# APPENDICES

## PERFORMANCE AND RESOURCE TABLES

To make the report more useful, this FY 2011 Performance and Accountability Report (PAR) reports on targets and measures from the FY 2011 Annual Performance Plan (APP)—exhibit 3A of each bureau's budget. Measures have been modified to incorporate any changes made to the FY 2011 budget that appear in the FY 2012 budget. Individual bureau-specific APPs can be found on the Department Web site at *http://www.osec.doc.gov/bmi/budget/budgetsub_perf_strategicplans.htm*. The resource tables with the performance tables are also combined to make the information easier to follow.

In FY 2011, the Department began implementing its new FY 2011-FY 2016 Strategic Plan. In so doing, the Department restructured the FY 2010 PAR to reflect the structure of the new strategic plan. The Department has applied that new structure to this FY 2011 PAR. The following tables provide an array of financial and FTE information from FY 2007 to FY 2011, covering a period of five fiscal years where the information is available. In some cases, performance information is available from FY 2002 onward. The information should help the reader clearly understand the resources expended for each Theme, Strategic Goal, and Performance Objective.

The system of reporting does not currently allow the Department to report on resources at the performance measure level but it is the Department's hope to develop this capability in the future. For a given year, it is important to note that if a performance measure has been exceeded (more than 125 percent of target), the status box for that year will be shaded blue. If a performance measure has been met (100 to 125 percent of target), the box is shaded green. The status box for a measure that was slightly below target (95 to 99 percent of the target) is shaded yellow, while the box for a measure that was definitely not met is shaded red. In addition, for FY 2008 OMB introduced a new category, "Improved but not met." In those cases, the box is shaded orange. No targets that were in the form of text (e.g., a series of milestones met) would ever be considered exceeded since they cannot be quantified.

The information in the tables will follow the following format:

- Strategic Theme and Resources
- Strategic Goal and Resources
- Performance Objective and Resources
- Performance Measure

Note: Unless otherwise indicated, measures that do not have FY 2011 targets are not included in any count in this document. FY 2011 resources for each performance objective may be estimates and may be updated in the budget for FY 2013. FY 2010 resources may have been updated since the FY 2010 PAR.

Target and performance data are tracked back to FY 2002 where available. If a measure was developed after FY 2002, actual performance data is shown back to the year that the measure first appeared.

FTE = Full-time equivalent employment. All dollar amounts shown are in millions, unless otherwise indicated.

# THEME 1: ECONOMIC GROWTH

| ECONOMIC GROWTH TOTAL RESOURCES (Dollars in Millions) | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $4,581.5 | $4,607.2 | $4,973.0 | $8,295.6 | $4,227.4 |
| FTE | 14,002 | 14,390 | 15,025 | 14,959 | 15,703 |

## STRATEGIC GOAL – INNOVATION AND ENTREPRENEURSHIP: *Develop the tools, systems, policies, and technologies critical to transforming our economy, fostering U.S. competitiveness, and driving the development of new businesses*

| INNOVATION AND ENTREPRENEURSHIP TOTAL RESOURCES (Dollars in Millions) | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $3,766.3 | $3,799.7 | $4,055.3 | $7,388.1 | $3,283.1 |
| FTE | 11,398 | 11,925 | 12,591 | 12,517 | 13,190.0 |

### OBJECTIVE 1: Improve intellectual property protection by reducing patent pendency, maintaining trademark pendency, and increasing the quality of issued patents and trademarks (USPTO)

| OBJECTIVE 1 TOTAL RESOURCES (Dollars in Millions) | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $1,698.0 | $1,806.8 | $1,813.2 | $1,890.3 | $2,111.7 |
| FTE | 7,970 | 8,821 | 9,455 | 9,286 | 9,842 |

| USPTO PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Final rejection allowance compliance rate | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 95.6% | 95.6% - 96.5% |
| FY 2010 | Met | 96.3% | 94.5% |
| FY 2009 | Met | 94.4% | N/A |

