

ACTIONS TAKEN TO ADDRESS THE MANAGEMENT CHALLENGES

Each year, the Department's Office of Inspector General (OIG) reviews the Department's and its component bureaus' program activities to ensure that the management, financial, and operational activities are sound and meet the requirements of the Chief Financial Officers (CFO) Act and the Government Performance and Results Act (GPRA).

The emphasis by the President, the Office of Management and Budget (OMB), and Congress on improved government accountability underscores the Department's resolve to enhance transparency within the Department while promoting improved efficiency and effectiveness. Progress in these endeavors requires strong commitment from the Department's senior leadership and staff at all levels.

The following is the Department's description of its actions to address the management challenges identified by the Inspector General (IG).

2007 MANAGEMENT CHALLENGES	
CHALLENGE	RESPONSE
<p>1. Control the cost and improve the accuracy of the decennial census</p>	<ul style="list-style-type: none"> ◆ The Economics and Statistics Administration (ESA) will continue to provide important oversight to the U.S. Census Bureau's implementation of the 2010 Decennial Census. Over the past year, ESA's oversight of the Census Bureau has led to the adoption of improved policies for managing the Bureau's personal property and to an important course correction for the Survey of Income and Program Participation (SIPP). ESA has reviewed implementation plans for the Decennial Census, worked successfully with the Department to secure additional funding in the FY 2007 full-year Continuing Resolution to avoid a disruption in implementing the re-engineering plan for the 2010 Decennial Census, and continues to review life-cycle costs to ensure that an accurate and cost-effective census is implemented in 2010. ◆ The 2010 Decennial Census program continues to be the highest priority of the Census Bureau. In the FY 2006 Performance and Accountability Report (PAR), the Bureau noted that in 2001 a multi-year effort to completely modernize and re-engineer the 2010 Census of Population and Housing was developed, and stated the four goals of the effort and the three integrated components of the re-engineered 2010 Census program. With respect to the OIG's specific observations concerning the Address Canvassing operation for the 2006 Census Test, the Census Bureau has sent a formal response to the OIG which includes in depth comments on many of the observations. Since that report was issued, the Census Bureau conducted the automated Address Canvassing operation for the 2008 Census Dress Rehearsal. While the Bureau's full evaluation is not yet complete, initial indications point to successful use of the handheld computers for all aspects of the Address Canvassing operation. ◆ With respect to the OIG's specific observations concerning the counting of American Indians on reservations, the IG recently issued the final report. The Bureau provided its comments on the draft report.

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MANAGEMENT CHALLENGES *(continued)*

CHALLENGE	RESPONSE
<p>2. Strengthen Department-wide information security</p>	<ul style="list-style-type: none"> ◆ Developed a set of information technology (IT) certification and accreditation (C&A) compliance and oversight controls based on OMB requirements, National Institution of Standards and Technology (NIST) standards, and past OIG recommendations. ◆ Focusing on quality instead of quantity, selected a representative set of eight C&A packages for FY 2007 Federal Information Security Management Act (FISMA) evaluation review. Those packages include: Census Bureau (2), U.S. Patents and Trademark Office (USPTO) (2), National Oceanic and Atmospheric Administration (NOAA) (1), International Trade Administration (ITA) (2), and Bureau of Economic Analysis (BEA) (1). ◆ Ensuring compliance, the Office of the Chief Information Officer (OCIO) security conducted independent reviews of operating unit C&A process and C&A packages. Review results demonstrated overall improvements in component level testing, security assessments, test plan and evaluations and configuration management. System owners are more engaged and authorizing officials are better informed with regard to the remaining vulnerabilities. ◆ Demonstrated accountability by hiring experienced and qualified cyber security managers to complete FISMA improvement process. ◆ Developed a FY 2007 security awareness training plan, including milestones, for authorizing officials and system owners. ◆ Conducted quarterly vulnerability assessment scans for all Herbert C. Hoover Building (HCHB) and connected networks. Shared results with respective agencies for inclusion in system and program level plan of action and milestones. ◆ Coordinated Department-wide personal identifiable information loss reporting and briefed Department CIO. Results were used to update Executive Management, e.g., Deputy Secretary and the Executive Management Team, including all Department Agency Undersecretaries. ◆ Coordinated Federation of Computer Incident Response Team alerts and notifications received from the Department of Homeland Security (DHS), US-CERT (U.S. Computer Emergency Readiness Team), and GFIRST (Government Forum of Incident Response and Security Teams). ◆ Installed a HCHB network intrusion prevention system for monitoring and reporting IT security violations. ◆ Instituted a policy that only laptops equipped with approved encryption software may store personally identifiable information. Carrying this information on thumb drives, CDs, and similar devices is prohibited.

