

UNITED STATES



# DEPARTMENT *of* COMMERCE

FY 2003 PERFORMANCE &  
ACCOUNTABILITY REPORT



AMERICAN JOBS, AMERICAN VALUES



# DEPARTMENT *of* COMMERCE



## FY 2003 PERFORMANCE & ACCOUNTABILITY REPORT



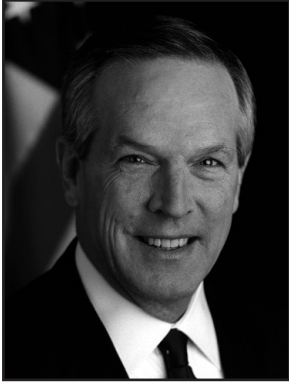
AMERICAN JOBS, AMERICAN VALUES

DEPARTMENT OF COMMERCE



UNITED

STATES OF AMERICA



It is an honor to present the U.S. Department of Commerce's *Performance and Accountability Report* for FY 2003.

During the past year, our Department and its 35,000 employees have performed with energy and commitment in promoting U.S. interests and helping keep American business affairs on course. In an increasingly challenging and often perilous domestic and international environment, the Department has demonstrated initiative and creativity while maintaining the strength and stability of programs on which our citizens rely.

In FY 2003, the Department of Commerce achieved many significant goals that benefit the American public at home and protect the Nation's interests abroad. Our international successes include important progress in restoring market forces to the global steel industry, outreach efforts in China that have resulted in billions of dollars in new business for U.S. firms, and the successful conclusion and initiation of free-trade agreements with nations around the globe. Our efforts have strengthened trade compliance and export control, and have supported American companies' participation in recovery and rebuilding in Iraq and Afghanistan.

The Department remains committed to fostering the conditions that create jobs and increase the productivity of the American economy. In FY 2003, we assisted many communities across the country to revitalize local economies through investment in infrastructure and job creation. We accelerated the release of major economic statistics and improved the accuracy of economic estimates to help business leaders and policy makers arrive at informed decisions.

The Department's support of advances in science and technology are having positive results both nationally and internationally. We played a major role in developing the Climate Change Science Program 10-Year Strategic Plan, which will bring together the resources of 13 federal agencies to advance the state of knowledge about global climate change. Our leadership on the Digital Freedom Initiative has brought together several federal agencies and over 40 information technology companies and organizations to promote entrepreneurship and partnership as catalysts for economic expansion in developing economies. Electronic accomplishment of all patent and trademark business is closer to being realized; the need for paper files to conduct initial trademark searches has been eliminated; the majority of trademark applications for federal registration are now being filed electronically; and the U.S. Patent and Trademark Office is the first to conduct operations electronically with the World Intellectual Property Organization and applicants around the world.

This combined *Performance and Accountability Report* includes our consolidated financial statements, which received an unqualified opinion for the fifth consecutive year; our report on the progress we are making toward achieving the goals of the President's Management Agenda; and our annual program performance report under the Government Performance and Results Act (GPRA). The Department has continued its fine performance under GPRA, and, in collaboration with our bureaus and the Inspector General, we are working to continuously strengthen its implementation and assure that our performance information is appropriate, complete, and reliable.

In FY 2003, the Department of Commerce again demonstrated numerous achievements to advance and protect economic, scientific, and intellectual endeavors for the citizens of this Nation and for mankind. We are proud to report achievements that represent thoughtful, judicious public investment and conscientious fulfillment of the public trust.

A handwritten signature in black ink, appearing to read "Donald L. Evans". The signature is fluid and cursive, written in a professional style.

Donald L. Evans  
Secretary of Commerce



I am pleased to join Secretary Evans in presenting the U.S. Department of Commerce's *Performance and Accountability Report* for FY 2003. This report highlights the accomplishments of the past year and identifies the challenges that lay ahead. As the Department carries out its critical mission of promoting economic growth, technological competitiveness, and sustained development, the report serves as a valuable record and roadmap by which we assess our progress and chart our future course.

In FY 2003, the Department continued to pay special attention to management reform, specifically the implementation of the President's Management Agenda. The five initiatives of the President's Management Agenda provide a strategy for improving management and performance of the Federal Government, and they remain as timely and relevant as when first introduced. The initiatives are: strategic human capital management, expanding e-government, competitive sourcing, strengthening financial management, and integrating budget and performance. As we come to the end of our second full year of implementing the President's Management Agenda, I am very pleased to report that the Department continues to make substantial progress in each of the five areas.