| USPTO PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Non-final in-process compliance rate | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 95.2% | 94.6% - 95.6% |
| FY 2010 | Met | 94.9% | 94.0% |
| FY 2009 | Met | 93.6% | N/A |

| USPTO PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Patent first action pendency (months) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Slightly Below | 28.0 | 26.3 |
| FY 2010 | Slightly Below | 25.7 | 25.4 |
| FY 2009 | Met | 25.8 | 27.5 |
| FY 2008 | Met | 25.6 | 26.9 |
| FY 2007 | Not Met | 25.3 | 23.7 |
| FY 2006 | Slightly Below | 22.6 | 22.0 |
| FY 2005 | Met | 21.1 | 21.3 |
| FY 2004 | Met | 20.2 | 20.2 |
| FY 2003 | Met | 18.3 | 18.4 |
| FY 2002 | Not Met | 16.7 | 14.7 |

| USPTO PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Patent total pendency (months) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 33.7 | 34.8 |
| FY 2010 | Slightly Below | 35.3 | 34.8 |
| FY 2009 | Met | 34.6 | 37.9 |
| FY 2008 | Met | 32.2 | 34.7 |
| FY 2007 | Met | 31.9 | 33.0 |
| FY 2006 | Met | 31.1 | 31.3 |
| FY 2005 | Met | 29.1 | 31.0 |
| FY 2004 | Met | 27.6 | 29.8 |
| FY 2003 | Met | 26.7 | 27.7 |
| FY 2002 | Met | 24.0 | 26.5 |

| USPTO PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Patent applications filed electronically | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 93.1% | 90.0% |
| FY 2010 | Slightly Below | 89.5% | 90.0% |
| FY 2009 | Met | 82.4% | 80.0% |
| FY 2008 | Met | 71.7% | 69.0% |
| FY 2007 | Met | 49.3% | 40.0% |
| FY 2006 | Exceeded | 14.2% | 10.0% |
| FY 2005 | Improved but Not Met | 2.2% | 4.0% |
| FY 2004 | Improved but Not Met | 1.5% | 2.0% |
| FY 2003 | Not Met | 1.3% | 2.0% |

| USPTO PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Trademark first action compliance rate | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 96.5% | 95.5% |
| FY 2010 | Met | 96.6% | 95.5% |
| FY 2009 | Met | 96.4% | 95.5% |
| FY 2008 | Met | 95.8% | 95.5% |
| FY 2007 | Met | 95.9% | 95.5% |
| FY 2006 | Met | 95.7% | 93.5% |
| FY 2005 | Met | 95.3% | 92.5% |
| FY 2004 | Met | 92.1% | 91.7% |

| USPTO PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Trademark final compliance rate | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 97.0% | 97.0% |
| FY 2010 | Slightly Below | 96.8% | 97.0% |
| FY 2009 | Met | 97.6% | 97.0% |

| USPTO PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Trademark first action pendency (months) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 3.1 | 2.5-3.5 |
| FY 2010 | Met | 3.0 | 2.5-3.5 |
| FY 2009 | Met | 2.7 | 2.5-3.5 |
| FY 2008 | Met | 3.0 | 2.5-3.5 |
| FY 2007 | Met | 2.9 | 3.7 |
| FY 2006 | Met | 4.8 | 5.3 |
| FY 2005 | Met | 6.3 | 6.4 |
| FY 2004 | Not Met | 6.6 | 5.4 |
| FY 2003 | Not Met | 5.4 | 3.0 |
| FY 2002 | Not Met | 4.3 | 3.0 |

| USPTO PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Trademark average total pendency (months), excluding suspended and inter partes proceedings | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 10.5 | 12.5 |
| FY 2010 | Met | 10.5 | 13.0 |
| FY 2009 | Met | 11.2 | 13.0 |

| USPTO PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Trademark applications processed electronically | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 73.0% | 68.0% |
| FY 2010 | Met | 68.1% | 65.0% |
| FY 2009 | Met | 62.0% | 62.0% |

