

Supplemental Information

Unaudited

SUPPLEMENTAL INFORMATION

MANAGEMENT INTEGRITY AND ACCOUNTABILITY

The Department 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 our care, (3) ensures high quality, responsible leadership, the sound delivery of services to customers, and (4) maximizes desired program outcomes. The Department has striven to develop and implement 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 decision-making at all levels.

In addition, the Department firmly believes that the timely implementation of Inspector General and U.S. General Accounting Office audit recommendations is essential to improving efficiency and effectiveness in its programs and operations. As a result, the Department has instituted a comprehensive audit follow-up program to ensure that audit recommendations are implemented in a timely and cost-effective manner and disallowed costs and other funds due from contractors and grantees are collected or offset.

MANAGEMENT CONTROL PROGRAM

Since the inception of the Federal Managers' Financial Integrity Act (FMFIA) in 1982, the Department has continually evaluated the effectiveness of management controls in its programs, organizations and

ANNUAL ASSURANCE STATEMENT FISCAL YEAR 1997

Based upon the results of its annual assessment process, with the exception of the Office of the Special Trustee and certain administrative program areas within the Bureau of Indian Affairs, the Department can provide reasonable assurance that its systems of management, accounting and administrative control, taken as a whole, achieve the objectives of Section 2 of the FMFIA. The Department can also provide reasonable assurance that its accounting and financial systems generally conform to the Comptroller General's principles, standards and related requirements and achieve the objectives of Section 4 of the FMFIA.



Secretary of the Interior

functions in accordance with guidelines provided by the Office of Management and Budget (OMB) in Circular A-123, Management Accountability and Control. During this time, the Department has identified and reported 162 material weaknesses and 64 accounting system non-conformances. At the end of 1997, the Department had corrected 146 of the material weaknesses (90 percent) and 63 of the accounting system non-conformances (98 percent). Much of the progress in these areas was achieved over the last four years. As noted in *Figures 33 and 34*, since 1993 the Department has reduced the total number of reported material weaknesses by 61 percent (from 38 to 16) and accounting system non-conformances by 87 percent (from 8 to 1).

This progress in correcting material weaknesses and accounting system non-conformances exemplifies the Department's strong commitment to improving integrity and accountability in all programs, organizations, and functions. Similarly, over the last four years, the Department has made great strides in strengthening and streamlining its management control program. The initiatives and innovations adopted in this program area supported the recommendations of the National Per-

Figure 33

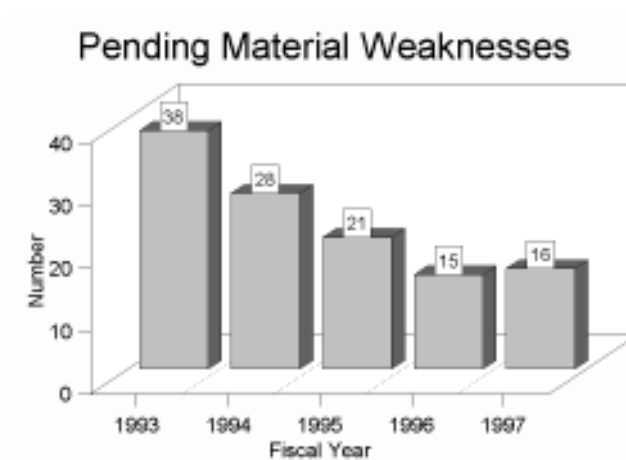
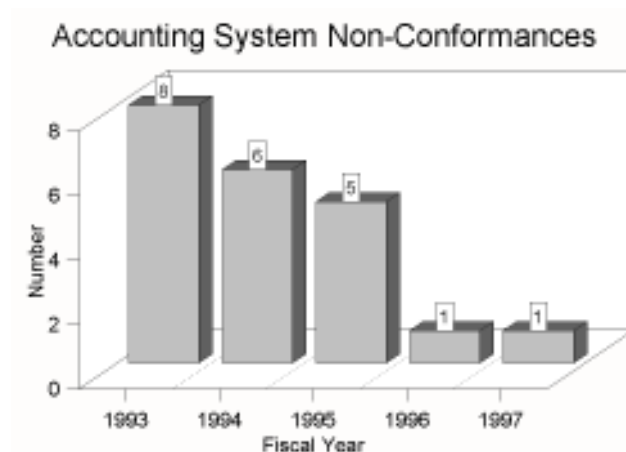


