



GIVING THE AMERICAN PEOPLE MORE FOR THEIR MONEY

*A Report from the President's
Management Council*

October 13, 2006

Dear Mr. President*,

Five years ago you charged us, the chief operating officers of the Federal Government, to make the Government more effective. You challenged us to make a difference, to leave the Government better than we found it.

We report to you that we are making a difference. We are strengthening management practices, increasing accountability, and improving performance. We are effectively establishing the management disciplines that will help us consistently improve performance and efficiency, at what should be a \$50+ billion level each year.

Performance

First and foremost, we are improving program performance. We are making sure we have a clear definition of success for every program and activity, focusing on the desired outcomes we hope to achieve, and improving our understanding of what we are really trying to accomplish.

- To reduce fatalities from automobile accidents, the National Highway Traffic Administration now promotes greater seat belt use among high risk groups such as younger drivers, rural populations, pick-up truck occupants, 8 – 15 year-old passengers, occasional safety belt users, and motor vehicle occupants in states with secondary safety belt use laws. As a result, nationwide seatbelt use increased from 73 percent in FY 2001 to 82 percent in FY 2005, which is an all-time high. This saves lives.
- The Department of Veterans Affairs is reducing the time military veterans wait to get medical appointments. From FY 2001 to FY 2005, the Veterans Health Administration (VHA) substantially reduced the number of new veterans enrollees unable to schedule an appointment for medical care from a high of 176,000 to 22,494. VHA remains a leader in customer satisfaction, with an inpatient satisfaction score of 84 out of 100 on the American Customer Satisfaction Index, slight higher than the score of 79 for comparable private sector services.
- The Social Security Administration, which processes applications for disability and retirement benefits, increased agency productivity by 2.7 percent in FY 2005 over the FY 2004 level through increased use of information technology and improved business processes. This productivity increase translates into \$159 million in savings to the government in FY 2005 because of the innovations employed at the agency.

* Information from this report was presented to the President of the United States at a meeting with the President's Management Council on October 13, 2006.

We are identifying the steps we need to take to improve each program's performance and we expect to be held accountable for implementing those actions.

- A youth employment program created under the Workforce Investment Act demonstrates the need for improvement. The program awards grants for America's neediest youth to successfully transition to the workplace, but does not have the authority to target resources to areas of greatest need. To remedy this problem, the Administration is working with Congress to increase its authority to reallocate resources to areas of need and give States the flexibility to design processes that best serve their citizens.
- Under the Adult Education State Grants program, school districts and other entities that operate local adult education programs administer tests to determine adult participants' educational progress during their time in the program. The variability and, often, the lack of validity, in many of these assessments, has limited the ability of the Department of Education to hold States accountable for performance, measure performance across States, and take steps to improve the program. In response, the Department is developing regulations that would establish a process for officially determining which standardized, commercial assessments are appropriate, valid, and reliable for measuring the skills and progress of adult education and English literacy students.

We know that to improve our performance each year we must have the right people in the right jobs at the right time, with good managers to help them grow professionally, something we have not been known to do well. To ensure their employees meet their full potential, Federal agencies are requiring managers to more effectively partner with their employees to better guide and develop them professionally. They are ensuring their employees have the necessary skills and reducing how long it takes to hire new staff.

- The Department of Homeland Security trained over 7,000 executives, managers, and supervisors on performance management skills, setting and communicating expectations to employees, and coaching and professional development.
- Facing the new task to process millions of prescription drug benefits, the Social Security Administration developed a national recruitment strategy to bring on top talent in mission critical areas. As a result, within one year, the agency hired 4,610 new employees, with 2,200 of them serving in front line positions to support new legislative mandates.

- To ensure non-discrimination and fair and equal housing opportunities, the Department of Housing and Urban Development successfully closed the competency gaps in two-thirds of its Fair Housing and Equal Opportunity workforce by providing training and development on investigative methods and the use of conciliation and mediation techniques. The Department will continue its efforts to eliminate the remaining competency gaps through planned training, development, and recruitment during FY 2007.

The Federal Government invests over \$60 billion in information technology (IT) each year. We know that to improve year-to-year we need aggressive investments in IT that are well targeted to leverage and extend the abilities of our employees, provide better service to our citizens, and are well managed and secure.

