MANAGEMENT INTEGRATION GOAL

Strengthen management at all levels

Departmental Management

Management Integration Goal: Strengthen Management at all Levels

Mission Statement

The Department of Commerce promotes job creation and improved living standards for all Americans by creating an infrastructure that supports economic growth, technological competitiveness, and sustainable development.

Departmental Management (DM) includes the Immediate Offices of the Secretary and Deputy Secretary, Office of the Chief Financial Officer and Assistant Secretary for Administration (CFO/ASA), Office of the Chief Information Officer (CIO), and Office of General Counsel as well as other departmental offices. DM supports the management infrastructure needed to carry out the Department's mission.

While certain of its activities involve the public, e.g., contract management and small business utilization, DM's principal interaction is with entities within the Department. Its activities benefit the public by contributing to the efficiency with which the operating units administer their programs and the Department's overall mission is carried out. DM provides executive direction and coordination for program activities as well as centralized services to the bureaus. It also oversees promulgation and implementation of departmental and government-wide policies and initiatives.

President's Management Agenda (PMA)

DM, with its responsibility for implementing Commerce-wide initiatives, exercises day-to-day oversight of these efforts. In FY 2003, DM continued to align plans and activities with the overarching principles reflected in the PMA. In this way, DM expects to expand initial successes in carrying out these management reforms to long-term accomplishment of the President's goals, including those established in his management agenda.

Performance Goal 1, "Ensure Effective Resource Stewardship in Support of the Department's Programs," includes measures that track DM's success in improving many administrative functions, including financial management and competitive sourcing under the Federal Activities Inventory Reform (FAIR) Act. Performance Goal 2, "Strategic Management of Human Capital," is devoted to enhancing management of the Department's human capital; and Performance Goal 3, "Acquire and Manage the Technology Resources to Support Program Goals," tracks the Department's efforts to improve management of its information technology (IT) resources and expand its use of e-government. The development of this FY 2003 Performance and Accountability Report (PAR) and the FY 2005 Annual Performance Plan (APP), which accompanies the FY 2005 budget submission to Congress, reflects DM's effort to integrate budget and performance.

A detailed description of the results that Commerce has achieved in implementing the PMA and the status of the President's five crosscutting initiatives is provided earlier in this report in the "Management Discussion and Analysis" section. The quantitative results for FY 2003 activities are presented on the following page.

Priorities/Management Challenges

By implementing broad reforms such as those in the PMA, DM works to minimize the burden associated with administrative functions that are common to all the Department's program areas while at the same time maintaining appropriate controls and accountability.

DM directs particular effort toward improving administrative functions by carrying out the government-wide initiatives under the PMA, i.e., enhancing financial management, competitive sourcing, and strategic management of human capital; expanding e-government; and integrating budget and performance. Quarterly, the Office of Management and Budget (OMB) assesses each agency's progress in achieving the goals of the PMA using a "traffic light" scoring system; two ratings are assigned for each of the five initiatives.

- "Progress" ratings reflect the agency's adherence to the milestones and deliverables. A green progress rating means that implementation is proceeding as planned; yellow means that there has been some slippage in planned activities, and adjustments are needed; and red means that the initiative is in serious jeopardy.

- "Status" ratings reflect the extent to which the agency has met the standards for overall success. Green means that all standards have been met, yellow means mixed results, and red means that serious flaws exist.

In the last quarter of FY 2003, Commerce maintained green progress ratings for strategic management of human capital, improved financial performance, and expanded e-government and budget and performance integration. The Department was assigned a yellow progress rating in competitive sourcing. During FY 2004, DM will re-emphasize the targets established in the PMA-related performance measures, especially in the areas where progress was rated yellow, in order to ultimately achieve green status ratings in all five initiatives.

During fiscal year 2003, the Department successfully completed substantial implementation of a single integrated financial management system, the Commerce Administrative Management System (CAMS) in all participating bureaus except for NIST. With implementation of CAMS completed in the first quarter of FY2004 the Department will be able to meet, for the first time, the requirements of the CFO Act, and Office of Management and Budget (OMB) Circular A-127. With implementation, the Department will eliminate lack of an integrated financial system as a material weakness under the Federal Managers' Financial Integrity Act, and will be in compliance with the Federal Financial Management Improvement Act (FFMIA).

Information security remains a reportable condition for financial statement purposes, and continues to be a management priority. During FY 2003, the Department and its bureaus assessed all automated systems and undertook corrective actions to improve IT security, focusing primarily on performing certification and accreditation of systems. For example, the CIO inspected system certification and accreditation packages for 100 percent of the Department's critical and classified national security systems. During FY 2004, the Department will ensure the implementation of effective certification and accreditation practices for all Department information technology systems, critical and non-critical; will test system management, operational, and technical controls; and will fully implement the departmental IT security policies and minimum implementation standards that were established in FY 2003.

Because the threat of terrorism is an abiding concern, the Department continues to focus on policy and program initiatives that enhance our ability to respond to threats to personnel, assets, and operations nationwide. In FY 2003, a comprehensive internal review of the organizational structure and overall program effectiveness in the Office of Security (OSY) led to the implementation of a new structure that fosters closer relationships with and information sharing between OSY headquarters and field personnel. In FY 2004 and 2005, a comprehensive continuity of operations plan (COOP) compliance and oversight program will be developed and tested.

The Secretary, as the Department's chief executive officer; the Deputy Secretary, as the chief operating officer; and departmental offices also exercise managerial oversight and provide policy direction for the program activities carried out by the bureaus. Many of the specific programmatic challenges benefiting from the Secretary and Deputy Secretary's guidance are highlighted in the "Management Discussion and Analysis" chapter, which appears earlier in this report, and discussed in the bureau-specific chapters that follow.

Performance Results

In DM's FY 2002 PAR submission, 22 measures were reported. Two of those measures have been discontinued and are not addressed in this report. One measure targeted the use of the Internet to publicize opportunities to contract with the Department. As of FY 2002, online procurement was the only option available for publicizing these opportunities, eliminating the need to track the measure further. The other discontinued measure was the reduction of energy consumption. In FY 2002, the Department achieved the long-term, government-wide goal of 35 percent reduction in usage and received a Presidential award for leadership in energy management. DM believes that energy consumption no longer requires monitoring and will no longer report on this measure.

In FY 2003, DM met or exceeded the targets for 15 out of the remaining 20 measures, or 75 percent of its objectives. In the five instances in which targets were not met, DM has examined the causes and identified appropriate action. Details are discussed under each Performance Goal.

DM met or exceeded targets for five out of the eight measures being tracked under Performance Goal 1. In addition to the success reflected by these quantitative measures, there are qualitative indicators of DM's progress, which are discussed below.

DM received an unqualified opinion on the Department's consolidated financial statements for the fifth consecutive year, and is making significant progress in reducing the number of audit findings. With the exception of NIST (completed in the first quarter of FY2004) implementation of CAMS was completed and specific steps undertaken to correct the IT security weaknesses that were identified.

The Department's acquisition reform initiatives have led to greater emphasis on acquisition planning, contracting strategies, and management of resulting contracts. DM has addressed concerns in these areas by expanding overall risk management and oversight provisions early in the acquisition phase. For example, the Department created a formal Acquisition Review Board to examine all major departmental acquisitions. Increased scrutiny from Congress, OMB, and Office of Inspector General (OIG) regarding the use of purchase cards prompted DM to devise a purchase card improvement plan to insure the ethical and prudent use of purchase cards by departmental cardholders. Mandatory refresher training is provided for all cardholders and approving officials, and an inter-departmental team has been formed to evaluate future options for the Department's purchase, travel, and fleet card programs. DM continues to encourage the professionalism and emphasize the career development of the Department's contracting workforce. Accordingly, Contracting Officer Technical Representative (COTR) certification requirements have been revised to stress accountability, performance measurement, and performance management. A COTR assessment was completed and the results were incorporated into a draft COTR policy revision. A consistent Commerce COTR definition was developed, and COTR performance plans were aligned with assigned contract management duties.

Finally, DM continued to make progress in ensuring the overall security and safety of its workforce, facilities, and programs. The Department-wide COOP was updated and tested, and plans for 16 departmental components were reviewed. Safety education and awareness training activities were implemented, and safety reports, brochures, and a Web site were made available.

Significant progress has been made in the area of strategic human capital management, as tracked under Performance Goal 2. Targets for five out of six measures were met. Results of Office of Personnel Management's (OPM) FY 2002 Federal Human Capital Survey confirmed that the Department had met many of the conditions necessary to be characterized as a high performing organization. Commerce met or exceeded the government norms with respect to strategic alignment of mission and objectives, leadership, employee satisfaction, performance culture, and job satisfaction. At various times throughout the year, the Department was benchmarked by other federal agencies with respect to strategic human capital management, succession planning, and performance management. During FY 2003, the Department's Senior Executive Service (SES) Candidate Development Program was announced and needs assessments for targeted employee groups were completed. Over 1,200 e-learning courses were made available through the Department's online Learning Management System (LMS), and employee performance plans were linked with strategic goals and APP measures.

