a cross-servicing agreement with Treasury's Financial Management Service to refer delinquent debt after 60 days (rather than 180 days) debt for cross-servicing.

Cost Accounting and Cost Management

The Department performs a significant number of tasks on a reimbursable basis including interagency agreements, agreements with state and local jurisdictions, Franchise Fund, Working Capital Fund, and user charge activities. A departmentwide Cost Accounting Work Group was established to begin implementation of SFFAS No. 4, "Managerial Cost Accounting Concepts and Standards", in FY 1998 and make necessary refinements thereafter. SFFAS No. 4 coupled with the requirements of the Government Performance and Results Act was a major focus in FY 2000. Further, cost accounting policies were issued related to FY 2000 financial statements. These policies will be updated as further refinements are identified.

In addition to cost accounting, cost management is also important to the Department. Listed below are some examples of the Department's efforts to minimize costs, particularly administrative costs:

- ***Control Unemployment Compensation Costs:*** For a number of years, Interior has used a contractor to: (a) verify employment, (b) process protests and appeals, (c) verify state data, and (d) produce management reports.
- ***Prepayment Voucher Audit of Government Bills of Lading:*** The Department is continuing to use and expand the use of a contractor to perform prepayment voucher audit of government bills of lading. Since we began the prepayment audits of government bills of lading audit program in FY 1995, the Department has generated estimated savings of \$2.8 million.
- ***Reduce Late Payment Penalties:*** For the past two years, the Department has engaged in an intensive effort to reduce late payments and late payment penalties under the Prompt Payment Act (see Chapter 8 for more detailed information).

- *Use Plastic Card Technology:* The Department engaged in a multiple year contract in November 1998 with the Bank of America (BOA) for a single card program to finance small purchases, travel, and fleet activities. This effort has greatly streamlined the processes related to procurement, travel, and fleet management and at the same time empowered field managers. Since we are paying BOA daily and have extensive risk mitigation controls, the Department is receiving substantial rebates from the contractor to invest in further program improvement efforts (see Chapter 8 for detailed information).
- *Cross-Servicing Opportunities:* In an effort to take advantage of economies of scale, the Department provides cross-services to bureaus of the Department and other federal entities via reimbursable service agreements and the Franchise Fund. Some examples of these activities include: Payroll Services, Cooperative Administrative Support Units, and Financial Systems (see Chapter 8 for detailed information).
- *Benchmarking Selected Activities:* In an effort to compare Interior's financial processes, the Department has participated in the Hackett Group benchmarking program. Participating in this activity has helped identify best practices for certain financial processes for the Department to consider and make necessary adjustments to improve operating efficiency and minimize the costs of financial-related processes (see Chapter 8 for detailed information).

FY 2000 Accomplishments

- Integrated performance information with cost data at the responsibility segment level in the Department's FY 1999 Annual Accountability Report and Bureaus' FY 1999 Annual Financial Statements.
- Realized FY 2000 program savings (net of contractor costs) of approximately \$1.4 million for controlling unemployment compensation costs.
- Realized a program benefit-to-cost ratio of \$161 to \$1 for the prepayment government bill of lading voucher audit program performed by a contractor.

Planned Actions

Ongoing Activities

- Concentrate efforts on cost tracking and reporting of cost information to support program managers' needs.
- Continue the departmental effort to control unemployment compensation costs through the use of a contractor.
- Continue the departmental effort to control government bills of lading costs through the use of a contractor.

FY 2001 and Beyond Activities

- Improve cost accounting practices in areas where fees are charged for services to achieve full cost recovery.
- Review the alignment of budget, cost accounting, and GPRA requirements to further improve both planning and reporting of cost and performance data.

User Fee and Cost Recovery Activities

The Department administers a substantial user charge program. Annually, the Department collects fees of almost \$500 million from approximately 100 cost recovery activities, and approximately \$5 billion from other user fee activities including royalties, rents, and bonuses related to minerals, timber, and other uses of federal lands. Since FY 1993, cost recovery has increased by almost \$150 million. Based on biennial review data, the Department maintains and updates a database of approximately 150 user charge activities. The database includes descriptions of the activities, estimated annual collections, pricing structure, legal authority, contact personnel, and other pertinent information.

In FY 2000, the Department conducted its fourth biennial review of user charge activities in accordance with the CFO Act. The National Park Service, the Fish and Wildlife Service, and the Bureau of Land Management were authorized under the Omnibus Consolidated Rescissions and Appropriations Act of 1996 to develop new and expanded fee collection sites as part of a three-year recreation fee demonstration program. The purpose of the demonstration program is to explore the feasibility of collecting additional user fees to offset the costs of administering recreational opportunities on federal public lands. The new fees will be used primarily to address repair and maintenance backlogs in participating parks and sites. Due to the promising results thus far, the fee demonstration program has been extended to September 30, 2002.

FY 2000 Accomplishments

- Performed a complete review of all user charge activities, updated the departmentwide user fee data base, and completed a summary report of cost recovery activities based on FY 1999 results.

Planned Actions

FY 2001 Planned Activities

- Conduct the annual review of all cost recovery activities. The Department will continue collaborative efforts, both inter and intra-departmental, regarding implementation of the Managerial Cost Accounting Standard, SFFAS No.4.
- Issue an update to the Departmental Manual to reflect the latest guidance under OMB Circular A-25.

Unclaimed Assets Recovery

During the summer of 1999 an effort was initiated to recover unclaimed assets of the Department. Unclaimed assets are assets that have been transferred to states by the U.S. Postal Service, U.S. Courts, or other entities and have not been identified by their owners. Some of these assets belong to the federal government. The Department is attempting to recover unclaimed assets related to Interior Programs.

FY 2000 Accomplishments

- Contacted states where it was determined that departmental assets were being held as unclaimed. Total collections exceeded \$60,000.

Planned Actions

Ongoing Activities

- Annually follow-up with the states to identify and claim any unclaimed assets due the Department.

FY 2001 Planned Activities

- Continue to file claims with states that have identified unclaimed assets of the Department.

CHAPTER 8. MODERNIZING PAYMENT PROCESSING AND BUSINESS METHODS

GOAL: *Modernize payment processing and business practices by leveraging successful government and private sector technology innovations and process reengineering opportunities.*

Rapid technological changes and process reengineering have contributed greatly to the continuous modernization of payment processing and business methods/practices. Such efforts, while beneficial on their own, have been particularly useful during the downsizing of the federal workforce. Moreover, it is the Department's goal to provide competitive and cost-effective services to its customers. The Department has established multiple initiatives that seek to eliminate outmoded approaches, maintain only essential elements and services, and use state-of-the-art technology to yield maximum benefits to the American taxpayer.

The essential elements of the program to modernize business methods and payment processes are:

- Streamlining financial and administrative processes.
- Using technology to improve the efficiency of payment processes.
- Rewriting departmental policy and guidance to empower employees and eliminate unnecessary process steps.
- Identifying high payoff areas for streamlining processes and upgrading technology.
- Providing assistance to bureaus in developing requirements.
- Measuring performance.
- Working with central agencies to develop long term strategies for process and systems modernization.

Improving Cash Receipts Processing

Due to the Department's substantial revenue-producing activities, efforts have focused on improving collections and processing/depositing of cash receipts rapidly. A key emphasis of the Department's cash management program has been to accelerate cash receipts by requiring payments via wire or electronic transfer. In addition to using electronic transfers, Interior has worked cooperatively with the Department of the Treasury to establish several lockbox systems and plastic card collection networks to collect timber fees, abandoned mine land fees, water sales, park entrance fees, construction cost repayments, and state and local government reimbursements.

FY 2000 Accomplishments

- Updated the functional review document for cash management processes. Bureaus are reviewing cash management functions based on standard internal control requirements and compliance with appropriate cash management regulations which are expected to be completed by the end of FY 2000.

Planned Actions

FY 2001 Planned Activities

- Continue to use the Plastic Card Collection Network (PCCN) and Automated Clearing-house for collecting funds due the Department.
- Investigate the use of *Pay.Gov* for royalty payments for the Minerals Management Service's Royalty Management Program.
- Implement Government On-line Accounting Links System (GOALS) II in August 2001 and Intra-governmental Payment And Collection (IPAC) in June 2001.

Improving Payment Processes

In performing its basic missions, the Department of the Interior annually processes over two million (non-payroll related) payments, which account for expenditures in excess of \$3.5 billion each year to organizations that provide products and services to the Department. Collectively, these payments cover a broad range of payment categories (i.e., payments to vendors, payments to other federal agencies, reimbursements, grants, contracts, purchase orders, etc.), and involve an equally broad and growing array of available alternative payment mechanisms which include Treasury checks, electronic funds transfers, and charge cards.

In recent years, payment processes have been positively impacted by technological advances. The Department has been an active participant in the governmentwide Electronic Commerce pilot program, and has developed capabilities that will allow the Department to fully capitalize on this promising technology once governmentwide standards are in place.

The Department has embraced the use of plastic card technology as an enabling agent to improve service to customers while improving the overall efficiency of the payments process. The growth in the dollar volume of payments made through the charge card program has averaged in excess of 40 percent annually in recent years, to an annualized level of approximately \$400 million in 1999. The growth trend in the use of charge cards is expected to continue during the next five years. In addition to the obvious reduction in finance office workload associated with the reduction in the number of payments that must be made, the increased use of charge cards has virtually eliminated the need to issue travel advances to employees; reduced the number and amount of payment (interest) penalties associated with the Prompt Payment Act; substantially improved the Department's Electronic Funds Transfer performance in complying with the Debt Collection Improvement Act of 1996 (DCIA); and has provided additional benefits through volume-based refunds which accrue to the Department.

The Department continued to expand and improve its implementation of the SmartPay charge card program in FY 2000 by refining and maintaining the electronic interface to its financial systems to support daily invoicing and daily payment. The Department also worked with the Bank of America in the reissuance of all cards to use account numbers clearly indicating exemption of state sales tax. As the largest fully integrated card program in the federal government, the Department served as an advisor to other federal agencies to relate the improvement initiatives in the program including diversion accounts, split disbursement, and central billing of most categories of travel cost, including successful pilot testing of centrally-billed lodging costs.

FY 2000 Accomplishments

- Continued to improve the SmartPay Program to achieve daily payment of charge card invoices and improved the electronic interface to bureau core accounting systems.
- Continued to make progress in compliance with electronic funds transfer and taxpayer identification number requirements of the DCIA.
- Continued use of a departmental electronic funds transfer tracking system to measure progress in increasing the number of payments made electronically as required by the DCIA. This information was reported monthly to Interior's Management Council. As of June 30, 1999, 76 percent of vendor payments were made via EFT. This is an increase of 21.5 percent compared to the prior year.

Planned Actions

Ongoing Activities

- Pursue additional opportunities for further streamlining and reengineering administrative functions. Possible areas include:
 - Opportunities to further streamline payment functions through additional outsourcing.
 - Increase use of electronic malls for purchasing.
 - Further streamlining of the travel process through direct (central) payments.

FY 2001 Planned Activities

- Participate in one or more pilot travel system efforts authorized by the Travel and Transportation Reform Act of 1998.
- Eliminate imprest funds to the maximum extent possible and limit the use of third party drafts and convenience checks.
- Continue efforts to implement the electronic payment requirements of the Debt Collection Improvement Act of 1996.