Agencies are working together and pooling resources on 25 E-Gov initiatives that now allow citizens to connect with and be served by their government more readily and effectively.

- DisasterHelp.gov provides a unified point of access to disaster related information and the ability to seamlessly and securely share incident information across the nation's emergency response community. The site has 68,000 registered users and saw considerable increases in visitors before, during, and after the last three major Hurricanes. The site offers a toolset to assist first responders and other public safety organizations in preparing for and responding to a disaster and has been used in 232 actual incidents and 1,061 training exercises.
- Grants.gov is the Federal Government's single website for over 1,000 grant programs. The Federal Government awards more than \$425 billion in grants each year. In FY 2006, 76 percent of all Federal discretionary grant opportunities (2,117 out of 2,798) were available for electronic application and grantees submitted more than 90,000 applications through Grants.gov. This represents a 32 percent increase in the number of opportunities available and a 562 percent increase in the number of applications submitted.
- The Integrated Acquisition Environment (IAE) initiative launched the new electronic Subcontractor Reporting System (eSRS) in October 2005. eSRS introduced higher visibility and greater transparency into the process of gathering information on Federal subcontracting accomplishments. This Internet-based tool streamlines the process of reporting on subcontracting plans and provides agencies with access to analytical data on subcontracting performance.

- The State Department launched the Internet-based Registration System for Americans to register their foreign travel. Users create a record of their travel plans in case the State Department needs to contact them during an emergency and receive e-mailed "warden messages" which alert them to changing conditions in a country. Over half a million people are registered in the system.

Cost

We are particularly focused on how much we spend to achieve the desired results.

We are developing and using efficiency measures for each program to focus on what it costs us to deliver each unit of service; so we are making it a regular management practice to look for ways to deliver more for the same amount of money.

- The National Nuclear Security Administration (NNSA) Secure Transportation Asset program established an average cost metric to assess secure asset shipments. NNSA found that the average cost to move a shipment of weapons, weapons components, or special nuclear materials was \$2.2 million in FY 2003. NNSA implemented process changes to lower the average cost to \$1.95 million in FY 2004 and \$1.9 million in FY 2005. Use of the efficiency measure has also helped the program forecast future changes in the cost associated with these shipments.
- Efficiency improvements to the Environmental Protection Agency's (EPA) vendor payment process are expected to save \$3.5 million (34%) over the next five years. EPA achieved these savings by consolidating work from eight locations to one, increasing its use of automated tools, and streamlining work processes. In addition, during FY 2006 EPA increased direct deposit payments from 90 to 94 percent and improved prompt payments from 94 to 97 percent.
- The Department of State and U.S. Agency for International Development are collaborating on financial systems and functions to improve service and save money. In November 2005, they combined operations staff, software and hardware costs, saving the government over \$20 million over the 10 year life of the project.

We are making sure our program dollars are spent as intended, that our payments go to the right person in the right amount.

- The Federal Government has eliminated \$7.8 billion in improper payments since last year's reporting, which represents a decrease in the error rate from 3.9 to 3.1 percent. Because the reduction outpaced our projections, we have already surpassed our FY 2005 goal by \$2.9 billion. We further project that the improper payment rate will fall to 3.0 percent or less in FY 2006, and 2.9 percent or less by FY 2007.
- The Department of Health and Human Services led the way in FY 2005, showing a decrease in the Medicare error rate to 5.2 percent from 10.1 percent. This large reduction was a result of requiring more complete paid claims documentation.
- The Public Housing and Rental Assistance programs under the Department of Housing and Urban Development continue to sharply reduce improper payments. Since FY 2001, corrective actions have lowered improper payments by nearly \$2 billion, from \$3.2 billion in FY 2001 to \$1.2 billion in FY 2004.

Agencies are determining the most effective and efficient way to perform commercial tasks and are taking steps to ensure results are realized. Through the use of public-private competition, agencies will realize approximately \$900 million in annual savings and other performance improvements, with process reengineering, workforce realignments, better leveraging of technology, and operational consolidations.