**OBJECTIVE 2: Expand international markets for U.S. firms and inventors by improving the protection and enforcement if intellectual property rights (USPTO)**

| OBJECTIVE 2 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $68.4 | $45.7 | $43.2 | $48.7 | $49.2 |
| FTE | 321 | 141 | 139 | 145 | 150 |

| USPTO PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percentage of prioritized countries that have implemented at least 75% of action steps in the country-specific action plans toward progress along following dimensions:<br>1. Institutional improvements of IP office administration for advancing IPR<br>2. Institutional improvements of IP enforcement entities<br>3. Improvements in IP laws and regulations<br>4. Establishment of government-to-government cooperative mechanisms | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 75% | 75% |
| FY 2010 | Exceeded | 75% | 50% |

**OBJECTIVES 3, 6, and 7**

The following 10 measures associated with EDA overlap among the following three different objectives. A crosswalk of these measures appears after this list followed by the histories of each. While Objective 6 has no other measures other than the ones noted in this list, Objectives 3 and 7 have separate measures that don't overlap with each other. These measures are shown separately under the appropriate goal after this section, along with the funding breakout for all three objectives.

- OBJECTIVE 3: Stimulate high-growth business formation and entrepreneurship through investing in high-risk, high-reward technologies and by removing impediments to accelerate technology commercialization (EDA, NIST)
- OBJECTIVE 6: Promote the advancement of sustainable technologies, industries, and infrastructure (EDA)
- OBJECTIVE 7: Promote the vitality and competitiveness of our communities and businesses, particularly those that are disadvantaged or in distressed areas (EDA, MBDA)

| Performance Measure | Objective 3 | Objective 6 | Objective 7 |
|---|---|---|---|
| Private investment leveraged – 9 year totals (in millions) | ✓ | ✓ | ✓ |
| Private investment leveraged – 6 year totals (in millions) | ✓ | ✓ | ✓ |
| Private investment leveraged – 3 year totals (in millions) | ✓ | ✓ | ✓ |
| Jobs created/retained – 9 year totals | ✓ | ✓ | ✓ |
| Jobs created/retained – 6 year totals | ✓ | ✓ | ✓ |
| Jobs created/retained – 3 year totals | ✓ | ✓ | ✓ |
| Percentage of Economic Development Districts (EDD) and Indian tribes implementing projects from the Comprehensive Economic Development Strategy (CEDS) that lead to private investment and jobs | ✓ | | ✓ |
| Percentage of sub-state jurisdiction members actively participating in the Economic Development District program | ✓ | | ✓ |
| Percentage of University Center clients taking action as a result of University Center assistance | ✓ | | ✓ |
| Percentage of those actions taken by University Center clients that achieve the expected results | ✓ | | ✓ |

| EDA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Private investment leveraged – 9 year totals (in millions)[1] | | | |
| **Year** | **Status** | **Actual** | **Target** |
| FY 2011 | Exceeded | $3,960 | $1,940 |
| FY 2010 | Met | $2,758 | $2,410 |
| FY 2009 | Met | $2,210 | $2,040 |
| FY 2008 | Exceeded | $4,173 | $2,080 |
| FY 2007 | Exceeded | $1,937 | $1,350 |
| FY 2006 | Exceeded | $2,331 | $1,162 |

[1] EDA tracks the results of its investments and jobs created/retained at 3, 6, and 9 year periods. The FY 2011 actual is a result of investments made in FY 2002. Since EDA did not begin tracking results until FY 1997 in this format, 9 year results are not available for the years prior to FY 2006.

