

Looking to the Future

The Accountability Report demonstrates the Department's success in administering its programs and managing the resources entrusted to it. However, much remains to be done. This section of the report discusses Interior's vision for the future as well as major management challenges facing the Department.

Vision for the Future

"My goal is to secure a new environmentalism for the Nation—one based on cooperative conservation. We can enhance conservation and fulfill our commitment to ensuring a strong economy by working with ranchers, miners, and the many other local Americans whose own lives, families, and communities are linked to our Nation's natural resources. We can do this through what I have called the Four C's: achieving conservation through consultation, cooperation, and communication."

Secretary Gale A. Norton, January 10, 2002

The Department of the Interior vision for the future reflects the President's vision of a shared approach to conservation and looks to American citizens to carry the torch of conservation into the 21st century. This vision reflects important national priorities with a focus on citizen-centered program delivery, improved accountability, and management excellence.

Listening to all Voices on Conservation. The President's call for a new environmentalism gives all stakeholders a greater voice in how the Nation's natural resources are managed. His vision for a shared federal and public approach to conservation comes to life in the Department's Four C's approach: conservation through consultation, cooperation, and communication. This approach is reflected in the Department's citizen-centered approach to managing parks, refuges, and other public lands. Interior is committed to listening to the Nation's citizens; tribal, state, and local governments; and non-governmental and private sector organizations and to involve citizens in decisions. Efforts are underway to listen to all voices on conservation through partnerships to use the government and its resources to remove barriers to citizen participation, to provide the help that is needed to fulfill the environmental promise of citizen stewardship, to encourage local communities to participate directly in conservation efforts, and to provide grants to a wide variety of state and tribal programs for the benefit of wildlife and habitat, species protection, habitat restoration, and the protection of national treasures.

Service to American Indians. The President stated in November 2001, "My Administration will continue to work with tribal governments on a sovereign-to-sovereign basis to provide Native Americans with new economic and educational opportunities. Indian education programs will remain a priority, so that no American child, including no Native American child, is left behind. We will protect and honor tribal sovereignty and help to stimulate economic development in reservation communities. We will work with the American Indians and Alaska Natives to preserve their freedoms, as they practice their religion and culture." During his campaign for the presidency and throughout the first year of his Administration, President

George W. Bush has recognized and upheld the unique government-to-government relationship existing between the tribes and the United States, honoring our Nation's trust responsibilities to American Indians and Native Alaskans. The Bureau of Indian Affairs and the reform efforts of the Office of Special Trustee for American Indians are currently the primary focal point for meeting that commitment within the Department.

Managing America's Public Lands. Interior manages many of America's most inspiring places that provide important opportunities for the public to experience the Nation's natural heritage. Federal lands administered by Interior also play an important role in meeting domestic needs for energy and water. As steward of the Nation's public lands and natural resources, the Department will continue to work closely with citizens and communities to balance access to lands and resources for recreation and resource use, while protecting natural and cultural resources.

Preserving America the Beautiful. A top priority of the President and the Secretary is the conservation of great wild places and unspoiled landscapes. The National Park Service manages some of the most unique and precious areas, including grand vistas and resources such as the 1.2 million-acre Grand Canyon National Park in Arizona and the 2.2 million-acre Yellowstone National Park in Wyoming. The national park system attracts more than 285 million visitors annually, and visitation at Yellowstone National Park, alone, exceeds the visitation of the entire system in 1916. To ensure a positive legacy of protecting natural, recreational, and cultural resources for Americans today and in the future, the Department is moving aggressively to conserve the natural treasures in our national parks and to eliminate the backlog of maintenance and repair.

Conserving Habitat for Species. Working hand in hand with those at the local level, the Department will chart a course that will use the strengths of each to bolster the conservation of our fish, wildlife, and other natural resources to benefit the American people. The ultimate goal of this effort will be to establish a framework for conservation in partnership with states and others to conserve species and prevent the need for listing under the Endangered Species Act. The Department is committed to the recovery of endangered species and fulfilling the goals of the Endangered Species Act, while maintaining healthy communities and a dynamic economy that depends on the Nation's lands and water.

Implementing the National Fire Plan. The 2000 fire season led to the development of the National Fire Plan, a joint Department of the Interior and U.S. Forest Service strategy to improve the effectiveness of the wildland fire program to better protect communities and the environment from future wildfire devastation. The Department made significant progress in implementing the plan's recommendations in 2001, including an unprecedented level of interagency cooperation with the Forest Service. Interior will continue to actively pursue outreach and partnership activities with states and local government agencies, tribes, other federal partners, and non-governmental organizations in the development of an implementation plan for a 10-Year Comprehensive Strategy and development of a common set of long-term goals and performance outputs with which to measure the performance of the wildland fire program.

Providing Science Support. The U.S. Geological Survey will continue to provide science support to Interior land and resource management bureaus. The Secretary remains committed to science-based resource management practices and policies. Interior bureaus use integrated and multi-disciplinary research conducted by the USGS to address a number of complex issues, including controlling invasive species, restoring habitat, and predicting the effect of different management options on surrounding land, water and wildlife. The USGS will

collaborate with land and resource management bureaus to identify and prioritize their science needs to enhance USGS's responsiveness to these high priority information needs.