The Department has continued to strengthen acquisition and management of the IT technology resources needed to support Commerce's program goals. During FY 2003, operating units continued to improve IT management overall, including those activities covered by Performance Goal 3. Special emphasis was placed on ensuring the confidentiality, availability, and integrity of the Department's IT resources. Additionally, Commerce has invested human and capital resources in the e-government initiatives that support the PMA. Overall, five and one-half of the six targets were met and substantial progress was achieved in the other half of one target area. The targets for FY 2004 have not been changed and remain ambitious; DM will, as described below in the discussion of Performance Goal 3b, work closely with the bureaus throughout the year to ensure that the targets are met.

Targets and Performance Summary

See individual Performance Goal section for further description of each measure.

The Department re-examined the performance measures used to monitor its progress in providing policy oversight and administrative support services, which represent the bulk of DM activity. Changes were made to better reflect DM's most significant activities and to correspond more precisely with the government-wide management initiatives established in the PMA. The measures summarized below reflect that effort.

Performance Goal 1: Ensure Effective Resource Stewardship in Support of the Commerce Department's Programs							
Measure	**FY 2000 Actual**	**FY 2001 Actual**	**FY 2002 Actual**	**FY 2003 Target**	**FY 2003 Actual**	**FY 2003 Met**	**FY 2003 Not Met**
Clean audit opinion obtained on Commerce consolidated financial statements	100%	100%	Yes	Yes	Yes	X	
Deploy Commerce-wide integrated financial management system	System deployed in four bureaus.	System deployed in eight bureaus.	System deployed in 10 bureaus.	Deploy system in 13 bureaus; complete department-wide deployment.	System fully deployed in 10 bureaus.		X[1]
Implement competitive sourcing	Inventory submitted on 6/30/00.	Inventory submitted on 6/29/01.	1% completed and management plan in place to accomplish cumulative goal for FY 2002/2003.	Convert or complete competitions on 10% of commercial FTE[2] positions.	Combined target for FY 2002/2003 was 1203 FTEs[2]. Completed 534 FTEs[2], or 6.6% of new target of 800 FTEs[2].		X
Funds obligated through performance-based contracting	N/A	25% of total procurement funds.	31% of total procurement funds.	30% of total procurement funds.	24% of $605M		X
Small purchases made using credit cards	88% of actions below $25,000	92% of actions below $25,000	95% of actions below $25,000	90% of actions below $25,000	97% of actions below $25,000	X	
Percentage of total obligations awarded as contracts to small businesses	34%	50%	51%	40%	45% as of October 2003; final results not available from Federal Procurement Data System (FPDS) until second quarter FY 2004.	X	
Ensure a secure workplace for all Commerce employees	Conducted 10 studies to verify proper maintenance of safes for classified materials.	Conducted 32 studies of classified computer systems.	Department continuity of operations plan (COOP) established; 47 risk assessments completed.	Conduct 12 compliance reviews of security programs and classified systems.	Reviewed COOP Plans for 16 Commerce components including the Office of the Secretary (OS), Office of Inspector General (OIG), and U.S. Patent and Trademark Office (USPTO). Also, conducted compliance reviews of more than 450 security containers and 550 sensitive documents. In addition, conducted 40 risk assessment surveys.	X	

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Performance Goal 1: Ensure Effective Resource Stewardship in Support of the Commerce Department's Programs (cont.)

Measure	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2003 Met	FY 2003 Not Met
Ensure a safe workplace for all Commerce employees	N/A	N/A	Safety Action Plan developed, reinvigorated the Commerce Safety Council to communicate safety issues, appointed a new designated agency safety and health official to spearhead safety efforts, established performance element for Senior Executives, and developed Web-based safety awareness training program.	Employee education and awareness programs are in place.	Employee education and awareness training activities were implemented, including safety awareness training at the Senior Executive Service (SES) and supervisory levels and evacuchair training. Implemented safety Web site, published safety reports, and distributed safety brochures.	X	

Performance Goal 2: Strategic Management of Human Capital

Measure	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2003 Met	FY 2003 Not Met
Strategic competencies—ensure competency in leadership and in mission-critical occupations	Plan developed and tools identified.	Automated tools used by three pilot test offices.	Completed final workforce restructuring plan in June 2002. Mission critical competencies identified. Candidate Development Program implementation plan developed which provides for the identification of gaps.	Develop succession plans and staffing or retention targets for mission critical occupations.	Implemented succession planning strategies identified staffing and retention targets for twenty mission-critical occupations, announced SES Candidate Development Program and received 204 applications.	X	
Strategic competencies—ensure comprehensive training and development strategies	New	New	General and supervisory training policies implemented.	Institute annual training needs assessment program.	The Department completed needs assessments for targeted employee groups. Successfully implemented over 1,200 e-learning courses in the Learning Management System (LMS).	X	
Strategic Competencies—ensure diverse candidate recruitment	Finalized memoranda of understanding with nine Hispanic serving institutions and marketed 121 resumes with Department managers.	Sponsored 19 recruitment activities and marketed more than 352 resumes with Department managers.	Completed refining resume data base, participated in 25 recruitment activities, implemented awareness campaign with Department managers.	Assess effectiveness of recruitment activities and determine hiring baseline.	Completed a survey of effectiveness and utilization of recruitment activities. Determined Department's hiring baseline, including analysis by race and national origin and occupation.	X	
Efficiency and effectiveness of hiring systems using the Commerce Opportunities Online (COOL) System	COOL Phase II created and fill time identified at 44 days.	COOL Phase III created and fill time of 38 days.	Incomplete data	Reduce fill time to 29 days and assess quality of candidates processed by the system.	Fill time has been reduced to 21 days. The Department completed an online assessment of the 304 managers who used COOL.	X	

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Performance Goal 2: Strategic Management of Human Capital *(cont.)*

Measure	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2003 Met	FY 2003 Not Met
Increase the alignment of performance management with mission accomplishment	Combined performance management and awards handbook completed.	Tracking system for aligning ratings with mission accomplishment or overall recognition designed.	All SES were placed on new performance management system in June. The system links management of the President's Management Agenda (PMA), individual and organizational performance and results.	For each bureau general schedule or equivalent performance system, ensure each system explicitly links employee performance plans with strategic goals and annual performance plan (APP) measures.	Commerce GS and equivalent performance management systems are linked through the use of performance metrics tied to the APP.	X	
Implement a telecommuting program	Three pilot programs established.	13.5% of Total workforce currently telecommuting.	18.9% of total workforce participates in regular or episodic teleworking.	75% of eligible workforce is involved in program.	38.7% of eligible workforce participated in regular or episodic telework as of Q4, FY 2003.		X

Performance Goal 3: Acquire and Manage the Technology Resources to Support Program Goals

Measure	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2003 Met	FY 2003 Not Met
Transactions converted to electronic format	16 (13% of 123 total)	28 (23% of 123 total)	67 (54% of 123 total)	90 (42% of 214 total)	107 (50% of 214 total)	X	
Information Technology (IT) planning and investment review program maturity (scale of 0-5)[3]	1	2	41% at 3 or higher	55% at 3 or higher 20% at 4 or higher	73% at 3 or higher 5% at 4 or higher		X
Information Technology (IT) architecture program maturity (scale of 0-5)[3]	1	1.5	82% at 2 or higher 59% at 3 or higher	90% at 2 or higher 66% at 3 or higher	91% at 2 or higher 77% at 3 or higher	X	
Information Technology (IT) security program maturity (scale of 0-5)[3]	<1	100% at 1 or higher 60% at 2 or higher	70% at 2 or higher 48% at 3 or higher 26% at 4 or higher	90% at 2 or higher 70% at 3 or higher	100% at 2 or higher 79% at 3 or higher; 7% at 4 or higher	X	
Percentage of Information Technology (IT) system security plans completed	21%	61%	98%	100%	100%	X	
Percentage of unsuccessful intrusion attempts	N/A	85% (1,380 of 1,620 Intrusion Attempts)		85% (2,678 of 3,160 projected intrusion attempts)	85% (560 of 661 intrusion attempts)	X	

[1] *The system was fully deployed in 13 bureaus in October 2003.*

[2] *Full time equivalent.*

3 *Maturity models are industry-accepted standards to assess progress toward achieving IT goals. See the description provided below in the discussion of Performance Goal 3.*

Resource Requirements Summary

(Dollars in millions. Funding amounts reflect total obligations.)
Information Technology (IT)
Full-Time Equivalent (FTE)

Performance Goal 1: Ensure Effective Resource Stewardship in Support of the Commerce Department's Programs

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual
Executive Direction	14.0	18.0	20.0	19.0
Departmental Staff Services	15.0	13.0	18.0	19.5
Advances and Reimbursements	2.0	5.0	5.0	2.2
Total Funding	31.0	36.0	43.0	40.7
IT Funding[1]	0.0	0.0	0.0	0.0
FTE	149	129	138	143

Performance Goal 2: Strategic Management of Human Capital

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual
Executive Direction	0.0	0.0	0.0	0.0
Departmental Staff Services	2.0	3.0	4.0	4.1
Total Funding	2.0	3.0	4.0	4.1
IT Funding[1]	0.0	0.0	0.0	0.0
FTE	17	24	23	22

Performance Goal 3: Acquire and Manage the Technology Resources to Support Program Goals

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual
Executive Direction	0.0	0.0	0.0	0.0
Departmental Staff Services	2.0	7.0	7.0	7.9
Total Funding	2.0	7.0	7.0	7.9
IT Funding[1]	2.0	7.0	7.0	7.9
FTE	19	18	21	19

Grand Total	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual
Executive Direction	14.0	18.0	20.0	19.0
Departmental Staff Services	19.0	23.0	29.0	31.5
Advances and Reimbursements	2.0	5.0	5.0	2.2
Total Funding	35.0	46.0	54.0	52.7
Direct	33.0	41.0	49.0	50.5
Reimbursable[2]	2.0	5.0	5.0	2.2
IT Funding[1]	2.0	7.0	7.0	7.9
FTE	185	171	182	184

[1] *IT funding included in total funding.*

[2] *Reimbursable funding reflects external sources only.*

Note: Beginning in FY 2002, the summary reflects a consistent distribution of overhead costs among performance goals. Funds for the Working Capital Fund and the Franchise Fund are appropriated to bureaus, and they do not appear in these DM totals.