- The Department of Energy (DOE) used a best value tradeoff competition to improve the efficiency of its information technology (IT) services. DOE's most efficient organization will modernize its IT infrastructure, which includes strengthening cyber-security and integrating various new systems and legacy systems. DOE projects savings of more than \$450 million over seven years.
- The National Aeronautics and Space Administration (NASA) used a best value tradeoff competition to fulfill a priority management objective: the elimination of redundant systems and processes used by its individual centers to carry out identical transactional activities related to human resources, procurement, financial management, and information technology. Through competition, NASA identified the provider that could best help NASA achieve the successful consolidation of these activities, then performed at ten centers, into one shared services center. NASA projects that changes resulting from the competition will improve efficiency and reduce the cost of internal support operations by more than \$40 million over 10 years.

Finally, to ensure our managers have the current and accurate financial information they need to make timely and wise decisions, we are managing our finances with more discipline, to a degree that was considered unattainable several years ago.

- The National Science Foundation is using improved data to recover over \$3.2 million in excess cash held by grantees.
- The Department of Education can more easily identify grantees that are at high risk of failing to meet program or fiscal objectives. The Department has been able to reduce the number of high risk grantees to 60 from a total population of over 11,000 discretionary grant awards.

Better use of technology and the development of shared services for support functions are also driving down costs.

- Consolidation of the Federal government's payroll systems has reduced the cost of payroll processing. For example, the Department of Health and Human Services (HHS) has reduced its annual costs of payroll processing for its more than 65,000 employees by almost \$11 million, from \$259 to \$90 per employee. The Environmental Protection Agency (EPA) reduced its an average cost from \$270 to \$90 per employee to process payroll for its staff of 18,000 for an annual savings of approximately \$3.2 million.
- The Department of Labor, one of the first agencies to complete the implementation of E-Gov Travel Services, reported a decrease in cost per travel voucher from \$62.59 to \$24.75, more than 60%, and a decrease in the time required to process vouchers from seven to three business days.

Federal agencies are also strengthening their management practices and achieving results in key program initiative areas.

- To achieve a "Right-Sized" Overseas Presence, the Department of State has established a quinquennial review process for all posts overseas, including New Embassy Compound construction projects, focused on linking staffing to mission goals, eliminating duplication, and promoting shared services and competitive sourcing. This process is expected to generate \$86.8 million in one-time savings and cost avoidance, and \$115 million in annual savings and cost avoidance.

- The Departments of Veterans Affairs and Defense have made great progress in sharing electronic data necessary to make eligibility determinations for VA benefits and services. This past year, the Departments have reduced the time it takes for making DOD deactivation and separation data available to VA hospital and benefit processing centers from 90 days to within three days. Increased data sharing between VA and DOD lessens the burden on the veteran for providing requested information, thus reducing the time necessary for VA to complete decisions and for the veteran to receive benefits and services.
- Risks of the Federal Housing Administration (FHA) Single Family Housing Mortgage Insurance Programs have been reduced through actions taken under the HUD Management and Performance initiative of the PMA. HUD has implemented an automated systems control to preclude the predatory lending practice of "property flipping" on FHA insured loans; stronger professional credentials for appraisers who validate the values of FHA insured mortgages; a new "Appraiser Watch" process that automatically targets appraisers with poor performance records for monitoring and disqualification if they have violated FHA standards; a new automated underwriting system to provide more consistent, objective evaluations of the credit worthiness of borrowers; improved risk-based targeting of lender compliance reviews; and a new process for electronic verification of social security numbers to further reduce fraud in FHA applications.

Increasing Accountability for Results

Agencies have become more disciplined and results-oriented about the way they manage their programs, people, costs, and investments, with the help of the President's Management Agenda (PMA). They have worked to establish important management disciplines. (See Attachments A – E.)

- Government-wide standards are in place to reduce the time it takes to make offers to, and hire, applicants. The Government-wide average for general schedule hires is now 34 days. Agencies are using data from surveys of applicant and manager satisfaction with hiring processes to improve their hiring processes.