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MANAGEMENT CHALLENGES <i>(continued)</i>	
CHALLENGE	RESPONSE
<p>2. Strengthen Department-wide information security <i>(continued)</i></p>	<ul style="list-style-type: none"> ◆ Began a Department-wide project to encrypt all laptops as quickly as possible in January. By mid-March, four operating units (including the OIG) had encrypted their entire inventory of laptops, two had requested waivers, and the remaining agencies had various completion dates. For example, all of the Economic Development Administration's (EDA) laptop computers were encrypted on schedule; IT users have received written policies about and training on the storage of personally identifiable information, and how to report its loss or theft; and EDA has participated in the Department's identification of a two-factor authentication solution. ◆ Instituted procedures for reporting security incidents involving sensitive data to US-CERT within a one-hour deadline. ◆ Implementing the OMB mandated Information System Security Line of Business (ISSLoB) FISMA tool to automate C&A standards and security reporting. ◆ Coordinating with DHS National Cyber Security Division on the inclusion of Project Einstein to monitor and alert on cyber events affecting HCHB network. ◆ EDA is on target to meet the goals of its C&A Improvement Schedule. EDA staff met with OIG staff to discuss the identified weaknesses in the C&A controls testing. To help mitigate those weaknesses, EDA has purchased and is in the process of implementing a proactive vulnerability and security event management solution. Systems access protection was improved by the implementation of common secure standards in FY 2007.
<p>3. Effectively manage Departmental and bureau acquisition processes</p>	<ul style="list-style-type: none"> ◆ Continued contracting officer representative (COR) training in the four required areas of expertise: business/industry; general management; project management, and procurement knowledge. For individuals who spend more than 20 percent of their time working on contracts, ensured that the COR element is included in their performance plan. ◆ Continued to refine the database to track the education and training of the acquisition workforce, including the CORs. ◆ Sponsored a joint Acquisition and COR Conference in December 2006 with 490 attendees. This training was offered at no cost to the attendees and provided guidance on critical acquisition issues. ◆ Revised the Acquisition Career Management Program to incorporate training and certification requirements of the Federal Acquisition Certification Program. ◆ Continued training of contracting and purchasing professionals in the required competency areas in order to close competency gaps. ◆ The bureaus continue to utilize the Direct Hire authority obtained in January 2006. It is being used to bring contract specialists on board quickly.

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MANAGEMENT CHALLENGES <i>(continued)</i>	
CHALLENGE	RESPONSE
<p>3. Effectively manage Departmental and bureau acquisition processes <i>(continued)</i></p>	<ul style="list-style-type: none"> ◆ Developed and implemented policies for a contract review board and standard file organization to help ensure acquisition quality and effectiveness within the Office of the Secretary. ◆ Continued the Acquisition Review Board which met six times this fiscal year and reviewed 13 cases with an estimated value of \$1.6 billion (as of June 30, 2007). ◆ Began the development of a new risk management initiative which will address the major investment review process. ◆ Met monthly with the Commerce Acquisition Council to keep the bureaus informed on issues and concerns which impact the acquisition community. Under the leadership of the new Procurement Executive (PE) the council evaluated the purpose of the council and established a framework for progress for the remainder of FY 2007. ◆ Began planning to successfully accomplish the FY 2007 Balanced Scorecard surveys of acquisition employees and customers and reporting of performance metrics. ◆ In coordination with the Office of Small and Disadvantaged Business Utilization (OSDBU) developed a Data Accuracy Quality Control Plan to improve the quality and timeliness of Department Federal Procurement Data System-Next Generation (FPDS-NG) data entry. ◆ Redesigned the Enterprise Acquisition Reporting System to make it more user friendly and developed reports that are used as a tool to support data accuracy efforts. ◆ Incorporated a requirement in the Acquisition Career Management Program that, beginning in FY 2008, requires an element be incorporated into the performance plans of all contracting professionals which requires FPDS-NG data be entered accurately and in a timely way. ◆ Participated in the government-wide task force to implement the Federal Funding Accountability and Transparency Act (FFATA). Led the Department Tiger Team to develop alternatives and recommendations for implementation of FFATA within the Department. ◆ Participated in monthly Commerce Information Technology Review Board, as well as the monthly Geostationary Operational Environmental Satellite (GOES-R) and Decennial Program Management Reviews. ◆ Implemented the financial and acquisition systems interface; the acquisition and financial partners are changing the requisition process. The Office of Acquisition Management and Financial Assistance (OAMFA) is leading the deployment program, and designed and implemented training modules to support these efforts. ◆ The Census Bureau awarded another major contract in September 2007 for communications services. The 2010 communications contractor will be responsible for developing an integrated communications plan that will be implemented with the Census Bureau in support of the 2010 Census communication goals.

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MANAGEMENT CHALLENGES <i>(continued)</i>	
CHALLENGE	RESPONSE
<p>3. Effectively manage Departmental and bureau acquisition processes <i>(continued)</i></p>	<ul style="list-style-type: none"> ◆ The OIG recommends improvement in acquisition planning, to include accurate independent cost estimates, effective market research, and full and open competition whenever possible. In July 2007, EDA prepared an acquisition plan for FY 2008. In FY 2007, EDA trained several staff members in structured project management and acquisitions procedures. This training, along with subsequent refresher training, provides more knowledgeable contractor officer representatives who can assist the contracting professionals in the early stages of acquisition planning, cost estimates and market research. EDA will continue to train staff who are involved in the procurement processes.
<p>4. Strengthen internal controls over financial, programmatic, and business processes</p>	<ul style="list-style-type: none"> ◆ In 2007, the Department received an unqualified opinion on the financial statements for the ninth consecutive year. The Department met the various financial statement submission deadlines. These achievements resulted from the Department's commitment to strong management controls and accountability for its resources. One significant deficiency cited relating to deficiencies in general IT controls remained from the prior years. A corrective action plan (CAP) was developed and is being implemented and monitored for this significant deficiency. Further, the Department requires and monitors CAPs for Management Letter Comments to address issues before they are raised to the level of significant deficiency. ◆ The Department continues to participate in the government-wide initiative to strengthen internal controls. While revisions to the government-wide guidance contained in OMB Circular A-123 focus on financial controls, efforts are under way to enhance both financial and non-financial controls. Within the Department, this activity is being coordinated between the Office of the CFO/ASA (Assistant Secretary for Administration), bureau CFOs, and the OIG. The Department successfully implemented the requirements under OMB Circular A-123, <i>Management's Responsibility for Internal Control Appendix A</i>, during FY 2006, including documentation of the internal controls over financial reporting and an assessment of the effectiveness of the internal controls. A Senior Management Council (SMC) and a Senior Assessment Team (SAT) worked together to provide oversight guidance and decision-making for the A-123 implementation process. The final report which reported no material weaknesses under A-123 Appendix A was incorporated into management's overall assurance statement provided under the requirements of the Federal Manager's Financial Integrity Act (FMFIA). Actions taken during FY 2007 include the following: <ul style="list-style-type: none"> ● Modified the Department-wide testing approach by incorporating cyclical testing. High risk cycles were selected for annual testing while low/moderate risk cycles will be tested every three years with selected test procedures at specific locations or on specific sub-processes. Controls not fully tested annually will have a limited controls review assessment survey. The bureaus began testing key controls during the third quarter and will complete testing by the end of the fourth quarter. ● Engaged a contractor to analyze quality and consistency of all bureaus' documentation, and to recommend ways to standardize the documentation.