Skill Summary:

Departmental Management staff possess expertise in the following areas: accounting, financial management, human resources management, acquisition management, management and organizational analysis, information systems and technology, facilities management, security, and law.

FY 2003 Performance Goals

Performance Goal 1: Ensure Effective Resource Stewardship in Support of the Commerce Department's Programs

Corresponding Strategic Goal

Management Integration Goal: Strengthen management at all levels.

Rationale for Performance Goal

The Department of Commerce must have the capacity to do business as successfully as possible with the public and its partner agencies, both as a $5 billion, worldwide enterprise and as an integrated set of individual programs. This requires that DM identify, adopt, and maintain the business practices needed to successfully operate any such organization; use its resources wisely; and effectively implement the laws that affect the Department. Because this performance goal inherently encompasses a wide range of administrative and operational tasks, the measures used to assess DM's progress are by necessity highly diverse.

FY 2003 Performance

Under Performance Goal 1, "Ensure Effective Resource Stewardship in Support of the Commerce Department's Programs," six out of eight targets were met, indicating significant forward movement in a wide range of administrative areas.

Note: Measure 1b, which tracks deployment of the Commerce-wide integrated financial system, was not included in the FY 2004-2008 APP because the system was substantially deployed by the end of FY 2003 and was discontinued as a goal. However, these results are reported under measure 1b, below. For this reason, the measure numbers under Performance Goal 1 in this report do not match those in the APP.

Measure 1a: Clean Audit Opinion Obtained on Commerce Consolidated Financial Statements				
	FY 2000	**FY 2001**	**FY 2002**	**FY 2003**
Target	100%	100%	Yes	Yes
Actual	100%	100%	Yes	Yes
Met/Not Met	Met	Met	Met	Met

Explanation of Measure

The Department continues to give high priority to improving financial management by strengthening the integrity of financial operations and ensuring the accuracy of its financial records. Key laws such as the CFO Act, Government Management Reform Act, FFMIA, and Government Performance and Results Act of 1993 (GPRA) establish the standards for financial operations. Timely and reliable financial information is necessary to give stakeholders and decisionmakers confidence in the way Commerce manages its resources, and it is key to ensuring full accountability to U.S. taxpayers for the expenditure of federal funds.

The method used to measure DM's success in this effort has been modified slightly but its objective remains the same. Prior to FY 2002, DM measured its progress in this area as the percentage of funding covered by a clean audit. DM is now assessing its ability to manage its financial resources based on whether the Department as a whole receives a clean audit opinion on its consolidated financial statements. This all-or-none approach emphasizes the importance of achieving overall success.

FY 2003 Performance

For the fifth consecutive year, the Department of Commerce received an unqualified opinion on its consolidated financial statements.

Measure 1b: Deploy Commerce-wide Integrated Financial Management System				
	FY 2000	**FY 2001**	**FY 2002**	**FY 2003**
Target[1]	4	8	10	13
Actual	4	8	10	10
Met/Not Met	Met	Met	Met	Not Met[2]

[1] Office of Computer Services Franchise Fund was previously considered to be, for this purpose, an independent bureau. It is now considered to be a part of the Office of the Secretary (OS). Targets and performance levels have been modified to reflect this adjustment.

[2] The system was fully deployed in 13 bureaus in October 2003.

Explanation of Measure

This measure tracks the Department's progress in implementing the requirements of the CFO Act, the joint financial management improvement program, and other standards for an integrated financial system. A modern, Department-wide financial management system is essential to strong financial management. Deployment of CAMS ensures fiscal accountability and provides program managers with the timely, accurate financial data needed for sound decision-making. Since the system was substantially deployed across the Department at the end of FY 2003 and fully deployed in October 2003, this measure will be discontinued for FY 2004.

FY 2003 Performance

CAMS replaced non-compliant financial systems within the Department. CAMS was implemented at 10 departmental entities by the end of FY 2003 and implemented to 13 entities in October 2003 (first quarter, FY 2004). CAMS provides reliable and timely information within a sophisticated security infrastructure. The system is capable of producing both financial and budget reports from information generated within the financial management system. CAMS includes a Core Financial System interfaced with administrative systems for small purchases, bankcards, a data warehouse and time reporting/labor cost distribution module, collectively called Core CAMS.

Measure 1c: Implement Competitive Sourcing				
	FY 2000	**FY 2001**	**FY 2002**	**FY 2003**
Target	Complete inventory of commercial FTE[1] positions due by 6/30/00.	Complete inventory of commercial FTE[1] positions due by 6/30/01.	Convert or complete competitions on 5% of commercial FTE[1] positions.	Convert or complete competitions on 10% of commercial FTE[1] positions.
Actual	Inventory submitted on 6/30/00.	Inventory submitted on 6/29/01.	1% completed and management plan in place to accomplish cumulative goal for FY 2002/2003.	Combined target for FY 2002/2003 was 1203 FTEs[1]. Completed 534 FTEs[1], or 6.6% of new target of 800 FTEs[1].
Met/Not Met	Met	Met	Not Met	Not Met

[1] *FTE – Full-time equivalent.*

Explanation of Measure

The FAIR Act requires all federal agencies to provide the OMB with a timely inventory of the activities performed by government employees that could be carried out by commercial sources. The Department has developed an annual reporting process that meets this requirement. In FY 2001 and FY 2002, goals were established by OMB for conducting competitions of these commercial activities between government's most efficient organizations and private sector providers in order to best use the taxpayer's dollars. In June 2003, OMB worked with Commerce to establish new and more realistic goals based on support of the missions of the Department.

FY 2003 Performance

In the OMB-led "Where We Would Be Proud to Be" project of June 2003, Commerce adopted a goal of completing or initiating competitions for 10 percent of the commercial activities on the FY 2000 FAIR Act inventory. This goal is somewhat lower than the previous (15 percent) goal; the adjustment was made in response to the experience of the bureaus in pursuing the competitive sourcing goals established in FY 2002-2003. Meeting the competitive sourcing goal for FY 2003 has been subject to a number of unanticipated impediments, including congressional interest in NIST competitive sourcing actions (affecting 308 full time equivalent [FTE]), challenges to NOAA's FAIR Act inventory (affecting 157 FTE), and international legal restrictions involving International Trade Administration (ITA) actions (affecting 480 FTE).

Commerce is in the process of completing management documents for competitive sourcing based on guidance contained in the revised OMB Circular No. A-76, "Performance of Commercial Activities," which was issued in May 2003. The Commerce executive briefing for competitive sourcing is being updated prior to presentation to departmental leaders.

The Commerce Plan for meeting the President's long-term goal of competing 50 percent of the commercial activities in the Department is in development and will be provided to OMB by the end of the year.

Measure 1d: Funds Obligated through Performance-based Contracting				
	FY 2000	**FY 2001**	**FY 2002**	**FY 2003**
Target	New	10%	25%	30%
Actual		25% of $1.624B	31% of $795M	24% of $605M
Met/Not Met		Met	Met	Not Met

Explanation of Measure

Performance-based contracting is a method of procurement in which the Federal Government defines the results it is seeking, rather than the process by which those results are to be attained. The government also defines the standards against which contractor performance will be measured and incentives that may be used. The Procurement Executives Council had established an ultimate government-wide goal for federal agencies to award 50 percent of eligible service contracts as performance-based contracts (in 10 percent increments) by FY 2005. The interim government-wide goals were 20, 30, 40, and 50 percent for FY 2002, FY 2003, FY 2004, and FY 2005, respectively.

In April 2002, OMB's Office of Federal Procurement Policy (OFPP) convened an Interagency Task Force on Performance-Based Service Acquisitions (PBSA) to study PBSA by agencies. The study was completed in July 2003. As a result of its findings, the task force is recommending to OFPP that agencies be allowed to set their own interim goals, while still being required to reach 50 percent of eligible service contracting dollars by FY 2005. Pending a detailed review of the task force report, the Department will retain its 10 percent incremental target.

FY 2003 Performance

The FY 2003 target of 30 percent of eligible service contract dollars was not met, primarily due to the large value of non-performance-based service contracting (PBSC) obligations by NOAA. This is consistent with the findings of the OMB Interagency Task Force that agencies were having difficulties meeting goals for an annual 10-percentage point increase in PBSC performance. The task force recommended discontinuing the use of government-wide incremental goals while retaining the long-term FY 2005 goal of 50 percent. Notwithstanding the drop in the rate of PBSC obligations this fiscal year, the Department remains confident that it will achieve the ultimate objective of 50 percent by FY 2005.