Figure 34



formance Review. Some of the more significant initiatives included:

- re-engineering the Management Control Program to provide bureaus with greater flexibility and discretion in planning, conducting, and reporting the results of management control assessments;
- reducing the number of Department mandated management control assessments;
- substituting periodic progress review meetings for voluminous written corrective action status reporting;
- expanding the membership of the Departmental Management Control Audit Follow-up (MCAF) Council to include all Assistant Secretaries, the Solicitor, and the Inspector General to provide a more

“Departmental perspective” to Council deliberations and decisions;

- establishing Department material weakness criteria that are consistent with the guidelines in OMB Circular A-123; and
- developing a Material Weakness Corrective Action Project Management Training Program.

The cumulative effect of these initiatives has been a 50 percent reduction in burden and improved efficiency and effectiveness in administering bureau and office management control programs.

In October 1996, the Department completed the Management Control Reengineering Lab that among other things, produced a new, fully automated, and less resource-intensive approach for targeting and conducting management control assessments. This automated approach is built around eight management integrity measures that are based on the general and specific management control standards prescribed in OMB Circular A-123. A unique feature of this new approach is that it provides for identifying areas of both potential material deficiencies and best practices. The approach utilizes a comprehensive questionnaire developed by the Lab Team and refined by a Departmental customer focus group. The assessment is conducted over the E-Mail network using an off-the-shelf surveying and analytical software tool. The initial pilot test of the new approach conducted in one bureau during 1997 demonstrated its significant resource savings potential. The automated assessment resulted in a 90 percent overall reduction in staff time associated with planning, conducting, analyzing, and reporting the results of a traditional control assessment, as well as much improved diagnostic and executive-level reports. At the request of the Department’s MCAF Council, the automated assessment approach will be pilot tested in at least one program area in each bureau and office during 1998. If the results of this comprehensive pilot test program are consistent with the initial pilot test, the new automated assessment approach could become the cornerstone of the Department’s reengineered Management Control Program beginning in 1999.

Results of the 1997 Management Control Program

The Department conducted an annual assessment of

Figure 35

Corrected Material Weaknesses and Non-Conformances (NC)

Title of Material Weakness/Non-conformance	Bureau	Date Originally Reported
Failure to Provide Effective Oversight of Trans-Alaska Pipeline System	BLM	FY 1993
Inadequate Policies & Procedures for Recovery of Operation & Maintenance of Program Expenses	BOR	FY 1991

the effectiveness of its management, administrative, and accounting systems controls in accordance with the FMFIA and guidelines established by OMB. The Department conducted assessments of management controls in 59 programs and administrative functions, and relied on the findings and results of 55 Office of Inspector General (OIG) internal program audit reports and 32 General Accounting Office (GAO) program audit reports issued during the year. In addition, the Department relied on the results of the independent bureau financial statement audits conducted by the OIG under the auspices of the Chief Financial Officers (CFO) Act of 1990 and the Government Management Reform Act of 1994. The Department’s MCAF Council reviewed and analyzed the results of the 1997 assessment process and concluded that three new material weaknesses should be reported. The new material weaknesses are:

- Needs Assessment and Cost of Constructing New Housing (NPS);
- Herd Management in the Wild Horse and Burro Program (BLM); and
- Administration of the Nevada Land Exchange Appraisal Process (BLM).

During 1997, the Department completed corrective actions on 2 of 15 (13 percent) material weaknesses carried forward from 1996. The material weaknesses corrected are listed in *Figure 35*.

OMB’s 1997 FMFIA Annual Report guidance requested each agency to identify and report on the most critical material weaknesses affecting the agency. In response to this reporting requirement, the Department has identified 7 of its 15 pending material weaknesses as “mission critical weaknesses” -- those material weaknesses that prevent the Department from fulfilling a programmatic mission or strategic goal, and that warrant senior management focus and attention and resource priorities throughout the corrective action process.