- Sixty percent of agencies can quantify and articulate how the benefits derived from their IT investments exceed the costs.
- Forty percent of agencies are managing their IT investments to within 10 percent of their cost, schedule, and performance goals.
- Eighty-four percent of our IT systems are certified as “secure,” up from 26 percent in FY 2001.
- Federal agencies have reviewed all programs and identified those most at risk for improper payment. For their at-risk programs, agencies are developing methods to measure improper payments and taking action to reduce them.
- For the first time, there is Government-wide real property inventory database. It includes data on more than 1.2 million assets. Agencies are moving forward with identifying and disposing of under-utilized or unneeded assets. More than \$3.5 billion in real property assets have been disposed since the initiation of the real property asset management initiative.
- On November 15th, 2005 the Federal Government took a historic step when every major Federal agency completed its Performance and Accountability Report (PAR), including financial statements, just 45 days after the end of the 2005 fiscal year. The 45 day deadline for the agencies to complete their audits is a full 30 days less than that demanded of those in the corporate world.
- Improvements in Federal financial management practices have increased the validity of data, as shown by a 71 percent decrease in material weaknesses since FY 2001 and a 10 percent decrease from FY 2004.
- The Federal Government is working to liquidate, by 2015, \$15 billion worth of the properties it no longer needs and apply the money to higher priority needs.

For each management area, agencies identify clear goals and timeframes. They then develop plans, identify who’s to be held accountable for program performance, and apply resources to achieve these goals. To track and report on PMA implementation efforts, the Administration issues quarterly scorecards where agencies receive two scores. Status scores reflect how well how well the agency has done achieving the overall goals for that management area. These overall goals are called Standards for Success. An agency earns green status when it has successfully adopted all the desired disciplines that are goals for the

initiative. They also receive progress scores that reflect their adherence to their own implementation plans. Each quarter scorecards are made available at <http://www.whitehouse.gov/results/agenda/scorecard.html>.

We are working to spend the American people's money better each year. Today, the Federal government estimates that it makes \$38 billion in improper payments annually, a number that no taxpayer should consider acceptable. We are aggressively reducing improper payments so that taxpayers have confidence that their money is being used only for its intended purpose

When we fully implement competitive sourcing, we will save at least \$6 billion each year. (See Attachment F.) For instance, if the Department of Defense were to compete just half the positions it has identified as suitable for competition, it would avoid approximately \$1.5 billion annually in costs, freeing up resources to apply to core activities. Likewise, subjecting just half of their suitable positions would yield annual savings of \$760 million in the Department of Veterans Affairs and \$410 million in the Department of Transportation.

Government-wide, a one percent improvement in efficiency saves approximately \$20 billion. The potential for improved effectiveness – when Federal dollars are used to produce better outcomes – is even greater.

Together, these efforts can save American taxpayers at least \$50 billion annually. We are working to make that goal a reality.

Attachment A. AGENCIES ARE ESTABLISHING CLEAR PROGRAM GOALS AND MEASURING EFFICIENCY

Information of Programs Reviewed Using the Program Assessment Rating Tool (PART)¹

Department/Agency	Percent of Program Dollars²	Percent of Programs with Acceptable Performance Measures	Percent of Programs with Efficiency Measures
AGRICULTURE.....	100%	83%	85%
COMMERCE.....	97%	82%	82%
DEFENSE.....	86%	90%	72%
EDUCATION.....	99%	100%	94%
ENERGY.....	100%	92%	84%
EPA.....	97%	95%	84%
HHS.....	98%	74%	90%
DHS.....	100%	66%	78%
HUD.....	100%	71%	74%
INTERIOR.....	95%	84%	99%
JUSTICE.....	100%	89%	100%
LABOR.....	88%	87%	100%
STATE.....	79%	100%	100%
DOT.....	100%	97%	97%
TREASURY.....	97%	74%	86%
VA.....	100%	80%	100%
AID.....	88%	100%	100%
CORPS.....	100%	58%	75%
GSA.....	94%	88%	100%
NASA.....	96%	100%	100%
NSF.....	100%	100%	100%
OPM.....	100%	100%	100%
SBA.....	95%	100%	100%
SMITHSONIAN.....	100%	100%	100%
SSA.....	100%	100%	100%
GOVERNMENT-WIDE...	96%	88%	92%

¹Estimates as of June 30, 2006. PARTs are currently being completed.

²Includes funding for program activities. Administrative funding not allocated to programs is excluded.