| EDA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Private investment leveraged – 6 year totals (in millions)[1] | | | |
| **Year** | **Status** | **Actual** | **Target** |
| FY 2011 | Exceeded | $1,617 | $674 |
| FY 2010 | Exceeded | $2,281 | $824 |
| FY 2009 | Met | $855 | $810 |
| FY 2008 | Exceeded | $1,393 | $970 |
| FY 2007 | Exceeded | $2,118 | $1,200 |
| FY 2006 | Met | $1,059 | $1,020 |
| FY 2005 | Exceeded | $1,781 | $1,040 |
| FY 2004 | Exceeded | $1,740 | $650 |
| FY 2003 | Exceeded | $2,475 | $581 |

[1] This is the 6 year result measure. FY 2011 actuals are the result of investments made in FY 2005.

| EDA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Private investment leveraged – 3 year totals (in millions)[1] | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | $1,475 | $245 |
| FY 2010 | Exceeded | $1,544 | $259 |
| FY 2009 | Exceeded | $484 | $265 |
| FY 2008 | Exceeded | $1,013 | $270 |
| FY 2007 | Exceeded | $810 | $330 |
| FY 2006 | Exceeded | $1,669 | $320 |
| FY 2005 | Exceeded | $1,791 | $390 |
| FY 2004 | Exceeded | $947 | $480 |
| FY 2003 | Exceeded | $1,251 | $400 |
| FY 2002 | Exceeded | $640 | $420 |

[1] This is the 3 year result measure. FY 2011 actuals are the result of investments made in FY 2008.

| EDA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Jobs created/retained – 9 year totals[1] | | | |
| Year | Status | Actual | Target |
| FY 2011 | Slightly Below | 56,058 | 57,800 |
| FY 2010 | Not Met | 66,527 | 72,000 |
| FY 2009 | Not Met | 45,866 | 56,500 |
| FY 2008 | Met | 57,701 | 56,900 |
| FY 2007 | Exceeded | 73,559 | 54,000 |
| FY 2006 | Met | 50,546 | 50,400 |

[1] EDA tracks the results of its investments and jobs created/retained at 3, 6, and 9 year periods. The FY 2011 actual is a result of investments made in FY 2002. Since EDA did not begin tracking results until FY 1997 in this format, 9 year results are not available for the years prior to FY 2006.

| EDA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Jobs created/retained – 6 year totals[1] | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | 26,416 | 18,193 |
| FY 2010 | Met | 26,695 | 22,497 |
| FY 2009 | Met | 24,533 | 22,900 |
| FY 2008 | Met | 30,719 | 28,900 |
| FY 2007 | Exceeded | 49,806 | 36,000 |
| FY 2006 | Exceeded | 42,958 | 28,200 |
| FY 2005 | Exceeded | 47,374 | 28,400 |
| FY 2004 | Exceeded | 68,109 | 27,000 |
| FY 2003 | Exceeded | 47,607 | 25,200 |

[1] This is the 6 year result measure. FY 2011 actuals are the result of investments made in FY 2005.

| EDA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Jobs created/retained – 3 year totals[1] | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | 14,842 | 6,256 |
| FY 2010 | Exceeded | 9,159 | 6,628 |
| FY 2009 | Exceeded | 9,137 | 7,019 |
| FY 2008 | Exceeded | 14,819 | 7,227 |
| FY 2007 | Exceeded | 16,274 | 8,999 |
| FY 2006 | Exceeded | 11,833 | 9,170 |
| FY 2005 | Exceeded | 19,672 | 11,500 |
| FY 2004 | Exceeded | 21,901 | 14,400 |
| FY 2003 | Exceeded | 39,841 | 11,300 |
| FY 2002 | Exceeded | 29,912 | 11,300 |

[1] This is the 3 year result measure. FY 2011 actuals are the result of investments made in FY 2008.