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MANAGEMENT CHALLENGES <i>(continued)</i>	
CHALLENGE	RESPONSE
<p>4. Strengthen internal controls over financial, programmatic, and business processes <i>(continued)</i></p>	<ul style="list-style-type: none"> ● Workpaper review was conducted by a contractor after the completion of A-123 Appendix A Phase I testing. A selective verification of sample testing was also performed. ● Review of the testing results and determination of the significance of any deficiencies (i.e., whether they constitute an internal control deficiency, reportable condition, or material weakness) by the SMC and SAT. Bureaus will develop CAPs as needed to address any deficiencies and they will be monitored and tracked throughout the year at the Departmental level. ● Evaluation of the results and documentation of the adequacy of the Department's internal controls in order to develop the annual statement of assurance issued by the Secretary. ● Engaged contractor to conduct a programmatic review of internal controls over convenience checks. ◆ In response to OIG recommendations, NIST has taken the following actions: <ul style="list-style-type: none"> ● The NIST Administrative Manual Subchapter for Precious Metals was completed on 8/31/2007. NIST staff will train Precious Metal Custodians on the new policy. This will give the Precious Metal Custodians a foundation and understanding of their responsibilities to improve the use, and management of Precious Metals. Scheduled to be completed on 12/31/2007. NIST rewrote the Administrative Manual Subchapter governing Shipping and Receiving. ● Temporary corrections are in place to safeguard the precious metals awaiting final action of the end user to move to a permanent solution. Scheduled to be completed on 12/31/2007. ● NIST intends to fill all remaining vacancies in the Logistics Group by the end of the year. ● NIST is identifying further training to Logistics Group staff on the chemicals and gases they handle, to be conducted on site for Administrative Services Division (ASD) and other participants. Regarding bankcard purchases, currently, there is only one Bank Card holder in Logistics. All purchases are made to maintain on shelf stock for the NIST staff. NIST is developing a new blanket order contract which will allow authorized individuals to order through it on an agreed line by line cost. This will minimize the number of Bank Card purchases being made. Additionally, a new position was assigned to Logistics for a store manager. This new person will be able to better manage on hand supplies and minimize the need for last minute purchases. In addition, better management controls are in place to insure all Bank Card procedures will be followed.

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MANAGEMENT CHALLENGES <i>(continued)</i>	
CHALLENGE	RESPONSE
<p>4. Strengthen internal controls over financial, programmatic, and business processes <i>(continued)</i></p>	<ul style="list-style-type: none"> ◆ In June 2007, agencies were required to start reporting how well their financial services perform as part of the Financial Management Line of Business (FMLoB) using metrics OMB published March 30, 2007. These metrics are for the performance of financial systems and are not applicable to EDA. EDA's financial systems are provided by NIST and NOAA, and accordingly, these organizations are providing input to the Department. ◆ In FY 2007, EDA participated in the Department internal control review of the property management program within the Department. EDA will revise its internal control procedures to reflect any findings discovered during the internal control review or new guidance issued by the Department. ◆ Following the publication of OIG Report No. OA-18200-7-001, <i>Aggressive Economic Development Administration (EDA) Leadership and Oversight Needed to Correct Persistent Problems in RLF Program</i>, EDA has taken numerous steps to improve the management and oversight of its revolving loan fund (RLF) portfolio, including: <ul style="list-style-type: none"> ● Conducting an on-site internal controls review of five of EDA's Regional Office's RLF records. ● Issuing program and procedural guidance to standardize and enhance internal controls over EDA's management of its RLF portfolio. The guidance addressed all of the deficiencies identified in the OIG report and has been fully implemented by all Regional Offices. ● Creating a Statement of Work for an automated RLF reporting, tracking, and data analysis system. Contract was awarded in August, 2007, and full system implementation is expected by September 2008.
<p>5. Ensure that USPTO uses its authorities and flexibilities as a performance-based organization to achieve better results</p>	<ul style="list-style-type: none"> ◆ USPTO is continuing the transformation to a performance-based organization and to its credit, the Agency reports it accomplished 94 percent of its key performance measures in FY 2007. USPTO has also had a clean audit opinion for 15 consecutive years. ◆ USPTO faces numerous challenges, such as continuing workload increases, hiring and training over 1,200 patent examiners, and continuing a transition to an electronic processing environment. USPTO must fully utilize its expanded authority over personnel decisions and processes, procurement, and IT operations. The OIG has assessed systemic human resources and program issues, and has examined USPTO's computer systems security. A recent evaluation found that while most USPTO contracts include information security clauses, important requirements are not implemented properly or enforced. USPTO has taken decisive action to address problems the OIG identified.