Attachment B. AGENCIES ARE USING KEY WORKFORCE MANAGEMENT TOOLS¹

Department/Agency	Employee Appraisal System Links Performance Expectations to Agency Mission ²	Critical Talent Gaps in Mission Critical Occupations are Being Closed ³	Average Number of Days to Initial Offer of Employment
AGRICULTURE.....	Yes	Yes	21
COMMERCE.....	In Progress	Yes	28
DEFENSE.....	In Progress	In Progress	31
EDUCATION.....	Yes	In Progress	93
ENERGY.....	Yes	Yes	37
EPA.....	In Progress	In Progress	32
HHS.....	Yes	Yes	26
DHS.....	In Progress	In Progress	43
HUD.....	Yes	In Progress	29
INTERIOR.....	Yes	Yes	30
JUSTICE.....	Yes	Yes	40
LABOR.....	Yes	Yes	52
STATE.....	Yes	Yes	33
DOT.....	Yes	Yes	42
TREASURY.....	Yes	Yes	33
VA.....	Yes	Yes	35
AID.....	Yes	Yes	38
CORPS.....	Yes	Yes	27
GSA.....	Yes	In Progress	36
NASA.....	Yes	Yes	36
NSF.....	Yes	Yes	42
OMB.....	Yes	Yes	38
OPM.....	Yes	Yes	36
SBA.....	Yes	In Progress	18
SMITHSONIAN.....	In Progress	Yes	56
SSA.....	Yes	Yes	19
GOVERNMENT-WIDE....	81% of agencies	73% of agencies	34

¹ Data Reported in June 2006

² "In progress" indicates that the agency is currently implementing appraisal plans that link performance expectations for 60% of employees to the agency's mission.

³ "In progress" indicates that the agency is currently implementing plans to reduce competency gaps.

Attachment C. AGENCIES ARE ACHIEVING RESULTS THROUGH IMPROVED IT PORTFOLIO MANAGEMENT

Department/Agency	IT Funding in FY 2007 Budget (in millions)	Percent of Major IT Investments with Acceptable Justifications¹	Cost/Schedule/ Performance Variance²	Percent of IT Systems Secure³
AGRICULTURE.....	\$2,153	greater than 50%	less than 30%	94%
COMMERCE.....	\$1,676	100%	less than 30%	93%
DEFENSE.....	\$30,710	greater than 50%	less than 30%	72%
EDUCATION.....	\$403	greater than 50%	less than 30%	100%
ENERGY.....	\$2,088	100%	less than 30%	99%
EPA.....	\$461	100%	less than 10%	100%
HHS.....	\$5,101	greater than 50%	less than 30%	100%
DHS.....	\$4,160	less than 50%	4	6
HUD.....	\$298	100%	less than 10%	100%
INTERIOR.....	\$1,090	100%	less than 30%	99%
JUSTICE.....	\$2,525	greater than 50%	less than 30%	99%
LABOR.....	\$515	100%	less than 10%	100%
STATE.....	\$890	100%	less than 10%	93%
DOT.....	\$2,620	greater than 50%	less than 10%	99%
TREASURY.....	\$2,397	100%	less than 30%	85%
VA.....	\$1,900	less than 50%	4	100%
AID.....	\$134	100%	less than 30%	6
CORPS.....	\$375	less than 50%	4	5
GSA.....	\$546	greater than 50%	less than 30%	98%
NASA.....	\$2,230	100%	less than 10%	95%
NSF.....	\$50	100%	less than 10%	100%
OPM.....	\$186	100%	less than 10%	100%
SBA.....	\$43	100%	less than 10%	100%
SMITHSONIAN.....	\$59	100%	less than 30%	100%
SSA.....	\$1,030	100%	less than 10%	100%
GOVERNMENT-WIDE....	\$63,640			84%

¹ As with all capital assets, IT investments must be supported by sound justifications. Criteria for acceptable justifications for major IT investments is available in circular A-11, Section 300 and includes 10 elements such as Risk Management, Security, Project Management, etc. Estimates as of March 31, 2006.

² IT investment justifications include cost, schedule, and performance goals; this measures variance from these goals. Tracking cost/schedule/ performance variance is a method for measuring project performance. Also called Earned Value Management, it compares the value of work that was planned with what was actually accomplished to determine if cost and schedule performance is as planned. Estimates as of March 31, 2006.

³ Secure IT systems are operational systems that have been certified and accredited. Appropriate security and privacy controls have been identified, implemented, and tested. This data was taken from the quarterly FISMA update.

⁴ Metric is not available.

⁵ The Corps reports IT security status through the Department of Defense.

