

II. Management Controls and Future Initiatives

During Fiscal Year 2004, EDA continued to make progress integrating performance, budget, mission, and organization. EDA's values focus on RESULTS.

RESPONSIBILITY - We act with integrity and respect for others and are accountable for our actions.

ENTREPRENEURSHIP - We seize opportunities in the midst of change and take market-based risks, challenging the status-quo and we seek partners with similar attributes.

SECURITY - We enhance economic security. At work, we operate in a safe, secure, and alert work environment.

URGENCY - We act now, with alacrity.

LEADERSHIP - We develop leaders, communicate concisely, and exhibit a high degree of professionalism. We make tough choices.

TEAMWORK - We are passionate about economic growth and build synergy by collaborating.
We expand relationships.

SUCCESS - We set high goals, stretch our ability, and exceed expectations. We focus on critical items first and commit to implement them fully.

EDA's "Results-Driven Performance" focus produces economic development investments that balance the highest rate of return on the taxpayers' investment with targeting communities in economic distress. EDA, working with its partners, achieves its goals through efforts such as Investment Policy Guidelines, which target investments that attract private capital investment and create higher-skill, higher-wage jobs.

Further, EDA initiated the first stage of a three-year competition cycle for University Center (UC) funding. Two of EDA's regional offices conducted open competitions for UC funding with similar competitions in the subsequent years. Competition ensures that EDA and the nation's taxpayers realize the maximum return on their UC program investments.

Finally, EDA added efficiency measures, generated from performance data, to its budget as part of the bureau's drive to provide maximum accountability to taxpayers, Congress, and other stakeholders.

Balanced Scorecard

In Fiscal Year 2004, EDA continued to execute and refine its Balanced Scorecard (BSC) program to translate EDA's strategy and goals into a set of complementary actions and initiatives using measurements of past performances coupled with leading indicators of future performance. Measurements on the BSC are linked to EDA's GPRA measures and results to assist management's targeting of resources for maximum impact. The EDA BSC program examines performance from five perspectives. These perspectives and their key measures are listed below:

Stakeholder Perspective

- Maximize EDA's impact on distressed communities;
- Provide knowledgeable and prompt economic development advisors;
- Show visible results;
- Advance the Administration's domestic agenda;
- Advance Department of Commerce and EDA policy; and,
- Make investments that are engines of growth.

Customer Perspective

- Maximize higher-skill, higher-wage jobs;
- Provide information and technical assistance; and,
- Provide a transparent and responsive process.

Financial Perspective

- Maximize administrative efficiency and effectiveness; and,
- Maximize private sector leverage.

Internal Process Perspective

- Emphasize funding priorities;
- Implement investment policy guidelines;
- Expand deal flow;
- Enhance due diligence; and,
- Enhance post approval monitoring.

Learning and Growth Perspective

- Improve professional development;
- Enhance communication;
- Attract top talent;
- Develop technology proficiency; and,
- Establish a performance culture.

Between the first and fourth quarters of Fiscal Year 2004, EDA objectives in the green range (between 95-100 percent of target) increased from 6 to 12 measures out of 18 measures tracked during the year. Objectives in the yellow range (between 75 and 94 percent of the target) increased from 1 to 5 while objectives in the red range (below 75 percent of the target) decreased from 11 to 1.

EDA was honored with the prestigious Balanced Scorecard Collaborative Hall of Fame Award in September 2004 as a government entity achieving breakthrough performance results using the BSC. Drs. Robert Kaplan and David Norton also cited EDA as a case study in the recent book: *Strategy Maps: Converting Intangible Assets into Tangible Outcomes*.

President's Management Agenda

As part of strengthening the agency's performance, EDA addressed each of the President's Management Agenda government-wide initiatives: strategic management of human capital; competitive sourcing; improved financial performance; expanded electronic government; and, budget and performance integration.

Human Capital Initiative

Under the Human Capital Initiative, EDA completed implementation of its reorganization. There were no involuntary separations. Five employees accepted Voluntary Early Retirement Authority/Act (VERA) and twenty-four employees received Voluntary Separation Incentive Pay (VSIP). The reorganization efficiently and effectively deployed human resources to support an organization that is citizen-centered, results oriented and market-based. Headquarters is now streamlined, has fewer supervisors, and is staffed by employees with the requisite skills to support regional operations.

In Fiscal Year 2004, EDA completed two independent reviews of regional business processes targeting improved regional office design, best practice business processes, and staffing complements. These reviews resulted in a set of recommendations that would streamline and standardize regional processes.

Under-representation strategies were implemented to address minority representation through various Departmental initiatives. In addition, EDA coordinates with university recruiting processes and utilizes the Postsecondary Internship Program to increase diversity in hiring.

By the third quarter of Fiscal Year 2004, EDA ensured that Senior Executive Service (SES) employees' performance appraisal plans were linked to the agency's mission, goals, and outcomes and provided appropriate consequences. EDA exceeded its Fiscal Year 2004 goal of eighty percent, when ninety-six percent of the non-SES performance plans were similarly linked.

EDA's comprehensive Human Capital Plan developed and implemented in Fiscal Year 2003 was staffed with two headquarters employees that were dedicated to the Human Capital Initiatives. EDA's skill gaps were addressed through the headquarters reorganization recruitment and retention strategies. Training and professional development programs are linked to implementation of the Department's Learning Management System (LMS).

