

# Departmental Ma

## Maintaining a Departmental Strategic Management Focus

The Department's Management Review Board, chaired by Assistant Secretary for Administration and Management Patrick Pizzella, meets monthly to discuss key management issues and challenges and DOL's progress in meeting its goals.



Photo Credit: Shawn T. Moore

The President's Management Agenda (PMA), announced in 2001, consists of reforms aimed at achieving a Government that is citizen-centered, results-oriented, and market-based. The five government-wide initiatives included in the agenda are Strategic Management of Human Capital, Competitive Sourcing, Improved Financial Performance, Expanded Electronic Government, and Budget and Performance Integration. The Department is committed to fully implementing these initiatives with the goal of improving the effectiveness and efficiency of DOL's programs.

For FY 2003, DOL had four outcome goals and eight performance goals associated with the PMA. The agencies with the leadership responsibility for accomplishing these goals are the Office of the Chief Financial Officer and the Office of the Assistant Secretary for Administration and Management. However, all DOL agencies necessarily play contributing roles in their internal management practices.

The Department's progress toward meeting the President's Management Agenda, as measured by the Administration's PMA Scorecard dated September 30, 2003, reflects the quality of our commitment. The Department achieved status scores of Yellow for four of the five Government-wide initiatives, and progress scores of Green for the same four initiatives — placing DOL near the top of all Cabinet agencies.

The President's Management Agenda Scorecard for DOL, as of September 30, 2003:

	Current Status	Progress
Human Capital	Yellow	Green
Competitive Sourcing	Red	Yellow
Financial Performance	Yellow	Green
E-Government	Yellow	Green
Budget & Performance Integration	Yellow	Green

It is within the framework of the PMA that we have established internal management goals in program support areas of Human Resources, Procurement, Financial Management, and Information Technology.

Highlights of progress are discussed below by PMA initiative.

### Strategic Management of Human Capital

The Department achieved all three of its Human Resource performance goals. In FY 2003, DOL:

- Developed competencies for the final nine mission-critical occupations and developed/selected tools for workforce skills assessment based upon competencies. The other 18 mission-critical occupation competencies were developed in FY 2002.
- Improved diversity indicators for 38 percent of the professional and mission-critical occupations exhibiting under-representation in FY 2002.
- Continued improvement in the extent to which diversity in the DOL workforce reflects the civilian labor force by increasing the percentages of the two main under-represented groups — Hispanics and Asian/Pacific Islanders.
- Reduced the rate of lost production days to 46.9 lost days per 100 employees.
- Reduced the overall occurrence of injuries and illnesses for DOL employees to 2.5 per 100 (projected)

# Management Goals

- Achieved 83.6 percent on time filing of injury/illness claims with the Office of Workers' Compensation Programs.
- Initiated MBA and Management Development programs.

## Competitive Sourcing

DOL achieved one of its Procurement performance goals and did not achieve the other. The Department directly converted to contract the commercial work performed by the equivalent of 168 full-time employees (FTE). This was short of the annual target, in part because the Administration eliminated the direct compensation process and replaced it with streamlined competitions. A goal to complete public-private competitions on a percentage of the positions listed on the Department's 2000 Federal Activities Inventory Reform (FAIR) Act inventory in FY 2004 has been established. After reaching the FY 2003 goal of awarding 30 percent of eligible service contracts over \$25,000 using Performance-Based Service Contracting (PBSC) techniques, DOL has raised the target for FY 2004 to 40 percent. The Department also established the Office of Competitive Sourcing in FY 2003.

## Improved Financial Performance

In FY 2003, DOL achieved both of its Financial Management performance goals. The Department met accelerated timeframes for submission of quarterly and annual consolidated financial statements and launched an ambitious managerial cost accounting implementation project that included training over 130 DOL program and financial managers and creating cost models for almost half of all DOL agencies. In order to address a priority of the Administration, reduction of erroneous payments, the Department's largest benefit program, Unemployment Insurance (UI), targeted assistance to its State partners to improve payment accuracy. (In the UI program, States are responsible for issuing payments directly to eligible claimants.)

## Expanding Electronic Government (E-government)

The Department did not achieve its Information Technology performance goal in FY 2003. However, DOL made substantial progress in enhancing security. Forty-four percent of DOL's IT systems have been certified and accredited, and successfully meet OMB IT security performance measures. An additional 40 percent of DOL's IT systems are operating under interim authority to operate and are on track for obtaining certification. The Department is ahead of schedule to obtain full operation authority for 90 percent of its IT systems by July 2004.

## Budget and Performance Integration

DOL's commitment to performance-based management is evidenced by its quick acceptance of the challenge to prepare a budget request linking performance with resources, the goal of which is to better inform decision-makers about the public benefits to be achieved from the proposed levels of funding. During FY 2003, the Department piloted a new budget format for the FY 2004 Congressional Justification (final version of the President's Budget submitted in February 2003). For the FY 2005 budget, DOL agencies continued to refine the presentation of the relationship between resources and results and hone the precision of allocation of budget costs to performance goals.

In the pages that follow, results and strategies for Departmental Management Outcome Goals and Performance Goals are discussed in more detail.

# Outcome Goal HR

## Establish DOL as a Model Workplace

The Department is committed to recruiting, developing, and retaining a high-quality, diverse workforce that effectively meets changing mission requirements and program priorities. Through workforce analysis and planning, the Department identifies the human capital requirements to meet our organizational goals and needs, so that DOL will ensure that the right people are in the right positions at the right time.