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MANAGEMENT CHALLENGES (continued)

CHALLENGE	RESPONSE
<p>6. Effectively manage the development and acquisition of environmental satellites</p>	<ul style="list-style-type: none"> ◆ Over the next five years, NOAA will spend several billion dollars in contracts for the purchase, construction, and modernization of environmental satellites. These systems, operated by the National Environmental Satellite, Data, and Information Service (NESDIS), collect data to provide short and long-range weather forecasts and a variety of other critical environmental and climate information. ◆ The National Polar-orbiting Operational Environmental Satellite System (NPOESS) will replace the current generation of civilian and military weather satellites as they reach the end of their useful lives. The OIG's September 2006 <i>Semiannual Report</i> detailed the findings of the OIG's audit of the NPOESS. First, the OIG found that while the sensor problems were communicated to the program executive committee, the committee did not effectively challenge the NPOESS program office's optimistic assessment of their impact. Second, the NPOESS experience shows that the incentive structure used to reward contractors does not always result in top performance. The OIG found that the prime contractor was awarded nearly the maximum fee amounts even though both program costs and delays were increasing. Since the OIG's report was released, the Department Deputy Under Secretary has stressed the importance of NPOESS to the Department's mission and national responsibilities and has noted that he now receive monthly NPOESS progress reports from NOAA. ◆ In 2007, the NPOESS program has made significant strides following the Nunn McCurdy process that led to a decision to restructure the program. In addition to providing monthly progress reports to the Deputy Under Secretary, the following management and acquisition strategies have been implemented: established a Program Executive Officer (PEO) to provide program oversight; implemented a Program Control Office to integrate cost and schedule control with earned value management oversight and reporting; established a Program Management Council (PMC) chaired by the Deputy Under Secretary and attended by senior NOAA and National Aeronautics and Space Administration (NASA) personnel who meet monthly to review NOAA's major satellite acquisition programs; and provided the Department quarterly briefings on the NPOESS and GOES-R program progress and ad hoc briefings on specific high priority issues. ◆ On July 30, 2007, the government's tri-agency integrated program office completed the restructure of NPOESS. This restructure represents a rigorous year-long effort to re-plan virtually every aspect of the NPOESS program following its certification and restructuring through the Nunn McCurdy process in 2006. The plan details the development and delivery of the system through initial production in the next decade. ◆ The GOES-R series is the next generation of geostationary satellites that will replace existing GOES satellites in the next decade. In 2006, the OIG initiated a joint review of the GOES-R program with NASA's OIG. OIG's acquisition focus has been in the program office's overall approach to procuring key satellite instruments, identifying potential risks, and implementing associated mitigation strategies. The OIG also assessed the acquisition contracts' award fee plans to determine whether they are structured to promote excellent performance.

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MANAGEMENT CHALLENGES <i>(continued)</i>	
CHALLENGE	RESPONSE
<p>6. Effectively manage the development and acquisition of environmental satellites <i>(continued)</i></p>	<ul style="list-style-type: none"> ◆ The GOES-R program is applying lessons learned from the NPOESS program and other recent reviews of space systems and is currently implementing these lessons into management and acquisition strategies. There have also been significant changes to the GOES-R program management and oversight based on direction from Congress, reviews from the Government Accountability Office (GAO) and the Department's IG, the recent NPOESS Nunn-McCurdy certification process, independent review teams, and GOES-R internal program reviews. In addition to the strategies identified above, additional activities have been successfully implemented by the GOES-R Program Office to include: <ul style="list-style-type: none"> ● Meeting regularly with the NOAA satellite data users, who developed the initial requirements for GOES-R, to assess the extent to which the program remains responsive to their requirements ● Engaging a team of independent satellite experts to conduct independent reviews and address specific concerns raised by NOAA senior leadership. ● Locating the GOES-R Program Office at the NASA Goddard Space Flight Center to better leverage the full capabilities and processes at NASA, including access to NASA's processes for independent technical and engineering reviews. The program reports monthly at the NASA monthly status review chaired by the Goddard Deputy Director. ● Increasing staff to support robust systems engineering and oversight of the contractors, including on-site representatives at the prime contractors and at major subcontractors. ● Having conducted an Independent Cost Estimate (ICE) on the GOES-R program and reconciled the ICE with the GOES-R Program Office estimate to ensure sufficient management reserves for added confidence in projected cost and schedule estimates.
<p>7. Promote fair competition in international trade</p>	<ul style="list-style-type: none"> ◆ ITA recognizes the significance of the management challenges regarding program operations to "Promote Fair Competition in International Trade." ITA works closely with its U.S. and Foreign Commercial Service (US&FCS) program to implement export success verification. ITA supports IG findings in China and India questioning export success numbers. Commercial Service should improve documentation of export successes and adherence to the export success guidelines for Commercial Service Brazil. ◆ ITA recently instituted an independent ongoing export success verification process in the domestic field and overseas posts. An annual random sample is drawn and each office or post undergoes interviews, sampling, and certification to assess the integrity of their export success controls. During FY 2007, five domestic offices and seven overseas posts went through this process. ◆ ITA concurs that the IG raised substantial issues in the Brazil report as well as several previous inspection reports regarding the export success metrics and the collection/reporting process. ITA senior management concluded that ITA will include the conduct of a detailed program evaluation of export successes and the export success business processes as part of the next Program Assessment Rating Tool (PART) review.