Competitive Sourcing Initiative

A meticulous look at outsourcing through the Federal Activities Inventory Reform Act of 1998 (FAIR Act) inventory during Fiscal Year 2003 identified 105 possible “commercially available” positions. During Fiscal Year 2004, EDA increased the number of activities and functions classified as commercial to 131 positions.

As of Fiscal Year 2003, EDA had contracted for ten positions in information systems, accounting, and excess capacity review. A cost comparison for professional accounting services was performed in Fiscal Year 2004. It was determined to be more cost effective to have federal staff rather than a commercial provider, since qualified candidates could not be identified in the commercial market at a cost beneficial to the government.

Improved Financial Performance Initiatives

Clean Unqualified Audit Opinion

No material weakness or reportable conditions at EDA were noted in the Fiscal Year 2004 Consolidated Audit. The results of the financial statement audit are a measure of progress across government. EDA received a “clean” unqualified audit opinion for Fiscal Year 2004. EDA continues to give the highest priority to providing accurate financial data to its internal and external customers.

Federal Managers’ Financial Integrity Act

The bureau’s goal of strengthening the integrity of its financial operations ensures the accuracy of its financial data. This will enable EDA to continue to earn an unqualified opinion on future financial statements. As a part of its efforts to improve financial performance and to comply with the Federal Managers’ Financial Integrity Act, the Department continues to enhance its core financial system, the Commerce Business System (CBS), formerly called the Commerce Administrative Management System (CAMS). All EDA program and administrative accounts are managed on the CBS. EDA has issued formal policies and procedures that document management controls for program accounts and funding transactions in accordance with the Department’s core financial system. The formal policies and procedures include Grant and Loan Procedures Manuals, EDA and the National Institute of Standards and Technology Salaries and Expenses Accounting Management Procedures, and the Financial Statement Compilation Procedures Manual.

Expanded E-Government Initiatives

Information Technology Security

During Fiscal Year 2004, EDA continued addressing specific requirements for full compliance with the Department's IT Security Program Policy, and the Unclassified System Remote Access Security Policy and Minimum Implementation Standards. EDA met all of the Department's OMB IT security deadlines and requirements, completed IT security awareness training for all EDA staff and contractors, and prepared comprehensive security plans and system security assessments for all major information systems. The bureau's IT security program complies with Departmental and Federal Information Systems Security Policies and guidance; ensures access control to bureau information via the Web; maintains the integrity and reliability of information; and enhances security of the major and general support systems and communications infrastructure. All corrective actions resulting from the Fiscal Year 2003 Financial Systems review were completed by September 30, 2004. No material weaknesses were identified as a result of the Fiscal Year 2004 Financial Systems review and IT penetration tests.

Economic Development Administration Web Site

EDA supports the Administration's commitment to transform the federal government into a more productive e-enterprise that will better serve citizens. EDA's new Web site, a component of the Economic Development Communications and Management System (EDCOMS) project initiated by EDA in early Fiscal Year 2003, was designed to improve service to EDA stakeholders and was unveiled at our National Conference in 2003. The new Web site provides a higher quality of information regarding investment programs and investment guidelines for economic development resources, as well as recent speeches, economic development research studies, and news on current and upcoming events.

EDA and NOAA Grants Online Collaboration

During Fiscal Year 2004, EDA participated in a requirements analysis project led by the National Oceanic Atmospheric Administration (NOAA) Grants On-Line program office that is intended to study the feasibility of collapsing legacy DOC backend grants systems into a consolidated Commerce-wide on-line grants system. The requirements analysis resulted in a series of business-use-case documents that will be used in the design and development of the consolidated solution. EDA and NOAA have agreed to collaborate and use similar technical

analyses approaches and documentation processes that enable the functionality described by the EDA business-and-system-use-cases to eventually be incorporated into the NOAA Grants Online environment. The EDA Grants System Program Manager and NOAA Grants Online Program Management Office will collaborate on a periodic basis to help facilitate a smooth integration of EDA requirements into NOAA's Grants Online system. EDA participates in the "FIND" component of Grants.gov on the Web. EDA is also collaborating with NOAA in the development of an interface to the "APPLY" component of Grants.gov.

Consolidate Key Administrative Systems

During Fiscal Year 2004, EDA completed a cost-benefit analysis project that explored opportunities to consolidate its CBS grant accounting activities and environments into existing CBS support operations within NOAA. EDA issued a task order to Accenture LLP to conduct the analysis and document the results. During the analysis, detailed discussions were held with the Department's Office of Financial Management, key members of the CBS Support Center, and NOAA CBS operations staff. Information on the technical infrastructure, database architecture, and functional requirements of EDA's CBS environment was provided to NOAA for analysis. Accenture delivered a detailed cost-benefit analysis with migration options to assist EDA in determining the most cost effective and efficient approach for management and support of EDA's accounting requirements. EDA presented the results of the analysis to the Commerce IT Review Board in May 2004, along with a budget request to fund the cost of the migration of EDA's grant accounting system and specific accounting functions to NOAA.

E-Grants Initiatives

EDA continues to refine its e-government strategy to manage its programs and services more efficiently. The Information Clearinghouse component of EDCOMS provides high-quality customer service on the Web. EDA is directly participating in the E-Grants Storefront and E-Travel (Fed Trip) initiatives. EDA participated in both the E-Apply "test 0 of the edges" and pilot tests run in May and July 2003.

Budget and Performance Integration Initiative

As part of its continuing efforts to integrate budget and performance, EDA merged the performance evaluation and budgeting functions into a single division. Performance results are utilized in determining EDA's budget request to the Department, OMB, and Congress.