Workforce planning is directed towards reducing the distance between the Department's decision-makers and our customers, enhancing front-line service delivery, addressing current and projected staff shortages, ensuring that employees have the skills critical to their current positions and are prepared to progress to higher levels of responsibility, and anticipating changes to staff and competency requirements. For example, employees in occupations that are no longer necessary as a result of technology or changing business practices are afforded the opportunity to be retrained, and the impact of an aging workforce is minimized via succession planning programs such as the Senior Executive Service Development Program, the Mid-Level Management Development Program, and the MBA Outreach Effort.

The Department also remains committed to ensuring safe and healthful workplaces for our employees, while reducing the human costs associated with workplace injuries and illnesses. The Department is expanding use of technology to provide and deliver web-based, interactive occupational safety and health training targeted to the hazards and conditions contributing to injuries and illnesses. Best practices at work sites with lower than average injury rates are being evaluated to determine whether these practices can be used effectively elsewhere.

The Department has three related Performance Goals, all of which were achieved in FY 2003. In addition, DOL earned a "green" progress score for Strategic Management of Human Capital in the latest President's Management Agenda Scorecard. A more detailed discussion of results and strategies follows.

## Establish DOL as a Model Workplace

Performance Goal HR1 (Office of the Assistant Secretary for Administration and Management) - FY 2003  
*The right people are in the right place at the right time to carry out the mission of the Department.*

### Indicators<sup>1</sup>

Develop competencies for nine more mission-critical occupations and develop/select tools for workforce skills assessment based upon competencies.

Improvement will be realized in 20 percent of diversity indicators for professional and mission-critical occupations exhibiting under-representation in FY 2002.

Continued improvement is realized in the extent to which diversity in the DOL workforce reflects the civilian labor force.

### Results

This goal was achieved. DOL performance met or exceeded targeted levels for all performance indicators.

### Program Description

To accomplish its mission more effectively, DOL strives to attract highly competent and diverse job applicants. DOL has developed targeted recruitment efforts to increase the diversity of the Department's workforce and to address under-representation in professional and mission-critical occupations. The Department has continued to develop competency models for its mission-critical occupations. These competency models will allow us to assess the skills of our workforce, identify skill gaps, develop training programs to eliminate skill gaps, and focus recruitment efforts on attracting applicants with the right competencies.

### Analysis of Results

Because the Department regularly exceeded its previous targets for managers' satisfaction with the quality of applicants referred for their vacancies, it no longer reports on that indicator. Additionally, the Department no longer reports on retention for targeted professional occupations, as recent data demonstrated a level of improvement that no longer warranted attention. To better define this goal, DOL has established two sub-goals. Each sub-goal is supported by one or more performance indicators. The FY 2003 results by sub-goal and indicator follow.

*The DOL workforce is a prepared and competent workforce.*

- Develop competencies for nine more mission-critical occupations and develop/select tools for workforce skills assessment based upon competencies.

This target was reached. The President's Management Agenda calls for the elimination of workforce skill gaps in mission-critical occupations — those major occupations essential to the accomplishment of the Department's mission.

<sup>1</sup> These are the indicators that the Department finalized for the Revised Final FY 2003 Performance Plan. Due to an error, they were not updated in the version of that document that was published on the DOL website.

Competencies measure the knowledge, skills, abilities, behaviors, and other characteristics needed to perform work roles or occupational functions successfully. Identifying these core competencies serves as the first step to assessing and eliminating skill gaps in the workforce. Of the 27 mission-critical occupations the Department identified as part of its overall workforce planning analysis, it developed competency models for 18 of these occupations by the end of FY 2002 and for the remaining nine occupations in FY 2003. To aid in performing competency assessments, DOL has purchased an online competency assessment tool. Once the competency models have been loaded into the tool, it will allow for self and supervisory assessment of skills, identify development needs, and link the development needs to relevant training programs. Competencies will provide the foundation for implementing an e-Recruit tool that will screen applicants based on identified competencies for the occupation.

*The DOL workforce is a diverse workforce.*

- Improvement will be realized in 20 percent of diversity indicators for professional and mission-critical occupations exhibiting under-representation in FY 2002. This target was reached. Under-representation of racial and ethnic groups and women exists in many of the Department’s professional and administrative occupations. At the end of FY 2002, DOL determined that pockets of under-representation still existed in 69 ethnic-occupational groupings (such as Hispanic engineers, or Asian/Pacific Islander attorneys). In the 69 professional or mission-critical administrative occupation-ethnic group categories, representation improved in 26, or 38 percent, exceeding the goal of 20 percent.
- Continued improvement is realized in the extent to which diversity in the DOL workforce reflects the civilian labor force. This target was reached. The following chart provides diversity data on the Department of Labor for the last four years. There was continued improvement in the two main under-represented groups, Hispanics and Asian/Pacific Islanders. By the end of FY 2003, representation of Asian/Pacific Islanders had risen to 4.0 percent, exceeding the rate in the civilian labor force. Representation of people with disabilities also substantially improved, in part due to a self-certification survey of all employees conducted in FY 2002. This survey enabled us to update our database with more accurate information.