We are especially proud to report the Department's implementation of an integrated financial management system, which has enabled us to meet, for the first time, the requirements of the CFO Act and Office of Management and Budget (OMB) Circular A-127. This accomplishment contributed to a green progress rating for financial management under the President's Management Agenda and put us in substantial compliance with the Federal Financial Management Improvement Act. As a result of the implementation, we have eliminated the need to cite the lack of an integrated financial system as a material weakness under provisions of the Federal Managers' Financial Integrity Act.

The Department continues to make progress in competitive sourcing. Working with OMB during the past year, we established new and more realistic competitive sourcing goals in support of the Department's missions. We have also seen very positive results in strategic human capital management. One indicator of the Department's achievement was the finding of the OPM's 2002 Federal Human Capital Survey that the Department had met or exceeded government norms with respect to strategic alignment of mission and objectives, leadership, job satisfaction, and performance culture. The implementation of a Senior Executive Service Candidate Development Program and the initiation of an online learning management system with over 1,200 e-learning courses represent significant steps in ensuring a workforce prepared to meet the challenges of the future. The Department also strengthened acquisition and management of information technology, with special emphasis on ensuring the confidentiality, availability, and integrity of the Department's IT resources. Finally, the Department continues to work with the bureaus to better integrate budget and performance data in our planning documents and budget justifications.

The Department is committed to the achievement of results through meaningful management reform. Our activities undertaken in support of the President's Management Agenda have enabled us to make significant progress in meeting these goals. We will continue to work diligently to reach these goals and create a better government for America today and in the future.

A handwritten signature in black ink that reads "Samuel W. Bodman". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Samuel W. Bodman  
Deputy Secretary

**T**his *Performance and Accountability Report* summarizes the highlights of the Department's performance during fiscal year (FY) 2003. It streamlines the requirements of the Reports Consolidation Act, Chief Financial Officers Act, Government Performance and Results Act, Federal Managers' Financial Integrity Act, and Government Management Reform Act. This report provides our stakeholders with the ability to assess our performance relative to our mission and financial resources, and demonstrates significant strides in management reforms during FY 2003.

We are proud of having achieved an unqualified audit opinion for the fifth consecutive year along with the implementation of an integrated financial system. The successful implementation of the Department-wide financial management system, the Commerce Administrative Management System (CAMS), along with major strides in addressing information security issues resulted in the elimination of a longstanding material weakness. In FY 2004, we plan to make additional improvements in addressing the remaining deficiencies in information technology controls, currently cited as a reportable condition.

Another significant achievement was the implementation of a Consolidated Reporting System (CRS). The CRS integrates existing management data from financial, human resource, acquisition and federal assistance enterprise databases, and provides senior management with on-line desktop access to information about bureau programs and resources that is critical to strategic decision-making.

Another priority, human capital, resulted in increased focus on the Department's three primary human capital challenges identified in our Workforce Restructuring Plan: high turnover in mission critical occupations; an impending retirement wave, especially among the Senior Executive Service; and reshaping workforce competencies to address the impact of e-government, competitive sourcing, and reengineering initiatives. We implemented a corporate Recruitment and Retention Plan featuring targeted recruitment for mission-critical occupations, training and utilization of corporate recruiters, and revitalization of agreements with minority serving institutions.

We continued working to improve the efficiency with which the goods and services needed to carry out our mission are obtained. In FY 2003, Commerce spent over \$3 billion through procurement and financial assistance awards combined. Because of the resources impacted by these activities, achieving a workable balance between appropriate management controls and the administrative burdens they may pose is crucial. In FY 2003, Department-wide oversight for acquisition, competitive sourcing and financial assistance activities were realigned under one Departmental office. We further institutionalized the competitive sourcing function by better integrating it with workforce restructuring, thoroughly reviewing the Commerce job inventory with our bureaus, and developing a cohesive management plan that reflects bureau needs rather than arbitrary numerical goals. Commerce also introduced standard contract provisions to guarantee the security of all information technology purchases, developed a comprehensive training program for individuals serving as Contracting Officers Representatives, and established an integrated review process for major procurements. We are now implementing a purchase card improvement program to strengthen controls over Commerce-issued bankcards.

During FY 2004, we will continue enhancing the administrative tools used to manage Commerce programs by pursuing these initiatives and the crosscutting management reforms established in the President's Management Agenda. Through these and other efforts, we plan to maximize the effectiveness of our programs and their benefit to the American taxpayers.



Otto J. Wolff

Chief Financial Officer and

Assistant Secretary for Administration

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