⁶ Data not available

Attachment D. COMPETITIVE SOURCING HELPS AGENCIES REDUCE COST OF THEIR COMMERCIAL ACTIVITIES

Summary of FY 2003-2005 Competitive Sourcing Activity¹

Department/Agency	Number of Competitions Completed	Number of FTEs Assessed	In-House Provider Selected (Based on FTEs)	Incremental Costs of Conducting Competitions (in millions)	10-Year Net Anticipated Savings (in millions)
AGRICULTURE.....	418	5,346	98%	\$11.0	\$177.5
COMMERCE.....	6	324	100%	\$1.7	\$10.5
DEFENSE.....	171	19,237	83%	\$140.3	\$1,635.5
EDUCATION.....	4	260	89%	\$0.7	\$89.1
ENERGY.....	6	1,044	99%	\$5.1	\$528.0
EPA.....	11	90	99%	\$0.2	\$3.5
HHS.....	121	4,004	98%	\$13.5	\$393.7
DHS.....	8	281	100%	\$2.1	\$24.6
HUD.....	4	14	79%	\$0.1	\$4.0
INTERIOR.....	96	968	97%	\$2.6	\$28.0
JUSTICE.....	9	231	96%	\$1.2	\$12.9
LABOR.....	14	191	96%	\$0.4	\$18.7
STATE.....	10	131	98%	\$0.0	\$0.5
DOT.....	20	2,691	15%	\$18.9	\$2,224.3
TREASURY.....	28	2,180	92%	\$4.6	\$226.8
VA.....	1	276	0%	\$1.7	\$45.3
AID.....	0	0	NA	NA	NA
CORPS.....	0	0	NA	NA	NA
GSA.....	59	472	58%	\$1.2	\$31.8
NASA.....	41	1,302	² 18%	\$3.4	\$42.6
NSF.....	0	0	NA	NA	NA
OMB.....	1	1	100%	\$0.0	\$0.0
OPM.....	13	569	70%	\$1.1	\$24.6
SBA.....	7	381	79%	\$0.9	\$37.5
SMITHSONIAN.....	0	0	NA	NA	NA
SSA.....	12	153	92%	\$0.4	\$36.6
GOVERNMENT-WIDE.....	1,060	40,147	83%	\$211.0	\$5,595.9

¹ Data developed by PMA agencies in response to section 647(b) of the Transportation, Treasury, and Independent Agencies Appropriations Act, FY 2004 (Division F of the Consolidated Appropriations Act, P.L. 108-199). These data reflect only streamlined and standard competitions completed in FYs 2003-2005. For additional information on competitions conducted under Circular A-76, see OMB's Reports on Competitive Sourcing Results, Fiscal Years 2003, 2004, and 2005, at the following web addresses: http://www.results.gov/agenda/cs_omb_647_report_final.pdf; http://www.whitehouse.gov/results/agenda/cs_2004_report_rev5a2_doc.pdf; and http://www.whitehouse.gov/omb/procurement/comp_src/cs_annual_report_fy2005_results.pdf.

² All NASA competitions completed in FY 2004 and all but two NASA competitions completed in FY 2005 were science competitions awarded under a deviation to multiple providers in both the public and private sectors, and are not included in this calculation.

"NA" indicates not applicable as no competitions were reported.

