Management Excellence

How well we manage facilities, financial reporting, information technology, and other basic administrative functions significantly affects our ability to serve the public effectively and efficiently.

Deputy Secretary P. Lynn Scarlett, March 9, 2005

As manager of over 500 million acres, Interior's mission lies at the confluence of people, land, and water. How well Interior employees do their jobs affects many aspects of American life, including whether farmers can irrigate their fields; families can warm and cool their homes with affordable, reliable energy; Indian children receive quality educational opportunities; visitors can enjoy the grand vistas of the Grand Canyon; and communities can avoid risks from natural hazards.

With this multifaceted mission and a diverse and complex set of responsibilities, Interior is accountable to the American people to provide responsive, efficient, and cost-effective services. With our responsibilities come inspiring experiences, but also challenges. These challenges include the complexities of:

- Managing one-fifth of the land mass of the United States.

- Providing access for energy, visitation, and other uses.

- Conserving natural and cultural resources for future generations.

- Upholding our trust responsibilities to Indians, Alaska Natives, and affiliated island communities.

Our challenges also encompass the complexities of managing a workforce of 70,000 employees and 200,000 volunteers operating at 2,400 locations, maintaining 46,200 buildings, equipping our employees with modern systems, and creating a workplace that promotes effective and efficient service delivery.

Although the details of the respective missions of Interior's eight bureaus differ, the central focus is the same. Excellent performance requires mission clarity, good metrics, and management excellence—the 3M's of performance management. Programs also must demonstrate responsiveness to growing public demands for greater transparency, accountability, effectiveness, and efficiency.

Mission clarity and metrics are defined through the Department's strategic plan, which includes a common set of goals under four mission areas — resource protection, resource use, recreation, and serving communities. The Department tracks its performance within these mission areas, with an emphasis on collaborative, Department-wide outcomes. In 2005, the Department met or exceeded 69 percent of its 214 performance measures, an increase of nine percent from 2004. In pursuit of management excellence, the Department seeks to improve these results with:

- The right people with the right skills.

- Strategic management: integrating budgets and performance.

- Structuring services for better performance.

- Managing information.

- Tracking our finances.

Management excellence requires maintaining and enhancing program results, making wise management choices within a context of constrained resources, routinely examining the effectiveness and efficiency of programs, and working smarter. Success depends on a continuing ability to find effective means of coordinating and leveraging available resources and the continuous introduction and evaluation of process and technology improvements.

It is through these management strategies that the Department can maintain its performance levels and improve performance levels in high priority areas, while still meeting the President's plan to reduce the deficit.

THE RIGHT PEOPLE WITH THE RIGHT SKILLS

Management excellence requires that we have the right people, in the right place, with the right tools, systems, information, and incentives. In the final quarter of 2005, the Department achieved a "green" in status on the Office of Management and Budget's human capital scorecard, reflecting implementation of all the standards for success outlined by OMB and the Office of Personnel Management. This achievement is a result of completing a comprehensive human capital strategic plan; linking performance appraisal plans to strategic goals; continually updating and using workforce plans and succession strategies; sustaining diversity throughout the Department; and having an effective accountability system in place. Maintaining green status will require continued vigilance in addressing human capital management challenges, such as closing competency gaps and implementing pay for performance training. The Department also must ensure the safety, health, and general well-being of employees, volunteers, and visitors.

INTERIOR'S OUTSTANDING RESULTS FOR 2005

- Reclamation met its performance goal for the year by delivering 28 million acre-feet of water to citizens of the western States, enough to supply 32 million families of four with their water requirements for an entire year.

- Online recreation transactions dramatically increased to over 130,000 transactions, exceeding the performance target of 103,500 transactions.

- The Wildland Fire Program set a new record, removing hazardous fuels from more than 545,000 acres of wildland-urban interface areas, a critical factor in controlling and reducing wildland fires and their impact.

- The USGS helped its partners to achieve their goals, as reported by 95 percent of partners surveyed, of which 100 percent reported satisfaction with the accuracy, reliability, and soundness of the methodology used and 92 percent reported improved access to science information.

- The Department addressed invasive plant species on Federal lands, controlling 614,027 acres of known infestations, and restoring 383,478 acres of land and 1,313 miles of stream and shoreline to mitigate or eliminate the effects of these invaders.

- The Department reduced its backlog of forest and woodland areas in need of restoration and also offered 884 million metric board feet of timber for sale from Interior and tribally managed lands.

U.S. Geological Survey Workforce Analysis and Planning

The USGS has been engaged in extensive workforce analysis and restructuring efforts to better position the bureau to address future science needs, including new avenues of research that currently are beyond their technical and organizational capabilities.

As a result of buyouts and early outs, USGS has been able to redirect 130 FTEs into high priority science programs. This translates into over $13.0 million that USGS has used to help offset increased operational costs and fund important new and expanded science initiatives. In 2006, USGS estimates that at least 154 FTE will accept buyout and early out offers, resulting in cost savings that can be reinvested back into science programs.