Measure 1e: Small Purchases Made Using Credit Cards				
	FY 2000	**FY 2001**	**FY 2002**	**FY 2003**
Target	75% of actions below $25,000	75% of actions below $25,000	90% of actions below $25,000	90% of actions below $25,000
Actual	88% of actions below $25,000	92% of actions below $25,000	95% actions below $25,000	97% of actions below $25,000
Met/Not Met	Met	Met	Met	Met

Explanation of Measure

In FY 2000, the Procurement Executives Council adopted a new government-wide acquisition performance measurement program, which included establishing a target for using government-issued credit cards for transactions below the small purchase threshold. The government-wide target is 75 percent of all transactions under $25,000. This measure was pilot-tested in FY 2000. The first year of full implementation was FY 2001.

During the last two years, beginning in FY 2002, the government's use of purchase cards for small purchases has been subjected to significant scrutiny from Congress and OMB. Recognizing the heightened congressional and public concerns, the Department has implemented more guidelines, controls, and conditions for their use. Notwithstanding these increased controls, we retained our FY 2003, 2004, and 2005 goals of 90 percent of transactions below $25,000.

FY 2003 Performance

During FY 2003, Commerce processed 341,750 acquisitions of $25,000 or less. Of these, the Department processed 330,900 transactions, or 97 percent, using purchase cards. Commerce continues to exceed the government target of 75 percent because it has found this approach minimizes the lead time involved in obtaining needed products, requires less burdensome administrative handling, and reduces the administrative cost of acquiring goods and services.

Measure 1f: Increase Percentage of Total Obligations Awarded as Contracts to Small Businesses				
	FY 2000	FY 2001	FY 2002	FY 2003
Target	40%	40%	35%	40%
Actual	34%	50%	51%	45% as of October 2003; final results not available from the Federal Procurement Data System (FPDS) until second quarter FY 2004.
Met / Not Met	Not Met	Met	Met	Met

Explanation of Measure

This measure monitors the Department's ability to increase opportunities for small businesses to participate in Commerce acquisitions. Historically, this has included small, small disadvantaged, 8(a), and women-owned businesses. In FY 2001, three new categories were added. These are HUBZone, veteran-owned, and service-disabled veteran-owned small businesses (a subset of veteran-owned small businesses). Every two years, the Small Business Administration (SBA) negotiates procurement goals with each federal agency in an effort to increase contract and subcontract awards to small businesses.

Through FY 2001, DM reported under GPRA on the percent of awards made in three categories: (1) small businesses, (2) women-owned businesses, and (3) minority-owned businesses, which included small disadvantaged and 8(a) businesses. To avoid making this measure overly cumbersome by adding additional categories, beginning with FY 2002, Commerce simplified the method used to track its GPRA progress. It now reports on the percentage of procurement funds awarded to the umbrella group described as small businesses.

FY 2003 Performance

In FY 2003, SBA established a government-wide small business goal of 23 percent of total contract awards. The Commerce-specific target established by SBA was 35 percent. The time line for producing the PAR precludes the Department from providing final FY 2003 results for this measure since complete data are not available. The Department is in the process of switching to a new automated system for tracking these data, and final results will be available in mid-to-late second quarter, FY 2004. Therefore, the Department is reporting data as of October 10, 2003. However, because of the Department's strong commitment to maximizing small business participation in its procurement program, it anticipates that it will exceed the FY 2003 target, as it has in the two preceding fiscal years. The data available at the time this report was prepared indicated that FY 2003 small-business-obligated dollars amount to approximately 45 percent of total contract obligations.

Measure 1g: Ensure a Secure Workplace for All Commerce Employees				
	FY 2000	**FY 2001**	**FY 2002**	**FY 2003**
Target	Inspect all safes and other security containers at 10 field facilities.	Conduct inspections of 10 classified computer systems.	Establish Department-wide Continuity of Operations Plan (COOP); conduct 10 compliance reviews of security programs and classified systems.	Conduct 12 compliance reviews of security programs and classified systems.
Actual	All security containers at 10 field facilities inspected.	32 inspections of classified computer systems. conducted.	Commerce COOP established; 47 risk assessments completed.	Reviewed COOP plans reviewed for 16 Commerce components, including the Office of the Secretary (OS), Inspector General (OIG), and U.S. Patent and Trademark Office (USPTO). Also, conducted compliance reviews of more than 450 security containers and 550 sensitive documents. In addition, conducted 40 risk assessment surveys.
Met/Not Met	Met	Met	Met	Met

Explanation of Measure

The Department of Commerce ensures security for headquarters and field staff, visitors, facilities, resources, and information. The Department's aim is not only reducing risks, but also simultaneously increasing overall performance effectiveness and customer satisfaction.

To provide the best overall services possible, the Department recently initiated a comprehensive internal review of its security element. Based upon this review, the Department has been aggressively enhancing nationwide programmatic security services. One such enhancement has been the implementation of a revised organizational structure for the security element. The new organizational structure fosters closer relationships with and information sharing between headquarters and field personnel. It also allows for more efficient and effective policy and program services, which ultimately aid in the Department's overall ability to identify and respond to threats to nationwide departmental personnel, assets, and operations. Another such enhancement was the creation of five major security-related programs, which together serve to mitigate the threat to Commerce employees and assets by reducing the terrorism and espionage threats and increasing emergency management effectiveness.

Additionally, the Department has identified and continues to work on several strategies to improve our performance. Some of these strategies include:

- Identifying and implementing countermeasures aimed at reducing the vulnerability to high-threat facilities;

- Conducting awareness and prevention briefings to increase customer knowledge of general threats; and

- Enhancing liaison relationships with other federal, state, and local government entities involved in emergency management capacities.

Over time, these and other departmental efforts will be measured through a GPRA-compliant, outcome-based performance measure focused on documenting the nationwide reduction of the threat to Commerce employees and assets. The Department is committed to quickly establishing a performance baseline. It is from this baseline that we will measure the effectiveness with which future programmatic efforts reduce the overall threat risk to the Department.

Originally, it was anticipated that this measure would be revised to show a new baseline and out-year targets beginning with the FY 2005 APP. However, this information will now be presented in the FY 2006 APP to allow additional time for the collection and validation of data used in the development of the performance baseline. In the interim, the Department will continue to collect data and report on previously identified measures. Accordingly, the Department will maintain its compliance reviews of security programs and continue performing security risk assessment surveys, completing a minimum of 40 such assessments during the reporting period. Additionally, we will continue to strengthen our COOP planning and emergency preparedness efforts; specifically reporting on progress made in overseeing the testing and evaluation of the departmental and bureau-level COOP plans.

During these times of change, the Department will continue to remain attentive to key issues that will help us effectively fulfill our mission and focus our key management personnel on the service offerings necessary to make the Department of Commerce a more secure work environment for all.

FY 2003 Performance

As part of the government-wide effort to ensure the security and continuity of operations across government, DM continued to increase the emphasis on protecting the Commerce workforce, facilities, and classified systems. DM worked with the bureaus to update and test a Commerce-wide COOP plan and reviewed plans for 16 departmental components including the OS, OIG, and the U.S. Patent and Trademark Office (USPTO). Additionally, DM also conducted 40 anti-terrorism risk assessments and reviewed security procedures for more than 450 security containers and 550 sensitive documents to evaluate the security of Commerce operations. Managers of the affected areas have been advised of the outcome of these reviews and instructed to take any corrective action determined to be appropriate.

Measure 1h: Ensure a Safe Workplace for All Commerce Employees

	FY 2000	FY 2001	FY 2002	FY 2003
Target	New	New	Safety infrastructure, accountability systems, and supervisory training programs are in place.	Employee education and awareness programs are in place.
Actual			Safety action plan developed, reinvigorated the Commerce Safety Council to communicate safety issues, appointed a new designated agency safety and health official to spearhead safety efforts, established performance element for Senior Executives, and developed Web-based safety awareness training program.	Employee education and awareness training activities were implemented, including safety awareness training at the Senior Executive Service (SES) and supervisory levels and evacuchair training. Implemented safety Web site, published safety reports, and distributed safety brochures.
Met/Not Met			Met	Met

Explanation of Measure

The Department is using this measure to highlight its effort to reinvigorate its safety program to ensure that employees have a safe environment in which to carry out their responsibilities.

FY 2003 Performance

The Department met its FY 2003 targets for providing safety education and awareness programs. A special safety-training module for SES employees was developed, recorded on CD-ROM discs, and disseminated. This training module, which includes an introduction by Deputy Secretary Bodman, itemizes critical safety and health responsibilities of the Department's senior managers and provides guidance on how to carry out these responsibilities. Extensive safety and health guidance on a wide range of topics is provided monthly to all Commerce employees via broadcast e-mails. In addition, the Office of Human Resources Management (OHRM) continues to produce and post material on the Department's Web site about current safety issues, such as SARS, handling of irradiated mail, and other such issues. The monthly Safety Report, which is posted on the Department's Intranet, provides accident data, information regarding Department-wide safety issues, new developments in safety and health initiatives, and other important information about the Department's safety program. Special safety awareness training programs have been developed and are presented on request for managers in the Hoover Building. Additionally, training in cardiopulmonary resuscitation and the use of evacuation chairs for disabled employees was provided for employees in the Hoover Building.

