CHAPTER 4. 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 decisionmaking capabilities and enable Interior program and financial managers to more effectively achieve 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. Interior's goal is to achieve and maintain the objective stated in OMB Circular A-127 for each agency to establish a single, integrated financial management system. In pursuing this goal, the Department will follow the information technology investment management practices and principles identified in the Clinger-Cohen Act of 1996.

History

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

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

Overall, Interior's financial management systems represent a combination of governmentwide systems, departmental systems, and bureau managed systems. Increasingly, Interior is becoming reliant on technology as the enabling agent for meeting management's need for more timely and comprehensive financial management information to streamline underlying financial and administrative processes and improve 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 4-1*, arrayed by the different types of management approaches being used. *Exhibit 4-2* lists the Department's financial management systems and applications.

Exhibit 4-1

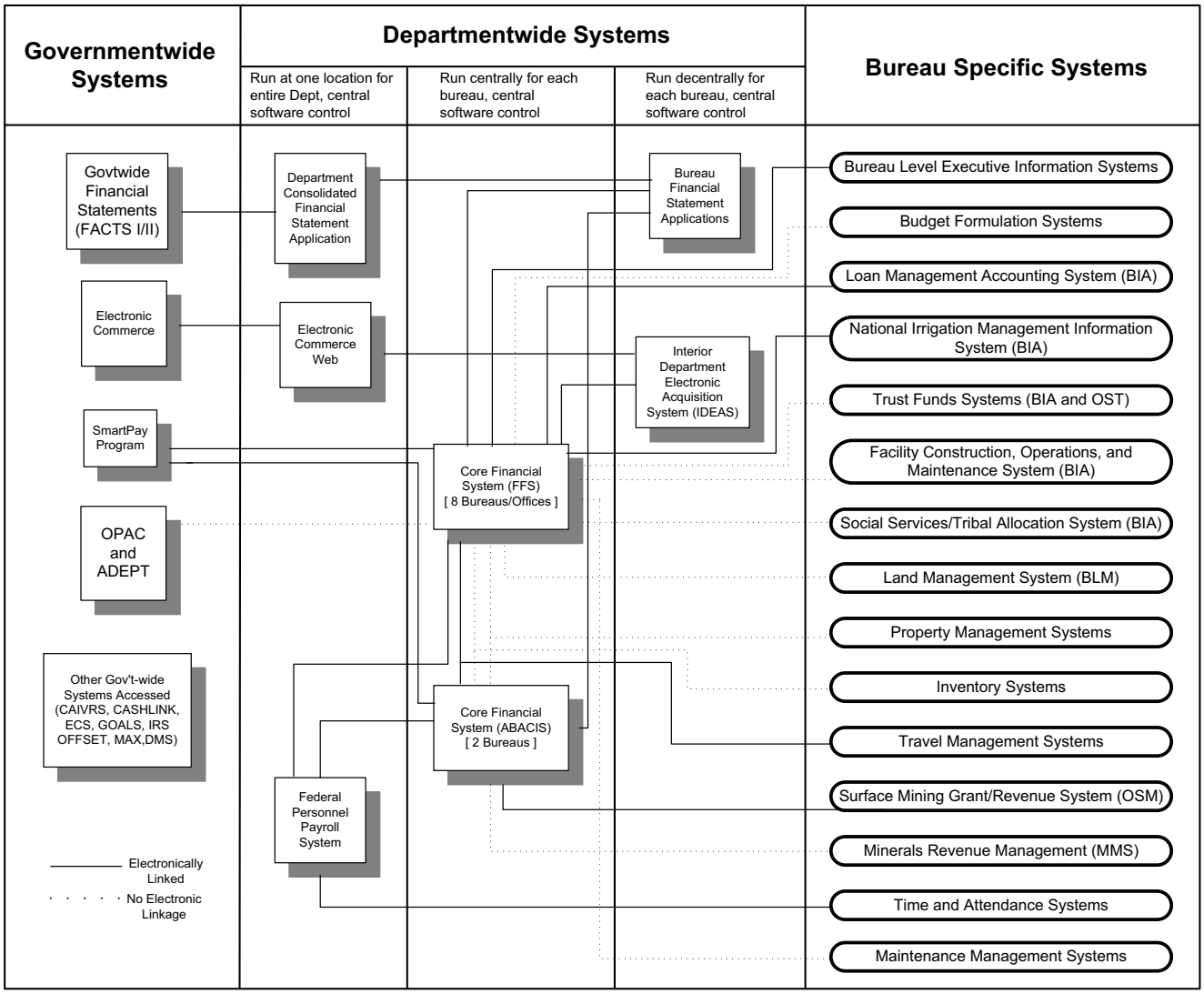

Exhibit 4-2

Department of the Interior
Financial Management Systems Supporting Exhibit 4-1
System/Applications

DEPARTMENTWIDE SYSTEMS

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

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

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

Interior Department Electronic Acquisition System

BUREAU SPECIFIC SYSTEMS

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

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)

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

Property Management Systems
- FFS Fixed Assets Subsystem (BIA, BLM, GS, NPS)
- 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)
- Peachtree 2000 Inventory System (GS)

Travel Management Systems
- Travel Manager Plus

Minerals Revenue Management (MMS)

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.

The Department's current financial management system improvement efforts involve 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.

- **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:** Re-engineer 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 2002 Accomplishments

During FY 2002, 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 through the following:

- Maintaining the SmartPay Program (commonly called the DOI Integrated Charge Card Program) supporting the Interior travel, acquisition, and property programs through the Bank of America.

- Maintaining the Interior Departmentwide Procurement System (IDEAS) providing more than 350 locations with the software support for requisitioning, purchasing, contracting, and contract administration.

- Improving Property Systems through the Property Management Partnership to provide a structure through which bureau officials develop common strategies and agreements to improve systems, operations, services, and information on property in order to achieve efficiencies and cost effectiveness. Current systems are using outdated technology, are not integrated, and do not have the necessary security capabilities to facilitate open access through the Internet.