Providing Water to the West. The Bureau of Reclamation is the largest supplier and manager of water in the 17 western States. BOR water projects have been developed to meet agricultural, tribal, urban, and industrial needs. In recent years, the public has demanded better environmental protection and more recreational opportunities, while municipal and industrial users have demanded more high quality water. Competition for the West's limited water resources will continue to intensify in the future. The BOR will continue to work with its customers and stakeholders to find ways to balance and provide for this new mix of water resource needs by managing, developing, and protecting water and related resources in an environmentally and economically sound manner.

Managing for Success—Service, Accountability, and Excellence. The President's management agenda, released on August 25, 2001, sets forth a strategy for improving the management and performance of the federal government. The agenda contains five governmentwide goals that guide the achievement of immediate, concrete, and measurable results. The five governmentwide management reforms are: (1) Strategic Management of Human Capital; (2) Competitive Sourcing; (3) Improving Financial Performance; (4) Expanding Electronic Government; and (5) Budget and Performance Integration. The Secretary, in turn, issued a management strategy in September 2001, entitled "A Plan for Citizen-Centered Governance", which adopts the President's vision for management excellence, tailoring it to fit the Department's diverse and unique missions and organizations.

Major Management Challenges

The Department's strategy for management reform integrates the President's vision for management excellence and closely follows the President's Management Reform Agenda. As previously mentioned, this strategy is included in the "Plan for Citizen-Centered Governance," which is Interior's blueprint for improving the delivery of programs and services to the American public.

The Department's management reform strategy is also based on four key principles:

- *Customer Value* - Ensuring that all of our activities add value and ensure the effective use of resources.
- *Accountability* - Establishing clear performance measures and holding our managers and employees accountable for results.
- *Modernization* - Using technology to work smarter and provide single points of access to our services.
- *Integration* - Identifying opportunities to avoid duplication and achieve economies to enhance customer service and efficiency.

The following summarizes planned activities under each of the President's management reform initiatives and other areas that will improve the delivery of Interior's programs and services.

Strategic Management of Human Capital. The human capital for which the Department has responsibility includes approximately 70,000 full- or part-time employees who work in approximately 2,400 locations, performing a wide variety of functions. In examining how to better manage its human capital, the Department has identified near-term initiatives where past experience has demonstrated that immediate opportunities for improvement exist, as well as longer-term initiatives that will yield benefits over a longer time horizon.

The Department will study the feasibility of restructuring personnel, information technology, and acquisition management activities to provide better human capital management, improve the ability to deliver E-Government services, and increase the capability to procure goods and services more effectively and efficiently.

Competitive Sourcing. The Federal Activities Inventory Reform Act requires federal agencies to identify commercial activities performed by federal employees. Interior's competitive sourcing program focuses on the delivery and performance of improved services by using competition with non-federal sources as the opportunity to redefine the baseline requirements of performance. To facilitate this goal across separate and distinct program missions of the Department, a Center for Competitive Sourcing Excellence has been established. The Center will provide the framework and comparative techniques to be used to determine how improved and value-added service can be provided.

Improved Financial Performance. The Department recognizes the need for accurate and timely financial information to ensure the best performance and highest measure of accountability. To that end, the Department will: (1) replace critical financial management systems with an integrated financial system that will provide more accurate and more timely information, enhance the integrity of data through improved integration and control, expand E-Government capabilities, improve security in financial systems, and reduce system risks associated with the use of outdated technology; (2) employ activity based costing (ABC) as the best method to provide managers with the information to monitor and evaluate program performance and effectively allocate resources; and (3) continue to actively monitor payments and maintain adequate financial controls.

Expanded Electronic Government. Information technology is the enabler that will allow the Department to provide better, more comprehensive information and services electronically. The Department is taking action to enhance E-Government services and become a "digital Department." The Department is pursuing E-Government improvements in three areas: (1) use of E-Government to enhance internal operational efficiency; (2) use of E-Government to improve all transactions with citizens and other users; and (3) use of E-Government to transform its relationship with the public, providing information and services uniquely available at the Department.

Budget and Performance Integration. The Department recognizes the need to define and report more effectively on the results it achieves. To that end, the Department will revise its strategic plan, creating a single plan that presents departmental missions and functions in a more unified, integrated manner. Additionally, the adoption of activity-based costing will provide managers with a tool to monitor and evaluate program performance and more effectively allocate resources. This type of management information is extraordinarily valuable for integrating budget and performance and for providing management with information needed for measuring results.

In addition to implementing its reformed management strategy, the Department is also confronted with a number of key management challenges. These challenges are reported

annually to Congress by the Office of Inspector General (OIG) and the General Accounting Office (GAO). Most of these challenges are being addressed by corrective action plans for the eight “mission critical weaknesses” discussed in the “Compliance With Legal and Regulatory Financial Requirements” section of the Report . The following summarizes the major management issues and briefly describes Interior’s progress in resolving them.