The following four measures apply to Objectives 3 and 7, but not Objective 6.

| EDA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percentage of Economic Development Districts (EDD) and Indian tribes implementing projects from the Comprehensive Economic Development Strategy (CEDS) that lead to private investment and jobs | | | |
| Year | Status | Actual | Target |
| FY 2011 | Not Met | 86% | 95% |
| FY 2010 | Not Met | 89% | 95% |
| FY 2009 | Slightly Below | 93% | 95% |
| FY 2008 | Slightly Below | 92% | 95% |
| FY 2007 | Met | 95% | 95% |
| FY 2006 | Met | 96% | 95% |
| FY 2005 | Met | 97% | 95% |
| FY 2004 | Met | 97% | 95% |
| FY 2003 | Met | 99% | 95% |

| EDA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percentage of sub-state jurisdiction members actively participating in the Economic Development District program | | | |
| Year | Status | Actual | Target |
| FY 2011 | Slightly Below | 85% | 89% |
| FY 2010 | Slightly Below | 87% | 89-93% |
| FY 2009 | Met | 92% | 89-93% |
| FY 2008 | Met | 90% | 89-93% |
| FY 2007 | Met | 92% | 89-93% |
| FY 2006 | Met | 90% | 89-93% |
| FY 2005 | Met | 91% | 89-93% |
| FY 2004 | Met | 90% | 89-93% |
| FY 2003 | Met | 97% | 89-93% |
| FY 2002 | Met | 95% | 93% |

| EDA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percentage of University Center clients taking action as a result of University Center assistance | | | |
| Year | Status | Actual | Target |
| FY 2011 | Not Met | 68% | 75% |
| FY 2010 | Met | 76% | 75% |
| FY 2009 | Not Met | 70% | 75% |
| FY 2008 | Met | 80% | 75% |
| FY 2007 | Met | 84% | 75% |
| FY 2006 | Met | 76% | 75% |
| FY 2005 | Met | 79% | 75% |
| FY 2004 | Met | 78% | 75% |
| FY 2003 | Met | 78% | 75% |

| EDA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percentage of those actions taken by University Center clients that achieve the expected results | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 83% | 80% |
| FY 2010 | Met | 90% | 80% |
| FY 2009 | Met | 92% | 80% |
| FY 2008 | Met | 84% | 80% |
| FY 2007 | Met | 89% | 80% |
| FY 2006 | Met | 82% | 80% |
| FY 2005 | Met | 87% | 80% |
| FY 2004 | Met | 88% | 80% |
| FY 2003 | Met | 86% | 80% |

**OBJECTIVE 3: Stimulate high-growth business formation and entrepreneurship through investing in high-risk, high-reward technologies and by removing impediments to accelerate technology commercialization (EDA, NIST)**

| OBJECTIVE 3 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual[1] | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $215.5 | $198.2 | $248.6 | $202.5 | $231.9 |
| FTE | 404 | 151 | 152 | 173 | 180 |

[1] For FY 2007, NIST data is associated with the NIST Advanced Technology Program (ATP) which was discontinued in FY 2007. However, since the funding amounts factor into the total for this objective, strategic goal, and theme, this PAR shows these amounts for informational purposes. FY 2008 – FY 2011 reflects amounts for the NIST Technology Innovation Program (TIP).

The EDA measures associated with this objective also apply to Objectives 6 and 7. The histories of these measures appear immediately after Objective 2. The following measures are unique to Objective 3 and are associated with the NIST Technology Innovation Program (TIP).

| NIST PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Cumulative number of TIP projects funded | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 38 | 38 |
| FY 2010 | Met | 29 | 25 |
| FY 2009 | Met | 9 | 9 |

NIST began tracking the following TIP measures in FY 2009, however, the results will not be available until beginning in FY 2012.