- Maintaining the Current Core Accounting Systems through annual updates of the vendor software of the existing core accounting system 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 2001. This software uses 1980's technology and needs to be replaced.

- Improving the Consolidated Financial Statement System through continuing the updates of the Hyperion Enterprise software for collecting financial statement information to support the preparation of consolidated financial statements. The Department began using the Hyperion Enterprise software in 1997 for the Department's consolidated financial statements. Since FY 1999, each bureau finance office has also used Hyperion Enterprise to prepare bureau-level audited financial statements.

- Maintaining the GPRA Performance Tracking System necessary to support the Government Performance and Results Act (GPRA). This system is an Access based system used to capture GPRA performance information to meet the GPRA reporting requirements on a departmental basis.

FY 2003 Planned Activities

- Continue to maintain the above systems until new functional capability is available though the implementation of the Financial Management Systems Migration Project.

Financial Management Systems Migration Project (FMSMP)

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. The development of the 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.

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

- *Phase I - Functional Analysis Phase*
- *Phase II - Business Process Review*
- *Phase III - Business Case Development*

Additionally, in late FY 2000, Interior issued a Request for Information (RFI) to industry. The RFI process was completed during FY 2001 by conducting vendor software demonstrations. The RFI process was successful in providing needed information in each area.

Interior's strategy is to establish and maintain an integrated financial management system for use by all bureaus that will: (a) allow users in the field and senior management to access common financial data when they need it to perform their functions effectively and efficiently; (b) enable processing necessary to record underlying transaction data and the infrastructure to provide easy access to the data will be handled in the background with limited or no human intervention; and (c) provide a secure integrated systems information environment that will support e-government initiatives, be paperless, require only a single user logon for access, allow one-time initial data entry, and provide easy access to common data. This will replace Interior's current financial management systems that are old and cannot support current and planned e-Government opportunities. The core accounting system (FFS) used by most bureaus is based on a mainframe system using outdated technology; two bureaus are using an internally developed system (ABACIS) that is difficult to support; the procurement system (IDEAS) is a client-server system that does not support multi-bureau contracting initiatives and is expensive to maintain; and current financial management systems are not integrated and do not have the necessary security capabilities to facilitate more open access through the Internet.