Collectively, these weaknesses could adversely impact the safety of employees and other citizens, damage the environment, prevent the collection and distribution of royalties and other funds owed to the Government and Native Americans, prevent the efficient use of programmatic resources, or preclude the identification, collection, and preservation of irreplaceable historical art and artifacts. The seven mission critical weaknesses for the Department are listed in *Figure 36*.

The Department recognizes the importance of correcting these mission critical weaknesses in a timely

Figure 36

Mission Critical Material Weaknesses

Title of Material Weakness	Bureau	Targeted Correction Date
Inadequate Management of Trust Funds	OST	FY 2003
Inadequate Records Management	BIA	FY 2000
Inadequate Range Monitoring	BLM	FY 2000
Failure to Effectively Inspect and Enforce Fluids Minerals	BLM	FY 1998
Lack of Accountability and Control Over Artwork and Artifacts	PAM	FY 1999
Irrigation of Ineligible Land	BOR	TBD
Needs Assessment and Cost of Constructing New Housing	NPS	FY 1999

Figure 37

Pending Material Weaknesses and Non-conformance		
Title of Material Weakness/Non-conformance	Bureau	Targeted Correction Date
Inadequate Management of Trust Funds	OST	FY 2003
Deficiencies in Real Property Management	BIA	FY 2000
Inadequate Debt Collection	BIA	FY 2002
Inadequate Acquisition Management Program	BIA	FY 1999
Irrigation Operations and Maintenance	BIA	FY 2002
Inadequate Records Management	BIA	FY 2000
Herd Management in Wild Horse and Burro Program	BLM	FY 1999
Administration of Nevada Land Exchange Appraisal Process	BLM	FY 1998
Inadequate Range Monitoring	BLM	FY 2000
Failure to Effectively Inspect and Enforce Fluids Minerals	BLM	FY 1998
Irrigation of Ineligible Land	BOR	TBD
Deficiencies in Administration of Miscellaneous Revenues	BOR	FY 1998
Lack of Accountability and Control Over Artwork and Artifacts	PAM	FY 1999
Incomplete/Inaccurate Data in the Interior Procurement Data System	PAM	FY 1999
BIA Facilities Program	BIA	FY 2000
Needs Assessment and Cost of Constructing New Houses	NPS	FY 1999
Property Accounting - Non-conformance	NPS	FY 1998

manner. Corrective action plans with key milestones, target dates, and accountable officials have been established and approved by the MCAF Council. Corrective action progress will be continuously monitored by senior officials in each cognizant bureau or office. In addition, periodic progress review meetings will be held with the staff of the cognizant bureaus and the MCAF Council to ensure timely completion of corrective actions.

Figure 37 presents the 16 remaining material weaknesses and one accounting system non-conformance carried forward to 1998.

Summary of Management Controls - Section 2 of the FMFIA

Progress in correcting material weaknesses and material non-conformances is summarized in Figures 38 and 39.

Summary of Financial Management Systems - Section 4 of the FMFIA

While the Department can provide assurance that its financial systems generally conform to governmentwide

standards, it is still aggressively pursuing initiatives to ensure that:

- all financial systems are linked electronically;
- the migration to a single, primary accounting system is achieved; and

Figure 38

Number of Material Weaknesses			
Period Reported	Reported	Corrected	Pending
Prior Years	158	145	13
1995	1	1	0
1996	0	0	0
1997	3	0	3
Total	162	146	16

Figure 39`

Number of Material Non-conformances			
Period Reported	Reported	Corrected	Pending
Prior Years	64	63	1
1995	0	0	0
1996	0	0	0
1997	0	0	0
Total	64	63	1