In 2006 and 2007, USGS will continue restructuring efforts focusing on the National Geospatial Programs Office, the National Geospatial Technical Operations Center, water district offices, the Columbia Environmental Research Center, and the Geology program. In 2007, USGS will begin restructuring efforts associated with its regional functions. Future efforts will include an analysis of headquarters functions.

Pay for Performance Training — In order for any organization to efficiently and effectively accomplish its mission, every employee must know what is expected of them and how their individual efforts contribute to the broader agency mission. Managers must understand their role in helping employees reach their potential. In 2007, the Department, through the National Conservation Training Center and in coordination with all its bureaus, will develop and begin to deliver training for supervisors and employees that builds competencies in results-based performance management. The 2007 request includes $1.8 million to develop training modules for supervisors and managers and to conduct pilot sessions. After the pilot is completed, the training will be implemented throughout the Department, integrated with existing training programs, such as supervisory training, leadership, and employee orientation courses.

Employee Safety — A safe and healthy workplace contributes to improved employee performance and, in turn, improved mission results. An unsafe workplace can divert resources from achieving mission goals as a result of injuries and compensation claims. Interior will spend $57.0 million on workers compensation in 2007. Managing these costs requires both prevention and monitoring efforts.

Interior recently established and filled a workers' compensation program manager position to develop an effective return-to-work program to ensure that each bureau and office is managing, tracking, and monitoring workers' compensation cases. The program's goals are to assist employees in returning to productive jobs, reduce overall workers' compensation costs, ensure that all bureau and office workers' compensation coordinators are fully trained, and ensure that Interior is in full compliance with Department of Labor laws and regulations. The Department's Safety Management Information System tracks and monitors injuries and illnesses.

In January 2004, President Bush expressed his commitment to the government-wide SHARE Initiative: Safety, Health, and Return to Employment for all employees. The Department supports the SHARE goals of reducing the rates of injuries and illnesses, and in 2005, reduced the injuries and illness incident rate from 2004 levels. Key prevention efforts that allowed this reduction included web-based training and designated awareness weeks, focusing on best practice sessions covering topics such as field safety issues and healthy behaviors. The Department continues to focus efforts on prevention strategies in a broad array of areas, including certifying collateral duty safety officers consistent with Occupational Safety and Health Administration standards, supporting a wildland fire medical program, working with the National Institute of Occupational Safety and Health on

PROGRAM ASSESSMENT RATING TOOL
EXPECTMORE.GOV

During the past year, 20 additional programs were reviewed in detail using the Program Assessment Rating Tool. Under PART, the value of the program's purpose, the degree of planning, the effectiveness of management, and results are all evaluated. In this year's round of detailed assessments, 13 programs received a rating of adequate or higher. Developing effective performance measures is often the most challenging aspect of the PART process, and can readily lead to a results not demonstrated rating. Seven of this year's programs received a results not demonstrated rating and program managers will be working to determine how to better measure performance.

The ratings for the programs reviewed for the 2007 budget are shown below:

ACTIVITY/PROGRAM	RATING
BIA Dam Safety and Dam Maintenance	Moderately Effective
BIA Economic Development Guaranteed Loans	Adequate
BIA Housing Improvement	Results Not Demonstrated
BIA Operation and Maintenance of Irrigation Projects	Results Not Demonstrated
BLM Land Use Planning	Results Not Demonstrated
BLM Mining Law Administration	Results Not Demonstrated
FWS Endangered Species	Results Not Demonstrated
FWS Wildlife and Sport Fish Restoration	Results Not Demonstrated
MMS OCS Minerals Regulation and Compliance	Effective
NPS Visitor Services	Moderately Effective
NPS Technical Assistance	Adequate
NPS Concessions Management	Adequate
NPS Heritage Partnership	Results Not Demonstrated
Reclamation Safety of Dams Program	Effective
Reclamation Site Security	Moderately Effective
Reclamation Water Management – Operations and Maintenance	Adequate
USGS Biological Research and Monitoring	Moderately Effective
USGS National Cooperative Geological Mapping	Moderately Effective
USGS Biological Information Management and Delivery	Moderately Effective
Central Utah Project	Adequate

For a full presentation of all PART evaluations, see ExpectMore.gov, a new website that reports on Federal program performance and what is being done to improve results. Government-wide, there are nearly 800 program assessments available on ExpectMore.gov. ExpectMore.gov includes summary and detailed information on all PARTs completed in the first four years, including information on how the programs are performing and what they are doing to get better.

respiratory effects of smoke on fire fighters, and developing a plan for addressing the threat of an avian flu pandemic.