	TOTAL	Women	White	Black	Hispanic	Asian/P.I.	Native American/ Alaskan Native	Persons w/ Disabilities	Persons w/ Targeted Disabilities
CLF	100%	46.6%	72.4%	11.2%	11.8%	3.8%	0.9%	6.0%	1.1%
FY '00	16,053	7,971	10,367	3,887	1,102	532	115	1,019	190
	100%	49.7%	64.6%	24.2%	6.9%	3.3%	0.7%	6.4%	1.2%
FY '01	16,193	8,119	10,490	3,899	1,115	575	113	1,076	196
	100%	50.1%	64.8%	24.1%	6.9%	3.6%	0.7%	6.6%	1.2%
FY '02	16,135	8,135	10,448	3,849	1,113	616	109	1,072	189
	100%	50.4%	64.8%	23.9%	6.9%	3.8%	0.7%	6.6%	1.2%
FY '03	16,155	8,127	10,458	3,796	1,137	645	119	1,300	218
	100%	50.3%	64.7%	23.5%	7.0%	4.0%	0.7%	8.0%	1.3%

#### Goal Assessment and Future Plans

The performance indicator for measuring the quality of the workforce will be changed for FY 2004. With the completion of competency models for all mission-critical occupations, the focus of the competency initiative will shift toward assessing skill gaps in the workforce and developing strategies to close those gaps. DOL will assess skill gaps using the new online competency assessment tool. A new indicator on succession planning will be added to address management skill gaps. To reach the target for this indicator, DOL will have to graduate at least 75 percent of employees participating in DOL's SES Candidate Development and Mid-Level Management Development programs. The diversity indicator will also be modified slightly, shifting focus from ethnic and minority diversity in the overall DOL workforce to diversity in mission-critical occupations and leadership positions.

### Reduce the Rate of Lost Production Days

Performance Goal HR2 (Office of the Assistant Secretary for Administration and Management) – FY 2003  
*Reduce the rate of lost production days by two percent (i.e., number of days employees spend away from work due to work related injuries and illnesses).*

#### Results

The goal was achieved. For FY 2003 the Department achieved a rate of 46.9 lost days per 100 employees, against a target of 52.6 lost days per 100 employees.

#### Program Description

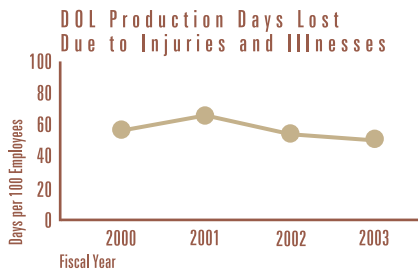
DOL's Office of the Assistant Secretary for Administration and Management (OASAM) strives to reduce work related injuries and illnesses by focusing on hazard recognition and control, emergency preparedness, electrical safety, ergonomics, and indoor air quality. DOL addresses workplace safety by equipping supervisors and employees with the knowledge they need to identify and eliminate unsafe work conditions and to actively promote effective safety management.

#### Analysis of Results

DOL's reduction in lost production days is attributable to implementing the strategies outlined below and to providing agencies with quarterly reports on their progress towards achieving this goal. With frequent data updates, agencies are able to target intervention efforts promptly and accurately.

#### Strategies

To reduce the number of lost production days, DOL organized an interagency workplace safety group. The interagency group developed and DOL implemented the following recommendations: to contract with a vendor to provide return-to-work assistance to the Agency workers' compensation coordinators; to increase the use of injured workers to fill limited or light duty vacant positions; and to provide training for agency workers' compensation coordinators on return-to-work strategies. The Department worked closely with the Office of Workers' Compensation Programs (OWCP) to identify injured employees who are the best candidates for return to productive employment. This effort, coupled with closer cooperation between the workers' compensation coordinators and front-line managers, permitted the Department to provide earlier accommodation to partially disabled workers. OASAM conducted a training conference for DOL's agency workers' compensation coordinators on how to effectively return employees to work. The Department also enhanced its existing guide on strategies to return injured employees to work to incorporate recommendations for working with a Department contractor who is an expert in return-to-work strategies. DOL has increased its staff resources dedicated to return-to-work efforts.



#### Management Issues

*Management Challenges:* DOL has limited resources to dedicate to hiring and training workers' compensation coordinators. DOL is actively encouraging agencies to use workplace accommodation flexibilities to return employees to work.

*Internal Program Evaluations and Audits:* DOL conducts annual safety and health work-site inspections, and annual safety and health reviews of Job Corps Centers. The key findings from these recent evaluations and audits are that the most frequent cause of injuries is "slips, trips, and falls," and that the second most frequent injury cause is repetitive motion. It should be noted that the majority of Job Corps student injuries occur during recreation.

#### Goal Assessment and Future Plans

The Department has met or exceeded its safety and health goals for the second straight year. This achievement is a direct result of the emphasis management has placed on improving employee safety and giving due attention to the workers' compensation processes. Future plans include:

- Enhancing the Safety and Health Information Management System to include expanded reporting. This will ensure managers and supervisors have the detailed information necessary to actively manage their safety program, by eliminating the causes of injuries and illnesses to DOL employees;
- Conducting Job Corps Center annual safety reviews by contract to ensure consistency and uniformity;
- Implementing agency safety and workers' compensation program reviews;
- Expanding the use of web-based or other electronic safety and health training to include supervisors, employee representatives, and persons who conduct safety self-inspections; and
- Increased involvement of Human Resources Specialists to identify employees on the "Primary Consideration List" that demonstrate return-to-work potential.



### Reduce the Injury Rate and Improve The Timeliness of Filing Injury Claim Forms

Performance Goal HR3 (Office of the Assistant Secretary for Administration and Management) – FY 2003  
*Reduce the overall occurrence of injuries and illnesses for DOL employees by three percent, and improve the timeliness of filing injury/illness claims by five percent.*

Indicators

Decrease the total case rate of illnesses, accidents, and injuries by three percent.

Increase in timeliness of reporting new injuries by five percent.