Figure 40

Linking FY 1997 Reportable Conditions and Material Weakness From Audited Financial Statements to Reported Material Weaknesses			
Bureau	Financial Statements Reportable Conditions(s)	Linked to Existing Material Weakness	Title of Material Weakness
OSM	None	N/A	N/A
BLM	None	N/A	N/A
OS	None	N/A	N/A
PIA	None	N/A	N/A
FWS	None	N/A	N/A
MMS	1. Computer general controls over the automated information system for the Royalty Management Program were ineffective. The deficient general controls involved security related controls such as access, software development, system software, and contingency plan.	No	N/A
USGS	1. Internal controls insufficient to ensure that (a) the amounts reported in the general ledger accounts Advances From Others, Accounts Receivable Unbilled, and Accounts Payable were properly supported by subsidiary ledgers; (b) costs related to the Federal-State Cooperative Projects were reported accurately and in accordance with applicable agreements; (c) delinquent accounts receivable totaling \$16 million were collected in a timely manner; and (d) Biological Resources Division property was accounted for and reported correctly. 2. The general control environment of the federal financial system at the Reston Computer Center were deficient. Significant weaknesses existed in data center management and operations; physical and logical security, and contingency plan for backup operations.	No	N/A
BOR	1. BOR's Administrative Service Center had weaknesses in management and internal controls in (a) computer center management and operations; (b) local area network protection; (c) federal financial system application; (d) computer physical and logical security; and (e) contingency planning. 2. BOR did not comply with its standard cost allocation and repayment policies for Central Arizona Project, not protecting government interest.	No	N/A
NPS	1. Internal controls insufficient to ensure that (a) property and equipment subsidiary ledgers were maintained in agreement with related general ledger control account; (b) delinquent accounts receivable were collected in a timely manner; (c) completed projects in the construction-in-progress account were timely and appropriately transferred to the buildings and other structures and facilities accounts; and (d) effective and periodic financial information integrity reviews were made of financial information contained in the general ledger control accounts and related subsidiary ledgers, listings, and reconciliations. 2. NPS had not provided sufficient and timely guidance to ensure that concessioner improvement account funds were used appropriately and allowed concessioners to use these funds before the procedures were issued. NPS did not amend existing concession contracts so that they would be in compliance with the new procedures.	No	N/A

Figure 40 continued

Linking FY 1997 Reportable Conditions and Material Weakness From Audited Financial Statements to Reported Material Weaknesses			
Bureau	Financial Statements Reportable Conditions(s)	Linked to Existing Material Weakness	Title of Material Weakness
BIA	* <ol style="list-style-type: none"> 1. Internal control system for irrigation and power facilities are not sufficient to provide reasonable assurance that (a) accounts receivable will be timely recorded and collected, (b) property transactions will be properly recorded and adequately supported, (c) effective periodic information integrity reviews will be made of the financial information contained in the general ledger control accounts and related subsidiary ledgers, listings, and reconciliations, and (d) account receivables totaling \$3.7 million had not been entered in the accounting system. 2. Ineffective general controls (physical and logical security) over the automated information systems which were significant departures from requirements of OMB Circulars A-127 and A-130. 3. Failure to comply with the Debt Collection Improvement Act of 1996, the Prompt Payment Act, and the Credit Reform Act of 1990. 4. Inadequate internal controls and documentation to support \$84.9 million in equipment and \$5.7 million in construction-in-progress balance sheet accounts. 	Yes. Conditions 1, 3, and 4.	Irrigation Operations and Maintenance Inadequate Debt Collection Deficiencies in Real Property Management
OST	<ol style="list-style-type: none"> 1. Internal controls systems were insufficient resulting in (a) Inadequate internal financial reporting, (b) Unapproved disbursements from trust funds, (c) Ineffective or inconsistent implementation of management policies and procedures by field offices. 2. Reportable internal control weaknesses included (a) failure to include the cash located in suspense and budget clearing accounts as part of the cash reconciliation analysis; (b) recording of prior period adjustments to the individual Indian monies subsidiary ledger without adequate documentation; (c) lack of reliable individual Indian monies account balances for investing; (d) understatement of investments by \$679,642; (e) inadequate policy and procedures governing the use of the individual Indian monies special deposit account and the use of this account by field staff in a manner inconsistent with management's stated purposes; (f) inconsistent distribution practices for interest earnings, (g) inclusion of individual Indian monies accounts with negative balances in the determination of interest earnings distributed to all accounts; (h) lack of distribution of individual Indian monies interest earnings from mortgage-backed securities when earned; and (l) overstatement of trust funds balances by \$4 million. <p style="text-align: center;"><i>Please note that this report for OST is for FY 1996.</i></p>	Yes	Inadequate Management of Trust Funds

Bureau Key:

OSM - Office of Surface Mining

USGS - U.S. Geological Survey

BLM - Bureau of Land Management

BOR - Bureau of Reclamation

OS - Office of the Secretary

NPS - National Park Service

PIA - Office of Insular Affairs

BIA - Bureau of Indian Affairs

MMS - Minerals Management Service

OST - Office of the Special Trustee for American Indians

FWS - Fish and Wildlife Service

* Material weakness in audited financial statements.