| NIST PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Cumulative number of publications | | | |
| Year | Status | Actual | Target |
| FY 2011 | N/A | N/A | 105 in FY 2014 |
| FY 2010 | N/A | N/A | 60 in FY 2013 |
| FY 2009 | N/A | N/A | 24 in FY 2012 |

| NIST PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Cumulative number of patent applications | | | |
| Year | Status | Actual | Target |
| FY 2011 | N/A | N/A | 35 in FY 2014 |
| FY 2010 | N/A | N/A | 30 in FY 2013 |
| FY 2009 | N/A | N/A | 12 in FY 2012 |

| NIST PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Cumulative number of projects generating continued R&D | | | |
| Year | Status | Actual | Target |
| FY 2011 | N/A | N/A | 18 in FY 2014 |
| FY 2010 | N/A | N/A | 10 in FY 2013 |
| FY 2009 | N/A | N/A | 4 in FY 2012 |

| NIST PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Cumulative number of projects with technologies under adoption | | | |
| **Year** | **Status** | **Actual** | **Target** |
| **FY 2011** | **N/A** | N/A | 9 in FY 2014 |
| **FY 2010** | **N/A** | N/A | 5 in FY 2013 |
| **FY 2009** | **N/A** | N/A | 2 in FY 2012 |

**OBJECTIVE 4: Drive innovation by supporting an open global Internet and through communications and broadband policies that enable robust infrastructure, ensure integrity of the system, and support e-commerce (NTIA)**

| OBJECTIVE 4 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | **FY 2007 Actual** | **FY 2008 Actual** | **FY 2009 Actual** | **FY 2010 Actual** | **FY 2011 Actual** |
| Funding | $1,122.0 | $989.7 | $1,137.9 | $4,396.3 | $118.7 |
| FTE | 137 | 141 | 144 | 179 | 168 |

| NTIA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Update the spectrum inventory first established in FY 2010 | | | |
| **Year** | **Status** | **Actual** | **Target** |
| **FY 2011** | **Met** | Completed | Spectrum inventory update |

| NTIA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Identify up to 500 MHz of spectrum to support commercial broadband services or products | | | |
| **Year** | **Status** | **Actual** | **Target** |
| **FY 2011** | **Met** | Completed | Complete identification |

| NTIA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Miles of broadband networks deployed (infrastructure projects) | | | |
| **Year** | **Status** | **Actual** | **Target** |
| **FY 2011** | **Exceeded** | 18,545[1] | 10,000 |

[1] As of June 30, 2011.

| NTIA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Community anchor institutions connected (infrastructure projects) | | | |
| **Year** | **Status** | **Actual** | **Target** |
| **FY 2011** | **N/A** | 1,322[1,2] | 3,000 |

[1] As of June 30, 2011.
[2] NTIA is uncertain whether this target will be met since data will not be available until January 2012.

| NTIA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: New and upgraded computer workstations (public computer centers projects) | | | |
| **Year** | **Status** | **Actual** | **Target** |
| **FY 2011** | **Exceeded** | 16,060[1] | 10,000 |

[1] As of June 30, 2011.

| NTIA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: New household and business subscribers to broadband (sustainable broadband adoption projects) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | 111,829[1] | 25,000 |

[1] As of June 30, 2011.

**OBJECTIVE 5: Provide measurement tools and standards to strengthen manufacturing, enable innovation, and increase efficiency (NIST)**

| OBJECTIVE 5 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $662.4 | $759.3 | $812.4 | $850.3 | $771.6 |
| FTE | 2,566 | 2,671 | 2,721 | 2,734 | 2,850 |

| NIST PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Qualitative assessment and review of technical quality and merit using peer review | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | Completed | Complete annual peer review |
| FY 2010 | Met | Completed | Complete annual peer review |
| FY 2009 | Met | Completed | Complete annual peer review |
| FY 2008 | Met | Completed | Complete annual peer review |
| FY 2007 | Met | Completed | Complete annual peer review |
| FY 2006 | Met | Completed | Complete annual peer review |
| FY 2005 | Met | Completed | Complete annual peer review |
| FY 2004 | Met | Completed | Complete annual peer review |
| FY 2003 | Met | Completed | Complete annual peer review |
| FY 2002 | Met | Completed | Complete annual peer review |

| NIST PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Citation impact of NIST-authored publications | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | > 1.1[1] | > 1.1 |
| FY 2010 | Met | > 1.1 | > 1.1 |
| FY 2009 | Met | > 1.1 | > 1.1 |
| FY 2008 | Met | > 1.1 | > 1.1 |
| FY 2007 | Met | > 1.1 | > 1.1 |