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MANAGEMENT CHALLENGES (continued)	
CHALLENGE	RESPONSE
<p>7. Promote fair competition in international trade (continued)</p>	<ul style="list-style-type: none"> ◆ ITA worked to ensure all China and India related activities are properly planned and coordinated among ITA programs and other U.S. government agencies. ITA executed a memorandum of understanding (MOU) with the Department of State to delineate Commercial Service's and State's responsibilities in the partnership post program. ITA improved its Internet resources and consolidated other agencies' trade leads into export.gov. ITA developed actions to address IG concerns related to multilateral banks. ITA is working with ESA to identify approaches that improve their coordination in identifying trade leads. ◆ IG inspections in Brazil, Paraguay, Uruguay, and Argentina helped ITA address gaps in clarifying roles and responsibilities of senior staff at these locations and identifying deficiencies in export success controls. ◆ The IG noted where improvements could be made in financial and accounting practices. ITA's Commercial Service must enhance communication and implementation of ITA financial controls at several overseas posts, including Brazil, Argentina, Paraguay, and Uruguay based on IG inspections at these sites. ITA's CFO works with Commercial Service to ensure that ITA's policies on overseas financial management are (1) communicated to Commercial Service headquarters and overseas personnel, (2) reflected in the Commercial Service operations manual, and (3) incorporated into relevant training materials for Commercial Service officers and administrative staff. The CFO continues to work with Commercial Service to improve communications during the development and issuance of financial management policies. The CFO also works with Commercial Service and the Department of State to resolve issues on user fees and to establish procedures for fees at partnership posts.
<p>8. Effectively manage NOAA's stewardship of ocean and living marine resources</p>	<ul style="list-style-type: none"> ◆ In July 2005, the OIG issued a report finding that National Marine and Fisheries Service (NMFS) deviated from its procedures for conducting interagency consultation (Section 7) pursuant to the Endangered Species Act in developing its biological opinion on the Long-Term Central Valley and State Water Project Operations Criteria Plan (OCAP). ◆ In response to the OIG's recommendations to address the deficiencies, NOAA issued a new Delegation of Authority for the conduct of consultations and a Section 7 improvement plan that requires annual review of consultation documents be prepared by the Regional Offices. The 2006 annual review of consultation documents demonstrated that each region is complying with the new Delegation of Authority, however minor recommendations for improvements were provided to the Northwest Regional Office and the Alaska Regional Office. In response to the recommendations, the Northwest Region revised its quality assurance plan on November 22, 2006. The Alaska region also revised its quality assurance plan on February 8, 2007. Follow up review by the Assistant Administrator found that the recommendations have been fully addressed. ◆ Also in response to the OIG's recommendations, NMFS sought independent peer review of its Section 7 interagency consultations in developing its biological opinion on the OCAP, to evaluate whether the scientific information used in the biological opinion was the best available. The peer review reports made specific recommendations on the conduct of ESA interagency consultations.

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MANAGEMENT CHALLENGES <i>(continued)</i>	
CHALLENGE	RESPONSE
<p>8. Effectively manage NOAA's stewardship of ocean and living marine resources <i>(continued)</i></p>	<ul style="list-style-type: none"> ◆ NMFS created a committee to evaluate the scientific recommendations and found that future large-scale salmon Section 7 consultations could be improved by including a better-developed conceptual framework for analyzing the impacts of large-scale actions. In response to the findings of the scientific reviews, the Bureau of Reclamation (BOR) has reinitiated the Section 7 consultations on the OCAP biological opinions. NMFS expects to receive a biological assessment from the BOR in the fall of 2007, and expects to issue a biological opinion in the summer of 2008. ◆ In response to the OIG audit of pacific salmon recovery efforts of the Northwest Indian Fisheries Commission in the Skokomish River Basin, NOAA is requiring the commission as part of its FY 2007 grant and existing MOU to: <ul style="list-style-type: none"> ● Document its internal controls for managing all phases of the subgrant process, including ensuring the sub-recipient's costs submitted for reimbursement are allowable, reasonable, and allocable. ● Convey in writing all applicable grant terms and conditions to the sub-recipients to include the applicable OMB A-87 and A-133 Circulars, Departmental Financial Assistance Standard Terms and Conditions, 15 CFR 24, and the MOU between NOAA and the Northwest Indian Fisheries Commission. ● Fund proposals based on their merits. ● Monitor projects to ensure that the tribes comply with federal guidelines.
<p>9. Aggressively monitor emergency preparedness, safety, and security responsibilities</p>	<ul style="list-style-type: none"> ◆ Focused on optimizing security at the Department, the Office of Security (OSY) has aggressively worked to monitor the emergency preparedness, safety, and security responsibilities of the Department. <ul style="list-style-type: none"> ● Conducted quarterly Department Security Council meetings with key personnel from each bureau to discuss current and ongoing security issues. ● Developed enhanced program to monitor, evaluate, and test the Department's Occupant Emergency Plans (OEP). Continued assessments of OEPs for the Department's 738 facilities, thus far completing 333 in the current four-year cycle. ● Developed and implemented an annual self-assessment program for all Department facilities in order to complement the review of facility OEPs. ● Tracked implementation of recommended countermeasures designed to mitigate risks identified in the 445 anti-terrorism risk assessments (based on criticality, threat, and vulnerability) that have been conducted thus far in the current four-year cycle for the Department's 738 facilities. ● Coordinated closely with the US&FCS and the Department of State's Diplomatic Security Service to conduct reviews of overseas facilities and to ensure appropriate action was taken to correct deficiencies identified in risk assessments of key overseas locations.