Results

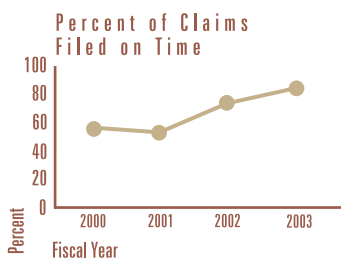
The goal was achieved. DOL achieved an injury/illness rate of 2.5 or a 26 percent reduction. DOL's performance for the timeliness of filing workers' compensation claims in FY 2003 was 83.6 percent on time. This exceeds DOL's timeliness goal of 78 percent for FY 2003, and represents a 6.43 percentage point improvement over FY 2002.

Program Description

This goal is one of two that DOL uses to measure its successful implementation of the Federal Employees Safety and Injury Prevention Initiative led by DOL's Office of Workers' Compensation Programs (OWCP) and Occupational Safety and Health Administration. Reduction in the rate of injuries and illness to DOL employees is critical, as it will lead to increased productivity and decreases in costly workers' compensation claims. To reduce DOL employees' injuries and illnesses, the Department's Office of the Assistant Secretary for Administration and Management (OASAM) monitors work-related injuries and illnesses, and initiates appropriate interventions and corrective action. These include creating, designing, equipping, and operating an ergonomic assessment room where employees are able to try various work station products designed to reduce the possibility of repetitive motion syndrome. Providing regional safety and health managers with an inspection protocol ensures consistent, standardized workplace inspections throughout the Department.

Analysis of Results

In FY 2003, DOL achieved both targets for this goal. DOL's improved performance represents significant improvement in providing a safer, more healthful work environment for employees and in securing medical and income replacement benefits in a timely manner. Because of the varied missions and occupational demands of the Department's work force, injury and illness rates differ between DOL agencies. OASAM continues to provide to DOL's agencies detailed and targeted analysis of their respective injury rates and types. In addition to providing agency-specific recommendations based on these analyses, the Department has selected repetitive stress injuries for special emphasis on a department-wide basis.



### Strategies

In FY 2001, the Department deployed key reporting and information systems that provide faster claims filing and greater accessibility to injury data. For example, the Safety and Health Information Management System expansion provides the capability to file claims electronically with OWCP. This significantly improved the timeliness of filing claim forms. In addition, the expansion of this management information system provides a wealth of data that DOL agencies now use to promptly analyze the nature and causes of its employees' injuries and illnesses. OASAM trained DOL safety and health officers and workers' compensation coordinators to make effective use of these tools. In FY 2003, the Department continued its emphasis on timely case reporting and reduction of injury/illness rates. DOL expanded supervisory safety training to include a safety module in the Leadership Competencies course and placed a revised Supervisory Safety Self Study Guide on the Department's Intranet. The Department also placed information on the identification of common hazards and repetitive stress assessments on the DOL Internet.

### Management Issues

*Data:* OWCP provides data for the timeliness of injury claims in its time-lag report for Federal agencies. This data is also tracked "real-time" by OASAM's Safety and Health Information Management System. OSHA provides final injury and illness rates to Federal agencies by combining OWCP workers' compensation claims data with employment data from the Office of Personnel Management.

*Management Challenges:* Factors influencing DOL's success in reducing the rate of injury and illness of its employees include maintaining a continued focus of DOL agency managers on actions to reduce injury/illness rates, and training managers, supervisors, and employees on how to identify, avoid, and correct/minimize hazards in the workplace. Factors influencing DOL's success in exceeding its timeliness goal include instituting electronic workers' compensation claims filing and maintaining the focus of DOL's managers and supervisors on prompt claims reporting.

*Internal Program Evaluations and Audits:* DOL conducts annual safety and health work-site inspections, and annual safety and health reviews of Job Corps Centers. Key findings from these recent evaluations and audits include: the most frequent cause of injuries is "slips, trips, and falls." The second most frequent injury cause is repetitive motion. These two causes relate to the majority of injuries being sprains/strains and repetitive motion trauma. The majority of Job Corps student injuries occur during recreation.

### Goal Assessment and Future Plans

The goals for FY 2004 will be a three percent reduction in the injury/illness rate and achieving 85 percent timeliness in reporting workers' compensation cases to OWCP.

# Outcome Goal PR

## Improve Procurement Management

**A**ccountability to American citizens begins with responsible stewardship of expenditures – and the Department is committed to cost-effective employment of its resources. One means of accomplishing this is to improve the overall efficiency of the delivery of services, and a major influence in this effort is the Competitive Sourcing Initiative of the President's Management Agenda (PMA). The aim of this government wide PMA component is to improve management of procurement processes by opening to competition specified functions that can be performed commercially in order to determine if they can best be performed by the public or private sector. Regardless of the outcome of the competition, the ultimate winner is the public, which benefits from higher quality services at more reasonable costs.

The DOL goal is to compete between the public and private sector work involving up to 50 percent of the commercial positions on the Department's FY 2000 Federal Activities Inventory Reform (FAIR) Act inventory. DOL's initial efforts in FY 2002 succeeded in meeting our goal of directly contracting five percent of these eligible positions to the private sector. During FY 2003, the Department expanded the number and types of positions classified as commercial in nature and potentially subject to public-private competition. DOL will develop a plan for accomplishing its goals within the guidelines of revised OMB Circular A-76.

As mentioned in the Departmental Management Introduction, DOL's performance in this area as indicated by the PMA Scorecard is lagging behind the other four government wide initiatives. Internal measures tell a similar story: DOL met one of its two procurement performance goals in FY 2003. A more detailed discussion of Performance Goals PR1 and PR2 follows.