- Participate in the governmentwide effort to standardize and use one of the two electronic grant payment systems (Treasury's Automated Standard Application for Payments or Health and Human Services' Payment Management System).
- Assess pilot program results for the central payment of lodging costs through the SmartPay program, and expand on a departmentwide basis if desirable.

Improving Prompt Payment Performance

Acknowledging the need to improve the Department's prompt payment performance, Interior created a departmentwide team to determine the causes of late payments. After analyzing the payment process, four areas were identified as critical to achieving significant improvement. The areas identified were reviewed and discussed on a departmentwide basis with the sharing of best practices. The areas identified were:

- Reporting and quality control tracking.
- Updating guidelines and providing additional staff training.
- Identifying large dollar volume vendors; recurring payments, and/or utilizing fast pay.
- Improving processing (including front-end procurement processing, communication between procurement and finance staff), and field offices (for remote data entry).

Moreover, each bureau submitted a plan that: (1) identified the problems impacting prompt payment performance; (2) listed corrective actions; and (3) provided a timetable for reaching the Department's goal. To measure progress, bureaus are required to submit monthly progress reports to the Office of Financial Management.

FY 2000 Accomplishments

As of September 30, 2000, Interior had achieved an overall 97.3 percent rate of invoice payments not requiring interest penalties under the Prompt Payment Act (see *Exhibit 8-1*).

Planned Actions

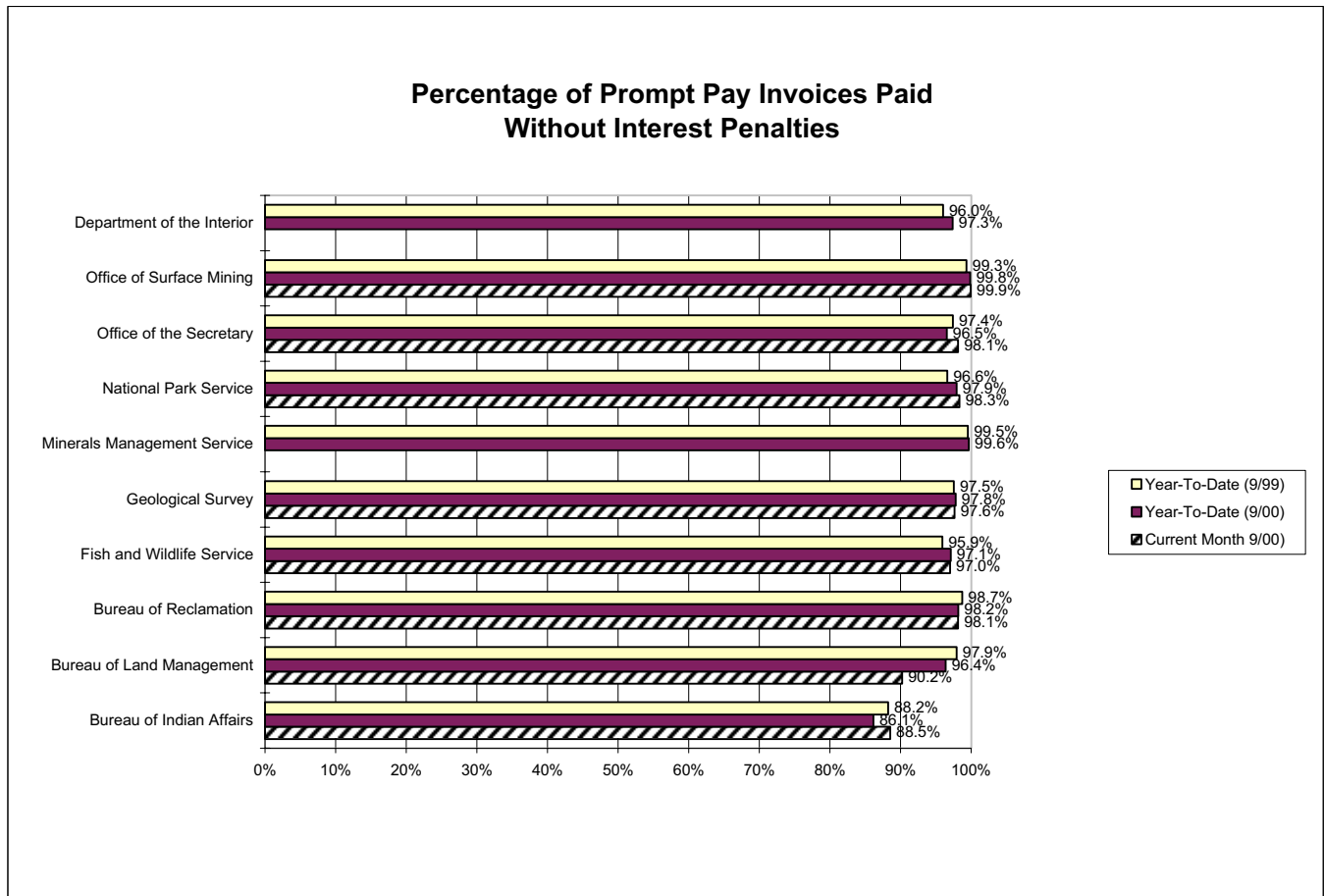
Ongoing Activities

- Continue to collect monthly prompt payment reports from the bureaus to monitor performance. If results are unsatisfactory, the Department will take corrective actions.
- Help reduce the number of interest penalties and increase the use of electronic payment mechanisms by increasing the use of purchase cards and paying more invoices under "Fast Payment" procedures.

FY 2001 Planned Activities

- Continue to closely monitor bureau performance until each bureau is consistently able to pay at least 97 percent of all payments on-time without incurring interest penalties.

Exhibit 8-1



Reducing Delinquent Charge Card Accounts

Acknowledging the need to improve the Department's performance in the area of 60 days and over delinquent charge card accounts, Interior has created a departmentwide goal to reduce the delinquencies to one percent. After analyzing the options, four areas were identified as critical to achieving significant improvement. The areas identified were:

- Reporting of delinquencies (including charge-off accounts) to management on a monthly basis.
- Providing additional approving official and employee (traveler) training.
- Identifying former employees to the charge card contractor and excluding former employees from the Department's performance to goal.
- Implementing salary offset for recovery of delinquent charge card accounts based on a request from the contractor.

Planned Actions**Ongoing Activities**

- Continue to issue monthly charge card delinquent debt status reports to the bureaus. If results are unsatisfactory, the Department will take corrective actions.

FY 2001 Planned Activities

- Reduce the amount of 60 days and older delinquent charge card accounts to one percent of the total outstanding balance by bureau (excluding former employees).
- Institute improved management reporting by including charge-off accounts and removing former employees of the Department.
- Implement salary offsets to recover delinquent charge card debt.

Maximizing Opportunities for Utilizing Electronic Commerce

Interior has continued to aggressively pursue the mandate to streamline procurement through the use of Electronic Commerce (EC) by implementing EC capabilities in all major buying offices and many small field offices in the Department. This is part of the successful implementation of the Interior Department Electronic Acquisition System (IDEAS) project (see Chapter 3) for automation of procurement functions and the developing capabilities of the EC21 project, focusing on electronic payments. The IDEAS project is fully implemented in all major buying offices of the Department and is being further enhanced in coordination with bureau and client agency users.

Electronic commerce capabilities available through IDEAS and EC21 include solicitation, awards, notifications, invoices, receiving reports, data reporting, and payments. Purchase card transactions are a major part of the Department's move to electronic commerce. Card transactions have increased from 96,000 in FY 1993 to over 990,000 in FY 1999, a ten-fold increase. Dollars awarded through purchase cards in the same time frame increased from \$17 million to \$312 million, an 18-fold increase.

In FY 1998, 76.9 percent of all small purchase actions under \$25,000 and 40.5 percent of the dollar value of all such actions were made with the purchase card. In FY 1999, these percentages increased to 88.3 percent and 52.7 percent respectively. The Department has a long-term goal of 90 percent of all purchases over \$2,500 made with a purchase card. Recent statistics from the Financial Implementation Team for EC indicate that the Department has already achieved 92 percent rate

Planned Actions**FY 2001 Planned Activities**

- Continue with an integrated card solution for the purchase, travel, and fleet business lines under GSA's new SmartPay program.

- Continue with outsourcing the responsibility for charge card transaction processing to Bank of America.
- Provide web-based access for transaction information to our 55,000 purchase, travel, and fleet card holders.
- Continue consolidating the account setup and maintenance functions for the travel, purchase, and fleet business lines.
- Continue automating the reconciliation process for centrally-billed accounts.
- Continue implementing an automated interface for all charge card transactions to the Department's accounting systems.
- Develop the necessary electronic exception reports to preserve the financial integrity of programs.
- Maintain a daily pay capability.
- Work to increase usage of web-based electronic commerce by all remaining major purchasing offices.
- Continue efforts to implement the electronic payment requirements of the Debt Collection Improvement Act of 1996.
- Continue to participate in the governmentwide effort to standardize federal grant payment systems. By October 1, 2000, bureaus will offer grantees a choice of grant payment either via agency proprietary system or by one of two grant payment systems designated for agency use—Treasury's Automated Standard Application for Payments System or the Department of Health and Human Services' Payment Management System.
- Assess the additional capabilities of the new charge card contract and determine which features to implement, including smart card features.

Shared Service Organizations

The Department provides commonly required administrative products and services to Interior and non-Interior clients through shared service operations. The National Business Center (NBC) and the Minerals Management Service (MMS) provide critical shared services to various Interior bureaus. In addition, the Interior Franchise Fund (IFF) provides selected services to non-Interior customers. The IFF uses both the NBC and MMS as service providers.

National Business Center

The National Business Center is located within the Office of the Secretary (OS) of the Department of the Interior and is responsible for providing financial and administrative services and support on a national level to the OS, Interior bureaus and offices, and numerous other federal agencies. The NBC serves as host to a variety of Interior administrative

systems, supporting the functions of personnel, payroll, finance and accounting, procurement and contracts, and property management. In this regard, it facilitates the use of both contractor and government-owned systems for its clients. The NBC operates as a direct service provider and/or a facilitator for the use of contractor systems and services. Specifically, the NBC provides federal payroll and personnel processing systems and services; federal financial management systems and services; acquisition systems and services; human resources services; information resource management systems and services, including a full complement of computer center operations; telecommunications; printing and reproduction; property management; transportation services; facilities management; quarters management; Web site development and maintenance; performance support products and services, such as web-based training, technical training for NBC applications, and organization development services, such as facilitation and team building; and specialized employee services such as security clearances, medical services, drug testing, worker's compensation case management, and the accessibility technology center. The DOI University (DOIU) is also located in the NBC. The NBC operates on a full cost-recovery business basis.