The scope of the effort will include the following critical functions of the Department: core financial, acquisition, personal property/fleet management, travel, budget, financial assistance, real property, and enterprise management information. The strategy for implementing the new systems will be to implement the system capabilities in phases by designing the systems to be implemented across the Department but implementing the new systems capabilities in two bureaus first (OSM and MMS) before implementing the systems capabilities in the other bureaus.

The strategy has been developed to support e-Government initiatives to improve government to customer, government to business, and government to government interaction by: (1) supporting secure electronic connections with outside parties purchasing services or obtaining information from the Department; (2) supporting electronic procurement and payment infrastructure for vendors doing business with the Department; and (3) supporting business process changes necessary to link electronically to state and other federal agencies for grants and intergovernmental activity. The strategy will provide value to senior level officials by improving decisionmaking through more accurate and more timely access and analysis of critical management information, improving integrity in data through better integration and control over information processes, and reducing risk of systems collapse due to old technology. Value will be added for line managers by providing better administrative support for employees to improve the quality of the work environment, increasing the ability

to hire and retain high quality staff, and improving the ability to take advantage of Internet capabilities. Value will also be added to administrative operating personnel by improving internal efficiency and effectiveness through streamlining processes, improving efficiency, and reducing reconciliation efforts between critical systems to allow for more analytical activities, supporting increased security over applications and data, and potentially reducing cost of systems maintenance and allow for less expensive enhancements to functionality in the future.

The Department's acquisition and implementation investment strategy is to set up the applications to support the functions within the scope of the project of departmentwide implementation and to implement the new systems capabilities in the first two bureaus (Minerals Management Service and the Office of Surface Mining) to ensure the approach works before implementing the rest of the Department. The initial investment has been included in the Department's FY 2004 budget request to the Office of Management and Budget. The total systems acquisition and implementation investment for all bureaus is planned over an eight year period.

FY 2002 Accomplishments

- With contractor assistance, developed: (1) requirements for each of the software modules included within the scope of the Financial Management Systems Migration Project (FMSMP); (2) an acquisition strategy, including detailed evaluation criteria; and (3) a software capabilities demonstration plan.

- Developed the FY 2004 Capital Asset Plan (Exhibit 300).

FY 2003 Planned Actions

- Develop a Request for Proposals (RFP) for the acquisition of financial management software and implementation services.

- Issue the RFP for the acquisition of financial management software and implementation services.

- Evaluate and test the financial management software proposed by the vendors responding to the RFP.

- Obtain FY 2004 funding to implement the migration strategy established to replace existing financial management systems within an integrated information technology architecture.

FY 2004 and Beyond Planned Actions

Depending on funding availability:

- Award contract for financial management software and implementation services.

- 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.
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.

The Federal Human Resources Information System (FHRIS) Project resulting from the above referenced contract had 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.

The FHRIS prototype pilot project was a success and the Department contracted with Booz, Allen & Hamilton in FY 2001, and again in FY 2002, to assess the pilot project and develop/update a business case for departmentwide implementation of FHRIS.

FY 2002 Accomplishments

- Conducted a demonstration pilot of HR functionality in the National Business Center.

- Prepared for further pilot projects in several bureaus.

- Developed a Business Case for FHRIS, including funding requirements for future years.

- Investigate other possible solutions to ensure FHRIS is the proper approach for the Department.

FY 2003 Planned Actions

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

- Begin change management activities in all bureaus.

FY 2004 and Beyond Planned Actions

- Issue long-term contract to implement all the functional areas listed above in all bureaus.

- 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.

Interior Information Architecture Program

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 enable 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 Enterprise Architecture (IEA) (formerly known as the Interior Information Architecture (IIA)). Statutory requirements supporting the development and implementation of an enterprise architecture include, but are not limited to, the Government Performance and Results Act (GPRA), Presidential Decision Directive 63, and the Government Paperwork Elimination Act. The goal of the IEA 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 Enterprise Architecture is a well-coordinated effort making progress on several levels. The Clinger-Cohen Act calls for an enterprise 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 Enterprise 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, thereby 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 enterprise architectures. The META Group has been secured to facilitate and assist in continued development of the IEA. Support for this development is secured through a GSA FEDSIM contract.