## Enhance the Efficiency of DOL's Services

Performance Goal PR1 (Office of the Assistant Secretary for Administration and Management) – FY 2003

*Complete public-private or direct conversion competitions on not less than the 10 percent of the FTE listed on DOL's 2000 Federal Activities Inventory Reform (FAIR) Act Inventory.*

### Indicators

Percentage of commercial competitive or commercial exempt FTE on the Department's 2002 FAIR Act inventory included in completed competitions or direct conversions.

Percentage of Direct Conversions.

Percentage of Completed A-76 Competitions.

### Results

The goal was not achieved. DOL's 2000 FAIR Act inventory identified 2,802 commercial FTE. The FY 2003 target was conversion or competition of 10 percent, or 280 of these FTE. DOL directly converted the equivalent of 168 full time employees (FTE), which included the 12 FTE carry-overs from FY 2002. The 168 FTE account for six percent of the FAIR Act inventory. DOL completed no A-76 competitions in FY 2003. (OMB Circular A-76 establishes Federal policy for performance of recurring activities.)

### Program Description

Competitive sourcing is one of five key initiatives of the President's Management Agenda. Under competitive sourcing, executive agencies identify activities that are available in the commercial marketplace but currently are performed by Federal employees. Federal and commercial providers then compete to determine the most cost-efficient means of service delivery.

### Analysis of Results

Although DOL did not achieve this goal, DOL has made progress in its competitive sourcing initiative. The mid-fiscal-year revision of Circular A-76, including the elimination of direct conversions and the establishment of new procedures for competition, was a factor in DOL's failure to meet its FY 2003 goal.

### Strategies

DOL established a Competitive Sourcing Office effective October 1, 2003. Critical strategies to improve competitive sourcing performance include:

1. Continued leadership of the DOL-wide A-76/FAIR Act Work Group, which coordinates the achievement of DOL's competitive sourcing goals.
2. Identification of FTE for streamlined and standard competitions.
3. Ensuring that DOL employees receive appropriate training on Circular A-76 and the competition process.
4. Ensuring that competitions are conducted in accordance with labor management relations obligations and applicable personnel regulations.
5. Continuing to evaluate the methodology used in FAIR Act Inventory development, to ensure accurate classification of functions.
6. Participation in the Federal Acquisition Council A-76 Interagency Work Group.

7. Coordination with DOL's workforce planning and restructuring activities, to ensure consistency with competitive sourcing goals.
8. Implementation of formal competitive sourcing procedures and policies in a Program Management Guide.
9. Development of a computer system to track implementation of DOL's competitive sourcing plans and the costs/savings resulting from competitions.

#### Management Issues

Ensuring that competitions are conducted in accordance with applicable obligations between labor and management and existing personnel regulations could present a challenge. However, this challenge is controllable if statutory provisions are properly followed and DOL management utilizes effective practices, such as working closely with unions and human resources staff. DOL has assigned human resource specialists to assist competitive sourcing staff in this effort.

#### Goal Assessment and Future Plans

To improve program efficiency, DOL has committed to meeting or exceeding its FY 2004 competitive sourcing goal by completing streamlined competitions or standard competitions on not less than 15 percent of the commercial FTE listed on DOL's 2000 FAIR Act Inventory. DOL will also ensure that senior agency management is enlisted in promoting and supporting DOL's competitive sourcing initiative. DOL plans to achieve this goal by overseeing agencies' development of their competition plans, which identify commercial functions for competition; planning appropriate training for DOL staff; identifying and implementing best practices for both streamlined and standard competitions; and ensuring competitions are conducted in accordance with applicable personnel regulations and statutory provisions.

Future plans for achieving DOL's competitive sourcing goal, include:

*Formal competitive sourcing procedures and policies.* Currently in its final stages of development, DOL's Program Management Guide sets forth the competitive sourcing procedures and allocates roles and responsibilities. This guide also provides effective competitive sourcing communications strategies and identifies required training curricula for DOL employees involved in the competitive sourcing process.

*A computer system to track DOL's implementation of its competitive sourcing plans and the costs and savings realized as a result of competitions.* DOL has engaged consultants to provide support in a variety of areas related to competitive sourcing, including recommendations regarding development of an effective tracking database.

To ensure that competitions are completed within the given timeframes, DOL will:

- Establish specific, detailed competition schedules.
- Monitor competition progress to ensure timely completion.
- Ensure that DOL staff and managers are trained on the procedures of the newly revised OMB Circular A-76.
- Designate individuals within DOL agencies who are responsible for competition progress.
- Make technical assistance available to managers and teams involved in competitions and other competitive sourcing-related activities.

## Ensure Performance Results Are Achieved Through Contracts

Performance Goal PR2 (Office of the Assistant Secretary for Administration and Management) – FY 2003  
*Award contracts over \$25,000 using Performance-Based Service Contracting (PBSC) techniques for not less than 30 percent of total eligible service contracting dollars.*

### Indicator

Dollar Value of Performance-Based Contracts awarded.

### Results

The goal was achieved. At the end of the 3rd quarter of FY 2003, DOL had used performance-based service contracting techniques for 42 percent of total eligible service contracting dollars. Obligations of performance-based contracts totaled \$788 million.

### Program Description

In March 2001, the Administration established the performance-based service-contracting goal for Federal agencies, which is based on the goals established under the Government-Wide Acquisition Performance Measurement Program, developed by the Procurement Executives Council. DOL's goal is derived from the Administration's goal. Performance-based contracting methods provide objective, measurable performance requirements and quality standards in every aspect of contracting - from bids to payment. The emphasis is to pay for the results of a contract rather than the effort put forth by the contractor.