FY 2000 Accomplishments

- The NBC successfully orchestrated test plans on its mission critical supported systems, i.e., the Federal Personnel Payroll System (FPPS), the Federal Financial System (FFS), and the Interior Department Electronic Acquisition System (IDEAS), in order to achieve a successful Year 2000 transition. This was a tremendous effort from a systems and data center perspective.
- The NBC deployed FPPS 2000 initiatives to enhance the personnel and payroll services. The FPPS Datamart, which contains FPPS data for user query purposes, was implemented on January 31, 2000. A Time and Attendance Input System has also been implemented for a small number of clients.
- The NBC is a participant in the Department's Federal Human Resources Information System (FHRIS) project. Phase I of the project, completed in September of 2000, was to "federalize" the SAP commercial human resources (HR) package and evaluate its effectiveness. A contract was awarded to ICRC Energy, Inc. to augment the FPPS with the commercial SAP HR package. A separate contract was awarded in June of 2000 to Booz-Allen and Hamilton to provide a cost/benefit analysis of the SAP HR product interfaced with the FPPS.
- The NBC and the Interior Fire Coordinating Committee signed a Memorandum of Understanding for the NBC to offer payroll services to all Department of the Interior emergency firefighters (EFF) beginning in January 2001. The U. S. Forest Service, part of the Department of Agriculture, has also signed up to participate in the EFF program. A dedicated program office has been established within the NBC to support current and future firefighter applications as well as interfaces with other firefighter programs.
- The NBC began providing accounting services to the Department of the Treasury's Office of Inspector General.

- The NBC implemented an interface between the International Trade Administration's (ITA) FFS application and the Department of State's foreign payment activities. The interface includes foreign payroll, travel, and commercial payment transactions from all ITA overseas locations.
- The NBC completed the conversion of the Drug Enforcement Administration's Aviation property system to the Federal Financial System's Enhanced Fixed Assets Subsystem. This marks the completion of four out of eight property systems scheduled to be implemented by the NBC over a multi-year time frame.
- The NBC successfully implemented Phase I of a Momentum implementation for the Architect of the Capitol (AOC). Momentum is a client-server commercial-off-the-shelf accounting software package supported by the NBC. Phase I encompassed bringing the AOC up on the Momentum General Ledger. AOC is the NBC's second Momentum client.
- Several initiatives were accomplished dealing with the Department's bankcard interface to FFS. The NBC implemented a new release of the bankcard interface programs in conjunction with the FFS Release 5.1.7D. Work began on developing a centralized database to track and report Electronic Account Government Ledger System (EAGLS) issues. The Office of Inspector General was implemented as a separate bankcard entity in their own FFS application.
- The NBC modified the Department's Bank of America interface so that it could be used for non-Interior clients. The interface can now be used for Citibank and Mellon Bank.
- In FY 2000, the NBC continued its support in the preparation of FY 2000 financial statements for each of the nine Interior bureaus and the consolidated financial statements for the Department using Hyperion Enterprise. A significant development in FY 2000 was the evaluation, purchasing, testing, and successful deployment of a new operating environment to support the entire financial statement preparation process. This new environment is based on Citrix System's thin-client architecture and Microsoft's Windows Terminal Server operating system. This thin-client environment provided managers with faster implementation of new applications and faster access for end users.

FY 2001 Planned Activities

- Consolidate all computer workload on the NBC mainframe located in Denver, Colorado. The workload currently on the U. S. Geological Survey's mainframe in Reston, Virginia, will be transferred to the Denver mainframe. The consolidation is scheduled to be in effect on January 15, 2001.
- Implement a web-based version of Travel Manager Plus along with an automated interface to FFS. Employees will be trained to input vouchers into Travel Manager Plus which will route the vouchers to supervisors for approval and subsequent input into FFS. Employees will be paid 2-3 days after the submission of vouchers. The NBC has a providers license from Gelco, the system owner of Travel Manager Plus, to cross-service clients using this product.

- Have the Department's version of the Federal Financial System certified by the Joint Financial Management Improvement Program (JFMIP). This will be the first time that a federal government franchise organization has applied to take the JFMIP test that requires a vendor to pass 100 percent of the JFMIP mandatory core financial system requirements. In the past, only private sector financial software vendors such as the American Management Systems, Inc., Oracle, PeopleSoft, and SAP were JFMIP certified. Passing the test will allow the NBC, along with private sector vendors, to be included on the General Services Administration's FMSS Schedule.
- Evaluate user requirements for time and attendance (T&A) systems. Among the systems being evaluated is the current FPPS T&A data entry system and the NBC's Quicktime T&A data entry system. Quicktime is currently being used by numerous NBC clients. The Social Security Administration will be piloting the product during FY 2001.
- Continue the Federal Human Resources Information System (FHRIS) project during FY 2001 and task ICRC and SAP to showcase several functional areas by implementing them in a production mode throughout the NBC.
- Implement the Federal Financial System at the Farm Credit Administration (FCA) and the Farm Credit System Insurance Corporation (FCSIC). FCSIC is planning a January 1, 2001, conversion and FCA is planning a June 1, 2001, conversion.
- Complete Phase II of the Momentum implementation for the Architect of the Capitol. This will complete the two-year AOC Momentum implementation.
- Implement the Federal Financial System's Enhanced Fixed Assets Subsystem at the Drug Enforcement Administration for four of its personal property systems. Administrative Property is scheduled to be converted in the October/November 2000 time frame. Firearms and Shields, Technical Equipment, and Vehicles systems are scheduled for implementation later in the fiscal year.
- Upgrade the Hyperion Enterprise software to version 5.1, upgrade the Windows operating systems to Windows 2000, and deploy a web site for central access to all project applications, guidance, and resources.
- Enhance all Electronic Commerce Offerings. Items under consideration are adding additional contract types, receiving banking information from vendors, and incorporating the ability to share contracts across agencies.
- Continue work on the NBC's electronic commerce product, EC21, or Electronic Commerce for the 21st Century. The ability for vendors to submit electronic invoices over the Internet via Invoice 21 will be unveiled during FY 2001.

- Continue to improve and enhance the Department's bankcard card system. FY 2001 initiatives include completing the development and implementation of the tracking database, modifying the interface programs to support intra-governmental eliminations, providing 1099 data to the bureaus, developing an Internet-based EAGLS Reporting Tool and providing applicable training, and organizing and conducting a Department bankcard training conference.

Interior Franchise Fund

In 1996, the Department was authorized by OMB to establish, pursuant to the Government Management Reform Act (GMRA) of 1994, one of six franchise fund pilot programs within the federal government. The objective of the franchise fund pilot program is to ultimately reduce the cost of government to the taxpayer by providing commonly required administrative products and services to other federal agencies on a competitive, fee-for-service basis. The Interior Franchise Fund (IFF) carries out this responsibility by relying upon a network of service provider organizations. The current service provider organizations (Office of the Secretary's National Business Center and the Minerals Management Service) strive to operate in an entrepreneurial manner, consistent with OMB's "Twelve Business Principles" and can rapidly cross service other agencies via interagency agreements. With the service providers' support, the IFF offers a suite of competitively priced administrative systems and related support services, administrative operations, and general administrative services that are responsive to customers' needs and budgetary constraints. With four full years of experience, the IFF has made impressive progress towards meeting the objectives of the franchise pilot program. The Department continues to work closely with OMB and the governmentwide Chief Financial Officers' Council to ensure the continued development of a high quality pilot program for franchise services.

The IFF provides support to customers in the following areas:

- Administrative systems and systems support (financial management systems software and support; procurement systems software and support; property management systems software and support; time and attendance systems software and support)
- Administrative operations (procurement operations; accounting operations; personnel operations)
- Independent verification and validation
- Electronic commerce
- Drug and alcohol testing
- Films and video productions
- Cooperative administrative support unit (copier placement program; cost per copy; temporary help (professional, technical, medical, clerical); moving; mail delivery; recycling; secured warehouse storage; wellness facility; interpreters (sign and linguistic); employee assistance program; court reporters; EEO investigations; training)

FY 2000 Accomplishments

- Increased customer orders from 304 in FY 1999 to 1,114 in FY 2000, resulting in an increase of 266 percent. No instances of dissatisfied customers leaving the IFF for another service provider have been recorded.
- Increased revenues from \$43.7 million in FY 1999 to \$114 million for FY 2000, resulting in an increase of 160 percent.
- Accumulated approximately \$635,000 in retained earnings and prepared plans for the allocation of retained earnings as reserves for operations and reserves for improvements.

FY 2001 Planned Activities

- Continue to improve the business planning process for each of the IFF business lines which includes marketing strategies, pricing analyses, and performance measures.
- Continue to evaluate customer satisfaction and the quality of products and customer services.
- Continue to explore new products and services and "R & D" activities aimed at leveraging cutting-edge technologies to take maximum advantage of future opportunities.
- Continue the effort to provide one-stop shopping for most commonly required administrative services.

Improving Electronic Communication

The Office of Financial Management (PFM) has embraced the Internet as an efficient and cost-effective means to electronically publish and disseminate critical financial management information to customers. In March 1996, PFM established a home page on the Internet (<http://www.doi.gov/pfm>). The development of the web site (see *Exhibit 8-2*) and use of Internet-based tools demonstrates PFM's commitment to use information technology to streamline financial services. Currently, the Office of Financial Management web site comprises approximately 3,000 files and includes the following information:

- Office of Financial Management organization and staff directory
- Financial administration and financial statement guidance memoranda
- Departmental reports
- Bureau reports
- Departmental financial statements
- Management accountability and control
- Travel information
- Financial management training courses and events
- Other resources
- Links to other financial management web sites

Exhibit 8-2



FY 2000 Accomplishments

- Created a web site for the travel policy section of the Departmental Manual.
- Created a web site that electronically registered approximately 85 people for the FY 2000 Financial Statement Preparation Seminar.
- Created web sites for the Travel Management Center and the Transportation Subsidy Programs.
- Added interactive feedback forms to various pages on the Office of Financial Management web site.
- Published the Department's FY 1999 Annual Accountability Report.
- Published the Department's FY 2000 - FY 2004 Financial Management Status Report and Strategic Plan.
- Published other financial management documents as required (e.g., training, travel, policy documents, management accountability and control, financial statements, relocation, etc.).

Planned Actions

FY 2001 Planned Activities

- Publish the Department's FY 2000 Annual Accountability Report.
- Publish the Department's FY 2001 - FY 2005 Financial Management Status Report and Strategic Plan.
- Publish other key financial documents to the Office of Financial Management web site and intranet.
- Work closely with FinanceNet to improve the delivery of government services by reducing sales and information distribution costs. As a member of FinanceNet's Technical Working Group, PFM works in partnership with other federal financial management offices to facilitate access to government information.
- Expand the use of electronic technology to reduce/eliminate paper drive inputs/outputs.

CHAPTER 9. PROVIDING DATA STEWARDSHIP

GOAL: *Ensure that financial data captured and reported is accurate, accessible, timely, and useable for decisionmaking and activity monitoring.*

Data stewardship is the process of managing information necessary to support program and financial managers, and ensuring that data captured and reported is accurate, accessible, timely, and useable for decisionmaking and activity monitoring. The objective of data stewardship policy is to address data collection synchronization, reduced data redundancy, data accessibility, data availability, and data flexibility in a systematic manner. Effective data stewardship requires that: (1) definitions clearly describe requirements and characteristics of data to be maintained in financial management systems; (2) data be created, recorded, and reported in compliance with definitions; (3) feedback is provided when data are inadequate to meet user needs for information; and (4) data assurance provides attestation to, or comments on, the integrity of the information within the system.

The Office of Financial Management (PFM) provides overall coordination of data stewardship functions for financial data in the Department. The data stewardship function involves two levels of activities: (1) participation in governmentwide financial data standard setting and (2) Department of the Interior financial data setting in coordination with the bureau finance operations.