STRATEGIC ALLOCATION OF RESOURCES

With Interior's diverse mission, a central challenge is how to set priorities and allocate resources to achieve desired goals. Reliably achieving results for the public ultimately depends on having reliable and timely performance and cost information to support budget and management decisions. Key tools include the Government Performance and Results Act strategic plan and goals; the introduction of activity-based cost management across the Department; the use of OMB's Program Assessment Rating Tool; and bureau specific efforts such as the National Park Service's core operations analysis. In the second quarter of 2005, the Department progressed to yellow status on OMB's budget and performance integration scorecard as a result of achieving standards for PART ratings.

Activity-Based Cost Management — Activity-based cost management improves the Department's understanding of the cost of doing work relative to achieving strategic plan goals by capturing the costs of the work and relating the costs to goals and measures in the strategic plan. In 2005, the Department completed work on its ABC/M work activities and outputs, and on a hierarchy linking Departmental and bureau work activities. In 2006, the Department is developing a similar framework that will link the Department's strategic plan with bureau operational plans and link ABC/M work activities with strategic plan performance measures.

The following examples demonstrate the use of performance and cost information for better decisionmaking at Interior.

FWS Cost and Performance Management Framework — In formulating its 2007 budget, the Fish and Wildlife Service was able to use activity-based cost management data for the first time to help make budget decisions. In a process that emphasized the use of performance data in decisionmaking, FWS prioritized performance goals and evaluated potential budget scenarios based on the anticipated impacts to performance.

Reclamation in the 21ˢᵗ Century — The Bureau of Reclamation faces important challenges to ensure that its organization, workforce, equipment, policies, and procedures are prepared to meet its 21ˢᵗ Century water management responsibilities across the West. At Reclamation's request, the National Academy of Sciences' National Research Council conducted a review of Reclamation's organizational structure for performing its core mission of delivering water and generating power. The Council made a number of recommendations, including developing guidance and policy on outsourcing, management of Reclamation's laboratories, project management, and acquisition and contracting.

The Council's report calls for more in-depth analyses of the Technical Service Center and workforce and human resources. It identifies a number of alternative scenarios for managing Reclamation's construction and infrastructure responsibilities and supports the proposal to establish a design, estimate, and construction oversight office. Reclamation is developing an action plan to address the report's findings and recommendations.

NPS Concessions — The Concessions PART, which was conducted during 2005 in concert with the 2007 budget formulation process, received an adequate rating. The PART identified the need to improve concessions contract oversight. Specifically, the PART notes that while the concessions contract backlog has been reduced, more progress is needed, and additional resources are required to manage the program more effectively. Accordingly, the 2007 budget includes an increase of $911,000 to improve concessions contracting oversight, including funding for skilled professionals to enhance facilities management, improve financial analyses for the concessions program, and reduce the concessions contracting backlog.

NPS Core Operations Analysis — Parks operate in a dynamic environment that requires that they periodically evaluate their practices to ensure that programs effectively and efficiently address priority purposes. The NPS's core operations analysis tool assists park managers in making informed management decisions to focus on functions that are essential to achieving mission goals and enhance effectiveness and efficiency.

In 2005, NPS completed analyses at 32 parks in the Intermountain Region; the Intermountain regional office; one park each in the Southeast, National

- Rocky Mountain National Park set a goal to maintain base funds at a level equal to or below 80 percent for personnel services and fixed costs, as compared to the total budget. The park developed a five-year plan to reach this goal. Reaching this goal will provide the park with greater operational flexibility and management capacity to meet emergency needs, and increased service levels for essential activities. Based on the analysis, the park determined that it was feasible to close the Lily Lake Visitor Center and to reassign three FTE to other visitor centers in the park with higher visitation.

- Zion National Park reallocated $30,000 in funding to more essential activities throughout the park by reducing the number of high-graded supervisors scheduled for differential pay or premium hours.

- Chickasaw National Recreation Area and Oklahoma City National Memorial worked collaboratively to conduct core operations analyses and determined that administration of both parks could be combined under one superintendent. This resulted in the elimination of one administrative officer position and one superintendent position. The parks used savings to meet core operational needs at Oklahoma City NM and to hire seasonal employees at Chickasaw NRA.

- The San Antonio Mission National Historic Site combined an administrative officer position and special projects officer position and eliminated a gardener position that was determined not to be essential to core operations. This resulted in a reduction of two FTE and a reallocation of $150,000 to fund a ranger position and other high priority activities.

Capital, and Northeast Regions; and the headquarters office Administration directorate. The NPS plans to complete analyses for an additional 200 parks by December 2008. When finished, this will complete the review of more than $1.0 billion in operating funds and 14,000 FTEs Service-wide.

EFFICIENT AND EFFECTIVE SERVICE DELIVERY

Interior bureaus constantly search for ways to reorganize organizational structures and services for improved results. Interior expects all of its managers and staff to continually ask, "How can we perform this service in a more effective and efficient way?" Interior has demonstrated successful results through competitive sourcing and program specific re-engineering of business processes.