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MANAGEMENT CHALLENGES <i>(continued)</i>	
CHALLENGE	RESPONSE
<p>9. Aggressively monitor emergency preparedness, safety, and security responsibilities <i>(continued)</i></p>	<ul style="list-style-type: none"> ● Steered bureau declassification activities and met the automatic declassification deadline of the Department's 25-year-old or older classified permanent records. ● Strengthened access control measures with random screening of employees and upgraded screening of contractors at Department headquarters. ● Developed and implemented Foreign National Visitor (FNV) and Guest Risk Assessment tool designed to ensure on-site compliance with current FNV policy and procedures. ● Conducted nationwide OSY after-hours inspections to assure that appropriate safeguards are in place in order to protect sensitive information. ● Advised and assisted Department bureaus in providing 664 pre-travel counterintelligence briefings for select Department travelers going overseas.
<p>10. Enhance export controls for dual-use commodities</p>	<ul style="list-style-type: none"> ◆ An IG report in 2006 urged clarification of U.S. export control policy toward China. ◆ On June 19, 2007, the Bureau of Industry Security (BIS) published a rule clarifying policy, adding new controls on items that could contribute to China's military modernization, and establishing the Validated End-User Program for trusted customers in China.

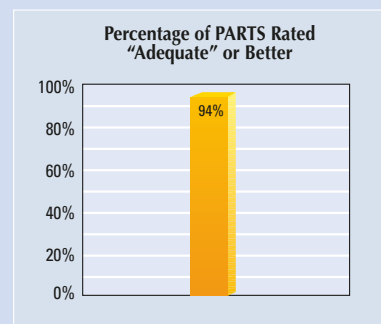
PROGRAM ASSESSMENT RATING TOOL (PART) STATUS

The Program Assessment Rating Tool (PART) is a component of the President's Management Agenda (PMA) that the Office of Management and Budget (OMB) developed to assess and improve program performance so that the federal government can achieve better results. A PART review helps identify a program's strengths and weaknesses to inform management decisions aimed at making the program more effective.

OMB conducted the following PART reviews during 2006 and FY 2007 with results reported in 2007. The results of previous PART reviews were reported in the FY 2004, FY 2005, and FY 2006 Performance and Accountability Reports (PAR). The results of PART reviews are used to inform the participants in the planning and budgeting process and are published in the annual President's Budget submitted to Congress.

TABLE 1: RESULTS OF THE OMB PART PROCESS¹

RATING	RESULTS
Effective	5
Moderately Effective	15
Adequate	9
Results Not Demonstrated	2
Totals	31*



* Amount reflects the total number of Department programs reviewed to date. If OMB reviewed a program a second time, only the score of the second review was included.

PART RATINGS AND SCORES BY PROGRAM - 2006

PROGRAM	RATING AND SCORE
Manufacturing and Services (ITA)	Adequate – 67%
Marine and Aviation (NOAA)	Moderately Effective – 72%
Navigation Services (NOAA) – second review	Moderately Effective – 84%
Pacific Coastal Salmon Recovery Fund (NOAA) – second review	Moderately Effective – 77%

PART RATINGS AND SCORES BY PROGRAM - 2007

PROGRAM	RATING AND SCORE
Decennial Census (Census) – second review	Moderately Effective – 83%
Import Administration (ITA) – second review	Adequate – 52%
Market Access and Compliance (ITA) – second review	Moderately Effective – 72%
Minority Business Development Agency (MBDA) (entire bureau) – second review	Adequate – 60%
Hydrology (NOAA)	Moderately Effective – 74%
National Marine Fisheries Service (NOAA) – second review	Moderately Effective – 72%

¹ Source: Office of Management and Budget – <http://www.results.gov>



TABLE 2: PART SUMMARIES BY STRATEGIC GOAL

STRATEGIC GOAL 1: PROVIDE THE INFORMATION AND TOOLS TO MAXIMIZE U.S. COMPETITIVENESS AND ENABLE ECONOMIC GROWTH FOR AMERICAN INDUSTRIES, WORKERS, AND CONSUMERS

PROGRAM NAME	MANUFACTURING AND SERVICES (MAS)
Year	◆ 2006
Score and Rating	◆ Adequate – 67%
Lead Bureau	◆ International Trade Administration (ITA)
Major Findings/ Recommendations	<ul style="list-style-type: none"> ◆ Resources are often not effectively targeted towards their best use. MAS researches policies that affect U.S. competitiveness and makes recommendations that support trade negotiations. However, MAS should continue to assess its structure and resource use to ensure they are effective in a dynamic economy. ◆ MAS has not been rigorously evaluated. No independent program evaluation has been completed that focuses on whether the program is accomplishing its mission and meeting long-term goals. ◆ Overall, MAS is achieving its performance goals to a small extent.
Actions Taken/ Planned	<ul style="list-style-type: none"> ◆ Undertaking a rigorous assessment of MAS's current structure to make sure that it matches today's economy and will yield the best results for U.S. industry's competitiveness. ◆ Implementing an independent review board that will review and evaluate the work produced by MAS. ◆ Developing and implementing an activity-based cost accounting system to better link budget requests to accomplishments.
PROGRAM NAME	DECENNIAL CENSUS
Year	◆ 2007
Score and Rating	◆ Moderately Effective – 83%
Lead Bureau	◆ Census Bureau
Major Findings/ Recommendations	<ul style="list-style-type: none"> ◆ For Census 2000, all operations were completed on time while achieving the lowest net coverage error rate ever. However, the life cycle costs of the census have risen significantly over time. These increases outpace the increase in number of households within the United States and are driven, in part, by demographic challenges and the difficulty of achieving a highly accurate count. ◆ The Bureau is in the midst of a multi-year strategic effort to re-engineer the 2010 Census. This will include a short-form only census, a second mailing of questionnaires, and the use of hand-held computers for data collection. ◆ The Bureau is on track to implement a re-engineered census in 2010. In 2006, the American Community Survey (ACS) was fully implemented as a replacement for the decennial long-form, and census tests were conducted in 2003, 2004, 2005, and 2006, culminating in a 2008 Dress Rehearsal.