The Office of Financial Management has assigned one staff person to focus on data stewardship functions, participate in governmentwide financial data standard setting activities, and coordinate with the Standard Accounting Classification Advisory Team (SACAT) on setting standards for financial data for use throughout the Department. The PFM data steward monitors the departmentwide data definition process, monitors data creation and compliance processes, ensures data usage relies on information derived from data consistent with the intended definition, and that adjustments are made to data definitions when data are inadequate to meet user needs. This function also coordinates departmental financial data definitions with the two key governmentwide financial data standard setting groups, the Financial Management Service's Standard General Ledger (SGL) Board and the Office of Management and Budget (OMB).

To coordinate the establishment and implementation of financial data standards in the Department, the bureaus and the Office of Financial Management chartered the SACAT under the leadership of the Finance Officers' Partnership to establish and maintain a common approach among the bureaus for addressing SGL issues that relate to accounting policy and procedures, reporting requirements, internal controls, and SGL maintenance. The PFM data steward is a member of the SACAT.

FY 2000 Accomplishments

- Participated in the Standard General Ledger Board and Issue Resolution Committee to ensure that the Department's position is fairly presented and defended.
- Participated in the Intragovernmental Eliminations Taskforce to develop strategies and procedures to be applied by all Departments to identify and prepare proper intra-Department elimination accounting entries for the governmentwide consolidated financial statements.
- Successfully reported over 90 percent of the Department's Treasury Fund Symbols via FACTS II for third quarter financial data.
- Participated in the SACAT to ensure that the bureaus' data structure is consistent with the governmentwide data model.
- Prepared the FY 1999 departmental consolidated financial statements based on the revised SGL account structure.

Planned Actions

Ongoing Activities

- The Department will determine how to best use the reporting process to support performance reporting under the GPRA and the timely preparation of the Annual Accountability Report.

FY 2001 Planned Activities

- Develop a data integrity management control review.
- The SACAT will work closely with the Decision Support System/Executive Information System (DSS/EIS) Team to ensure that pertinent information is delivered to executives for decisionmaking purposes.
- Coordinate, on a departmentwide basis, critical definitions for financial data necessary for reporting to OMB, the Department of the Treasury, and for departmentwide decision-making and management. This effort will work through the SACAT.

FY 2002 and Beyond Planned Activities

- Establish feedback procedures on data definition and usage to identify and resolve data definition issues relating to bureau, Department, or federal government user requirements.
- Develop standards for transaction level interfaces.
- Determine how the information technology and user communities can best coordinate their efforts to standardize data requirements.

CHAPTER 10. IMPROVING ADMINISTRATION OF FEDERAL ASSISTANCE PROGRAMS

***GOAL:** Administer the Department's grant programs to ensure compliance with federal regulations and good management practices.*

The Department awards over \$1 billion each year in funding for grants, cooperative agreements, Indian self-determination contracts, and Indian self-governance compacts to state and local governments, Indian tribes, colleges and universities, and other non-profit organizations. The administrative standards, cost principles for determining allowable and unallowable expenditures of federal dollars, and the requirements for auditing non-federal parties' management of federal dollars for these awards are based on OMB Circulars, implementing regulations, Departmental Manual issuances, and specific statutory provisions.

The Department implements these requirements through a broad regulation at 43 CFR Part 12, Subpart A. This regulation states the applicability of the OMB Circulars to all financial assistance awards and subawards in the form of grants and cooperative agreements made by the Department. In addition, the regulation provides that the circulars published in the Federal Register are made a part of the regulation including changes published in the Federal Register by OMB. By adopting the policies included in these Circulars, the Department ensures that the awards are administered in accordance with governmentwide standards in a consistent manner. The Department continues to implement any policy changes in the administration of awards made as required by revisions made to OMB Circulars as well as statutory provisions.

The Department joined in the publication of the governmentwide grants management common rule that specifies uniform administrative requirements for state and local grantees, published a regulation implementing the administrative requirements for non-governmental entities (OMB Circular A-110), and joined in the publication of an implementing regulation for OMB Circular A-133. The Departmental Manual includes corresponding departmental issuances implementing OMB Circulars A-102 and A-110.

As part of governmentwide rulemaking, the Department joined in the publication of regulations implementing lobbying restrictions, drug-free workplace requirements, and nonprocurement debarment and suspension. In addition, the Department has published regulations implementing Buy American requirements for financial assistance. These requirements have been included in the Department's Appropriations Acts.

The Department is an active participant in the Inter-Agency Electronic Grants Committee and is currently a participant in a pilot project to develop an electronic handbook system for the federal grant application processes including interfaces with the Standard Form 424 and a generic form customized according to the federal 194 data transaction set.

The Department is participating in work groups organized under the Grants Management Committee of the Chief Financial Officers Council for implementation of the Federal Financial Assistance Improvement Act (Public Law 106-107). The purposes of the Act are to improve the delivery of services to the public and the effectiveness and performance of federal grant programs. The law requires federal agencies to work with OMB in: (1) developing uniform administrative rules and common application and reporting systems; (2) replacing paper with electronic processing in the administration of grant programs; and 3) identifying statutory impediments to grant program simplification.

FY 2000 Accomplishments

- Each of the eight Interior grant processing bureaus selected for implementation one of the two recommended grant payments systems.
- Each bureau developed a high-level migration plan.
- Working groups were established to move toward a standard implementation of the grant payments systems.

Planned Actions

Ongoing Activities

- Implementation of the proposed Grants Management Professional Career Management Program will continue.

FY 2001 Planned Activities

- Continue implementation efforts for each bureau to migrate to one of the two grants payments systems sanctioned by the CFO Council.

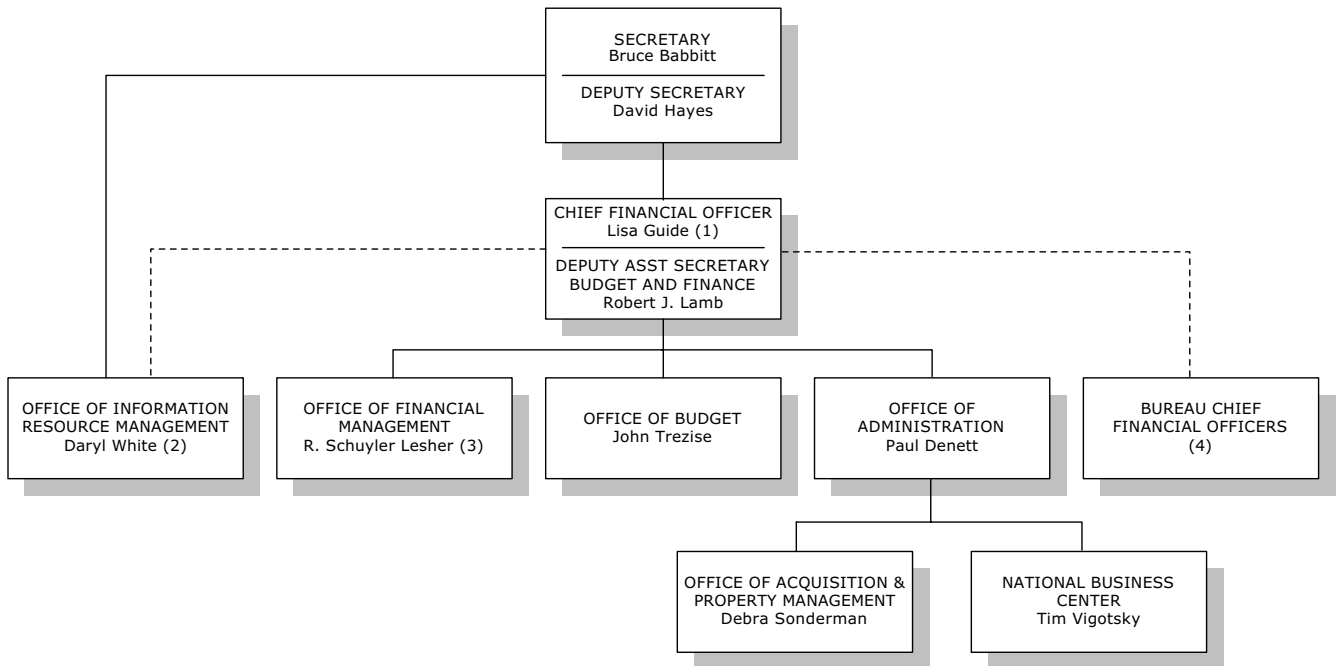
FY 2002 and Beyond Planned Activities

- Discontinue use of proprietary grants payments systems.
- Offer to grant recipients one of the two grants payments systems sanctioned by the CFO Council.
- Implement future changes in OMB Circulars, statutes, and regulations, that affect the administration of awards.
- Continue participation in the Inter-Agency Electronic Grants Committee.
- Continue participation in the implementation of the Federal Financial Assistance Management Improvement Act (Public Law 106-107).

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Appendices

**Department of the Interior
Chief Financial Officer
Organization**



- (1) Acting Assistant Secretary - Policy, Management, and Budget
- (2) Chief Information Officer - Reports to the Secretary and receives administrative guidance from the Deputy Ass't Secretary, PMB
- (3) Deputy Chief Financial Officer and Director of Financial Management
- (4) Assistant/Associate Director - Finance and Administration

U.S. Department of the Interior

Chief Financial Officers and Deputy Chief Financial Officers

<p>Vacant, Chief Financial Officer, DOI</p> <p>Robert J. Lamb, Deputy Assistant Secretary - Budget and Finance, DOI</p> <p>R. Schuyler Leshner, Deputy Chief Financial Officer, DOI</p> <p>John Rogers, Chief Financial Officer, FWS</p> <p>Paul Henne, Deputy Financial Officer, FWS</p> <p>Carol Aten, Chief Financial Officer, USGS</p> <p>Martin Eckes, Deputy Financial Officer, USGS</p> <p>Tim Calkins, Deputy Financial Officer, USGS</p> <p>Bob Doyle, Chief Financial Officer, BLM</p> <p>Betty Buxton, Deputy Chief Financial Officer, BLM</p>	<p>Dennis Sykes, Deputy Chief Financial Officer, BLM</p> <p>Bob Brown, Chief Financial Officer, MMS</p> <p>Don Matheson, Deputy Chief Financial Officer, MMS</p> <p>Deborah Clark, Chief Financial Officer, BIA</p> <p>Deborah Maddox, Deputy Chief Financial Officer, BIA</p> <p>Bruce Scheaffer, Chief Financial Officer, NPS</p> <p>Jon Shrum, Deputy Chief Financial Officer, NPS</p> <p>Carmen Maymi, Chief Financial Officer, BOR</p> <p>Kathy Gordon, Deputy Chief Financial Officer, BOR</p> <p>Bob Ewing, Chief Financial Officer, OSM</p>
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Finance Officers' Partnership

Member	Coordinator	Bureau/Office
Jack Blickley, Chair	Deborah Sykes	USGS
Dennis Sykes	Esther Horst, Associate Chair	BLM
Karen Baker	Bob White	OS/NBC
Gene Virden	Joe Murphy	BIA
Efraim Escalante	Tom Lab	BOR
Dave Holland	Art Ford	FWS
Jon Shrum	John Madigan	NPS
JoAnn Hagan	Leslie Peabody	OSM
R. Schuyler Leshner	Clarence Smith	PFM
Vacant	Vacant	MMS
Jerry Harjo	Vacant	OTFM

FINANCE OFFICERS' PARTNERSHIP

The Finance Officers' Partnership (FOP) is a professional accounting organization made up of departmental financial officials and bureau finance officers. The primary purpose of the FOP is to provide: (1) a means of managing and rapidly implementing the financial recommendations of the Department's CFO Council; and (2) a structure through which finance officers develop agreements, consensus, and priorities on improvements in systems, operations, services, and information. The goal of the FOP is to coordinate, cooperate, and participate in the short and long term improvement of the Department's Financial Management Program while promoting efficiencies that reduce costs and improve service (see Appendix A for the FOP roster.)