- data integrity and consistency are provided for in all financial system components.

The 1997 bureau audited financial statement process resulted in the identification of several “reportable conditions” in internal controls. Reportable conditions are those matters coming to the auditor’s attention, that in the auditor’s judgment, should be communicated because they represent significant deficiencies which could adversely affect the entity’s ability to meet internal control objectives. A reportable condition becomes a “financial statement material weakness” when it creates the potential that there is more than a relatively low level risk that material losses, noncompliance, or misstatements may occur and not be detected within a timely period by employees in the normal course of their assigned duties. *Figure 40* presents the reportable conditions and the linkage of these reportable conditions with the 16 pending material weaknesses reportable under FMFIA being carried forward to 1998.

AUDIT FOLLOW-UP PROGRAM

The Department views audit follow-up as a fundamental part of its ongoing effort to strengthen standards of accountability and increase the efficiency and effectiveness of its programs and operations. As noted in *Figure 41*, the Department was the recipient of a substantial number of audit and review reports during fiscal year 1997, including 794 Single Audits, 77 Office of Inspector General (OIG) program and contract audits, 87 U.S. General Accounting Office (GAO) audits and reviews, and 56 other Federal contract and grant audits. As noted in *Figure 42*, there were 119 audit reports issued during the fiscal year which required audit follow-up actions, including tracking the implementation of audit recommendations, monitoring the recovery of disallowed costs, and resolving disputed findings and recommendations.

During fiscal year 1997, the Department continued to make significant progress in implementing audit recommendations and closing audits, and in recovering disallowed costs and other funds owed the government. As noted in the following sections, the Department achieved a 60 percent overall closure rate on audit reports and a 56 percent recovery rate on disallowed costs, with both of these representing an improvement over the prior fiscal year.

Figure 41

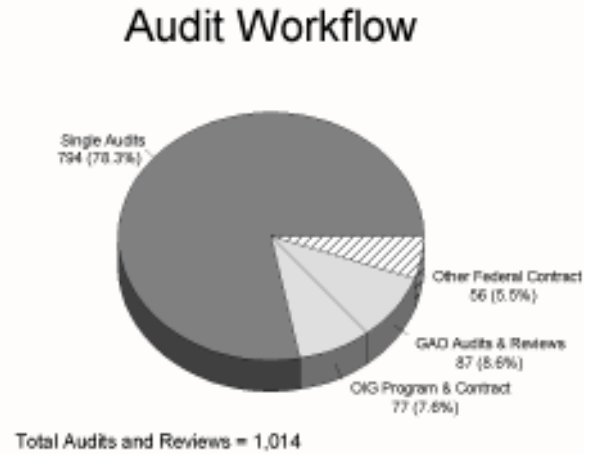


Figure 42



Single Audits: The Department provides over \$1 billion each year in funding for grants, cooperative agreements, Indian Self-Determination contracts, and Self Governance Compacts to State and local governments, Indian Tribes, colleges and universities and other non-profit organizations. Under the provisions of the Single Audit Act, the grantees’ financial operations, management control structure, and level of compliance with applicable laws and regulations must be audited each year. All Single Audit reports are now forwarded to and screened by the Federal Single Audit Clearinghouse. Those Single Audit reports with findings and recommendations requiring audit follow-up actions are then forwarded to the OIG for review and distribution to the appropriate bureaus. Each bureau is responsible for meeting with grantees and negotiating resolution of the deficiencies identified in the audit reports, and for determining the allowability of any expenditure