The component architectures are being developed by Interior's Chief Architect and staff, with support from the Interior Architecture Working Group. Component architectures include Information Security, Network, Data Management, Geospatial Technologies, Applications Development, Middleware, Collaboration & Directory Services, Web/E-Government, Distributed Systems Management, and Platform. Development of the component architectures will ensure Interior meets at least minimal compliance with related statutory and operational requirements.

FY 2002 Accomplishments

- Coordinated activities of the Interior Architecture Program, broadening involvement of bureaus and offices within Interior.
- Involved and informed Interior bureaus/offices in assessments of architectural maturity throughout Interior.
- Produced the final Technical Reference Model and Standards Profile (version 1.0).
- Worked with META Group Consulting to facilitate and assist in continued development of the IEA.
- Involved senior business managers in defining Interior's strategic direction and challenges.
- Matured the governance process for IEA, involving senior managers and executives from throughout Interior.
- Strengthened the partnership with GPRA to identify strategic influences and integrate them into the IEA.
- Strengthened the partnership with IT Capital Planning and Investment Control to make the IEA an integral component of managing IT investments.
- Identified opportunities for non-exclusive enterprise licensing agreements to leverage departmentwide purchasing power and reduce total cost of ownership.

FY 2003 Planned Actions

- Complete the high-level IEA and initiate mid-level IEA development.
- Identify opportunities through gap analysis to improve Interior technology infrastructure.
- Update the Technical Reference Model and Standards Profile (version 2.0).
- Continue to strengthen the partnership with GPRA to identify strategic influences and integrate them into the IEA.

- Continue to strengthen the partnership with IT Capital Planning and Investment Control to make the IEA an integral component of managing IT investments.

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

FY 2004 and Beyond Planned Actions

- Initiate work on a detailed level IEA.

- Update and maintain the Technical Reference Model and Standards Profile.

- Identify and facilitate departmentwide acquisitions of commonly used information technologies.

Computer Security Improvement Project

The Department of the Interior (DOI) has implemented an agencywide Information Technology security program focused on ensuring that systems are protected and meet the requirements of public laws, Executive Branch directions, federal standards, and Interior policies. DOI will maintain an IT security program that assures adequate protection of all information assets and IT systems. The DOI IT Security Program provides bureaus and offices with the framework for the protection of information and IT systems from threats to confidentiality, integrity, availability, accountability, and authenticity. Agencywide computer security requirements for all information and information systems categorized as National Critical Infrastructure or National Security Information, and a portion of Interior Mission Critical Systems, will be programmatically implemented. This approach adopts federal doctrine that application of IT security measures should be (1) risk based, (2) implemented uniformly and consistently, (3) applied commensurate with the potential for loss, and (4) quantifiable. Programmatic implementation will embody defined, repeatable processes that incorporate the means for measuring results against predetermined criteria. Guidance put forth in Office of Management and Budget (OMB) A-130, Appendix III will be used to determine quantitatively how many systems of a particular category meet the minimum requirements for ensuring adequate security. A focus on meeting a uniform level of compliance across all of DOI is imperative and a goal of the IT Security Program. While it is important that all systems have adequate protection, achieving uniform levels of compliance is critically linked to agencywide management priorities, workforce capabilities, and available resources.

FY 2002 Accomplishments

- Established departmental approach for implementation of integrated IT security from executive management to working levels.

- Developed policies, procedures, and guidance reflecting the complete range of activities covered in NIST Special Publication 800-26 (Security Self-Assessment Guide for Information Technology Systems).

- Developed a complete hardening process for networks to assure appropriate security measures and adequate protection of electronic assets will be implemented.

FY 2003 Planned Actions

- Enhance the security of National Critical Infrastructure, National Security Information Systems, Indian Trust systems, and financial systems.

- Establish an OMB A-130, Appendix III Project Office to oversee compliance issues.

- Develop and put into practice a Certification and Accreditation process to provide assurance to management and users on the confidentiality, integrity, and availability of any information processed, stored, or transmitted by a General Support System or Major Application.

- Establish Computer Security Incident Reporting Capability to facilitate the coordination of vulnerability and incident reporting and cooperation among the DOI bureaus and program offices in sharing incident, vulnerability, threat, and countermeasure information.