Mission

The FOP's mission is to:

- Provide leadership in developing financial management strategic direction.
- Plan, implement, and manage financial management initiatives.
- Ensure linkages across administrative support functions.
- Advance sound financial policies and practices.
- Champion the establishment of a partnership relationship with program managers.
- Encourage collaborative efforts across the Interior financial community.
- Promote consensus within the Interior finance arena and establish priorities.
- Foster information sharing within the Department of the Interior both to and from the CFO Council and the Office of Financial Management.
- Provide a structure for communicating the accomplishments of the Interior financial management community.
- Establish operating structures to address data stewardship, management of systems, and other initiatives.

The FOP recognizes that financial management encompasses the full range of administrative disciplines: Accounting, Budget, Personnel/Payroll, Acquisition, Property, and Information Resources Technology. To effectively accomplish its goal, the Partnership will reach out to these disciplines to form expanded Partnership teams to address the overall complex financial management challenges.

The recommendations of the FOP are made through the Office of Financial Management (PFM) to the CFO Council. The FOP organization consists of one representative from PFM (the Deputy Chief Financial Officer's representative) and one representative from each bureau (Finance Officer). Meetings are held on a regular basis.

Administration

The Chairperson is responsible for the direction and administration of the FOP as follows:

- Coordinate and facilitate the exchange of management information necessary for the FOP to track each action item.
- Facilitate and influence the activities of any special teams.
- Prepare and distribute periodic reports or summaries of activities.
- Represent the FOP at CFO Council meetings.
- Assist in obtaining the resources necessary to carry out objectives.
- Schedule meetings, develop and distribute agendas, conduct meetings, prepare meeting minutes as appropriate, and distribute to each FOP representative.
- Solicit comments and recommendations from FOP representatives.
- Present reports and recommendations made by the FOP to the CFO Council through the Office of Financial Management.

Organization

The FOP reviews recommendations presented by the CFO Council, the Office of Financial Management, the National Business Center, and the bureaus.

The FOP currently has the following permanent teams:

- *Software Advisory Board Team (SAB)*: The primary functions of the SAB are to provide analytical and technical support the FOP in the areas of FFS software design, development, and implementation.
- *Standard Accounting Classification Advisory Team (SACAT)*: The SACAT establishes and maintains a common approach among the DOI bureaus for addressing accounting classification issues including Standard General Ledger maintenance, accounting policy and procedures, internal controls, and reporting requirements.
- *Operations Advisory Group (OAG)*: The OAG promotes a more common approach throughout the Department for addressing accounting operations issues including accounting procedures, reporting requirements, and internal controls in financial management processes.

- *Budget Execution Reporting Working Group*: The purpose of this team is to establish and maintain a common approach and open communication among the Department and bureau budget and finance offices. The team works to strengthen the relationships between budget and finance offices and provides a forum for discussion of issues concerning the reporting of budget execution data.
- *Financial Statement Guidance Team (FSGT)*: The FSGT coordinates financial statement issues among the bureaus and the Department. The FSGT implements new Financial Accounting Standard Advisory Board, Office of Management and Budget, and Department of the Treasury guidance, as well as correcting audit findings for the Department.
- *Cost Accounting Work Group (CAWG)*: The CAWG facilitates the implementation of Financial Accounting Standards Advisory Board (FASAB) Standard No. 4, "Managerial Cost Accounting", within Interior. The Workgroup is composed of a representative from each bureau and is chaired by Interior's Deputy Chief Financial Officer. In addition to implementing FASAB No. 4, CAWG coordinates issues and shares alternative approaches related to cost accounting, cost management, and performance management across the Department.

The FOP may appoint special teams to address issues such as the internal controls relating to governmentwide charge cards and functional requirements of new financial management systems.

Project Management

The hierarchy for project management is presented below:

- CFO Council
- Deputy Assistant Secretary - Budget and Finance/Office of Financial Management
- Chair, Finance Officers' Partnership
- Finance Officers' Partnership Representatives
- FOP Teams

BUREAU FINANCIAL MANAGEMENT INITIATIVES

Fish and Wildlife Service (FWS)

The FWS finance community focuses on providing quality financial management services to its natural resource programs and on complying with accountability standards, while implementing the CFO Council's and the Department's priority initiatives.

Improving Voucher Payment Processes

The FWS manages the payment of vouchers using a combination of innovative tools. The FWS has franchised vendor payments exceeding \$25,000, travel vouchers, imprest replenishment vouchers and OPAC transactions to the Department's National Business Center. Vendor payments under \$25,000 and construction payments are processed by individual FWS offices using remote data entry.

Ensuring Prompt Payments: The FWS is continuing efforts to maintain a high level of performance in the area of processing payments promptly in accordance with government-wide and Department prompt payment priorities. Prompt payment performance has been improved by expanding the types of payments that can be processed using remote data entry and expanding by implementing the PAYTECH payment technology, which consolidates common vendor transactions into a bureauwide electronic payment. The FWS continues to emphasize the use of charge cards and contracting officers have been authorized to use the cards as payment instruments up to the limit of their warrant authority, not to exceed \$100,000. A new focal point that is being addressed is standardizing remote data entry processing for the significant number of repetitive payments, such as utilities and local telephone services.

Implementing EFT and Reducing Cash Transactions: The FWS expanded EFT as part of governmentwide and DOI initiatives to comply with the electronic payment requirements of the Debt Collection Improvement Act. New FWS policies mandate that travel and imprest replenishment vouchers be paid strictly through EFT.

Developing Innovative Financial Management Processes

Bank of America Charge Card: The Fish and Wildlife Service continues to expand the use of the Bank of America charge card as the primary mechanism for small dollar procurement, expediting both the payments and procurement process as well as reducing the need for imprest funds and travel advances. As the Bank of America MasterCard program continues to develop, the FWS will continue to implement new features that will make the FWS more effective in future periods. The service is implementing automated cost reallocation features available through the BOA EAGLS system and will be expanding use of EAGLS in many other areas of account maintenance and in the automation of the transfer transaction process. The FWS pilot test of convenience checks is exploring another method for making routine procurement/payments to small vendors in remote locations, and the automated capture of convenience check IRS Form 1099 data at the FWS finance web site is working to make these transactions as paperless as possible.

Integrating FFS with Other Management Systems: With the passage of the Federal Financial Management Improvement Act of 1996, there is an increasing emphasis placed on integrating financial and management information systems. In response, the FWS dedicated significant resources to successfully implementing an automated interface between FPPS and FFS. Also, the FWS implemented its automated Budget Allocation System (BAS), which will interface with FFS. The BAS, which is accessible on the FWS's intranet, provides users with allotment and allocation information for all appropriations. The software has query capability that enables users to search multiple combinations of budgetary information. The interface with FFS provides automated updates of carryover and recovery information. Further, the Service placed into production a new financial interface which will more effectively transfer fiscal information from the Department of Health and Human Services' Payment Management System through the Service's Federal Aid Information Management System to the FFS. This new interface ensures data integrity among these automated systems.

The FWS participated in the Department's effort to automate procurement processes by implementing the IDEAS-PD system. This system enables users to electronically prepare and distribute procurement documents for approval and to distribute requests to vendors, receive quote responses, make awards, and issue award notices. The FWS is pilot testing an interface between IDEAS-PD and FFS. Overall, the system will enable the Service to take advantage of the latest technology to communicate with contractors while increasing competition and reducing solicitation and contract award turnaround times. The financial interface will promote accurate and timely transaction reports and ensure greater financial accountability.

Supporting DOI Financial Management Initiatives

The FWS provides considerable resources to DOI's Office of Financial Management by participating in departmental workgroups that address priority financial management issues and initiatives. These commitments include participation on the following standing councils:

- Software Advisory Board
- Standard Accounting Classification Advisory Team
- Financial Statement Guidance Team
- Finance Officers' Partnership

In addition, the FWS provides expertise to departmental or governmental working teams addressing the following priority issues:

- Benchmarking
- FFS Migration
- Charge Card Implementation
- Deferred Maintenance
- Managerial Cost Accounting
- Travel Management Centers
- Emergency Firefighting Payroll
- Reporting and Auditing Stewardship Land and Heritage Assets
- Natural Resource Performance Management

Stressing Management Accountability in Implementing Accounting Standards

The FWS is making significant advances in integrating financial and operational reporting. Improvements in real and personal property systems have been instrumental in enabling the FWS to maintain its third consecutive unqualified audit opinion. The FWS continues to improve data collection and reporting processes that facilitate compliance with Federal Accounting Standards Advisory Board standards. Recent emphasis has been on meeting the requirements for Property, Plant and Equipment (SFFAS No. 6), Supplementary Stewardship Reporting (SFFAS No. 8), and Managerial Cost Accounting (SFFAS No. 4). For example, an interdisciplinary team of FWS financial, program and administrative expertise has prepared a Statement of Net Cost for its Annual Reports since FY 1997, which allocates total costs to the strategic mission goals established under the Government Performance and Results Act. Also, internal and external program reporting and data verification processes are changing to meet the challenges of the new and evolving accountability standards.

Financial Management Training Initiatives

In partnership with the National Conservation Training Center (NCTC) in Shepherdstown, West Virginia, FWS financial managers developed two basic financial management training courses that are offered throughout the year at the NCTC campus. These courses, offered to field station and regional office personnel with financial responsibilities, help to ensure the continuity of quality financial processing skills at the operational level.

The first course, "Financial Fundamentals for Administrative Professionals", addresses the basic skills needed to succeed as an administrative professional with financial responsibilities. Course topics include: the federal budget cycle, types of funding authority, obligations and expenditures, document control numbers, cost structures, FWS financial reports, FFS, and credit cards. The second course, "Financial Transaction Processing," focuses on the skills needed to input and process financial transactions in FFS. The course covers remote data entry of obligations and payments, payroll processing, and year-end processing.

In an effort to improve financial operations, other financial management training courses for FWS management professionals will continue to be developed. For example, the Service plans to develop courses aimed at educating managers about the Federal Accounting Standards and their impact on program financial and operational management.

Bureau of Reclamation (BOR)

Improving Financial Accountability

- Developed a land reconciliation plan to correct internal control issues and assure that accounting data and land inventory data is accurate. The estimated completion date is 2005.
- Adopted the standard software (Hyperion) for the preparation of financial statements.

Improving Financial Management Systems

- Continued to provide key resource support (dollars and staff) in assisting the Department in the development of a plan and strategy for the acquisition and implementation of replacement financial management system within the next five to seven years.
- Continued with an effort that will lead to replacing Reclamation's custom Labor Cost interface with Interior's FFS Labor Cost Interface System. Enhancements are needed to accommodate direct charging, leave surcharge, and general overhead.

Developing Financial Human Resources

- Participated on the core team to establish a Travel Summit for the Department where an exchange of knowledge, procedures and issues helped build a unified travel management program for the Department.

Managing Receivables, Costs, and Collections

- Continued to successfully transfer eligible delinquent debt to the Department of the Treasury for cross-servicing.
- Continued to successfully keep prompt pay interest below the Department standard.