Figure 43

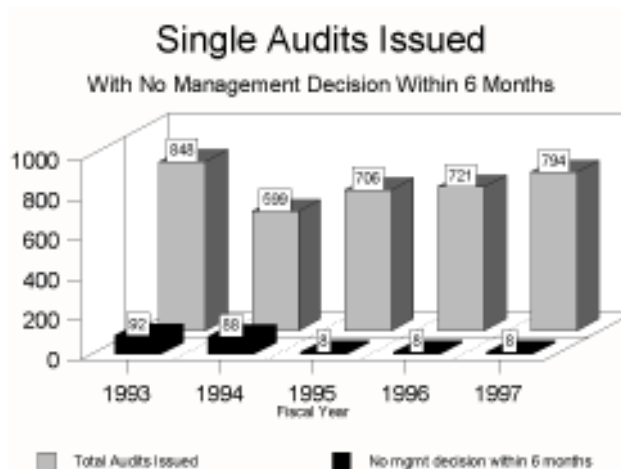
FY 1997 Single Audits			
Audits Issued and Referred for Action			
Office	Audits Issued	Audits Referred	
		for Action	Audits Closed
Office of the Secretary	19	-	-
Indian Affairs	404	12	5
Fish, Wildlife and Parks	180	4	3
Insular Affairs	33	16	12
Land and Minerals Mgmt	115	2	-
Water and Science	43	1	1
TOTAL	794	35	21

of Federal funds which has been questioned by the auditors.

Figure 43 presents the distribution by office of Single Audits received, referred for audit follow-up action, and closed during the fiscal year. As noted, the Bureau of Indian Affairs grantees accounted for over 51 percent (404 of 794) of the Single Audit reports received in fiscal year 1997, but only 12 (or 2 percent) of the Bureau's audits were actually referred for audit follow-up actions. The Department was successful in closing 60 percent (21 of 35) of the audits referred for follow-up action during the fiscal year. Approximately 50 percent of the total Single Audits involving Insular Areas (16 of 33) were referred for audit follow-up action. Due to the spirited and collaborative efforts of the Insular Area Governments and the Department's Audit Follow-up staff, an unprecedented 75 percent (12 of 16) of the Single Audits referred were closed by the end of the fiscal year.

Reaching Timely Management Decisions on Single Audits: Management decisions (agreement on actions to implement audit recommendations between the bureau and grantee) are expected to be agreed to within six months from receipt of the audit report. If an audit results in disallowed costs, bureaus are responsible for

Figure 44



collecting the disallowed costs from the grantees. Only eight of the Single Audits pending at the beginning of, or received during, the fiscal year did not have management decisions within six months from the issuance date of the audit report -- the same number as the prior year, but a smaller percentage of total Single Audits. Figure 44 presents the significant declining trend in this area over the last five years.

Collecting and Offsetting Disallowed Costs: The Department made good progress during fiscal year 1997 in closing audits and recovering disallowed costs. As noted in Figure 45, at the beginning of the year, there were 28 pending audits with \$1.1 million in disallowed costs. An additional 11 audit reports with \$522,000 in disallowed costs were received during the year. By the end of the year, 24 audits were closed (60 percent) and \$908,000 in disallowed costs were recovered (56 percent). Figures 46 and 47 provide a bureau summary of disallowed cost audit activity for the fiscal year.

Figure 45

	FY 1997 Summary of Audit Follow-up Workload					
	-----> OIG Program Audits <-----					
	Disallowed Costs		Funds to be Put to Better Use		Other Audits	
	Reports	Dollar Value	Reports	Dollar Value	Reports	Dollar Value
Beg Balance 10/1/96	28	\$1,107,000	50	\$58,493,636	8	N/A
New Audits	11	522,000	20	41,300 *	32	N/A
Total Workload	40	1,629,000	70	58,534,936	40	N/A
Audits Closed	-24	908,000	-18	2,200,000	30	N/A
Closure Rate	60%	56%	25%	3%	75%	N/A
End Balance 9/30/97	16	\$721,000	52	\$56,334,936	10	N/A

* Excludes 2 audit reports with \$3,404,000 in FBUs where management agreement is pending

Figure 46

FY 1997 Audits With Disallowed Costs (Number of Reports)				
	Total	Indian Affairs	Park Service	Reclamation
Beginning Balance	29	27	1	1
New Reports	11	10	1	0
Reports Closed	24	23	1	0
Ending Balance	16	14	1	1
Closure Rate	60%	62%	50%	0%

