

# IMPROVING ACCOUNTABILITY



*Government has a role, and an important role. Yet, too much government crowds out initiative and hard work, private charity, and the private economy. Our new governing vision says government should be active, but limited; engaged, but not overbearing. And my budget is based on that philosophy.*

***President George W. Bush, February 27, 2001***

President Bush has called for active, but limited government, one that is citizen-centered and not bureaucracy-heavy; one that is results-oriented and not process driven; and one that is market-based, actively promoting innovation and competition. The President has challenged Federal agencies to become more flexible, creative, and responsive, to bring decision making closer to the customer by flattening hierarchies, reducing management layers, and returning the focus to front-line service.

## CITIZEN-CENTERED GOVERNMENT

The 2002 budget request responds to the President's direction to slow the growth in discretionary programs, while increasing opportunities for private sector involvement through contracts and public-private partnerships. In 2002, Interior anticipates employing 69,354 FTE, more than 1,700 FTE below originally planned 2001 levels estimated soon after enactment of the 2001 appropriation. The Interior Department's 2001 appropriation provided significant increased resources for on-the-ground programs that are FTE intensive, including firefighting, park operations, and Indian trust management. In 2001, Interior will offset these increased FTEs with FTE reductions elsewhere through the expanded use of contractual services and outsourcing, and the elimination of extrane-

ous positions that are not needed for delivery of programs at the local level. These reductions will be done in an orderly manner, starting with current vacancies and management positions that, when vacated, can be eliminated.

Early actions in 2001 will allow Interior to achieve a 1,132 FTE reduction from the originally planned level before the beginning of 2002. A further reduction of 575 FTE will be achieved in 2002.

The 2002 budget identifies streamlining savings totaling \$57.3 million. Savings of \$15.3 million are distributed throughout the Department and are a result of reducing organizational layers, identifying contracting efficiencies, modifying the grades

**DEPARTMENT OF THE INTERIOR  
FTE USAGE AND ESTIMATES  
2000 - 2002**

	<u>FTE</u>
2000 Actual Usage .....	67,274
<b>2001</b>	
Original Estimate.....	71,061
Revised Estimate .....	<u>69,929</u>
	-1,132
2002 FTE Estimate .....	<u>69,354</u>
	-575
<b>Change from</b>	
<b>2001 Original Estimate .....</b>	<b>-1,707</b>

of current positions, management downsizing, and eliminating extraneous positions. An additional \$42.0 million in savings achieved through the bureau's streamlining actions will allow Interior to absorb a portion of its uncontrollable costs in 2002 without causing programmatic impacts.

## RESULTS-ORIENTED GOVERNMENT

The President believes that government must be financially accountable. This means securing unqualified audit opinions; assuring the public that Federal funds are being used for their intended purpose; correcting material weaknesses; and expanding its use of capital planning.

**Financial Audit** - To strengthen the integrity of financial operations and ensure the accuracy of financial data, the Department of the Interior produces audited consolidated financial statements for each of the bureaus, as well as a Departmental summary. In 2000, the Department's consolidated financial statements received an unqualified audit opinion for the fourth year, and all but two of the bureaus received unqualified audit opinions. The Department is taking action in order to assure that weaknesses identified through these audits are quickly corrected.

To continue efforts toward greater financial accountability, Interior has begun a process to contract with private sector audit firms for the annual financial audits. The 2002 budget redirects resources to support this goal, and includes \$4.6 million to pay for the costs of these audits. This practice is followed by nearly all major Federal Departments and agencies. Using private auditing firms will provide for a more independent and objective evaluation of the Department's and bureau's financial statements.

The Interior Department will continue to work in partnership with the Inspector General to complete the consolidated financial audit and to evaluate the effectiveness of follow-up actions. The 2002 budget request includes an increase of \$835,000 for the Inspector General to conduct programmatic reviews and evaluations in areas of high risk and of concern to the Secretary and Congress, and to respond to the Department's requests for targeted program and management reviews and audits.