### Analysis of Results

Based on data through the end of the 3rd quarter of FY 2003, DOL awarded 42 percent of total eligible service contracting dollars for contracts over \$25,000 using performance-based service contracting (PBSC) techniques.

### Strategies

DOL will continue to facilitate high-level support for the performance-based service contracting initiative, and will offer additional training sessions to contracting and program management personnel throughout the Department. DOL will continue to encourage and monitor the effectiveness of PBSC training provided to relevant staff from the various DOL agencies. The strategies used by DOL were successful in this area, as DOL exceeded the FY 2003 goal by 12 percent as of the third quarter.

### Management Issues

The data source for this goal is the Federal Procurement Data System (FPDS). The performance data are reliable, as the information is collected manually from the contract specialist and/or the contracting officer at the time the procurement action is completed. A procurement analyst in the Department's procurement policy office validates the data before it is transmitted to the Federal Procurement Data Center.

The largest acquisition program at the Department of Labor is the Employment and Training Administration's Job Corps Program. Approximately 70 percent of the Department's acquisition dollars support Job Corps contracts. These acquisitions are for the operation and maintenance of more than 110 Job Corps Centers around the Country, and their related outreach and employment assistance services. Job Corps Center contracts were converted to PBSC by modifying the fee structure to incorporate incentives and penalties for the contractor based on achievement of measurable goals including, but not limited to, the number of students entering employment and student retention in the program. By the end of FY 2005, DOL anticipates converting a majority of the Job Corps contracts to PBSC as the existing contracts expire.

#### Goals Assessment and Future Plans

The Administration has not yet determined the FY 2004 PBSC goal. The Department is evaluating whether to amend the format of the Annual Acquisition Plan to capture additional data to more effectively identify and forecast prospective performance-based service contract awards. This could allow more effective monitoring of the program. Emphasis will continue to be placed on converting and awarding eligible service contracts over \$25,000 using PBSC techniques. The dollar value of PBSC contracts will continue to be monitored on a quarterly basis to ensure attainment of the PBSC goal.

# Outcome Goal FM

## Enhance Financial Performance through Improved Accountability

The DOL financial community, led by the Office of the Chief Financial Officer, is currently focused on two new areas of improvement in support of the Department's critical mission:

1. Ensure that the Department is accountable to the American people by providing accurate and timely financial information;
2. Conform to all Federal accounting standards, laws, and regulations.

Following are some of the highlights and key results in each of these strategic areas:

### Provide Accurate, Timely and Useful Financial Information:

- Received an unqualified audit opinion on FY 2003 consolidated annual financial statements.
- Met and exceeded required timeframes for submission of quarterly and annual consolidated financial statements
- Through leadership of DOL's CFO Advisory Council and regular consultations with Executive Staff and Administrative Officers, provided a critical forum for the identification, discussion and resolution of financial issues and concerns.
- Proposed legislation to improve financial integrity of Unemployment Insurance system.
- Finalized performance measures, baseline, and goals through 2008.
- Reached agreement in principle with the Social Security Administration on state data exchanges.

### Conform to all Federal accounting standards, laws, and regulations.

- Enhanced accountability of DOL financial executives through quarterly attestations concerning the effectiveness of internal financial management controls.
- Launched strategic initiatives to integrate financial performance data on day-to-day basis through enhanced managerial cost accounting.
- The Secretary determined that the Department maintained compliance with the Federal Managers' Financial Integrity Act (FMFIA) and substantial compliance with the Federal Financial Management Improvement Act (FFMIA).



New tools link financial and performance information on demand to assist Departmental managers in making day-to-day decisions and providing enhanced program services to the American people.



Photo Credit: DOL/OCFO

## Maintain the Integrity and Stewardship of the Department's Financial Resources

Performance Goal FM1 (Office of the Chief Financial Officer) – FY 2003

*Improve the accuracy and timeliness of financial information.*

### Indicators

Maintain an unqualified (clean) audit opinion with no material internal control weaknesses.

Meet new requirements and standards in accordance with the Federal Financial Management Improvement Act (FFMIA) and Federal Managers' Financial Integrity Act (FMFIA).

Issue FY 2002 consolidated financial statements one month earlier than the FY 2001 statements - February 1, 2003.

Increase financial statement reporting from semi-annually to quarterly, and deliver by 45 days after the close of the period instead of 60 days.

Determine the nature and extent of erroneous payments within DOL and set baselines and priorities for their reduction.

### Results

The goal was achieved. The Department received an unqualified ("clean") audit opinion on its consolidated annual financial statements from the Department's Office of the Inspector General (OIG). This opinion attests that there are no material weaknesses or non-conformances in the Department's system of internal controls that would materially affect the Department's annual statements. In addition, the Department has determined that all 17 financial management systems substantially comply with the FFMIA standards. DOL issued its annual statements by the statutory deadline, and issued all quarterly statements within 45 days after the close of each quarter. DOL has focused on reducing erroneous payments through work with the Employment and Training Administration's Office of Workforce Security to develop a new payments accuracy performance measure in the Unemployment Insurance (UI) program and has reached agreement in principle with the Social Security Administration (SSA) on data exchange between SSA and State UI agencies. The Department also received the Certificate of Excellence in Accountability Reporting for the third consecutive year.