Competitive Sourcing — Interior achieved green status on OMB's competitive sourcing scorecard in March 2005. This achievement is a result of developing and implementing a four-year, OMB-approved competitive sourcing plan to review for possible competition appropriate commercial activities, completing competitions within established timeframes, and receiving OMB approval of its 2005 Federal Activities Inventory Reform Act inventory.

Competitive reviews provide a disciplined, periodic process to review and compare current operations with alternatives and provide information to answer important questions. Are operations the best they can be? Might a restructuring generate a more efficient organization? Might contracting free up resources that can be reallocated to other priorities? To date, Interior has studied 3,200 FTE with a projected $7.0 million in annual cost savings. Department-wide, an additional 1,900 FTEs are currently being reviewed to determine suitability for additional competitive reviews.

Improving Efficiency through Electronic Government at MMS — Working to find better ways to do business, the Minerals Management Service has piloted a new electronic reporting system for lessees and operators to submit offshore well

data. The new permitting and reporting system, called e-well, streamlines processes, reduces data redundancy, and improves the quality, timeliness, completeness, and compliance of the information exchange between MMS and the industry.

To implement the new system, MMS restructured six well permit and report forms and made them accessible electronically. Internet-based forms with automated help screens aid the operator in completing the forms accurately. The MMS has ensured the security of company proprietary data, and industry has been a willing partner to help improve the design of the system. Operators volunteered to test the system over many months, and through their input, the application was modified to enhance the ease of operation. The MMS analyses show the e-well permitting and reporting system could reduce processing time for the 20,000 applications each year by as much as 50 percent.

National Wildlife Refuge System Comprehensive Conservation Plans — The National Wildlife Refuge Improvement Act of 1997 mandated that a comprehensive conservation plan be completed for every station within 15 years of the passage of the Act or establishment of the station, whichever comes first. Currently, 554 stations are required to complete a plan by 2012. During 2005, FWS imple-
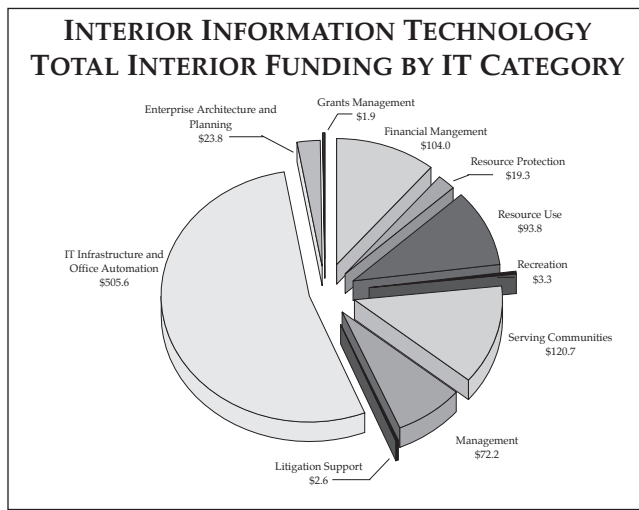
mented a number of streamlining procedures, such as clustering refuges and wetlands management districts that share geographic proximity into one plan and decoupling refuge acquisition planning from CCPs. This should allow FWS to complete the required plans on schedule and at a substantial cost savings. The 2007 budget includes a $3.0 million reduction for CCP completion, reflecting the results of the new streamlined procedures.

BLM Cadastral Survey Indian Trust Improvements — The Bureau of Land Management is responsible for conducting all cadastral surveys on Federal and Indian lands. The BLM cadastral surveyors assist the Bureau of Indian Affairs in providing services to American Indian and Alaska Native beneficiaries and in resolving land boundary disputes. Timely resolution is needed in order to allow certain uses of the land or to proceed with land transfers. The BLM Cadastral Survey program is working with BIA to simplify and streamline the delivery of services to American Indian and Alaska Native beneficiaries by locating a BLM cadastral surveyor in each of the BIA regional offices. The surveyor will be on site to coordinate with BIA and the Tribes to assist in resolution of issues and facilitate the completion of accurate, legal boundary locations for trust assets.

EFFECTIVELY MANAGING INFORMATION AND SYSTEMS

The 2007 information technology portfolio demonstrates an increasing maturity in the Department's ability to manage its information technology investments. At the request level, the Department plans to spend $944.7 million, an increase of $14.3 million over 2006. The increase over 2006 is largely attributable to a $16.0 million increase for Landsat 8. Within the portfolio, the Department has redirected savings and prioritized investments to meet the highest priority needs while continuing to emphasize the deployment of enterprise networks and systems, including the Enterprise Services Network, and the retirement of individual bureau legacy systems.

INTERIOR INFORMATION TECHNOLOGY TOTAL INTERIOR FUNDING BY IT CATEGORY

Enterprise Architecture and Planning $23.8
Grants Management $1.9
Financial Mangement $104.0
Resource Protection $19.3
Resource Use $93.8
Recreation $3.3
Serving Communities $120.7
Management $72.2
Litigation Support $2.6
IT Infrastructure and Office Automation $505.6

While the Department is currently rated as red in status on OMB's e-government scorecard due to e-government implementation and security issues, its e-government support and security posture has dramatically improved in the last year. The Department reached agreement with OMB on an e-government implementation plan, including its responsibilities under the disaster management and SAFECOM initiatives. The Department continues to prioritize IT security improvements, often required by new policies and regulations, while facing emergent and diversified threats.