- Conduct risk assessments for all Wide Area Networks.

FY 2004 and Beyond Planned Actions

- Establish a Public Key Infrastructure (PKI) for use within the Department.

- Continue the Certification and Accreditation process on Interior Mission Critical systems.

- Provide continued support for bureau IT Security Program Implementation and Management.

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 System

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 recipients in a timely manner. These revenues average more than $6 billion annually, with more than $10 billion collected in 2001 alone. The MRM was faced with a number of challenges that forced it to reexamine its core business processes. One of these challenges was the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 that significantly changed many of MRM's historical operating assumptions, as well as some fundamental federal oil and gas mineral revenue financial activities. Another compelling reason for a re-engineering effort was the need to improve MRM's performance by reducing its business cycle to match other comparable organizations in the public and private sectors. Key to MRM's re-engineering initiative was the modernization of its

information technology infrastructure, which involved the deployment of new technologies and replacement of applications software whose roots could be traced to the early 1980s.

The re-engineering initiative addressed all core MRM business processes—financial, accounting, compliance, and systems. The re-engineering effort objective was to produce new business processes and support systems that were highly integrated, process centered, focused on outcomes, and well positioned to meet current and future mission requirements.

FY 2002 Accomplishments

- Implemented the core financial software of the new financial system on November 1, 2001. The systems investment was $38.5 million and came in on time and on budget.

- Upgraded, modified, and enhanced multiple supporting systems to accommodate requirements of the new financial system.

- Converted to the Internet Payment and Collection system to make intergovernmental transfers.

- Increased the total percentage of lines reported electronically to almost 90 percent.

- Continued an aggressive training schedule to inform industry representatives of the many changes incorporated into the new financial system and on basic royalty and production reporting.

- Implemented the first consolidated compliance targeting strategy utilizing the new end-to-end process that incorporates all phases of compliance verification from automated risk assessment to production review to audit.

- Began development of the automated infrastructure to support the gas royalty in kind (RIK) program.

- Implemented, in coordination with the Department of Energy (DOE), the President's November 2001 directive to fill the remaining capacity of the Strategic Petroleum Reserve (SPR) utilizing Gulf of Mexico Federal RIK Oil. Oil royalty in kind deliveries to DOE commenced on April l, 2002, at a rate of 60,000 barrels per day. DOI and DOE plan to increase this volume to 100,000 barrels per day by October 1, 2002 and to 130,000 barrels per day by April 1, 2003. The initiative will take about three years to complete and will involve some 120 million barrels of royalty crude oil.

- As a result of the court-ordered Internet connection shutdown from December 2001 to March 2002, mineral revenue reporting and distribution of revenues was disrupted. During that time, MMS made estimated payments to the states and continued to provide distribution information to Office of Trust Funds Management for Indian revenues. To date, MMS has reconciled 96 percent of the estimated payments made to the States from December 2001 to July 2002 and plans to resume regular State distribution with the October cycle. In addition, MRM has provided data to the Bureau of Indian Affairs to disburse almost all of the revenues for individual Indian mineral owners collected during the shutdown.

- Continued outreach and communication efforts.

FY 2003 Planned Activities

- Complete the processing of backlogged royalty and production reports that resulted from the Internet shutdown.

- Test and implement remaining segments of new MRM financial system (production reporting and exception processing) and MRM compliance system.

- Bring the system to steady state environment by resolving startup problems, fine-tuning system performance, and improving timeliness of throughput.

- Complete implementation of the RIK gas automated infrastructure. Timing for the implementation of the oil system depends on available funding through the FY 2003 budget process.

FY 2004 and Beyond Planned Actions

- Develop and implement upgrades and enhancements to the financial system and the data warehouse to improve efficiency and effectiveness.

- Plan and implement additional process improvements for streamlining and enhancing compliance.

- Establish ongoing continuous improvement cycle for compliance processes and systems. As new techniques and approaches are developed in the workplace, implement new tools and applications to support them.