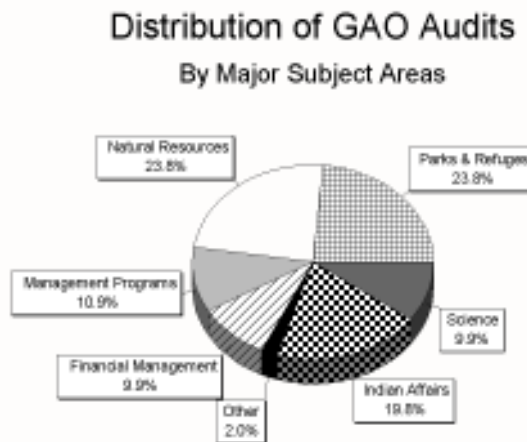
Figure 47

FY 1997 Audits With Disallowed Costs (Dollar Value)				
	Total	Indian Affairs	Park Service	Reclamation
Beginning Balance	\$1,107,000	\$761,000	\$200,000	\$146,000
Additional Disallowed Costs	\$522,000	\$498,000	\$24,000	\$0
Collected, Offset or Reinstated	\$908,000	\$884,000	\$24,000	\$0
Ending Balance	\$721,000	\$375,000	\$200,000	\$146,000
Collection, Offset & Reinstatement Rate	56%	70%	11%	0%

Internal Audits: Internal audits are audits conducted by the Office of Inspector General of the programs, organizations, and financial and administrative operations of the Department. One category of internal audits are those audits on how the OIG presents recommendations to improve efficiency and where funds can be put to better use (FBU audits). The Department tracks the successful implementation of all FBU audit recommendations and FBU dollar estimates agreed to by management. As noted in *Figure 45*, the Department progressed in implementing recommendations and closing FBU audits during the fiscal year. Of the 70 FBU audits carried forward from fiscal year 1996 or added during fiscal year 1997, 18 audits (25 percent) were closed. These audits closed involved \$2.2 million of FBU funds. It should be noted that one pending FBU audit, Recovery of Construction Costs of the Columbia Basin Project, which involves long-term corrective actions, accounts for \$48.7 million of the total pending FBU balance, or 83 percent. When this audit is excluded, the closure rate of FBU funds improves significantly. It should also be noted that this presentation does not include two FBU audit reports with \$3.4 million where bureau management agreement is pending.

U.S. General Accounting Office Audits: The U.S. General Accounting Office audits are a major component of the Department's audit followup program workload. During fiscal year 1997, a substantial number of GAO reviews were underway or initiated. There were 87 reviews in process during the year, of which 25 were terminated without issuance of a letter report

Figure 48



or other work product. In addition, there were 36 draft reports in process and 32 final audit reports issued with 24 recommendations. *Figure 48* characterizes the audits by major subject area. The Department successfully implemented 30 percent (7 of 24) recommendations by the end of fiscal year. The remaining recommendations involve actions that could be cost prohibitive or long-term implementation plans; these are being reevaluated by the Department.

ASSET AND DEBT MANAGEMENT

Civil Monetary Penalties

In 1997, Civil Monetary penalties were assessed in the amount of \$ 3.7 million. During the same period, \$2.6 million was actually collected. Civil Monetary Penalties are assessed as a result of enforcement actions by the Office of Surface Mining, the Bureau of Land Management, the Minerals Management Service, and the Fish and Wildlife Service. *Figure 49* shows civil monetary assessments and collections for 1995 to 1997.