Standardizing, Integrating, and Consolidating Infrastructure — The key to maturing IT operations is a standard, consolidated, and integrated infrastructure. Interior made significant progress in 2005 to establish consolidated operations in networks and access controls. These integrated multi-year efforts will yield substantial long-term service improvements and cost savings that will allow redirection of resources both within the IT portfolio to support new investments, as well as within a bureau to meet critical program needs.

The 2007 budget demonstrates this, with budget changes proposed in the U.S. Geological Survey and BLM budgets. The USGS will achieve $1.0 million in operational efficiencies in enterprise information technology as a result of economies achieved through centralization, consolidated software and hardware purchases, and realignment of the workforce. The BLM will be undertaking significant information technology reforms resulting in a budget reduction of $9.4 million. The BLM proposes to improve the management of IT investments; enhance the security of IT systems and information; and realize short and long-term efficiencies and savings through consolidated purchases of hardware and software, and consolidation of support functions such as a help desk and e-mail support. The BLM will also defer system enhancements for systems that will eventually be replaced by Department-wide systems.

Enterprise Services Network — In 2005, Interior completed implementation of Phase I of the Enterprise Services Network, a modern, integrated network backbone that supports telecommunications within the Department. During 2006, all of Interior's bureaus and offices will complete their transition to managed services and will be operating on this system, which will provide access to the internet and a Department-wide intranet, and will be supported by a fully operational network operations and security support center. In addition to providing better services for Interior bureaus and offices, the system provides a more uniformly secure environment, standardized and efficient 24 hour/7 day operations, and improved technical support.

During 2005, Interior began implementing Phase II by transitioning management of NPS, BLM, and the Office of Surface Mining wide-area networks to managed services, which simplify and modernize geographically dispersed and outdated architectures. These bureaus are already seeing service improvements. In 2005, the Department expanded secure connections to approximately 150 sites located primarily in large cities and ap-

proximately 500 other Interior locations. In 2006 and beyond, the Department will be expanding these secure connections to smaller offices and will begin implementing solutions for remote locations, traveling employees, and telework situations.

The ESN is also facilitating efforts to consolidate directory services, web hosting, messaging, data warehousing, help desk capabilities, and other applications and systems. It also establishes the foundation to implement the required new internet protocol version six technology. The 2007 budget includes $22.3 million for ESN, a net increase of $2.4 million over 2006, which will continue the establishment of connectivity to Interior bureaus and offices.

Messaging — The Department plans to implement a single enterprise messaging system, consolidating operations from hundreds of servers and three messaging applications that are independently managed by bureaus into a single, consolidated messaging solution. As a first step, bureaus have begun consolidating their existing messaging services. For example, NPS leveraged the network service improvements from ESN to enable significant reduction in the number of e-mail servers needed. The 2007 budget includes a $2.1 million program increase to fund the messaging system project.

Active Directory — Active directory, or enterprise-wide access control services, provides a single, consistent source of information for e-mail addresses and other user information, and provides a sound foundation for future deployment of applications and systems. Centralized active directory services are now installed Department-wide. Bureaus are migrating their directories to the Department's directory services. Four bureaus have completed migration, and the remaining bureaus will complete migration in 2006. The 2007 request includes $1.0 million to maintain a centralized active directory program. Active directory is also needed to deploy identification and electronic signature systems and applications, such as smart card and public key infrastructure, which are essential for compliance with Homeland Security Presidential Directive-12, as described below.

Homeland Security Presidential Directive-12 — HSPD-12 requires that all government agencies develop specific and consistent standards for both physical and logical identification systems. With a short timeframe for implementation, the

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HSPD-12 KEY MILESTONES

October 27, 2005
Personal Identity Verification-I registration, identity proofing, and issuance procedures in place.

October 27, 2006
PIV-II technical and interoperability system in place.

October 27, 2007
Access to local area networks through PIV-II card for all employees and required contractors and volunteers.

October 27, 2007
Access to National Critical Infrastructure and Level 4 physical facilities through PIV-II card for all employees and required contractors and volunteers.

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directive mandates that agencies be able to verify the identity of employees, contractors, and certain volunteers for access to facilities and IT systems. The Department is in the process of establishing reliable and secure identification procedures based on a plan approved by OMB in July 2005. Interior has developed standards for an identity verification process and is conducting a pilot to test an automated process.

In 2006, Interior will deploy an automated process for security certification and accreditation. The goal for the next phase is to issue smart cards with appropriate credentials to employees and contractors after these individuals complete the personal identify verification process. Funding for HSPD-12 will be supported principally through the redirection of base resources in 2006 and 2007.