**Correcting Material Weaknesses** - The Interior Department's management control program uses Inspector General reports, General Accounting Office and financial audits, and an annual assessment process to identify problems relating to financial and management accountability throughout the Department. Through this process, Interior develops a list of material weaknesses and corrective actions to be taken. This process assists in ensuring management accountability. Currently Interior is monitoring progress on 19 material weaknesses. The Department will take aggressive action to resolve these in 2001 and 2002. The Interior Department's management, administrative and accounting controls, and financial management systems comply with the Federal



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Managers' Financial Integrity Act, Inspector General Act, and other requirements. These systems, in concert with the Department's management control program, strategic planning process, and capital planning process provide the necessary assurance that Federal funds are being spent for their intended purpose.

**Performance Results** - The Secretary has committed to reporting performance results. The Department will continue its efforts to provide meaningful performance results that link resource investments to outcomes. In the Department, results are measured against a set of performance goals that reflect Interior's most critical challenges. Each year targets are established for these goals and results assessed against those targets. This is the second year that the Department is reporting on achievements linked to performance goals established under the Government Performance and Results Act. In both 1999 and 2000, Interior met or exceeded approximately 70 percent of the nearly 250 performance measures tracked.

*In the years ahead, I anticipate that we will provide even more information in future reports on our annual performance results. The American people deserve to know the results for its annual investment in the programs of the Department.*

**Secretary Gale A. Norton, February 28, 2001**

The 2002 budget will incorporate a combined annual performance report and annual performance plan to provide information on prior year results and future goals in a single document. The Department has made improvements in the 2002 plans and 2000 reports in three areas including: describing goals; providing more complete reports of progress in meeting goals; and verifying and validating data.

The Department's current goals were established in September of 1997 and revised in September of 2000. During 2001, the Department will continue to review and revise its strategic plan to reflect the President's vision for government and to improve the link between budget and performance.

**Capital Planning** - The Department's efforts in capital planning have evolved into a comprehensive process that considers the timing, scale, and

effectiveness of key investments in information technology and physical facilities. Interior's Capital Assets Executive Review Committee provides a high level of oversight in the evaluation of planned investments. Funding requests included in the 2002 budget for significant capital assets have undergone review by the committee.

## MARKET-BASED GOVERNMENT

One aspect of the President's goal for government reform invites re-examination of the role of the Federal government. The President has directed the redeployment of resources from old priorities to new ones, eliminating or reducing funding for programs that have completed their mission or that are better performed in partnership with the private sector.

Although a compressed time frame for preparation of the 2002 budget did not allow detailed examination of Interior's far reaching and complex programs, the Department is prepared to take a significant step toward redeploying resources, eliminating one-time and lower priority Congressional add-ons. These funds will be redirected to other important needs. The 2002 budget also identifies programs that can be performed by the private sector or implemented through expanded partnership arrangements.

The budget envisions expanded partnerships for the U.S. Geological Survey to carry out its work. In 2002, USGS science programs will provide sound science to support the Interior land management bureaus, and continue historic responsibilities in programs such as mapping and hazards monitoring. To sustain ongoing research programs that primarily benefit other Federal agencies, States, local governments, and foreign governments, Interior and USGS will work with partners to increase partnership funding. The 2002 budget includes reductions in FTE and funding to reflect these objectives.

A model for the development of Federal-State collaborative programs that can generate significant State, private, and other Federal agency support is the State Water Resources Research Institutes. Federal and matching funds support academic research programs at 54 institutes that fund the investigation of State and regional water prob-

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lems and related land issues, promote technology transfer, and train scientists and engineers. In recent years the institutes have received roughly \$14 dollars for every USGS dollar. Given that USGS's original investment in the institutes has

enabled them to develop this level of outside support for the program, continued USGS funding is no longer necessary and the budget proposes to discontinue that funding.