Debt Collection

The collection of delinquent debt due from the public is a major goal of the Debt Collection Improvement Act of 1996. In an effort to meet its statutory obligations, the Department has implemented two debt management initiatives that are intended to control and manage debt due from the public and to ensure that future delinquencies are held to a minimum. These include referring 180-day and older delinquent debt to the U.S. Treasury for cross-servicing and referring delinquent

Figure 49

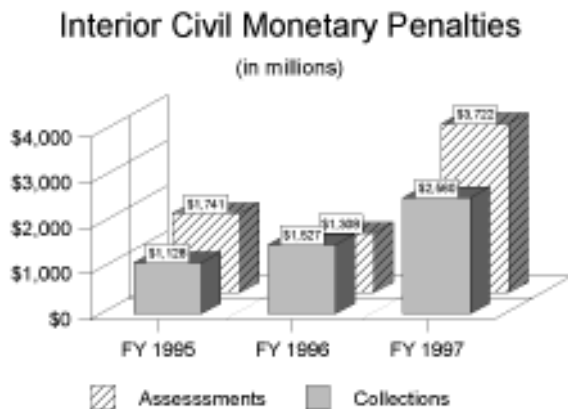
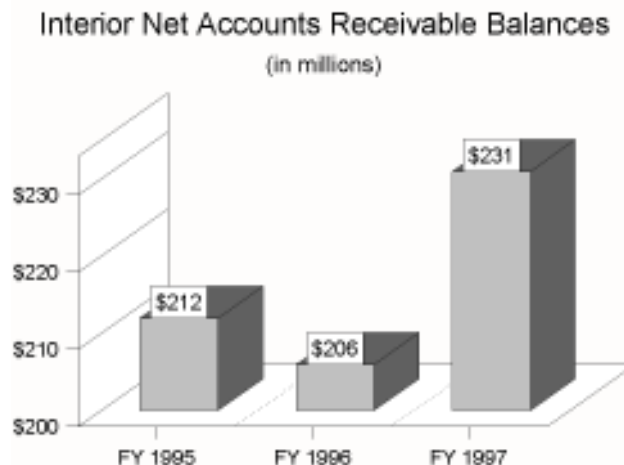


Figure 50



debts to the Treasury Offset Program. The Department's debt management policies are designed to (1) provide sufficient and accurate management information, (2) help bureaus become more effective in their debt collection efforts, and (3) initiate appropriate litigation as necessary. With the new legal mandates and policies now being implemented, the Department expects a greater rate of collection in the years ahead.

In 1997, approximately \$219.7 million (60 percent) of the Department's \$368.1 million accounts receivables due from the public were delinquent. The allowance for doubtful accounts is approximately \$137.3 million or 37 percent. The nature of this debt, comprising fines and penalties, has a historically high rate of write-offs. Figure 50 shows the Department's accounts receivable balances (net of allowance for doubtful accounts) due from the public for 1995 to 1997.

Prompt Payment Act

In January 1997, the Department established an initiative to reduce the number and dollar amount of interest penalties paid and improve its overall on-time payment performance. The initiative has already begun to pay dividends with improvements in each area cited. This improvement effort will continue and actually intensify during 1998 to achieve significantly better payment performance utilizing new technologies and best practices.

The Department of the Interior's on-time payment percentage increased from 73 percent in 1996 to 77 percent in 1997. In addition, the dollar amount of late payment interest penalties paid decreased by 14

Figure 51

Timeliness of Vendor Payments			
	Percent of Payments		
	1997	1996	1995
Total	100.0%	100.0%	100.0%
On time	77.1%	72.8%	74.0%
Early	0.6%	0.8%	0.4%
Late	22.3%	26.4%	25.6%
Interest penalty paid	(8.8%)	(9.8%)	(9.5%)
Interest not due *	(12.9%)	(15.9%)	(15.4%)
Interest due but not paid	(0.6%)	(0.7%)	(0.7%)

* Interest was not due because interest was less than \$1

Figure 52

Selected Prompt Pay Data			
	1997	1996	1995
Invoices paid:			
Dollar amount	\$1,810 million	\$1,874 million	\$2,022 million
Number	534,099	612,061	846,880
Interest Penalties:			
Dollar amount	\$1.2 million	\$1.4 million	\$1.5 million
Number	46,797	60,422	80,357
Interest Penalties as a Percentage of Invoices Paid:			
Dollar amount	0.067%	0.075%	0.074%
Number	8.8%	9.9%	9.5%

percent and the number of late payments requiring penalties decreased by 23 percent.

Over the past several years, the number of payments subject to the Prompt Payment Act has shown a steady decline. This decrease is attributable to the Department's increased use of the governmentwide purchase card. Figures 51 and 52 show selected prompt pay statistics for 1995 to 1997.