Financial Management. The preparation of reliable financial statements as required by the Chief Financial Officers Act continues to be a major challenge for the Department and its bureaus. Although the Department has received an unqualified audit opinion on its consolidated financial statements for the past five years, several bureaus have received either a qualified opinion or a disclaimer over the same timeframe. The financial statement audits have also identified weak internal controls in several areas and noncompliance with certain laws and regulations.

Information Technology. The Department has not resolved its long-standing problems in the areas of computer security and overall system effectiveness. Annual congressional assessments of Interior’s information system security has consistently ranked the Department near the bottom of the list. The Department has also reported computer security as a material weakness in 2000 and 2001. The Department’s information technology security plan, issued in September 2001, provides a framework for resolving security issues by establishing minimum standards for secure operations.

Health and Safety. Ensuring the health and safety of employees and the increasing number of visitors to public lands and facilities under the Department’s jurisdiction remains a high priority and a challenge. Both the Bureau of Land Management and the National Park Service have reported material weaknesses in employee and public safety. The Department’s law enforcement programs have identified shortcomings (i.e., understaffing) that could affect the safety of both Interior law enforcement officers and the people they are tasked with protecting. Another significant issue is Interior’s continuing liability for cleaning up sites contaminated by hazardous materials, closing abandoned mine sites, plugging oil and gas wells, repairing leaking underground storage tanks and pipelines, and controlling illegal dumping. In 2001, the Department estimates that its total liability for environmental cleanup may range from \$387 million to \$565 million (see Note 16, Notes to Financial Statements).

Maintenance of Facilities. The Department has not implemented an adequate, standardized maintenance system to effectively fulfill its management responsibilities. The Department manages about 57,000 buildings and quarters facilities, 120,000 miles of roads, and a wide variety of other constructed assets. In 2001, the Department estimates that the deferred maintenance backlog for its physical asset infrastructure ranges from \$8.1 to \$11.4 billion.

Responsibility to Indians and Insular Areas. The BIA continues to experience administrative and management problems, including trust responsibility, Indian self-determination and self-governance, facilities and road maintenance, safety management, law enforcement, housing, social services, and education. The Department’s management of the Indian trust funds is a long-standing issue. Another area of concern is BIA’s administration of its 185 schools and 14 dormitories, which serve about 48,000 Indian students in 23 states. OIG audits in 2001 identified problems in construction and operational planning.

The insular areas have long-standing financial and program management deficiencies, particularly in accurately accounting for expenditures, collecting taxes and other revenues, controlling the level of expenditures, and delivering program services. Contributing to the long-standing problems is the fact that, although each of the insular areas has an internal audit

organization, these organizations, with few exceptions, lack the staff, resources, or independence necessary to provide effective and objective audit coverage of local government operations.

Resource Protection/Restoration. The protection and restoration of natural and cultural resources is one of the Department's five strategic goals and represents an ongoing management challenge. The Department administers about 437 million acres of federal land throughout the United States and the insular areas and has numerous responsibilities for protecting the Nation's natural and cultural resources. The Department faces growing challenges in this area as the demand for economic and recreational uses of America's lands and water resources increases.

Revenue Collections. Although the Department collects in the range of \$6 to \$11 billion annually, OIG and GAO reports have shown that bureaus could enhance revenues collected for royalty payments, recreational fees, and costs recovered for services provided. In 16 reports issued over the last four years, the OIG identified more than \$141 million in lost or potential additional revenues, including \$71.7 million of undercollected royalties, \$17.5 million lost because excess lands were not sold, and \$6.6 million of unrecovered firefighting costs. Also, since 1998, OIG, MMS, and the Department of Justice have recovered underpaid royalties of about \$500 million through settlements with energy companies.

Government Performance and Results Act (GPRA) of 1993. The Department and its bureaus face significant challenges in implementing GPRA requirements to establish performance goals and measures that effectively demonstrate mission accomplishment. Audit reports and reviews indicate that the Department needs to clarify, expand, or supplement GPRA performance measures to explain their significance or better describe reported accomplishments. Preliminary analyses also indicate that deficiencies may exist in the methods for data collection and procedures for data verification.

Procurement, Contracts, and Grants. The Department spends substantial resources each year in contracting for goods and services and in providing federal assistance to states and Indian organizations. Procurement has historically been an area subject to fraud and waste governmentwide, and managing procurement activities is an unending challenge requiring constant attention. The volume of Interior's annual procurement activity exceeds \$3 billion, of which an estimated \$2 billion is provided to states and Indian tribes in grants and other types of federal aid assistance.

Emergency Management. The attacks on America on September 11, 2001, exposed the vulnerability of Interior employees, visitors, infrastructure, and national monuments to the extreme danger and damage caused by terrorist actions. Since September 11, the Department has responded to the threat of terrorist activities by operating at a heightened level of security supported through reallocations of budgeted funding and using supplemental appropriations authorized by the President for disaster recovery and security needs. To implement an overall strategy for providing heightened security for the future, the Department has established four priorities: (1) providing security personnel in each bureau; (2) protecting facilities that significantly affect national security or the economy; (3) identifying and upgrading the security for all appropriate facilities; and (4) strengthening law enforcement on Interior lands adjacent to the Nation's northern and southwest borders.

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