Modernizing Payments and Business Methods

- Progressed from a pilot to full implementation of the central billing of lodging with the Bank of America charge card. This program continues to be a positive quality of life issue for employees and allows the Department to earn significant rebates.
- Entered into an agreement with Treasury to provide an online lookup and notification system of payments made to vendors (PAID).
- Entered into an agreement with the National Business Center to provide a Flashpoint application to assist in consolidating data for better customer service responses.
- Maintained a 98 percent electronic funds transfer rate to the financial institution accounts for all vendors and travelers.
- Conducted preliminary efforts to use credit cards for copy orders in 2001.
- Participated with the Department in selecting a nationwide contract for Travel Management Services that provides travel services at low cost and provides the opportunity to generate revenue for the Bureau.
- Completed the preliminary work to convert existing labor cost microfiche reports to CD-ROM. This will reduce storage costs and improve the efficiency of analysis work by providing better access to reports and historical data.

- Improved the interagency agreement process which included the issuance of a handbook to assist personnel who enter into these agreements.
- Initiated procedures to expand the use of EAGLS, the online charge card system provided by Bank of America, to include approval by reviewing officials and cost allocation by employees and administrative staff.

Improving Administration of Federal Assistance Programs

- Entered into an agreement with Treasury to provide an online drawdown system (ASAP) to all financial assistance recipients.
- Improved the internal control process for the reconciliation of federal obligations.

Minerals Management Service (MMS) and The Office of Surface Mining Reclamation and Enforcement (OSM) ABACIS Bureau Partnership

The ABACIS Bureau Partnership, which includes MMS and OSM, jointly works on initiatives to streamline and automate financial processes. This partnership allows the bureaus to share both personnel and computer resources in order to optimize the ability to meet changing requirements in the federal financial management arena. The major Partnership accomplishments for FY 2000 are: (1) modification of the ABACIS General Ledger to comply with new requirements from Treasury and the Department; (2) implementation of an interface with IDEAS at OSM; (3) modification of the Hyperion download subsystem; and (4) modifications to several of the subsystems within ABACIS due to changing financial requirements. The Partnership plans to implement the interface between IDEAS and ABACIS for MMS during fiscal year 2001. The Partnership will continue joint efforts to accomplish mandated changes to the core accounting system.

Minerals Management Service

- ***Scanning Technology:*** MMS reengineered its front-end microfilming process by replacing the microfilm camera and reader with state-of-the-art data imaging (scanning) technology. This front end process is fully integrated with ABACIS, which allows accounting technicians and other users to access images based on any known information about the document. This initiative saves resources by making data images of documents easily available electronically for review by accounting technicians, program staff, and auditors. During fiscal year 2000, over 40,000 documents (i.e., invoices, obligations, travel vouchers) were scanned.
- ***Internal Customer Service:*** MMS dramatically improved customer service to its program staff by providing the following:

- Replaced distribution of monthly financial reports via mail with a web-based system. Through *Report.Web*, financial reports can now be accessed and printed through use of the Internet.
- Added additional reports to *Report.Web* to assist program staff in monitoring individual budgets.
- Provided interim closings during the month of September to eliminate numerous year-end adjustments in October.
- Drafted Temporary Duty and Relocation Handbooks.
- Volunteered to be a pilot agency to use Trip Manager, a web-based self-booking tool travelers.
- Started development of a Reimbursable Activities Guidance Manual to define responsibilities, duties, documentation requirements, and consistent procedures.
- ***Electronic Fund Transfers:*** MMS expanded its efforts to increase EFT payments to vendors and employees. Over 94 percent of disbursements to MMS vendors are made via EFT. Also, 99 percent of travel and miscellaneous payments to MMS employees are made via EFT.
- ***Prompt Payment Act:*** MMS continued to excel in adhering to the Prompt Payment Act. As of June 2000, only 0.5 percent of invoices required late payment interest penalties (total of \$747).
- ***Cash Reconciliations:*** MMS formed an internal task force to reconcile its Cash Balance with Treasury. After several months of reconciliations and identifying differences between funds, cash balances will be in complete agreement with Treasury by September 30, 2000. Reconciliations of current activity are performed monthly and timely.
- ***Documented Procedures:*** All activities and procedures within the Financial Management Branch have been formally documented. Testing and appropriate updates are ongoing.
- ***Royalty Reengineering Initiative:*** MMS is in the midst of a major effort to modernize the existing royalty collections systems infrastructure to implement reengineered business processes supported by a relational database management system, workflow/case management tools, and commercial-off-the-shelf accounting products. Future royalty collection activities will be radically different from those in use today. MMS is moving away from a functionally aligned operation to one that is based on business processes. This will result in improved timeliness and accuracy of payments to states, Indian tribes, and others. It will also improve the cost effectiveness of collections and disbursements and increase compliance with lease terms, regulations, and laws.

Office Of Surface Mining

- **Financial Statements/Accounting Standards:** OSM has fully implemented the managerial cost accounting standard. Managerial cost accounting reports are being produced at the output and office level, as specified by OSM managers. Managerial cost reporting will also continue at the segment and GPRA level. OSM has streamlined the compilation of financial statements and has created a system of automated checks to simplify its quality assurance process. OSM anticipates receiving its ninth straight clean opinion on its financial statements.
- **Financial Management Systems:** OSM continues to improve the Comprehensive On-Line Document System module to ABACIS for processing the integrated credit card centrally billed transactions. The cardholder inputs transactions, which are matched against the invoice download from the Bank of America, to allow next day pay of the invoice. All non-matched charges are automatically paid to default accounts. The module, which is fully integrated with ABACIS, allows for up to ten default accounts and permits the cardholder to adjust the accounting information at anytime. For management control purposes, reviewing/approving officials approve purchase transactions online within the module. Useful management reports are produced by the system. Some of the reports are: all purchases for an office, a purchase report by cardholder, and reports that show detailed accounting information by purchase and cardholder.
- **The Management Accounting and Performance System (MAPS)** was upgraded during FY 2000. MAPS is a data warehouse which uses ABACIS as a data source. Customers can access MAPS online to obtain reports. MAPS provides decisionmakers with valuable information regarding the status of funds, labor and payroll, grant and personnel management information. The upgrades made in FY 2000 include creating personnel data reports so that program managers and personnel staff have OSM and BIA data at their fingertips, in a point-and-click environment. Additional reports for budgetary monitoring were added, and system security was upgraded during the past year. MAPS will continue to be enhanced each year based on customer requests so that it can become the information tool program managers will use to manage their programs.
- **Grant Payment System:** OSM is moving to Treasury's Automated Standard Application for Payments (ASAP) for grant payments. Each bureau is required by the Department to migrate their grantees by October 2002. OSM plans to pilot three states or tribes by January 2001 and then implement other states and tribes to meet the required implementation date. We have already completed initial outreach with the states and tribes and have more than three volunteers to pilot the program.
- **Clean Financial Opinions:** OSM is in the process of obtaining another clean financial opinion for FY 2000. To achieve this goal, OSM is active in departmental teams so that we can remain on the cutting edge of financial policy to achieve our clean opinions. OSM was one of the first bureaus to complete audited financial statements and one of the few bureaus to comply with the cost accounting standard.

- *New Write-off Standards:* OSM reduced its accounts receivable balance by 85 percent during the first three quarters of FY 2000. New governmentwide debt collection standards were implemented that allow agencies to write-off debts over two years old; debts over two years old have a low collection rate. While many of these debts are still being pursued for collection through the bankruptcy courts, the new write-off standard allows agencies to remove the cases from active accounts receivable inventory. This reduces the number of cases that have to be reported and reconciled and provides a more accurate assessment of the accounts receivable.
- Initiated plans to use the credit card collection program. This may enable OSM to eliminate lockbox payments and decrease the number of collection officers in the field. It may also increase customer satisfaction by allowing alternative methods of payments.
- *Electronic Reporting of Coal Production and Reclamation Fees:* OSM is developing a new reporting mechanism that allows coal companies to report quarterly coal production and reclamation fee amounts over the Internet. The new system eliminates reliance on paper and gives on-line support to companies. The system will provide secure access to information, automatic calculation of fee amounts to reduce errors, and confirmation when company reports are received. The system will allow companies to get copies of previous quarterly reports. It will also provide deposit coupons that companies can submit with their payments, to streamline collection processing.
- *Payments And Business Methods:* OSM continues to reduce Prompt Payment Act interest. The cumulative rate for FY 2000 as of June 2000 was 0.15 percent. OSM continues with an aggressive policy to comply with the EFT provisions of the Debt Collection Improvement Act of 1996. During FY 2000, OSM increased vendor compliance from 73.5 percent to 85.1 percent and FY 2000 travel/miscellaneous payments have averaged 99.8 percent.

National Park Service (NPS)

Cash Management

- *Expansion of Third Party Draft Usage:* In FY 2001, the National Park Service plans to award a new third party draft contract. This Department of the Treasury sponsored payment mechanism provides the National Park Service with the ability to save approximately ten full-time permanent positions and reduces imprest funds in parks and offices without the risk of weakening internal controls. Over the last three fiscal years, the National Park Service has issued over 500,000 drafts for over \$166 million. The Service projects an increased utilization of the third party draft system of approximately 20 percent over the next five years.
- *Expansion of Bank of America Master Card:* During FY 2000, the National Park Service's use of the Bank of America's Master Card for purchases, travel, and fleet costs increased by nearly 50 percent. The Service processed an estimated 500,000 transactions totalling approximately \$102 million during FY 2000. The Service projects an additional increase in credit card usage of over 150 percent during the next five years.

Financial System Integration and Development

- ***Implementation of the Administrative Financial System 3:*** During early FY 2001, the National Park Service will implement Phase I of the AFS 3 system. The Administrative Finance System (AFS 3) is a web-based application for budget programming and financial tracking. Budget managers, finance managers and program managers in the parks, regional offices, centers, and the Washington Office will use the system. AFS 3 has a centralized application and Oracle database that is accessed by users through a Java-enabled web browser. An ad-hoc reporting mechanism is available for special reporting needs outside the scope of the AFS 3 application. AFS 3 is an open system that will be able to share data with other NPS applications. AFS 3 is being developed in two phases: the fiscal side being developed in the first phase and the budget in the second phase. A selected group of users are currently testing the fiscal programs. Phase II will be completed in spring of 2001. AFS 2 is running concurrently with AFS 3 until cross over to AFS 3 is completed in early 2002.
- ***Implementation of Web-Based Deposit System:*** During FY 2000, the National Park Service, Treasury and Key Bank entered into a Memorandum of Understanding to develop and pilot test a web-based deposit system. Parks will enter the revenue information into Key Bank's electronic deposit ticket system through the Internet. The major goals of this initiative are:
 - Streamline the deposit and reconciliation process;
 - Improve the audit trail, reporting, and data exchange process;
 - Interface the information from Treasury's Cash-Link System with the Federal Financial System; and
 - Reduce the number of Treasury General Accounts (TGA).

The system is scheduled to be pilot tested in early FY 2001.

- ***Other Planned Automation Initiatives:*** During FY 2001, the National Park Service plans to begin the development and implementation of the following interfaces with the Federal Financial System:
 - Plastic Credit Card Network (PCCN) receipts;
 - Passport Program receipts;
 - GSA motorpool costs;
 - FPPS payroll debt collections; and the
 - Park Reservation System receipts.