### Program Description

The Office of the Chief Financial Officer (OCFO) provides comprehensive direction to all DOL agencies on financial management policies arising from legislative and regulatory mandates. FFMIA requires agencies to implement and maintain financial management systems that substantially comply with Federal financial management system requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger at the transaction level. The Government Management Reform Act (GMRA) requires each agency to prepare and submit audited financial statements. The financial statements must comply with the Office of Management and

Budget's Bulletin No. 01-09, Form and Content of Agency Financial Statements (and amendments).

#### Analysis of Results

For the seventh consecutive year, DOL received an unqualified ("clean") audit opinion which states that DOL financial statements are presented fairly in all material respects and in accordance with accounting principles generally accepted in the U.S. Also, no material weaknesses were identified in the Report on Internal Controls.

The Secretary has certified that during FY 2003, all 17 eligible DOL systems substantially complied with the requirements of FFMIA for the third consecutive year.

#### Strategies

During FY 2004, DOL will accelerate its financial reporting capabilities and continue to meet all deadlines with respect to issuance of interim and annual financial statements. In addition, the Department will continue its efforts to acquire and implement a new core accounting system. Using innovative technology, this project will work toward the goal of streamlining business processes, providing real-time reporting on program performance, and creating an open, flexible financial management architecture that will allow for integration with other emerging financial and E-Government initiatives. This effort is currently in the acquisition and evaluation phase.

#### Management Issues

**External Program Evaluations and Audits:** The Office of Inspector General issued two reports in FY 2003 that identified areas for improvement of DOL financial management. The first, *Review of Common Problems and Best Practices in Federal Agencies' Travel Card Programs*, referred to a problem faced government wide. The OCFO has taken a number of steps to address audit issues cited in this report. For a summary, please refer to study 10 in Appendix 3. The second, *Evaluation of the Department of Labor's Purchase Card Program*, pertains to activities within the Office of the Assistant Secretary for Administration and Management (OASAM). A summary of this issue and OASAM's response is also included in Appendix 3 (study 9).

#### Goal Assessment and Future Plans

DOL has consolidated its two goals targeting compliance with financial laws and regulations, and added new performance indicators for FY 2004 to address the financial management challenges posed by the President's Management Agenda. These include better integrating financial and performance information and reducing erroneous payments.

## Maintain the Integrity and Stewardship of the Department's Financial Resources

Performance Goal FM2 (Office of the Chief Financial Officer) – FY 2003

*Integrate financial and performance information to support day-to-day operations across DOL.*

### Indicators

Assess program agencies to determine the level of integration of financial and performance information. Prioritize areas for improvement.

Complete documentation with and for agency managers in order for them to access and utilize cost accounting information.

Survey program managers for actual use of cost accounting information in program management decision-making processes.

### Results

The goal was achieved. OCFO realized a year of significant results from its Cost Analysis Manager (CAM) initiative to broaden the use of managerial cost accounting in DOL. After providing managerial cost accounting training to over 130 DOL program and financial managers, the OCFO defined significant outputs of major programs for five of DOL's agencies. The ultimate goal is to make integrated financial and performance information available at all management and decision-maker levels in order to provide a better assessment of performance for a given level of resources. Throughout this implementation process, OCFO will continue to focus on developing tools that meet the needs of each individual agency in the Department, rather than taking a "one size fits all" approach.

### Program Description

OCFO provides guidance, assistance, and oversight in implementing the new cost accounting initiative in each agency. OCFO specifically provides assistance to measure the costs associated with achieving DOL's strategic goals.

### Analysis of Results

In their report on compliance with the FFMIA, the Office of Inspector General concluded that DOL substantially complied with the requirements of the Act except for compliance with the Managerial Cost Accounting Standard. However, the Secretary has certified that during FY 2003, all 17 eligible DOL systems complied with the requirements of FFMIA, including meeting all new accounting standards issued by the Federal Accounting Standards Advisory Board (FASAB). OCFO is on target with respect to the CAM project timeline and is working with agencies to define outputs and link these outputs to costs. With continued progress in this initiative, DOL will be on target to achieve a "green" status score in financial management under the President's Management Agenda scorecard by July of 2004.

#### Strategies

In FY 2004, the OCFO will continue to work with program agencies to develop and enhance cost accounting capability throughout the Department. The integration of cost and performance information will provide DOL's financial and program managers with financial information to enhance their day-to-day decision making efforts and to achieve DOL's strategic goals.

#### Goal Assessment and Future Plans

In FY 2004, OCFO will lead the effort to develop and enhance managerial cost accounting data models, improve automated reporting capabilities, further integrate activities with costs, and provide technical support for agency managers.

OCFO plans to complete initial DOL-wide implementation of the cost accounting system by the end of June 2004 to demonstrate integration of financial and performance information. At this point, CAM will also help support the Department's FY 2006 budget process by aligning significant outputs of major programs with the Department's strategic goals and outcomes.

# Outcome Goal IT

Provide Better and More Secure Service to Citizens, Businesses, Government, and DOL Employees to Improve Mission Performance

**A**s discussed in the President's Management Agenda, effective management of information technology is a critical success factor for nearly every facet of our operations. The Department uses information technology to improve program performance — with the aim of providing better service to citizens, businesses, other governments, and our federal partners and employees.

The Department is transforming the way we serve our customers, with the ultimate aim of becoming a "Digital Department." Our E-Government Strategic Plan, published in February 2003, presents the roadmap for this transformation — the Department's E-Government Framework. The Framework offers a comprehensive approach that articulates the partnership between the Department's mission specialists and information technologists to improve organizational performance and customer service delivery. Our E-Government Framework will ensure that E-Government at DOL is not a collection of independent projects, but an integrated approach to conducting business that serves the mission, goals, and objectives of the Department.