Attachment E. AGENCIES ARE STRENGTHENING FINANCIAL MANAGEMENT PRACTICES

Recent Results on Audits and Material Weaknesses

Department/Agency	Days to Issue Audited Financial Report		Audit Opinion		Auditor-Identified Material Weaknesses ¹		Integrity Act Weaknesses ²	
	2001	2005	2001	2005	2001	2005	2001	2005
	AGRICULTURE.....	150	46	Disclaimer	Unqualified	7	2	32
COMMERCE.....	150	46	Unqualified	Unqualified	1	0	3	1
DEFENSE.....	150	46	Disclaimer	Disclaimer	13	11	268	34
EDUCATION.....	150	46	Qualified	Unqualified	1	0	7	0
ENERGY.....	149	46	Unqualified	Disclaimer	0	1	13	0
EPA.....	150	46	Unqualified	Unqualified	0	0	4	0
HHS.....	149	46	Unqualified	Unqualified	2	2	3	2
DHS.....	n/a	46	n/a	Disclaimer	n/a	10	n/a	16
HUD.....	150	46	Unqualified	Unqualified	5	2	3	0
INTERIOR.....	150	46	Unqualified	Unqualified	6	2	18	4
JUSTICE.....	150	45	Unqualified	Unqualified	3	2	12	4
LABOR.....	150	46	Unqualified	Unqualified	0	0	0	0
STATE.....	150	46	Unqualified	Unqualified	1	2	4	0
DOT.....	150	46	Unqualified	Unqualified	2	3	2	4
TREASURY.....	150	46	Unqualified	Unqualified	2	1	29	7
VA.....	150	46	Unqualified	Unqualified	6	3	6	1
AID.....	150	46	Disclaimer	Unqualified	3	1	4	0
CORPS.....	150	46	Disclaimer	Disclaimer	3	3	3	3
GSA.....	150	46	Unqualified	Disclaimer	0	1	5	2
NASA.....	150	46	Disclaimer	Disclaimer	1	3	1	4
NSF.....	150	46	Unqualified	Unqualified	0	0	0	0
OPM.....	150	46	Unqualified	Unqualified	0	0	2	1
SBA.....	150	46	Disclaimer	Unqualified	1	1	0	1
SMITHSONIAN.....	n/a	n/a	Unqualified	Unqualified	0	0	0	0
SSA.....	81	46	Unqualified	Unqualified	0	0	1	0
AVERAGE DAYS.....	147	46						
TOTAL WEAKNESSES.....					57	50	420	87

¹ An auditor-identified material weakness is a condition in which the design or operation of the internal control fails to adequately reduce the risk of error, fraud or noncompliance and such failure materially affects the integrity or trustworthiness of the financial statements.

² An integrity act weakness is a material weakness in the agency's systems of internal accounting and administrative control that the head of an agency reports to the President and the Congress. These material weaknesses may or may not be the same as those reported by the independent auditor.

"NA" = Not available.

Attachment F. SAVINGS FROM PAST AND FUTURE PUBLIC-PRIVATE COMPETITIONS

Department/Agency	Projected Annual Savings from Completed Competitions (in millions)	Potential Annual Savings from Future Competitions (in millions) ^{1,2}	Percentage of Inventory Completed ¹
AGRICULTURE.....	\$37.6	\$144.4	21%
COMMERCE.....	\$2.8	\$18.6	13%
DEFENSE.....	\$345.2	\$1,509.8	19%
EDUCATION.....	\$18.3	\$96.5	16%
ENERGY.....	\$80.1	\$97.9	45%
EPA.....	\$0.7	\$7.7	8%
HHS.....	\$79.5	\$213.1	27%
DHS.....	\$5.3	\$201.8	3%
HUD.....	\$0.8	\$150.6	1%
INTERIOR.....	\$5.7	\$78.4	7%
JUSTICE.....	\$2.8	\$10.8	21%
LABOR.....	\$4.5	\$45.1	9%
STATE.....	\$0.1	\$24.9	10%
DOT.....	\$225.2	\$410.3	35%
TREASURY.....	\$46.2	\$264.6	15%
VA.....	\$10.0	\$760.3	1%
AID.....	\$0.0	\$1.6	0%
CORPS ³	\$0.0	---	---
GSA.....	\$6.6	\$17.2	28%
NASA.....	\$5.0	\$6.5	43%
NSF.....	\$0.0	\$2.5	0%
OMB.....	\$0.0	\$0.1	26%
OPM.....	\$5.3	\$2.9	64%
SBA.....	\$7.9	\$9.8	45%
SMITHSONIAN.....	\$0.0	\$0.0	0%
SSA.....	\$7.4	\$80.3	8%
GOVERNMENT-WIDE..	\$897.0	\$4,155.7	17%

¹ Assumes half of the activities identified as suitable for competition in agencies' FY 2005 FAIR Act inventories are competed over time.

² The actual level and pace of competition at a given agency will be shaped by workforce needs, feasibility analyses, and the strategic goals of the agency. Potential annual savings are based on the agency's three-year estimated savings average per FTE competed. For those agencies that have not completed any competitions involving a most efficient organization, the government-wide estimated savings average (i.e., \$22,000 per FTE) was used. Future savings may vary depending on differences between the nature of the activities that have been competed and those that are planned for competition.

³ Corps potential savings estimates are included in the Defense figure.