In FY 2003, the Department instituted an aggressive response procedure to follow up with corrective action for all reported accident cases. There has been a notable reduction from FY 2002 to FY 2003 in total case incidence rates in OS, Bureau of Economic Analysis (BEA), Bureau of Industry and Security, Economic Development Administration, ITA, National Telecommunications and Information Administration, and USPTO. The National Technical Information Service maintained a record of zero incidents to date in FY 2003.[1]

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[1] *Safety data reported through July 2003, Department of Commerce Safety Office*

Program Evaluation

Commerce uses reviews and reports generated by OIG, OMB, General Accounting Office (GAO), other congressional organizations, government-wide task forces, and other objective sources to evaluate Performance Goal 1 activities. For example, DM works closely with OMB to implement the five government-wide management initiatives established in the PMA and is rated quarterly on its success in implementing them. In addition, many of the laws pertaining to these activities have separate reporting requirements, which highlight both strengths and weaknesses of Commerce's administrative functions. The Department uses the results of these efforts, as needed, to assess achievement of performance targets.

Performance Goal 2: Strategic Management of Human Capital

Corresponding Strategic Goal

Management Integration Goal: Strengthen management at all levels.

Rationale for Performance Goal

By 2007, some 71 percent of the Department's Senior Executive Service and equivalents, and 39 percent of the senior staff (grades 13 through 15) will become eligible for retirement. Separation projections are high among economists, fish biologists, mathematical statisticians, statisticians, patent examiners, and electrical engineers. Should these projections materialize, there would be a critical drain on our institutional memory, on our capacity to provide mature leadership to the next generation of employees, and, thus, on our ability to serve the public. Strategic management of the Department's human resources will enable us to address these anticipated challenges.

FY 2003 Performance

Considerable progress has been made to address DM's human capital challenges. Improving from last year, five of the six targets were met under Performance Goal 2, Strategic Management of Human Capital. Measure 2f, Implement a Telecommuting Program was not met. However, with the signing of the Department's telework policy in January 2003, implementation activities such as town hall meetings and training have begun at the bureau level. Thus far, five bureau telework program plans have been approved. Some 17.7 percent of eligible employees were involved in regular or episodic telework for the first quarter under the new plan. For those organizations currently using WebTA, the Department will modify the system to track telework participation. All other bureaus will provide manual reporting until they transition to WebTA.

Measure 2a: Strategic Competencies—Ensure Competency in Leadership and in Mission-Critical Occupations				
	FY 2000	**FY 2001**	**FY 2002**	**FY 2003**
Target	Develop workforce analysis plan and research and automate tools.	Automated tools used by three pilot test office.s	Complete comprehensive Department-wide workforce restructuring plan that addresses competency gaps in all bureaus.	Develop succession plans and staffing or retention targets for mission critical occupations.
Actual	Plan developed and tools identified.	Automated tools used by three pilot test offices.	Completed final workforce restructuring plan in June 2002. Mission critical competencies identified. Candidate Development Program implementation plan developed which provides for the identification of gaps .	Implemented succession planning strategies, identified staffing and retention targets for twenty mission-critical occupations, announced Senior Executive Service (SES Candidate Development Program and received 204 applications.
Met/Not Met	Met	Met	Met	Met

Explanation of Measure

Previous downsizing efforts, hiring freezes, and curtailed investment in human capital have resulted in a workforce that is not "appropriately constituted to meet the current and emerging needs of government and the nation's citizens," according to a government-wide GAO report entitled "High-Risk Series: An Update." President Bush identified the issue of "de-layering management levels to streamline organizations" as one of his five key government-wide management reforms. Ensuring that employees are available at the proper time and with the correct competencies is essential to achieving mission objectives. This measure ensures that the Department conducts a strategic review of workforce needs, identifies appropriate competencies, and implements plans to provide a sufficient number of employees with these competencies.

FY 2003 Performance

In response to the high number of projected SES retirements, Commerce revitalized the Candidate Development Program to address succession needs. A new program manager was hired to implement the program. Extensive analysis of mission critical occupations was conducted to identify the impact of retirements on key positions, as well as address knowledge management issues and competency development. Some 204 applications were received for this inaugural class. Additional training and management development activities were implemented throughout the year to strengthen and improve the management pipeline.

Measure 2b: Strategic Competencies—Ensure Comprehensive Training and Development Strategies				
	FY 2000	FY 2001	FY 2002	FY 2003
Target	New	New	Analyze and update training and development policies to enhance competencies.	Institute annual training needs assessment program.
Actual			General and supervisory training policies implemented.	The Department completed needs assessments for targeted employee groups. Successfully implemented over 1,200 e-learning courses in the Learning Management System (LMS).
Met/Not Met			Met	Met

Explanation of Measure

This measure reflects the urgency of the need for skilled, knowledgeable, and high-performing employees to meet the current and emerging requirements of the Federal Government and the American people. The Department of Commerce supports continual learning and improvement in an organizational culture that promotes knowledge sharing and fosters a climate of openness.

FY 2003 Performance

With the identification of required competencies and training needs, implementation of the LMS began in FY 2003. The LMS implementation is proceeding ahead of schedule, having already been accomplished in OS, USPTO, and NOAA. In FY 2004, implementation of the LMS will continue Department-wide, and a training and development tracking system will be accomplished in FY 2004 as part of this effort.

Measure 2c: Strategic Competencies—Ensure Diverse Candidate Recruitment				
	FY 2000	**FY 2001**	**FY 2002**	**FY 2003**
Target	Finalize memoranda of understanding with 5 Hispanic-serving institutions, and market student resumes.	Develop and implement resume database, sponsor 9 recruitment activities, and market 140 resumes.	Refine resume database, sponsor 20 recruitment activities, market 350 resumes, and implement a marketing and awareness campaign for Department managers.	Assess effectiveness of recruitment activities and determine hiring baseline.
Actual	Finalized memoranda of understanding with 9 Hispanic-serving institutions and marketed 121 resumes with Department managers.	Resume database developed and implemented, 19 recruitment activities sponsored, and more than 352 resumes marketed.	Completed refining resume data base, participated in 25 recruitment activities, implemented awareness campaign with Department managers.	Completed a survey of effectiveness and utilization of recruitment activities. Determined Department's hiring baseline, including analysis by race/national origin and occupation.
Met/Not Met	Met	Met	Met	Met

Explanation of Measure

Only 3 percent of the Commerce workforce is of Hispanic origin, which is low compared with their representation (11 percent) in the civilian labor force. Considering the impending retirements of many of the Department's workers and DM's goal to become an employer of first choice, DM needs to develop a steady supply of high-quality, minority candidates to ensure representative recruitment pools. DM has entered into formal memoranda of understanding with nine colleges and universities—Hispanic-serving institutions—that call for information sharing about education, training, employment, and research opportunities at the Department of Commerce, and about university activities that meet the requirements of the Department's mission-related careers.

FY 2003 Performance

The Department's efforts to improve Hispanic hiring included: hiring 41 interns through a grant to the Hispanic Association for Colleges and Universities, intensified relationships with six Hispanic-serving institutions and historically Black colleges and universities, establishment and training of a diverse team of corporate recruiters, establishment of a speakers bureau of technical and scientific experts, and restructured job fair activity and Commerce Career Days.

In FY 2003, the Department also focused on assessing the effectiveness of recruitment activities at the initial stages of the recruitment process, i.e., the identification of our sources and applicants, and their relevance to strategies outlined in Commerce's recruitment and retention plan. In reviewing over 15,000 responses to a survey of Commerce Opportunities Online (COOL) users, we assessed the utilization and effectiveness of five primary recruitment tools: Internet postings, on-site college recruitment, career and job fairs, newsprint advertising, and publicity through friends or relatives. The assessment identified approaches that have succeeded and others that need to be modified.

Examination of the Department's hiring baseline indicated that the Department's total permanent employment declined slightly from 36,428 employees to 35,458 during the period between October 1, 2002, and September 5, 2003. The decline occurred across all race and national origin groups except Asian employees, who increased slightly in number due to more Asian men being employed. The number of women decreased, as did their percentage of workforce; there were fewer White, Hispanic, Asian, and African American women. Minorities, collectively, declined in number but increased as a percentage of employment because of proportionately greater losses of White males and females. Asian men were the only group to increase in number and percentage of the workforce.

Measure 2d: Efficiency and Effectiveness of Hiring Systems Using the Commerce Opportunities Online (COOL) System				
	FY 2000	**FY 2001**	**FY 2002**	**FY 2003**
Target	Create COOL Phase II and identify average fill time.	Create COOL Phase III and reduce fill time to 34 days.	Create COOL Phase IV and reduce fill time to 32 days.	Reduce fill time to 29 days and assess quality of candidates produced by the system.
Actual	COOL Phase II created and fill time identified at 44 days.	COOL Phase III created and fill time of 38 days.	Incomplete data	Fill time has been reduced to 21 days. The Department completed an online assessment of the 304 managers who used COOL.
Met/Not Met	Met	Not Met	Not Met	Met

Explanation of Measure

To ensure that employees with the proper competencies are in place as quickly as possible, the Department has developed and implemented an automated hiring solution to improve the timeliness of hiring. In the past, Commerce managers expressed displeasure with the lengthy hiring process, as well as the number and quality of candidates referred for consideration. In 1999, the Department designed and pilot-tested a Web-based recruitment and referral system, COOL Phase I. In April 2000, Commerce replaced the Phase I pilot with an enhanced version COOL Phase II and deployed it within a number of the Department's bureaus. In October 2000, the Department deployed COOL Phase III, which helps with filling vacancies with nonstatus, external candidates. In FY 2002, Commerce deployed COOL Phase IV, with the objective of reducing the vacancy fill time to 32 days.