Land Mobile Radios — In 2005, Interior continued to work toward completing the replacement of narrowband radios, while leveraging opportunities to share resources among Interior bureaus and with State, tribal, and local governments. The Department's efforts to develop an interoperable network of communications technology, fill gaps in radio coverage, and support interoperability with partners builds on the government-wide SAFE-

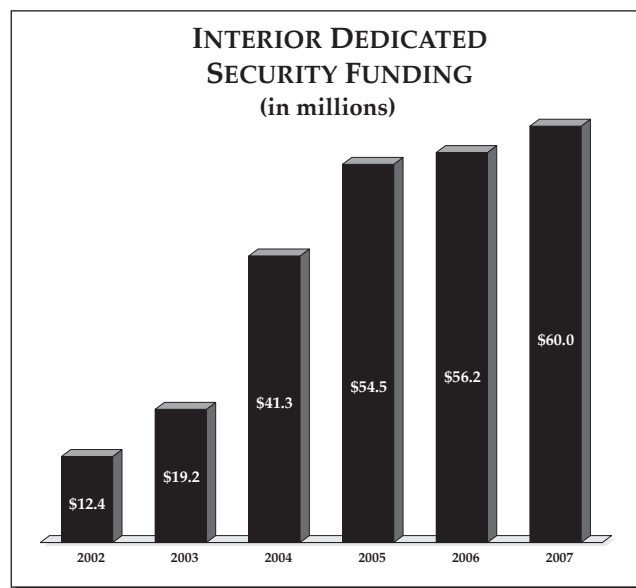COM initiative. That initiative focuses on the need for greater interoperability for first responders.

Key accomplishments in 2005 included completion of resource sharing arrangements in South Dakota and Florida, with potential for additional agreements in Montana and Wyoming. In 2006, Interior is initiating a radio sharing and interoperability study, focused on high priority locations such as the southwest U. S. border with Mexico. The study will point to the best opportunities for collaborative arrangements that will result in a shared Federal, State, tribal, and local network of communications and infrastructure. The study will also address dispatch center consolidation opportunities in order to improve the effectiveness of dispatch operations, ensure high priority areas and programs are adequately supported, and avoid redundant, overlapping dispatch centers. Interior has begun the process of identifying existing radio communications dispatch centers that could provide a wider area of coverage through the use of more efficient technology such as computer-aided dispatch, automated vehicle locator devices, satellite radio technology, and global positioning service equipment. The Department's 2007 budget includes $39.2 million for radio systems.

Enterprise Acquisition — In 2006, Interior will continue its enterprise approach to acquiring common hardware and software products in order to achieve technical standardization, improved effectiveness, and cost savings. The Department has renewed the Microsoft enterprise agreement through September 2008, consolidating five separate agreements into one, expanding marketing and outreach for existing contracts through a revamped and updated internet storefront link, and defining the acquisition process to be used for establishing future enterprise agreements. In 2007, the program will be expanded to include additional agreements, which will result in more efficient and timely business processes. The budget includes $270,000 to support this expansion.

Securing Interior's Information and Technology Assets — The Department continues to place a high priority on a robust information technology security program and is implementing improvements to the on-going program, while addressing new regulations and requirements. In 2006, the Department is deploying a more integrated approach by ensuring that the accreditation and certification of systems and applications meet standard requirements and more adequate documentation. The

2007 budget for dedicated IT security investments totals $60.0 million, an increase of $3.8 million over 2006. The 2007 budget builds on significant investments in IT security that have been strategically deployed to meet the requirements of the Federal Information Security Management Act of 2002. Consistent with the mandates of FISMA, Interior's spending on IT security has increased since 2002, from $12.4 million to $60.0 million in 2007. Not included within these amounts are IT security enhancements planned on individual systems and applications and enterprise efforts intended to enhance IT security, including ESN, messaging, and active directory.

Interior has a long-standing concern for the protection of its vital information and technology resources, dating from the issuance of the first computer security policy in 1980. The Department's IT security program has as its goal a level of security commensurate with the sensitivity of information and the risk and magnitude of harm resulting from improper use or losses. As "perfect" security with zero risks of disruption or penetration to IT systems

INTERIOR DEDICATED SECURITY FUNDING
(in millions)

Year	Amount
2002	$12.4
2003	$19.2
2004	$41.3
2005	$54.5
2006	$56.2
2007	$60.0

is neither practical nor economical, the Department's IT security specialists focus on achieving an optimum level of security by evaluating IT systems for threats and vulnerabilities, preparing a security plan for each system, testing each system for vulnerabilities, completing contingency plans to restore systems if they are compromised, and completing a certification and accreditation of those systems to provide a benchmark for determining adequate IT security.