- Continue outreach and communications effort, which includes 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 for 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), the Office of Trust Records, the Office of Trust Risk Management, and the Office of Appraisal Services. Various financial trust services functions were transferred from the Bureau of Indian Affairs (BIA). OST's

Trust Systems and Projects group is working on business process modeling and development of Indian trust systems, the probate project, and Indian trust data cleanup.
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 was unreliable, inaccurate, and inconsistent, and trust systems have been inadequate to comprehensively process trust data and support investment activities. Inadequate internal controls and lack of consistent, written policies and procedures were also cited in the reports.

Efforts have been made to bring about long-term constructive improvement in trust funds management. For example, the Department issued a June 1994 draft report, *Indian Trust Funds and Trust Asset Management Reform Plan*, which resulted in implementing an interim service bureau system for managing tribal investments and accounting services. BIA has performed most collection activities. The 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, and 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 were also included in the High Level Implementation Plan (HLIP) of the Trust Management Improvement Project (TMIP). The July 1998 HLIP, as revised in February 2000, addressed the following 11 subprojects and identified responsible officials, progress made, action plans, and resource requirements:

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

Although many HLIP tasks have been completed, the Department has not yet achieved effective trust reform and management. Accordingly, the Department is now developing a new plan—a comprehensive *Indian Trust Business Plan*. It will articulate the strategy for managing and reforming trust responsibilities and guide the implementation of the strategy.

FY 2002 Accomplishments

- Achieved progress in various areas including probate backlog elimination and activities for improved systems.

- Improved computer system security after potential weaknesses were identified. The Department awarded a comprehensive information technology security contract.

- Reconnected about 94 percent of the information technology systems to the Internet. The systems were disconnected as a result of a December 2001 Temporary Restraining Order which required the Department to disconnect from the Internet all information technology systems that house or access individual Indian trust data and disconnect Department computers

- Implemented records management improvements in OST and BIA.

- Completed implementation of the major elements of the re-engineered system and continues to phase in the less time critical modules by MMS Minerals Revenue Management, which collects, accounts for, and distributes mineral revenues from Federal and Indian mineral leases and evaluates industry compliance with laws, regulation, and lease terms,

FY 2003 Planned Activities

- Prepare for implementation after Comprehensive Indian Trust Business Plan with strategy for managing and reforming trust responsibilities is finalized.

- Continue risk management activities to prevent internal control weaknesses relapses.

FY 2004 and Beyond Planned Activities

- Prepare re-engineered trust business processes for implementation. The following functions will help ensure that remaining and re-engineered processes are operationally integrated: risk assessment, automated system requirements (compare existing automated system capabilities with requirements, survey commercial-off-the-shelf systems, etc.), records, internal controls and fiduciary security, policies and procedures, workforce planning, training, and future system user technical assistance center (to be defined).

- Implement re-engineered trust business processes.

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. Deterioration 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 the expenditure of facilities maintenance funds.

2. Establish Common Definitions for Key Maintenance Terms

- Interior should establish:
  - a common subset of facilities data elements;
  - a more standardized definitions of terms;
  - procedures for documenting inventory and backlogs;
  - procedures for determining estimated replacement costs; and
  - 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 2002 Accomplishments

- Implemented MAXIMO in 125 National Park Service park units. MAXIMO, a commercial-off-the-shelf package, has been adopted by the Department of the Interior as the core management enterprise software system to manage its facilities inventory, condition assessments, work management and reporting.

- Continued to work on a facilities condition assessments process and which is on schedule to meet a FY 2005 completion date for the first cycle of assessments.

- Issued 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 budgeted resources and capital investments, goals, needs, and priorities to the Administration and the Congress.

FY 2003 Planned Activities

- In support of the Maintaining America's Heritage initiative, the Department will implement the fifth year of the "Five-Year Facilities Deferred 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 database 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 NPS will deploy the MAXIMO facilities management software in their remaining park units. The USGS will initiate the software in the first 3 of the 14 installations for which it is to be used. The BLM and the FWS are to begin a phased deployment of the system.

- In order to manage future consistency within the facilities management data and reduce life-cycle systems costs, the Department is planning to acquire a departmental site license of MAXIMO and increase the intensity of Department level management of the system.

FY 2004 and Beyond Planned Actions

- Continue implementation and improvement of the Five-Year Facilities Deferred 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.