FY 2003 Performance

DM defines fill-time as the total time it takes to complete the various phases of the hiring process, that is, from the date the human resources office receives a recruitment request to the date a list of eligible candidates is referred for the manager's consideration. DM relies directly on data that are captured at each of those phases to calculate fill-time. Through full participation of bureaus in inputting data to the Staffing Timeliness Measures system, in FY 2003 DM computed a fill-time of 21 days, exceeding the target of 29 days. DM also conducted surveys of applicants and managers on the effectiveness of the system and quality of applicants.

Measure 2e: Increase the Alignment of Performance Management with Mission Accomplishment				
	FY 2000	**FY 2001**	**FY 2002**	**FY 2003**
Target	Develop Web-based combined performance management and awards handbook.	Design tracking system for aligning ratings with mission accomplishment and overall recognition.	Implement a new Senior Executive Services (SES) performance management system that explicitly links SES performance with strategic goals and annual performance plan (APP) measures.	For each bureau general schedule or equivalent performance system, ensure each system explicitly links employee performance plans with strategic goals and APP measures.
Actual	Combined performance management and awards handbook completed.	Tracking system for aligning ratings with mission accomplishment and overall recognition designed.	All SES were placed on new performance management system in June. The system links management of the President's Management Agenda (PMA), individual and organizational performance and results.	Commerce GS or equivalent performance management systems are linked through the use of performance metrics tied to the APP.
Met/Not Met	Met	Met	Met	Met

Explanation of Measure

A key aspect of ensuring that human capital is strategically aligned to organizational accomplishment is to ensure that alignment exists between an organization's strategic and operating plans and individual performance plans for employees. GAO's "High-Risk Series, An Update," published in January 2001, stated that agencies should foster an organizational climate that promotes high performance and accountability, and that the alignment of individual performance standards with organizational performance measures is a critical aspect of sound human capital management. President Bush has reaffirmed this concept, stating his commitment to improving the linkages between individual performance and organizational mission accomplishment. In FY 2002, Commerce implemented new SES performance management regulations. An SES performance management system was designed to comply with these regulations. The system ensured that a definitive linkage was created, tested, documented, and tracked so that performance management becomes integral to mission accomplishment.

FY 2003 Performance

In FY 2003, starting with OS, the Department aligned supervisory performance plans and metrics to mirror the measures reflected in SES performance plans. The Department will cascade this system, which links management of human capital, performance results, and organizational objectives to the individual performance of 60 percent of the supervisors during FY 2004.

The Department has completed the first phase of the Commerce Performance and Awards System, an automated tool that links individual performance and rewards as a driver for organizational performance and results tied to strategic plans. In FY 2003, management training was provided to support a pilot of 125 employees in the OHRM and two other organizations. This system will enhance the performance management experience for both the manager and the employee, providing up-to-date information on both performance and awards and ensuring a consistent distribution of information.

Measure 2f: Implement a Telecommuting Program				
	FY 2000	**FY 2001**	**FY 2002**	**FY 2003**
Target	Provide advice to managers in establishing pilot programs.	25% of eligible workforce is involved in program.	50% of eligible workforce is involved in the program.	75% of eligible workforce is involved in program.
Actual	Three pilot programs established.	13.5% of total workforce currently telecommuting.	18.9% of total workforce participate in regular or episodic teleworking.	38.7% of eligible workforce participated in regular or episodic telework as of Q4, FY 2003.
Met/Not Met	Met	Not Met	Not Met	Not Met

Explanation of Measure

Public Law 106-346 supports implementation of telecommuting programs throughout the Federal Government and requires agencies to establish telecommuting policies. The law also requires the Office of Personnel Management to provide for the application of the law to 25 percent of the eligible federal workforce by April 23, 2001, and to an additional 25 percent each year, thereafter.

FY 2003 Performance

Development of the policy for the Department's telework program was a significant undertaking, culminating in the issuance of the DOC telecommuting policy in FY 2003. In developing its policy, the Department took extreme care to assure that issues of information technology security stemming from remote access into the Department's systems were fully addressed. Similarly, liability for employee safety and security while working either at home or in remote locations was thoroughly considered and appropriately addressed. The resulting policy is comprehensive and its implementation has provided a stimulus for bureau plans to be finalized. Publication of the latest telework participation definitions in the telecommuting policy will permit further development of the automated system that will track program participation. These circumstances are expected to greatly enhance the Department's progress towards reaching the goals for workforce participation in the program. We expect to be able to move into full telework implementation in FY 2004.

Program Evaluation

The Department of Commerce uses reviews and reports of OIG, OMB, OPM, GAO, other congressional organizations, government-wide task force studies that produce (or rely on) objective review criteria, and other sources in conducting evaluations of the activities listed under Performance Goal 2. In addition, many of the laws cited in this section have specific reporting requirements. During FY 2003, Commerce continued to work closely with the OPM and OMB on improving human capital management, assessments, training and knowledge management, and accountability programs. As of the end of FY 2003, Commerce had maintained a green "progress" rating in human capital, signifying that DM continues to make significant forward movement in changing its human resources management practices and positioning itself to achieve meaningful results that will allow DM to improve its "status" rating.

Performance Goal 3: Acquire and Manage the Technology Resources to Support Program Goals

Corresponding Strategic Goal

Management Integration Goal: Strengthen management at all levels.

Rationale for Performance Goal

As the U.S. becomes increasingly oriented toward using electronic means of communication and information dissemination, federal agencies must ensure that they continue to be as responsive as possible to the needs of the public and private sectors, other levels of government, and other federal agencies. This requires that DM develop and implement new approaches to electronic communication and that Commerce's existing systems perform at the highest levels. Specific areas identified for measurement and reporting include: (1) converting paper transactions to electronic form; (2) improving departmental IT planning and investment review processes; (3) expanding the role of IT architecture in evaluating new and existing systems; (4) improving the IT security program; (5) ensuring confidentiality, integrity, and availability of systems and data; and (6) protecting systems from intrusions.

FY 2003 Performance

During FY 2003, Commerce continued to focus on improving all aspects of IT management. Because of their criticality at this time, confidentiality, availability, and integrity of the Department's IT resources were especially emphasized. Additionally, Commerce has invested human and capital resources in the electronic government initiatives in support of the PMA. These activities affected the Department's ability to fully meet the aggressive goals established under this Performance Goal for FY 2003. Five and a half out of the six targets were met. Substantial progress was made in the remaining one-half area.

Measure 3a: Transactions Converted to Electronic Format				
	FY 2000	**FY 2001**	**FY 2002**	**FY 2003**
Target	16 (13% of 123 transactions)	25 (20% of 123 transactions)	43 (35% of 123 transactions)	90 (42% of 214 transactions)
Actual	16 (13% of 123 transactions)	28 (23% of 123 transactions)	67 (54% of 123 transactions)	107 (50% of 214 transactions)
Met/Not Met	Met	Met	Met	Met

Explanation of Measure

The Government Paperwork Elimination Act (GPEA) determined the framework upon which e-government must be built. Under the GPEA, agencies must provide for the optional use and acceptance of electronic documents and signatures and electronic record keeping, when practicable, by October 2003. At present, the Department provides information to customers, stakeholders, and partners using electronic mechanisms to the extent practicable, considering the cyclical nature of many

Department collections. The first GPEA plan was submitted to OMB in October 2000. At that time, the Department identified 235 transactions that were carried out between Department of Commerce offices and operating units, and the public. Of those, 123 were appropriate for conversion to an electronic option; this number served as DM's baseline through 2002. Starting in 2003, the new baseline is 214 transactions due to revised instructions from OMB, including a broader set of electronic transactions and focusing on and including transactions related to the Administration's 25 e-government initiatives. Though the formal GPEA deadline is October 2003, some transactions will be made electronic after 2003 as a particular transaction comes due, e.g., a survey that is processed only once every five years. Since DM continues to make good progress with its GPEA efforts, it has increased the goals for FY 2004 and 2005.

As the Department strives to achieve its e-government goals, it is working to make processes, not just forms, electronic. Making processes electronic typically involves business process reengineering and is inherently more complex than making it possible to fill out a form electronically. The Department CIO is closely monitoring the operating units' GPEA transaction completions in 2003 and beyond through a monthly reporting process and a mid-year review of progress.

FY 2003 Performance

In FY 2003, 40 additional transactions were made available online, making the total to date 107 transactions, which exceeds the FY 2003 target of 90. Of all Commerce transactions, 34 percent support and advance the 25 e-government initiatives in which Commerce participates. Also, 77 percent of all Commerce information collection requests have been affected by GPEA. Examples include the adoption of electronic reporting at the Census Bureau for the Economic Census; development of a Web-based fish permit capability by NOAA's National Marine Fisheries Service; and establishment of the Export.gov portal, the Commerce-led government-wide initiative that offers a wide range of information to potential exporters and is being expanded to include forms and services.