In 2005, Interior leveraged ESN capabilities to initiate a robust vulnerability scanning process for its systems accessible from the Internet. Initial tests indicated thousands of potential vulnerabilities. By December 2005, all potential major, critical, and SANS Top 20 vulnerabilities identified through the scanning process were either mitigated or determined to be false positives. The SANS Top 20 vulnerabilities consist of the ten most commonly exploited vulnerable services in Windows and the ten most commonly exploited elements in UNIX and Linux environments, updated quarterly.

While Interior made significant strides in protecting its external perimeter, similar levels of security are not yet in place internally. In 2006, Interior initiated efforts to begin testing against internal threats to its systems and applications. These tests are expected to reveal many areas to focus additional security improvements.

As noted by Interior's Inspector General in the annual evaluation of Interior's information security program, the Department continues to make progress to improve the security over its information systems. Nonetheless, the IG noted additional improvements are still needed, particularly in network security and POA&M and certification and accreditation processes. Interior is committed to improving information security, in a risk-based, cost-effective manner, with a particular focus on improving internal system security.

WHAT IS A POA&M

The Federal Information Security Act and OMB guidance require that plans of action and milestones (POA&M) be established for identified security weaknesses. A POA&M is a tool that identifies tasks that need to be accomplished. It details resources required to accomplish the elements of the plan, any milestones in meeting the task, and scheduled completion dates for the milestones.

Security Program Maturity — Despite the significant challenges faced in 2005, Interior made progress in maturing its IT security program. The Department relies on the National Institute of Standards and Technology Special Publication 800-26,

Security Self-Assessments, as a means of measuring the effectiveness of system security controls and the overall maturity of the IT security program. The framework describes five levels of security status, based on evaluations in 17 control areas relating to management, operational, and technical security controls. An independent review rated Interior's IT security program at 3.63 on a 5.0 scale, significantly beyond its target of reaching maturity Level 2 in 2005.

IT SECURITY MATURITY LEVELS

- Level 1 – Control objective is documented in a security policy.

- Level 2 – Security controls are documented as procedures.

- Level 3 – Procedures have been implemented.

- Level 4 – Procedures and security controls are tested and reviewed.

- Level 5 – Procedures and security controls are fully integrated into a comprehensive program.

Managing Information Technology Investments — The Department's Investment Review Board, a partnership of senior program executives and IT leadership, oversees decisions on the Department's IT investments. The key tools for managing and overseeing the portfolio are Interior Enterprise Architecture modernization blueprints and IT portfolio management. Modernization blueprints are roadmaps for change and help to identify gaps in Interior's IT portfolio that could potentially hamper the successful achievement of mission related goals and objectives. The blueprints also highlight system redundancies and identify opportunities for data sharing. The Department's 2007 budget includes $12.5 million for enterprise architecture.

The Land and Resource Management system and Enterprise Geographic Information Management program are examples of investments approved by the Investment Review Board based on the results of the enterprise architecture and portfolio management process.

Completed
>   Recreation
>   Wildland Fire
>   Law Enforcement
>   Financial Management

Underway
>   Land Management
>   Water Management
>   Trust Responsibilities
>   Human Resources
>   Information Technology
>   Geospatial Activities

Land and Resource Management System — Interiort's Land and Resource Management system is a major enterprise initiative supporting the Department's land and resource management business activities. The primary goals of the system are to maximize the effective use of resources, standardize business processes, and enable interoperability among Interior's land and resource use management programs. The DLRM will replace a combination of bureau-managed systems for land and resource management, and will meet an urgent need for consistent management information.

Business processes and rules, information requirements, and supporting data used by land and natural resource managers have significant similarities. The DLRM will be applicable to both Indian and Federal land and resource management programs, and will lead to the standardization of data collection and business processes across bureaus and programs. The DLRM directly aligns with Interior's goals and strategies, and has independently been identified in the fiduciary trust model and the trust modernization blueprint. The 2007 budget includes $1.8 million for DLRM, in BIA and BLM, to continue preparation for implementation.

Enterprise Geographic Information Management — Maps are an effective tool for communicating resource issues, and are critically important to activities conducted by Interior managers, the public, partners, and the academic community. Access to location based information is a key component of decisionmaking about the availability of resources, response to emergency situations, and planning future development. Geographic information systems, which automate location based information, are widely used by Interior bureaus to draw inferences, trace relationships, and make connections, enabling much more effective decisionmaking. Interior's IT portfolio includes $34.6 million in dedicated GIS IT investments annually. Through the Enterprise Geographic Information Management initiative, the Department is establishing a framework for standard and coordinated use of geographic information systems.