Other Financial/Budget Initiatives

National Parks Business Plan Initiative: The NPS's Business Plan Initiative (BPI) represents a unique partnership between the National Park Service, the National Parks Conservation Association, and a consortium of private foundations led by the Kendall Foundation. The BPI's purpose is to increase the financial management capabilities in park units thus enabling the NPS to more clearly communicate its financial status with principal stakeholders (i.e., Congress, state and local governments, corporate and other partnership entities).

Formally begun at Yellowstone National Park in 1997, the BPI continued during FY 1998 and 1999 at 13 other park locations, and again in 13 different locations during FY 2000.

It is the goal of the Service to make the BPI the standard medium through which park managers can communicate financial need in a clear and concise forum.

Financial Management Training Program

The National Park Service's Accounting Operations Center and Training Center, in partnership with Indiana University, continued developing a distance learning training curriculum for the financial management program. The following modules are now available to NPS employees via the Internet:

- Budget Process
- Accounts Payable
- Accounts Receivable/Cash Management
- Payroll
- Travel
- AFS 2/Commitment Control Register
- Year-End Closing

Each module contains a test to measure the trainee's knowledge and understanding of the respective subject matter.

During FY 2001, the Service plans to implement modules for the AFS 3, Internal Controls, and Miscellaneous Reports and Reconciliation Procedures.

U.S. Geological Survey (USGS)

Improving Financial Accountability

USGS is committed to producing quality financial statements in a timely manner that withstand the test of audit. For the past four fiscal years, the USGS has met this objective. The FY 1999 statements were prepared by the departmentally requested due dates, all applicable accounting standards were met, and the statements received an unqualified audit opinion.

Meeting this objective is a management challenge that USGS has vigorously pursued. We have advanced the traditional closing schedule by three weeks to improve the timeliness of the data. We have improved our property procedures and are improving our accounting for unliquidated obligations and accounts payable. Other accounts, including advances and accounts receivable, are also being improved. We performed a massive data review to identify trading partners for the purpose of departmental reporting. We are also actively supporting the Department's financial statements through participation in the DOI financial statement workgroup, conducting a departmentwide review of the financial statement preparation and audit process, and adopting the Department's standard consolidated financial statement software. Our accountants have exercised departmental leadership in all these areas.

The USGS continues to devote the resources necessary to produce quality financial statements and comply with applicable accounting standards, OMB mandates, and audit requirements. We are developing innovative techniques for implementing new standards and interpretations of existing standards. For example, we currently align our responsibility segments with our strategic plan and our cost accounting schemes support that segmentation. Our particular stewardship reporting requirements are met through a unique adaptation of our accounting system. We are also developing policies and procedures to implement the new internal use software accounting standard.

Improving Financial Management Systems

Dependable, well-managed financial management systems are the key to providing management with timely, reliable data. The USGS has a cadre of devoted professionals that continually manage our data and systems to ensure their reliability. Through their efforts, the accounting system was available over 99 percent of the scheduled time last fiscal year. Improvements were also made to some automated processes that allowed the system to be available almost 10 percent longer each day. In addition, the planning and preparations that went into the century conversion (Y2K) activities were very successful as there were no significant problems at the start of the year.

Data timeliness and accessibility are also indicators of a well-managed system. The nightly update cycle operated almost flawlessly last fiscal year and the periodic uploads and downloads of data from/to subsidiary systems operated smoothly. USGS also developed a database of financial data that is easily accessible to users; the database is continually monitored and refined based on user needs. An increasingly larger base of users is being trained on accessing the database.

The need for diverse bureauwide data is increasing as new demands are placed on managers. The USGS will pursue a bureauwide data warehouse to serve as the means for linking these data. The reporting database described above will be used as the basis for implementing a Bureau level common database for financial and related data. The goal of this data warehouse is to make key financial management information across all USGS programs easily accessible to facilitate quick, accurate responses to requests for data.

The USGS has several program planning and budget formulation systems, as well as several management information systems, that use financial data. These systems were developed over time to meet the unique needs of our different scientific disciplines. The USGS Director's vision of integrated science is being extended to these financial management systems whereby the best features of the planning and budget formulation systems are being melded into a single system. The accounting system is likewise being adapted to serve many of the requirements currently being met by the management information systems.

The Department's Chief Financial Officer's Council is sponsoring a comprehensive review of financial management systems with the objective of migrating to newer, more compatible systems. USGS wholeheartedly supports this initiative and is actively participating with the Department in developing the migration strategy.

Implementing the Government Performance and Results Act (GPRA)

In accordance with the law, the USGS has revised its Strategic Plan for 2000-2005. The revised plan reflects a renewed commitment to meeting customers' needs for reliable, impartial scientific information in our role as the Nation's principal natural sciences and information agency. This focus was achieved through an interactive process, engaging stakeholders - including employees and the public and private sectors. For the most part, these consultations supported USGS's new simplified mission and long term goals. In response to comments and program evaluations, however, USGS added a customer satisfaction measure to each GPRA Program Activity and modified the performance measure for real-time flood hazards monitoring and data delivery. The USGS mission and long-term goals support all five of the Department's strategic goals, but are most directly related to Goal 4 - Provide Science for a Changing World.

Interior produced the first annual performance report under GPRA for FY 1999. USGS met or exceeded nine out of 10 program performance measures and met within 1 percent the target for funding balance between the two GPRA Program Activities. The USGS is tracking FY 2000 performance against 12 performance measures (now including a customer satisfaction pilot) and is entering these data in a web-based departmentwide tracking system. A subset of these measures is reported in the USGS Annual Financial Report and the Department's Accountability Report.

Ensuring Management Accountability and Control

The highly decentralized business processes in USGS create a unique management challenge to ensure that the processes are operating properly without fraud or abuse and comply with applicable laws. The decentralized accounts payable and disbursement functions in USGS are monitored through means of statistically valid samples of payment vouchers. USGS reengineered this process last fiscal year to make it less burdensome and more reliable. Future plans call for more frequent sampling of these payment vouchers.

USGS' conversion to the standard general ledger revealed some accounting posting issues that were addressed last fiscal year. Working with the financial statement auditors, we made general ledger posting improvements for unbilled accounts receivable, accounts receivable write-offs, and working capital fund investment components.

Developing Financial Human Resources

The USGS finance office participated with the Department on financial management training initiatives. We represented the other Bureau finance officers in conducting a review of the financial statement preparation and audit process as well as developing the curriculum for the financial statement training session held last year. We also partnered with the other Washington, D.C. area DOI finance offices in hiring entry level accountants.

The USGS's strategic change presents some unique challenges and opportunities for developing and improving financial management skills. As employees move into new organizational structures with differing expectations, management needs to ensure that financial management activities are not neglected. USGS needs to ensure that all financial management duties are being accomplished and that our employees performing these duties have the requisite knowledge and skills.

Managing Receivables, Costs, and Collections

Management of accounts receivable is critical to USGS' ability to operate programs. USGS' accounts receivable balance has increased by about 27 percent over the past three years (on a revenue base of approximately \$350 million), but our seriously delinquent accounts receivable (over 180 days delinquent) has decreased by about 47 percent. Decreasing delinquencies of an increasing accounts receivable program is a good indication of an aggressively managed accounts receivable portfolio.

The Debt Collection Improvement Act requires federal agencies to refer seriously delinquent debt to the Department of the Treasury for collection or offset against other federal payments. The Department has a goal of referring 90 percent of all such debt when it reaches 180 days delinquent. USGS met this goal last fiscal year and has exceeded the goal for the last five consecutive months.

Modernizing Payments and Business Methods

Reengineering of payment processes have resulted in significant improvements at USGS. Distributed data entry of most payment documents was expanded to the entire Bureau last year, as well as expanding the number of document types (e.g., contracts) that are paid this way. Statistical sampling of these documents was likewise reengineered to improve management of the function and to fulfill fiduciary responsibilities. Increased use of the government issued bankcard was encouraged which resulted in more efficient procurement and payment activity. Many of the remaining procurement actions are now interfaced directly from the automated procurement system to the accounting system. Drawdowns for grants and cooperative agreements are being made electronically. Finally, all imprest funds have been closed in favor of more efficient procurement mechanisms, thereby eliminating our cash held outside of Treasury.

Significant reengineering of the travel reimbursement process has had dramatic results for travelers. The entire Bureau now uses an automated travel voucher preparation software package that interfaces to the accounting system daily. The new process avoids dual entry of the same data, automatically updates the accounting system, decreases the number of staff handling travel claims, and reimburses travelers seven days sooner.

The USGS also implemented two laws the past two fiscal years that impact the payment process. These laws, the Debt Collection Improvement Act and the Travel and Transportation Reform Act, have the effect of inserting inefficient manual steps in the payment workflow. Despite these inefficiencies, USGS has improved payment processes.

The USGS exceeded most of the departmental performance measures for the payment function. We pay almost 98 percent of bills on time. In addition, over 88 percent of non-payroll disbursements are made electronically, while over 99 percent of payroll disbursements are made electronically.

Providing Financial Management Stewardship

The USGS actively participates in the departmental financial data standard setting process. This standard setting workload is extensive and includes detailed review of software changes, establishing general ledger accounts and postings, definitions for object classes, setting

capitalization thresholds, and definitions for interdepartmental eliminations. Although labor intensive and time consuming, the USGS remains committed to improving financial data standards.

Approximately one-third of USGS's budget authority is reimbursable activity with customers, and much of this activity consists of projects jointly funded by the customers and USGS. This funding (and resultant expenditures) are commingled in the accounting system, making analysis and reporting difficult, time consuming, and often times inexact. The USGS paid for an enhancement to the accounting system that will separate the funding sources without any additional burden to customers or employees. This enhancement will be implemented in FY 2001 and will improve reporting timeliness and accuracy.

Improving Administration of Federal Assistance Programs

The governmentwide Chief Financial Officer's Council directed all federal agencies to adopt either of the two governmentwide grants management systems. USGS selected the Department of Health and Human Services' Payment Management System. Most of the existing grants and cooperative agreements have been converted to this grants management system, as have all new awards. USGS will also partner with the Fish and Wildlife Service to develop an automated interface from the grants system to the accounting system.

Bureau of Indian Affairs (BIA)

Improving Financial Accountability

BIA is committed to producing financial statements in a timely manner that withstand the test of audit. Last fiscal year, BIA received its first unqualified audit opinion and it continues to strive for a clean opinion.

Meeting this objective is a management challenge that BIA has vigorously pursued. BIA has improved property procedures, accounting for unliquidated obligations, and accounts payable. Other accounts, including advances and accounts receivable, are also being improved. BIA actively supports the Department's financial statements through participating in the Department financial statement workgroup, conducting a departmentwide review of the financial statement preparation and audit process, and adopting the Department's standard consolidated financial statement software.

BIA continues to request through the budget process the resources necessary to produce quality financial statements and comply with applicable accounting standards, OMB mandates, and audit requirements. BIA is developing innovative techniques for implementing new standards and interpretations of existing standards and has taken aggressive actions to improve managerial cost accounting. BIA has fully implemented its goal to identify all programs and determine the effect each program has in supporting the Responsibility Segments in accordance with BIA's goals under the Government Performance and Results Act.

Improving Financial Management Systems

Dependable, well-managed financial management systems are the key to providing management with timely, reliable data. BIA has a cadre of devoted professionals that continually manage data and systems to ensure reliability. Improvements were made to some automated processes that allowed the accounting system to be available longer each day. In addition, the planning and preparations that went into Year 2000 activities were very successful as there were no significant problems at the start of the year.