Measure 3b: Information Technology (IT) Planning and Investment Review Program Maturity (Scale of 0-5)				
	FY 2000	FY 2001	FY 2002	FY 2003
Target	New	2	50% at 3 or higher	55% at 3 or higher 20% at 4 or higher
Actual	1	2	41% at 3 or higher	73% at 3 or higher 5% at 4 or higher
Met/Not Met		Met	Not Met	Not Met

Explanation of Measure

The Commerce IT planning process requires that each operating unit develop strategic and operational IT plans. The purpose of the strategic IT plan is to focus attention on the high-level, strategic application of IT to departmental missions. Operating units then develop operational IT plans to show the detailed actions and resources necessary to achieve strategic plan goals. These plans form the foundation for analysis of specific IT investments.

To assist operating unit CIOs to continually improve their IT processes and to achieve a level of comparability across operating units, the Office of the CIO has provided them with maturity models, an approach accepted industry-wide to objectively assess the progress of IT and related initiatives in achieving program goals. The Software Engineering Institute at Carnegie Mellon University developed the concept of maturity models. A maturity model places proven practices into a structure that helps an

organization assess its organizational maturity and process capability, establish priorities for improvement, and guide the implementation of these improvements. The Software Engineering Institute's software maturity model has become the de facto standard in the IT industry for assessing and improving software processes. An organization's processes are deemed to be at a specific level when all established criteria for that level have been met. There are no partial or incremental steps between the levels.

Commerce uses maturity models to measure progress in three areas critical to managing IT resources: IT planning and investment review, IT architecture, and IT security. Definitions of each level (0-5) of the models are as follows:

Level	Information Technology (IT) Planning and Investment Review	IT Architecture	IT Security
0	No IT planning program.	No IT architecture.	No IT security program.
1	Initial: informal IT planning program.	Initial: informal it architecture process underway.	Documented policy.
2	IT planning program in development.	IT architecture process in development.	Documented procedures.
3	Defined IT planning program.	Defined IT architecture including detailed written procedures and technical reference model.	Implemented procedures and controls.
4	Managed IT planning program.	Managed and measured IT architecture process.	Tested and reviewed procedures and controls.
5	Optimizing: continual improvement of the IT planning program.	Optimizing: continual improvement of the IT architecture process.	Fully integrated procedures and controls.

FY 2003 Performance

The FY 2003 target was recognized as an aggressive goal when it was established. It had two stretch targets: (1) to have 55 percent of the bureaus operating at level 3 of the IT Planning and Investment Review maturity model, having a fully defined IT planning program in place, and (2) to challenge at least 20 percent of the operating units to move from level 3 to level 4 in the course of one year. The first target was exceeded, with 77 percent of the bureaus operating at level 3. The second target was not achieved, but progress was made in pressing the operating units to achieve at this very high level. One bureau, BEA, was able to achieve a level 4, which equates to 5 percent at a level 4. Fully managed planning and investment review programs at the bureau level require that senior management recognize the importance of the contribution of IT to the organization. IT plans and investment reviews must be used actively to conduct business, and the organization's personnel must understand the plans and work toward meeting plan goals. To bring this about, significant cultural and procedural changes are required throughout the units' planning, budgeting, and program execution processes. Because these requirements sometimes extend beyond the purview of the CIO, this level of maturity can be difficult to achieve. The Department's CIO, with the help of the Department's CFO, will continue working with each bureau, establishing specific objectives and monitoring their progress throughout the year, to help ensure that FY 2004 targets are met.

Measure 3c: Information Technology (IT) Architecture Program Maturity (Scale of 0-5)				
	FY 2000	**FY 2001**	**FY 2002**	**FY 2003**
Target	New	2	75% at 2 or higher 50% at 3 or higher	90% at 2 or higher 66% at 3 or higher
Actual	1	1.5	82% at 2 or higher 59% at 3 or higher	91% at 2 or higher 77% at 3 or higher
Met/Not Met		Not Met	Met	Met

Explanation of Measure

The IT architecture serves as the blueprint that guides how IT resources work together as a cohesive whole to support the Department's mission. This mechanism helps the Department in efficiently utilizing its IT funding by recognizing the potential usefulness of IT systems to similar business practices across operating units, which results in eliminating duplication, improving information-sharing abilities, enhancing Commerce's ability to respond to changing business needs, and reducing costs because of economies of scale.

An Enterprise IT Architecture Advisory Group, composed of members from across the Department, has established IT architecture guidelines, evaluation criteria, and a maturity scale. A high-level enterprise architecture serves as the overarching driver for Commerce's architecture efforts. Each Commerce operating unit has developed its own IT architecture in line with the departmental architecture, and is following the guidelines and criteria prepared by the Advisory Group. Together, these plans form Commerce's Federated Enterprise IT Architecture, which includes linkages to OMB's Federal Enterprise Architecture.

The maturity models:

Level	Information Technology (IT) Planning and Investment Review	IT Architecture	IT Security
0	No IT planning program.	No IT architecture.	No IT security program.
1	Initial: informal IT planning program.	Initial: informal IT architecture process underway.	Documented policy.
2	IT planning program in development.	IT architecture process in development	Documented procedures.
3	Defined IT planning program.	Defined IT architecture including detailed written procedures and technical reference model.	Implemented procedures and controls.
4	Managed IT planning program.	Managed and measured IT architecture process.	Tested and reviewed procedures and controls.
5	Optimizing: continual improvement of the IT planning program.	Optimizing: continual improvement of the IT architecture process.	Fully integrated procedures and controls.

FY 2003 Performance

The FY 2003 performance goal for IT architecture was achieved. During FY 2003, Commerce made significant progress in the area of IT architecture. By the end of FY 2002, 82 percent of the operating units had achieved level 2, with 59 percent also achieving level 3. We have increased the performance to 91 percent at level 2 and 77 percent at level 3 in FY 2003. Level 3 requires that the operating unit have a defined IT architecture process, detailed written procedures, and a technical reference model that lays out the technical components of the architecture. The target was exceeded primarily through the maturing of the process and the participation of all operating units in sharing techniques, lessons learned, and standardization of the process through the Commerce Enterprise IT Architecture Advisory Group.

Measure 3d: Information Technology (IT) Security Program Maturity (Scale of 0-5)				
	FY 2000	**FY 2001**	**FY 2002**	**FY 2003**
Target	New	50% at 1 or higher	80% at 2 or higher	90% at 2 or higher 70% at 3 or higher
Actual	More than 1	100% at 1 or higher 60% at 2 or higher	70% at 2 or higher 48% at 3 or higher 26% at 4 or higher	100% at 2 or higher 79% at 3 or higher 7% at 4 or higher
Met/Not Met		Met	Not Met	Met

Explanation of Measure

The IT security program implements policies, standards, and procedures to ensure an adequate level of protection for IT systems, whether maintained in-house or commercially. Commerce's IT security program includes the preparation of risk assessments, security plans, contingency plans, and certification and accreditation of IT systems to ensure the confidentiality, availability, and integrity of the Department's IT resources.

The maturity models:

Level	Information Technology (IT) Planning and Investment Review	IT Architecture	IT Security
0	No IT planning program.	No IT architecture.	No IT security program.
1	Initial: informal IT planning program.	Initial: informal IT architecture process underway.	Documented policy.
2	IT planning program in development.	IT architecture process in development.	Documented procedures.
3	Defined IT planning program.	Defined IT architecture including detailed written procedures and technical reference model.	Implemented procedures and controls.
4	Managed IT planning program.	Managed and measured IT architecture process.	Tested and reviewed procedures and controls.
5	Optimizing: continual improvement of the IT planning program.	Optimizing: continual improvement of the IT architecture process.	Fully integrated procedures and controls.

FY 2003 Performance

In response to the Federal Information Security Management Act, the Department identified specific corrective actions to raise IT security maturity to a level 3, primarily focused on improving the foundation for IT security programs—policies, procedures, and effective implementation. The establishment of a rigorous program policy for IT security in January 2003 and increased scrutiny by the Department of the quality of operating unit IT security planning and management practices has resulted in more accurate maturity level assessments than in previous years. In FY 2003, the Department CIO required that all critical and classified national security systems complete certification and accreditation in accordance with the National Information Assurance Certification and Accreditation Process (NIACAP) by the end of the fiscal year. In addition, the IT Security program manager required in FY 2002 that operating units use the results of NIST 800-26 system self-assessments to develop corrective action plans that address all critical elements below a level 3 maturity, and the Department CIO required that operating units complete all corrective actions by September 30, 2003. As a result, the Department has met the targets for this performance measure. The FY 2004 and 2005 targets are set at levels to encourage and require continued improvement throughout the Department in the area of IT security.

Measure 3e: Percentage of Information Technology (IT) System Security Plans Completed				
	FY 2000	**FY 2001**	**FY 2002**	**FY 2003**
Target	New	New	100%	100%
Actual	21%	61%	98%	100%
Met/Not Met			Not Met	Met

Explanation of Measure

IT security plans are the foundation for ensuring the confidentiality, availability, and integrity of IT systems. As such, they are key to management's understanding of the risks to information and IT systems, and the measures needed to mitigate these risks. Plans should be updated every three years or when significant changes are made to the systems. The objective is to remain at the 100 percent level. Additional related measures are being formulated for the next reporting period.