[1] Actual for this measure lags nine months. The actual shown here is based on FY 2010 data.

| NIST PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Peer-reviewed technical publications produced | | | |
| Year | Status | Actual | Target |
| FY 2011 | Not Met | 1,210 | 1,350 |
| FY 2010 | Slightly Below | 1,243 | 1,300 |
| FY 2009 | Met | 1,463 | 1,275 |
| FY 2008 | Met | 1,271 | 1,100 |
| FY 2007 | Met | 1,272 | 1,100 |
| FY 2006 | Met | 1,163 | 1,100 |
| FY 2005 | Met | 1,148 | 1,100 |
| FY 2004 | Not Met | 1,070 | 1,300 |

| NIST PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Standard Reference Materials (SRM) sold[1] | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 32,864 | 31,000 |
| FY 2010 | Met | 31,667 | 31,000 |
| FY 2009 | Slightly Below | 29,769 | 31,000 |
| FY 2008 | Met | 33,373 | 31,000 |
| FY 2007 | Met | 32,614 | 30,000 |
| FY 2006 | Met | 31,195 | 30,000 |
| FY 2005 | Met | 32,163 | 29,500 |
| FY 2004 | Met | 30,490 | 29,500 |
| FY 2003 | Not Met | 1,214 | 1,360 |
| FY 2002 | Met | 1,353 | 1,350 |

[1] From FY 2002 – FY 2003 this was SRMs available.

| NIST PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: NIST-maintained datasets downloaded | | | |
| Year | Status | Actual | Target |
| FY 2011 | Not Met | 19,100,000 | 24,500,000 |
| FY 2010 | Met | 24,956,000[1] | 24,500,000[1] |
| FY 2009 | Met | 226,000,000 | 200,000,000 |
| FY 2008 | Exceeded | 195,500,000 | 130,000,000 |
| FY 2007 | Exceeded | 130,000,000 | 80,000,000 |
| FY 2006 | Met | 94,371,001 | 80,000,000 |
| FY 2005 | Met | 93,305,136 | 80,000,000 |
| FY 2004 | Exceeded | 73,601,352 | 56,000,000 |

[1] Beginning in FY 2010, NIST has revised the methodology for this measure by excluding the hundreds of millions of annual downloads associated with Web-based, time-related services which dominated the total number of downloads in previous years. This adjusted measure will more clearly demonstrate the use of NIST's other online datasets covering scientific and technical databases throughout the NIST laboratories.

| NIST PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Number of calibration tests performed[1] | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | 18,195 | 9,700 |
| FY 2010 | Met | 17,697 | 15,000 |
| FY 2009 | Met | 18,609 | 15,000 |
| FY 2008 | Exceeded | 25,944 | 12,000 |
| FY 2007 | Exceeded | 27,489 | 12,000 |
| FY 2006 | Met | 3,026 | 2,700 |
| FY 2005 | Met | 3,145 | 2,700 |
| FY 2004 | Met | 3,376 | 2,800 |
| FY 2003 | Met | 3,194 | 2,900 |
| FY 2002 | Met | 2,924 | 2,900 |

[1] From FY 2002 – FY 2006, this measure reflected the number of items tested, an amount considerably lower than the number of tests performed.