Data timeliness and accessibility are also indicators of a well-managed system. The nightly update cycle operated almost flawlessly last fiscal year and the periodic uploads and downloads of data from/to subsidiary systems operated smoothly. BIA also developed a database of financial data that will be easily accessible to users; the database will be continually monitored and refined based on user needs. An increasingly larger base of users will be trained on accessing the database.

The Department's Chief Financial Officer's Council is sponsoring a comprehensive review of financial management systems with the objective of migrating to newer, more compatible systems. BIA wholeheartedly supports this initiative and is actively participating with the Department to develop the migration strategy.

Implementing the Government Performance and Results Act

In compliance with the Government Performance and Results Act, the BIA revised its Strategic Plan. The revised Strategic Plan covers the years FY 2000 to FY 2005 and its long-term goals have been modified and refined to provide a better focus toward outcome planning of the activities most crucial to the Bureau's mission. The revised plan will allow the BIA to focus on being more effective in working toward providing the best possible services to its customers, the American Indians and Alaska Natives.

The plan focuses on three main goal categories, which coordinate the execution of the BIA's mission statement. The subsequent goals within the BIA's plans are aligned within these categories to address the complex and diverse challenges in Indian Country. The category goals also serve as the basis for the Responsibility Segments identified by the BIA in its efforts to continue implementation of managerial cost accounting. The BIA's category goals are:

- To provide tribes with the resources they need to strengthen their tribal governments and to exercise their authority as sovereign nations through grants and by contracting or compacting BIA programs.
- To enhance and improve the quality of life in tribal communities.
- To protect and preserve trust lands and trust resources to ensure the trust responsibility.

The BIA is also preparing to submit a FY 2002 Annual Plan to the Department. The annual goals in the FY 2002 Plan will also be revised to be in compliance with the Strategic Plan revisions.

Ensuring Management Accountability and Control

BIA's conversion to the standard general ledger pointed out some accounting posting issues that were addressed last fiscal year. Working with the financial statement auditors, BIA made general ledger posting improvements for unbilled accounts receivable, accounts receivable write-offs, and construction-in-progress components.

Developing Financial Human Resources

The BIA finance office participated with the Department in its financial management training initiatives. BIA, along with other Bureau finance officers assisted in conducting a review of the financial statement preparation and audit process as well as developing the curriculum for the financial statement training session held last year.

Providing Financial Management Stewardship

The BIA actively participates in the Departmental financial data standard setting process. This standard setting workload is extensive and includes detailed review of software changes, establishing general ledger accounts and postings, definitions for object classes, setting capitalization thresholds, and definitions for interdepartmental eliminations. Although labor intensive and time consuming, BIA remains committed to improving financial data standards.

Office of the Secretary - National Business Center

Improving Cash Management

Expansion of Plastic Credit Card Network Usage: During Fiscal Year 2000, the National Business Center, Division of Financial Management Services has worked in conjunction with Treasury to develop a web-based merchant acceptance credit card module. This module uses digital certificates and is linked to Treasury's secured, encrypted web-site for card authorization. The system will be implemented in FY 2001, allowing the National Business Center to accept charge cards for payment of various services.

Prompt Pay Interest Reduction: During FY 2000, the OS met the Department's goal of 97 percent timely payments.

Financial System Integration and Development

Financial Management Systems: In FY 2000, the National Business Center, Division of Financial Management Services implemented the Federal Financial System for use in managing various Departmental Offices accounts. The FFS was implemented using custom designed graphical user interface input and query screens. The FFS replaced the ABACIS that had been in use since 1982. An ad-hoc query reporting database was also developed with end-user access availability in FY 2001. The Division will implement a web-based travel manager package in FY 2001 with an automated interface to the FFS.

The NBC is developing an executive information system that will combine fund status information, personnel/payroll data and status of project initiatives by customer. Scheduled implementation is first quarter FY 2001.

Supporting DOI Financial Management Initiatives

The NBC provides considerable staffing resources to the DOI's Financial Management programs through participation in various workgroups that address financial management issues and initiatives. The NBC plays an active role in providing accounting operations and systems support to Interior's financial management, including the charge card program.

The NBC will be the first federal agency to offer accounting systems and services on a GSA schedule. The NBC recently completed and passed JFMIP testing for certification of the Department's version of FFS.

Improved Program Management

In coordination with the Office of Budget, the NBC hosted an administrative officers training conference for all Office of the Secretary administrative staff. The conference was three days and featured topics from appropriation law to travel and conference planning.

Bureau of Land Management (BLM)

BLM's Management Information System: Early in FY 1998, the BLM implemented the first module, the Financial Management Information System, of its Management Information System (MIS). By the end of FY 1999, the Performance Measurement module; Property, Space, and Motor Vehicle module; Billings and Collections module; Customer Survey module; and Managerial Cost module were all implemented. The Bureau's MIS meets the requirements of a finance system with integrated cost accounting and is providing timely, meaningful business information to managers in the field. With the modules already in place, the MIS provides on-line access and is updated daily from BLM's finance system. The MIS uses low-maintenance equipment, is web-based on the BLM intranet, and has ad hoc query capability. The MIS is already providing users with the capability of extracting data at whatever level of detail they desire into individually designed report formats and is reducing the number of paper management reports distributed to the field. In FY 2000, the MIS was moved to a new server that provides significantly faster response time and reporting.

Collections and Billings System: In 1998, BLM had no common process for managing billing and collections in its State and District offices. As a result, each office addressed the problem of processing bills and recording receipts in its own way. These offices then forwarded information, usually in the form of paper or e-mail documents, to BLM's National Business Center (NBC) in Denver for manual entry into the Federal Financial System, resource tracking systems, and other federal government systems.

To address this issue, a new Collections and Billing System (CBS) is being developed and implemented to standardize and automate the existing process. This project has the following vision: "To have a single system for billings and collections that is easy for the customer; provides BLM managers and staffs with accurate and timely information on collections and receipts; minimizes the opportunities for errors; makes funds available for BLM and Treasury use rapidly; meets electronic funds transfer requirements; and, from the time of initial data input at the field level, processes and loads into FFS without additional manual actions."

CBS is designed to:

- Assist BLM managers in recognizing business risks, consequences, costs, and solutions in analyzing processes and systems, and in making decisions;
- Provide accurate and timely collection information in order to more effectively manage receipts and collections;
- Meet the increasing demands for data and service to customers;
- Provide on-line access by the public to purchasing BLM products;
- Provide information that will help managers make the proper investments in people, systems, and technology so that the agency will work better in the future;
- Reduce the amount of time needed to deliver services to customers;
- Meet new requirements of the CFO Act and other recently enacted financially oriented legislation; and
- Make BLM processes and procedures easier to understand and perform.

The CBS project, a web-based intranet application, consists of three phases spanning two fiscal years. Phase One consists of automating the collections process. This process includes the establishment of an electronic "point-of-sale" system, computer-generated receipts, automated reconciliation processing, electronic data sharing with other federal agencies, on-line bill payment and purchasing of other BLM products (such as maps), and automated updating of FFS. Phase Two consists of designing electronic data-sharing processes with other BLM natural resource computer systems, such as LR2000. Phase Three consists of automation of bill preparation, including onetime bills and bills that recur on a regularly scheduled basis. This billing phase will include a process to identify unpaid bills as well as a dunning process.

Deferred Maintenance Systems: The BLM systematically records and tracks the maintenance requirements of Real Property assets, including maintenance that has been deferred, in the Facilities Inventory Maintenance Management System(FIMMS). Previous reviews of FIMMS by the OIG determined that the system adequately records the condition and tracks assets; however, it has not always been kept current and was not designed to provide accounting information. In response to this shortcoming, the BLM in FY 2000 undertook a major effort to assess every asset group (all dams classified as high significant-hazard dams, low-hazard dams, administrative sites, recreation sites, bridges, a statistical sample of a percentage of roads and trails, and other assets) to assure that adequate documentation is in place to support assessments and maintenance cost estimates (both scheduled and deferred), and to improve the FIMMS to make property and financial data more accessible and reliable.

Managerial Cost Accounting: The BLM has developed, and continues to implement, a cost management system to accumulate cost data for effective management use and to assign costs to outputs. During FY 1999, the BLM completed a bureauwide analysis of all programs, made substantive changes to systems, and completed extensive employee training to fully implement a new cost management system effective October 1, 1999. The Bureau's responsibility segments were also redefined to more closely reflect the Bureau's GPRA performance goals. The responsibility segments for FY 2000 were as follows:

- Preserve Natural and Cultural Heritage
- Understand the Condition of the Public Lands
- Restore At-Risk Systems and Maintain Functioning Systems
- Provide Opportunities for Environmentally Responsible Recreation
- Provide Opportunities for Environmentally Responsible Commercial Activities
- Reduce Threats to Public Health, Safety, and Property
- Improve Land, Resource, and Title Information
- Provide Economic and Technical Assistance

IDEAS PD/FFS Interface: The BLM is now in the support phase of implementing the Interior Department Electronic Acquisition System (IDEAS) throughout all of its major offices. The IDEAS interface with FFS eliminates the need for separate data entries for commitments and obligations, as well as providing the capability to track most procurements. A national IRM support function was established for IDEAS in FY 2000; this will improve the level of support for IDEAS users across the Bureau. In FY 2001, BLM plans to have IDEAS data incorporated into its Management Information System. The BLM also plans to implement the Interagency Agreement form in IDEAS, which was initially developed by the Secret Service Agency, in FY 2001.

Implementation of ASAP: The BLM plans to implement Treasury's Automated Standard Application for Payments (ASAP) system in FY 2001. This system will provide BLM's grantees with the ability to draw down on payments through BLM's cooperative agreements.

Implementation of the Southern Nevada Public Land Management Act of 1998: The Southern Nevada Public Land Management Act (SNPLMA) provides for the orderly disposal of certain Federal lands in Clark County, Nevada, as well as the acquisition of environmentally sensitive lands in Nevada. SNPLMA's authority also allows for capital improvements, the development of a habitat conservation plan, and the development of parks, trails, and natural areas. Disposition of the proceeds requires that 5 percent be paid to the State of Nevada and 10 percent to the Southern Nevada Water Authority, with the remaining 85 percent to be deposited into BLM's special account. In February 1999, the BLM began investing these special account funds in Treasury securities as authorized by the Act. The amount invested with Treasury will vary due to the timing of land sales and the expenditures authorized under the Act. At the end of FY 2000, a total of \$18 million was invested with Treasury, and \$477,000 in interest had been earned since the program's inception. It is anticipated that the invested amounts will approximate \$30 million at the end of FY 2001.

Financial Procedures Reviews: BLM's National Business Center staff coordinated and conducted a successful Financial Procedures Review (FPR) of a BLM state office and three field offices within the state. Because FPRs had not been conducted in BLM for a number of years, a team of subject-matter experts was formed to create new FPR checklists for use during the reviews. Financial activities to be reviewed were identified and a schedule of offices to review was prepared, including dates and times. The team coordinated with representatives in the states/field offices, developed FPR report formats to document observations/findings, conducted the FPR, and consolidated reports from three separate sub-teams into a summarized report for submission to management and to the offices reviewed. Additional FPRs will be conducted over the next few years; a schedule for the seven FPRs to be conducted in FY 2001 is already being developed.