The key elements of DOL's E-Government Framework include:

- **Better Customer Relationships.** Developing capabilities that help the Department identify customers more precisely, and improve customer service.
- **Improved Organizational Capability.** Improved policies, planning, and management to better develop, implement, and sustain a high level of digital services in support of the Department's mission.
- **Better Enterprise Architecture.** The methodology used to ensure that information technologies are aligned with the mission, goals, and objectives of the Department and the broader Federal government.
- **Improved Security and Privacy.** An integrated planning approach to develop and implement policies and procedures that enhance security and privacy to ensure the integrity and confidentiality of data, and availability of services. The integrated approach also includes the analysis of threats and vulnerabilities integral to risk mitigation and management.
- **Reduced Burden.** An integrated planning, development and implementation approach to streamline, simplify, and reduce public burden by elimination of collection duplication through the use of information technology and reengineering of business processes.

The IT performance goal and measures are designed to support quality administrative and management services that further the mission of the Department. While the goal was not achieved, most targets were reached, and efforts earned a "green" progress rating in the most recent PMA Scorecard. More detailed discussion of Performance Goal IT results and strategies follow.

## Effective Information Management

Performance Goal IT (Office of the Assistant Secretary for Administration and Management) – FY 2003

*Improve organizational performance and communication through effective information management and deployment of IT resources.*

### Indicator

Improve customer access to DOL information and services by automating 90 percent of the manual processes designated under the Government Paperwork Elimination Act (GPEA) by September 30, 2003.

Streamline acquisition management and facilitate vendor and grantee access to DOL opportunities by completing 90 percent of the Department wide E-Procurement system.

Reduce severe unauthorized intrusions by 50 percent from the baseline.

95 percent of IT initiatives completed during FY 2003 deliver intended benefits.

80 percent of in-process IT initiatives operate within 10 percent cost, schedule, and technical performance parameters.

### Results

The goal was not achieved. Targets for three of five indicators were reached, and a fourth was substantially reached. DOL reached its target to reduce severe unauthorized intrusions by 50 percent and it reached its improving customer access target by automating 90 percent of GPEA designated manual processes. DOL also reached its target for in-process IT initiative performance, as 84 percent of these initiatives operated within 10 percent of the selected performance parameters, compared to a target of 80 percent. Ninety-four percent of DOL IT initiatives completed during FY 2003 delivered their intended benefits, just short of its 95 percent target. The target to complete 90 percent of the E-Procurement system was not met, but DOL did successfully pilot the new system.

### Program Description

The Department's Office of the Assistant Secretary for Administration and Management provides leadership, policy guidance, and assistance to DOL agencies to promote the efficient and effective use of information technology (IT). DOL strives to use the latest technologies to further its mission by improving customer access to automated solutions, strengthening IT investment planning, and protecting DOL information through enhanced computer security policies and practices.

### Analysis of Results

DOL is successfully linking IT investments to Departmental missions, priorities, and strategies. Improved security measures have helped to facilitate a secure computing environment that provides confidentiality, integrity, and availability of DOL information and systems. Intrusion detection and tracking logs are built into our IT environment and workflow along with standard auditing capabilities. To further improve customer access to DOL information and services, 90 percent of the manual processes designated under the GPEA have been automated.

The original target to complete 90 percent of the Department wide E-Procurement system was established over two years ago. Because the vendor selection process took much longer than anticipated, the pilot and implementation schedule was delayed. The initial target was to identify and procure the solution in FY2001, conduct the pilot and start the rollout in FY 2002, and nearly complete the implementation in FY 2003. The timing for the release has not changed substantially. The majority of the system rollout is now scheduled for FY 2004, and completion is scheduled for early FY 2005.

#### Strategies

The Department continued to plan, acquire, and implement new information technology, business solutions, services and capabilities. DOL conducted post implementation reviews to ensure that IT investments achieve their intended results. The Department applied a "Defense in Depth" security strategy that leverages the capabilities of people, operations and security technologies to establish multiple layers of protection. The Department's layered security approach includes security technology, such as intrusion detection devices, firewalls, public key infrastructure (PKI) authentication mechanisms, and virus scanning. These security devices help protect the Department's networks and computer systems from malicious attacks, denials of service or unauthorized access from internal and external sources.

The Department identified a total of 254 transactions subject to GPEA. The Department is on course to automate 100 percent of these transactions by 2005. DOL has contracted with a commercial-off-the-shelf procurement software vendor. The pilot demonstrated that this web-based procurement solution allows users to initiate purchase requests, electronically route for approvals, and submit for final processing. This system will help streamline, standardize, and automate the Department's procurement process, and provide greater management tools and more accurate financial information.

#### Management Issues

DOL monitors its progress meeting IT goals through quarterly reviews, which assure that current IT initiatives operate within cost and deliver their intended benefits. The Office of the Chief Information Officer (OCIO) relies on the self-reporting of initiatives' cost, schedule, and performance by the various project teams. The Department intends to implement a new core accounting system by FY 2006, which will assist with capturing project cost-related information electronically.

#### Goal Assessment and Future Plans:

The Department will maintain our objective to improve organizational performance and communication through effective information management and deployment of IT resources. Implementation of our E-government Strategic Plan will support achievement of DOL's goals relating to Customer Relationship Management, Enterprise Architecture, Organizational Capability, Security and Privacy. We are currently developing indicators for this IT goal. These new indicators will be implemented in FY 2004 and directly relate to the Administration's E-government scorecard and DOL's E-government goals.