The EGIM will provide strategic leadership for GIS efforts within Interior. A Departmental team will guide standardization, implementation, and approaches to meet Department-wide needs for GIS information using coordinated systems and processes. In 2005, USGS began to blueprint EGIM, leveraging the capabilities developed through the Geospatial One-Stop project. In 2006, the EGIM project will complete the blueprint, begin the process to standardize training, and build a common geospatial knowledge base for effective data sharing. In 2007, the project will develop a process to

PARTNERSHIPS IN E-GOVERNMENT

Interior will continue to support the Administration's e-government initiatives in 2007. Budgeted payments to managing partners for 2007 include

E-Gov Projects	
Business Gateway	$249
E-Authentication	$641
E-Rulemaking	$615
E-Training	$185
Grants.gov	$521
GovBenefits.gov	$135
Integrated Acquisition	$470
Lines of Business	
Financial Management	$83
Human Resources Management	$130
Grants Management	$60
Total E-Gov Partner Payments	**$3,089**

standardize the use of geospatial applications and software. The 2007 budget includes $914,000 for EGIM, an increase of $596,000 over 2006.

MANAGING OUR ASSETS

Interior's real property inventory includes approximately 46,200 buildings and 101,890 structures, as well as nearly every type of asset found in a local community. Many of these assets support Interior's mission, including many that have historic or cultural significance.

After the issuance of Executive Order 13327 on Federal Real Property Asset Management in 2004, the Department strengthened its asset management program with the creation of an asset management partnership that represents every bureau and many offices in the Department. Working through a collaborative process, the partnership has provided leadership in the development of the Department's first asset management plan, implementation of consistent definitions, a team charter. It has also provided a standard approach for conducting inventories and has laid the groundwork for a unified approach to standardize the systems and applications used for asset management.

Building on efforts that began in 2000 with creation of a five year deferred maintenance and capital improvement plan, the Department has now issued its asset management plan. The plan presents a strategic vision and plan of action for managing owned and leased buildings, structures, linear assets, motor vehicles, and non-stewardship land used for administrative purposes. The plan provides a guide for Interior managers on how to affordably and reasonably maintain and sustain the asset portfolio to achieve mission goals, and how to maintain a current, readily available nationwide property inventory.

In the first quarter of 2006, Interior progressed to a yellow status on OMB's scorecard on Real Property Management. The upgrade in status was attributable to the completion of required data for the Federal real property profile, reporting approximately 185,000 Interior managed real property assets into this government-wide database.

FINANCIAL MANAGEMENT

Interior has transformed its financial management with significantly improved and more timely reporting that relates spending to performance. The Department has achieved the following improvements:

- In 2001, time consuming and costly year end journal adjustments totaled 1,100. In 2005, these adjustments were reduced to 117.

- In 2001, five months were needed after the close of the fiscal year to complete audit and performance reports. In 2004 and 2005, reports were completed within 45 days.

- In 2005, Interior received a clean audit opinion with no new reported weaknesses, and reduced auditor reported material weaknesses by 50 percent from 2004, the greatest reduction experienced by any CFO Agency.

These improvements in financial management have occurred using existing, antiquated, hard to use, duplicative systems. This required extraordinary efforts on the part of the Department's financial managers who have developed manual and labor-intensive approaches to achieve results.

FIFTEEN YEARS OF FINANCIAL SUCCESS AT OSM

Fiscal year 2005 marks the 15th consecutive year OSM received an unqualified (clean) opinion on its financial statements. In fiscal year 1990, OSM participated in the pilot implementation of the audited financial statements requirement included in the CFO Act of 1990. Beginning with fiscal year 1991, OSM has received unqualified opinions on the annual financial statement audit every year. The OSM is the only bureau within Interior to meet this impressive milestone. Many of Interior's other bureaus have achieved remarkable records of success in financial management as well. For example, the BLM has received clean audit opinions for the last 11 years.

While the Department is currently rated as red in status on OMB's financial management scorecard, the status is largely due to the unique issues associated with Indian trust funds management.

Financial and Business Management System — Key to continued success in financial management and improved effectiveness and efficiency is implementation of the Financial and Business Management System. The FBMS will replace duplicative legacy systems currently in operation, including 27 acquisition systems, 16 finance systems, 43 vendor databases, and 107 property systems. It will integrate processes and systems to eliminate both redundancy and inefficiencies.

The FBMS is critical for meeting the future business needs of the Department, and is therefore a key component of the Department's financial management modernization strategy. Interior's objectives of standardizing data, business practices, and related technology; integrating currently fragmented processes; and improving responsiveness to internal and external customers can only be achieved by moving forward to replace current aging legacy systems with an enterprise solution.

The FBMS is charged with implementing the seven functions depicted in the accompanying graphic and their associated subsidiary functions. Collectively, these functions represent the Department's business architecture for the administrative management. The FBMS addresses all basic administrative management functions except for revenue collection, personnel and payroll, and facilities management.

The 2007 budget continues level funding for the FBMS at $22.2 million. In 2005, the Department successfully deployed a grants management module and much of the necessary infrastructure needed for future deployments, including system configuration, business process standardization, and interface development. The FBMS project managers, working in close collaboration with an executive steering committee, comprised of senior staff from Interior's bureaus and offices, are drawing on the expertise and experience of other Federal and State agencies that have deployed financial and business management systems, are engaging a new system integrator, and are strengthening project management and oversight.