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STRATEGIC GOAL 1: (continued)	
Actions Taken/ Planned	<ul style="list-style-type: none"> ◆ The Census Bureau is examining all key cost factors to identify potential areas for additional savings. ◆ The Census Bureau is ensuring there is adequate oversight of contractors developing critical 2010 information technology (IT) systems.
PROGRAM NAME	IMPORT ADMINISTRATION (IA)
Year	◆ 2007
Score and Rating	◆ Adequate – 52%
Lead Bureau	◆ International Trade Administration (ITA)
Major Findings/ Recommendations	<ul style="list-style-type: none"> ◆ IA has developed long-term measures that show the reduction in trade distorting practices in foreign countries and the percent of IA decisions overturned by U.S. courts. Reducing trade distorting practices overseas will produce freer markets for U.S. companies, while measuring the percent of IA decisions overturned promotes more accurate decisions. ◆ IA has had process evaluations that have complimented aspects of the program's administration, but it has not had an impact evaluation assessing achievement of program mission and goals. The program is taking steps to perform an impact evaluation, and that and the relatively new performance measures will make determining actual program impact and performance better. ◆ IA has more characteristics of transparency and impartiality that exceed World Trade Organization (WTO) standards when compared to other countries' antidumping and countervailing duty programs.
Actions Taken/ Planned	<ul style="list-style-type: none"> ◆ ITA will complete an impact evaluation that assesses achievement of the program's mission and goals. ◆ ITA will implement a financial system to better track resource allocation across goals and activities.
PROGRAM NAME	MARKET ACCESS AND COMPLIANCE (MAC)
Year	◆ 2007
Score and Rating	◆ Moderately Effective – 72%
Lead Bureau	◆ International Trade Administration (ITA)
Major Findings/ Recommendations	<ul style="list-style-type: none"> ◆ In 2006, MAC successfully concluded 47 percent of cases, which was 27 percent higher than the target for the year. MAC also beat the number of cases initiated target by 19 percent. ◆ MAC and other trade compliance agencies lack an interagency strategy for assessing resource needs. GAO recommended that MAC and other trade compliance agencies develop a strategy to plan for resource needs to monitor and enforce trade agreements. Developing a strategy could improve efficiency and coordination, while streamlining trade compliance efforts. ◆ In 2006, MAC's average cost-per-case concluded was \$6000 lower than the target. Also, the average cost-per-case in 2006 was much lower than the average cost-per-case concluded in 2005.

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STRATEGIC GOAL 1: (continued)	
Actions Taken/ Planned	<ul style="list-style-type: none"> ◆ ITA is developing a plan for resource needs with other trade compliance agencies to streamline the government's market access and trade compliance efforts. ◆ ITA is completing an evaluation that assesses the impact MAC has on identifying and removing trade barriers.
PROGRAM NAME	MINORITY BUSINESS DEVELOPMENT AGENCY (MBDA) (ENTIRE BUREAU)
Year	◆ 2007
Score and Rating	◆ Adequate – 60%
Lead Bureau	◆ Minority Business Development Agency (MBDA)
Major Findings/ Recommendations	<ul style="list-style-type: none"> ◆ The program has developed appropriate annual and long-term measures that focus on the direct impact of its assistance on business clients. However, more research and evaluation needs to be conducted on the long-term impact of MBDA assistance. ◆ The program has strong management. It awards grants on a competitive process, and provides sufficient oversight of grant activities, including tracking of progress towards meeting performance goals. ◆ While MBDA is focused on minority small businesses, there are many other sources of business assistance and support at the federal, state, and local level. At the federal level, the Small Business Administration (SBA) provides similar assistance through its entrepreneurial development programs.
Actions Taken/ Planned	<ul style="list-style-type: none"> ◆ MBDA is investigating the feasibility of additional long-term measures, including the survival rate of MBDA-assisted small businesses. ◆ MBDA is seeking additional efficiencies to reduce the cost per client assisted. ◆ MBDA is exploring the feasibility of contracting with an independent organization to conduct an evaluation on the long-term impacts MBDA's assistance has on minority businesses.