FY 2003 Performance

Completing IT security plans for all systems across the Department to achieve 100 percent coverage was an area of special emphasis during FY 2003. Operating units provided monthly reports on progress in this area, and IT security compliance reviews examined the reported results at selected operating units. Although the data show that an additional 2 percent of Commerce's systems now have up-to-date IT security plans, many IT security plans were also updated during the year. IT security plans are a key component of the certification and accreditation process, so this achievement enables the Department to move forward with achieving certification and accreditation of its systems.

The Department's focus in FY 2003 has been to ensure all systems are certified and accredited in accordance with the NIACAP, beginning with the national critical, mission-critical, and classified systems, most of which were certified and accredited by the end of FY 2003. The focus in FY 2004 will be on continuing to improve the quality of the certification and accreditation processes and packages, and extending coverage to the business essential systems.

Measure 3f: Percentage of Unsuccessful Intrusion Attempts				
	FY 2000	**FY 2001**	**FY 2002**	**FY 2003**
Target	New	New	85% (2,150 of 2,530 projected intrusion attempts)	85% (2,678 of 3,160 projected intrusion attempts)
Actual		86% (1,380 of 1,620 intrusion attempts)	87% (1,441 of 1,655 intrusion attempts)	85% (560 of 661 intrusion attempts)
Met/Not Met			Met	Met

Explanation of Measure

Intrusion detection software (IDS) that protects one of NOAA's many campuses and facilities shows that continual probes from outside systems are looking for vulnerabilities that can be exploited to gain access to NOAA systems. Statistics that NOAA has kept over the last few years show that the threat is increasing every year. Successful compromises put the Department at serious risk, affecting the confidentiality, availability, and integrity of IT systems. While intrusion attempts cannot all be thwarted, those that are successful compromises must be minimized, that is, the number of unsuccessful attempts must increase as the overall number of attempted intrusions increases.

FY 2003 Performance

The FY 2003 target was met. There was a dramatic fall-off in the number of reported intrusion attempts. This decrease in attempts, the Department believes, is attributable to better edge or peripheral filtering and controls. NOAA has refined ingress and egress controls at all Internet connection points by further limiting port and protocol access. Also adding to the decline in attempts was the implementation of the National Weather Service (NWS) Network. The network consolidated and standardized most NWS Internet connectivity through the NOAA Network Operations Center to take advantage of the refinements in periphery control, while removing many independent ISP service providers. Our IDS studies indicate there has been no real or perceived drop in intruder activities external to our networks, and industry still warns of increasing threats.

Program Evaluation

The Department uses reviews and reports generated by OIG, OMB, GAO, other congressional organizations, government-wide task force studies, and other objective sources to evaluate Performance Goal 3 activities. In addition, many of the laws pertaining to IT management have separate reporting requirements, which highlight both strengths and weaknesses in Commerce's IT programs. The Department uses the results of these efforts as needed to assess achievement of performance targets. Although the operating units assess and report their progress on each of the measures, the Department's Office of the CIO is requiring that operating units develop corrective action plans to achieve performance targets, to provide regular reports on their progress, and to undergo independent reviews to verify accuracy of reporting. With CIOs established and in place at all the operating units, the structure will be in place to strengthen the management of IT at all levels.

No DM programs have been evaluated in the PART process.

DM Data Validation and Verification

To a great extent, DM measures depend on input provided by many sources—typically, Commerce's bureaus—and a combination of techniques is used to validate and verify the data received.

For example, financial performance at all levels is subject to review by Department auditors. Data input by the bureaus relating to acquisition activities, e.g., performance-based contracts and small business awards, is screened at the Department level during the reporting cycle.

Several of the measures relating to IT management under Performance Goal 3 involve the use of maturity models to evaluate the adequacy of the programs in place to manage IT planning, architecture, and security. These models represent an industry-wide accepted approach for objectively assessing the IT functions. The Office of the CIO works closely with bureaus to ensure that the criteria for each level are met as bureaus progress through the five-step models.

As DM moves forward to other, less concrete objectives, e.g., developing competencies in leadership and mission critical occupations and improving the effectiveness and efficiency of our hiring systems, it is continuing to refine its reporting structure.

The DM Data Validation and Verification table can be found starting on the following page.

DM Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 1a: Clean audit opinion obtained on Commerce consolidated financial statements	Consolidated financial statements and Office of Inspector General (OIG) audits.	Annual	Bureau or departmental financial systems.	OIG Audits	None	Continue to maintain clean audits.
Measure 1b: Deploy Commerce-wide integrated financial management system	Bureau reports	Ongoing monitoring and quarterly reporting.	N/A	OIG Audits	N/A	Continue to maintain Federal Financial Management Improvement Act of 1996 (FFMIA) compliance.
Measure 1c: Implement competitive sourcing	Federal Activities Inventory Reform (FAIR) Act inventory and Competitive Sourcing Management Plan.	Annual	DM chronology files.	Executive Secretariat	None	Request updates quarterly.
Measure 1d: Funds obligated through performance-based contracting	Commerce procurement data system.	Annual	Commerce procurement data system.	Supervisory audit	None	None
Measure 1e: Small purchases made using credit cards	Commerce bankcard center.	Annual	Commerce bankcard center.	Procurement Executive Council process.	None	Continue to gather and review data.
Measure 1f: Increase percentage of total obligations awarded as contracts to small businesses	Small Business Administration (SBA), the Department of Commerce's Office of Small and Disadvantaged Business Utilization (OSDBU), General Services Administration (GSA).	Annual	OSDBU and GSA federal procurement data system (FPDS).	OSDBU and GSA FPDS.	None	Continue outreach efforts.
Measure 1g: Ensure a secure workplace for all Commerce employees	Site visits	Annual	Computer systems	Compliance reviews	Technology decentralizes data.	Continue to monitor and evaluate.

DM Data Validation and Verification (cont.)

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 1h: Ensure a safe workplace for all Commerce employees	Office of Human Resources Management (OHRM).	Annual	OHRM	Reporting to senior managers.	None	Continue to monitor and evaluate.
Measure 2a: Strategic competencies—ensure competency in leadership and in mission-critical occupations	National Finance Center/ Department of Commerce's Human Resources Data System (HRDS), bureaus' workforce restructuring plans, recruitment and retention plans that focus on mission-critical competencies, and leadership succession plans (recruitment, retention, and development).	Semi-annual in some cases, annual in others.	OHRM payroll and personnel system and succession plans.	Availability of plans, data accuracy as documented by the National Finance Center, leadership recruitment and retention rates, turnover data, availability and quality of succession plans, and review of bureau progress on succession plans.	HRDS does not provide historical data.	Measure trends over time and ensure that plans are in place and implemented.
Measure 2b: Strategic competencies—ensure comprehensive training and development strategies	Department plan for strategic employee training and development.	Annual	OHRM and bureaus.	Review of manual records and availability of updated policies that support mission-critical employee competency development.	Manual review required.	Refine system and continue to monitor.
Measure 2c: Strategic competencies—ensure diverse candidate recruitment	Inventory transmittal letters.	Annual	Office chronology files.	Executive Secretariat	None	Measure trends over time.
Measure 2d: Efficiency and effectiveness of hiring systems using the Commerce Opportunities Online (COOL) System	Staffing timeliness measurement system.	Semi-annual	Staffing timeliness measurement system.	Staffing timeliness studies.	Some manual sorting required.	Refine system, provide training, and oversee issuance of certificates to managers.

DM Data Validation and Verification (cont.)

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 2e: Increase the alignment of performance management with mission accomplishment	HRDS, Department of Commerce strategic plan, bureau operating plans, and performance management plans for employees.	Annual	HRDS database, performance management system.	Performance management completion rate and performance against goals and targets.	Some manual record keeping.	Implement new performance management policy and complete analyses.
Measure 2f: Implement a telecommuting program	Management data on number of employees participating.	Quarterly	OHRM database, created via reports from the bureaus.	Review of bureau records.	Manual information gathering.	Develop Department-wide telecommuting plan, track number of participants, and determine if the program is supporting mission accomplishment.
Measure 3a: Transactions converted to electronic format	Bureau Information Technology (IT) offices.	Annual	Bureau databases and DM Chief Information Officer (CIO) consolidated database.	Departmental and outside reviews.	None	Review transactions to assess need for transition to electronic process and provide for electronic signature.
Measure 3b: Information technology (IT) planning and investment review program maturity (scale of 0-5)	Bureau IT offices.	Annual	Bureau IT offices.	Departmental and outside reviews.	None	Review bureau processes to assess need for corrective action.
Measure 3c: Information technology (IT) architecture program maturity (scale of 0-5)						
Measure 3d: Information technology (IT) security program maturity (scale of 0-5)						
Measure 3e: Percentage of Information technology (IT) system security plans completed	Bureau IT offices.	Annual	Bureau files and DM CIO files.	Departmental and outside reviews.	None	Review plans for completeness and conformance to National Institute of Standards and Technology (NIST) SP 800-18.
Measure 3f: Percentage of unsuccessful intrusion attempts	National Oceanic and Atmospheric Administration (NOAA)	Annual	NOAA files	Departmental and outside reviews.	None	Review statistics for completeness and accuracy.