STRATEGIC GOAL 3: OBSERVE, PROTECT, AND MANAGE THE EARTH'S ENVIRONMENT TO PROMOTE ENVIRONMENTAL STEWARDSHIP

PROGRAM NAME	MARINE AND AVIATION
Year	◆ 2006
Score and Rating	◆ Moderately Effective – 72%
Lead Bureau	◆ National Oceanic and Atmospheric Administration (NOAA)
Major Findings/ Recommendations	<ul style="list-style-type: none"> ◆ NOAA's Office of Marine and Aviation Operations provides safe operation of NOAA's fleet of ships and aircraft which are uniquely configured and staffed to meet the at-sea and airborne data collection requirements of all NOAA programs. ◆ To address platform capability and reliability, NOAA has routinely developed Fleet Modernization Plans which have led to improvements in the fleet's capabilities. NOAA is investigating the potential use of emerging technologies for at-sea and airborne data collection. ◆ This program has shown mixed results for performance. Targets have been met for most performance measures. Areas where the program is performing well include acquisition milestones and provision of ship days-at-sea and aircraft flight hours. However, historical trends are not available for some measures and targets have not been met for customer satisfaction and lost-time accident rates.
Actions Taken/ Planned	<ul style="list-style-type: none"> ◆ Implementing efficiency measures to guide program management. ◆ Performing thorough analyses of capital acquisition alternatives to ensure that investments represent the best value to the government and taxpayers. ◆ Linking program managers' personal performance evaluations to program performance results.
PROGRAM NAME	NAVIGATION SERVICES
Year	◆ 2006
Score and Rating	◆ Moderately Effective – 84%
Lead Bureau	◆ National Oceanic and Atmospheric Administration (NOAA)
Major Findings/ Recommendations	<ul style="list-style-type: none"> ◆ The program is achieving results in providing accurate positioning and navigation products to ensure safe navigation. The program has met most of its targets for long-term and annual performance measures. ◆ The program uses state-of-the-art technology to collect and disseminate navigation data. NOAA continues to develop electronic navigational charts (ENC) to support mariners who now navigate with electronic systems. ◆ The program partners with private industry to meet mapping and charting requirements, while maintaining core expertise for effective oversight. However, the program is not yet able to demonstrate that it employs the optimal mix of in-house versus private-sector capabilities.
Actions Taken/ Planned	<ul style="list-style-type: none"> ◆ Performing a rigorous analysis of the hydrographic surveying component of the program to ensure that NOAA uses the most effective approach to addressing hydrographic survey requirements. ◆ Proposing funding for state-of-the-art technology including ENCs.

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STRATEGIC GOAL 3: <i>(continued)</i>	
PROGRAM NAME	PACIFIC COASTAL SALMON RECOVERY FUND (PCSRF)
Year	◆ 2006
Score and Rating	◆ Moderately Effective – 77%
Lead Bureau	◆ National Oceanic and Atmospheric Administration (NOAA)
Major Findings/ Recommendations	<ul style="list-style-type: none"> ◆ The PCSRF has developed performance metrics and has shown progress in salmon recovery efforts. All targets have been met, though progress towards actual recovery of salmon populations through PCSRF continues to be slow. ◆ The PCSRF has not been able to allocate funds based on priority needs of salmon listed as threatened or endangered. However, states select projects based on the state-established priorities and some states provide matching funds. NOAA has proposed a matching requirement and allowing the Department to develop guidelines for targeting funding toward restoration of at-risk populations. ◆ The program has implemented and adhered to strong financial and management practices and addressed deficiencies when they have arisen.
Actions Taken/ Planned	<ul style="list-style-type: none"> ◆ Proposing in the President's Budget to allocate funds based on recovery goals for salmon stocks that are listed as threatened or endangered. ◆ Proposing in the President's Budget that all states be required to provide a 33 percent match for federal funds. ◆ Making an explicit link between resources and performance in future budget requests.
PROGRAM NAME	HYDROLOGY
Year	◆ 2007
Score and Rating	◆ Moderately Effective – 74%
Lead Bureau	◆ National Oceanic and Atmospheric Administration (NOAA)
Major Findings/ Recommendations	<ul style="list-style-type: none"> ◆ The program has made progress on meeting its long-term and annual program goals. Still, the program will have to develop and implement a community hydrologic modeling infrastructure to increase efficiencies. The program will work to expand its collaboration with other federal agencies, state and local government, the private sector, and academia. ◆ The program is moderately effective with its production and delivery of water forecast information. However, the program must deliver an expanded suite of water resource management information for use by the hydrologic community.
Actions Taken/ Planned	<ul style="list-style-type: none"> ◆ NOAA is developing and delivering the infrastructure and external communication procedures needed for community hydrologic modeling to increase efficiencies. ◆ NOAA is providing new water resource forecast information in an Internet-accessible digital format suitable for use by decision support assistance systems.

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STRATEGIC GOAL 3: <i>(continued)</i>	
PROGRAM NAME	NATIONAL MARINE FISHERIES SERVICE (NMFS)
Year	◆ 2007
Score and Rating	◆ Moderately Effective – 72%
Lead Bureau	◆ National Oceanic and Atmospheric Administration (NOAA)
Major Findings/ Recommendations	<ul style="list-style-type: none"> ◆ The program is well designed, but needs to increase efforts to ensure partners commit to achieving program goals. Establishment of accountability measures and annual catch limits (ACL), as required by the reauthorized Magnuson-Stevens Fishery Conservation and Management Act, will provide a mechanism to ensure Agency and partner commitment to ending overfishing and promoting sustainable fisheries. ◆ Independent evaluations have found that the program is moderately effective and compares favorably with similar programs in other nations. In response to evaluation recommendations the program is increasing the number of market-based, Limited Access Privilege (LAP) programs to improve at-sea safety, reduce overcapitalization, create incentives for conservation, and enhance economic performance. ◆ The program’s relatively new performance measures show some progress toward the intended outcome of sustainable fisheries management. The reauthorized Magnuson-Stevens Fishery Conservation and Management Act sets an ambitious schedule to end overfishing and establish ACLs for all stocks by 2011. Achievement of these goals will be reflected in the program’s performance measures.
Actions Taken/ Planned	<ul style="list-style-type: none"> ◆ NOAA is addressing overfishing through the establishment and implementation of sustainable ACLs for all managed fish stocks. ◆ NOAA is increasing the number of fisheries managed through market-based approaches, which can lead to longer and safer fishing seasons and provide incentives for conservation.