## STRATEGIC GOAL – MARKET DEVELOPMENT AND COMMERCIALIZATION: *Foster market opportunities that equip businesses and communities with the tools they need to expand, creating quality jobs with special emphasis on unserved and underserved groups*

| MARKET DEVELOPMENT AND COMMERCIALIZATION TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $356.9 | $334.1 | $424.0 | $382.5 | $397.2 |
| FTE | 486 | 457 | 449 | 502 | 477 |

### OBJECTIVE 6: Promote the advancement of sustainable technologies, industries, and infrastructure (EDA)

| OBJECTIVE 6 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | N/A | 10.4 | 16.0 | 28.9 | $20.5 |
| FTE | N/A | 6 | 6 | 15 | 16 |

The measures associated with this objective also apply to Objectives 3 and 7. The histories of these measures appear immediately after Objective 2.

**OBJECTIVE 7: Promote the vitality and competitiveness of our communities and businesses, particularly those that are disadvantaged or in distressed areas (EDA, MBDA)**

| OBJECTIVE 7 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | 189.9 | 186.5 | 242.4 | 172.3 | $201.1 |
| FTE | 176 | 154 | 160 | 181 | 187 |

Several of the EDA measures associated with this objective also apply to Objectives 3 and 6. The histories of these shared measures appear immediately after Objective 2. The following measures are unique to Objective 7 and are associated with EDA and MBDA.

| EDA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percentage of Trade Adjustment Assistance Center (TAAC) clients taking action as a result of the assistance facilitated by the TAACs | | | |
| Year | Status | Actual | Target |
| FY 2011 | Not Met | 73% | 90% |
| FY 2010 | Not Met | 82% | 90% |
| FY 2009 | Slightly Below | 88% | 90% |
| FY 2008 | Met | 92% | 90% |
| FY 2007 | Met | 99% | 90% |
| FY 2006 | Met | 90% | 90% |
| FY 2005 | Met | 99% | 90% |
| FY 2004 | Met | 90% | 90% |
| FY 2003 | Met | 92% | 90% |

| EDA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percentage of those actions taken by Trade Adjustment Assistance Center clients that achieved the expected results | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 100% | 95% |
| FY 2010 | Met | 100% | 95% |
| FY 2009 | Slightly Below | 93% | 95% |
| FY 2008 | Met | 95% | 95% |
| FY 2007 | Met | 99% | 95% |
| FY 2006 | Met | 96% | 95% |
| FY 2005 | Met | 97% | 95% |
| FY 2004 | Met | 98% | 95% |
| FY 2003 | Met | 98% | 95% |

| MBDA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Dollar value of contract awards obtained (billions) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | $1.40 | $1.10 |
| FY 2010 | Exceeded | $1.69 | $1.00 |
| FY 2009 | Exceeded | $2.12 | $0.90 |
| FY 2008 | Met | $0.91 | $0.90 |
| FY 2007 | Exceeded | $1.20 | $0.85 |
| FY 2006 | Exceeded | $1.17 | $0.85 |
| FY 2005 | Exceeded | $1.10 | $0.80 |
| FY 2004 | Met | $0.95 | $0.80 |
| FY 2003 | Not Met | $0.70 | $1.00 |
| FY 2002 | Exceeded | $1.30 | $1.00 |

| MBDA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Dollar value of financial awards obtained (billions) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | $2.10 | $0.90 |
| FY 2010 | Exceeded | $2.26 | $0.60 |
| FY 2009 | Exceeded | $0.91 | $0.50 |
| FY 2008 | Exceeded | $1.09 | $0.50 |
| FY 2007 | Met | $0.55 | $0.45 |
| FY 2006 | Not Met | $0.41 | $0.45 |
| FY 2005 | Met | $0.50 | $0.45 |
| FY 2004 | Exceeded | $0.60 | $0.40 |
| FY 2003 | Met | $0.40 | $0.40 |
| FY 2002 | Met | $0.40 | $0.40 |

| MBDA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Number of new job opportunities created | | | |
| Year | Status | Actual | Target |
| FY 2011 | Slightly Below | 4,200 | 4,300 |
| FY 2010 | Exceeded | 6,397 | 4,000 |
| FY 2009 | Exceeded | 4,134 | 3,000 |
| FY 2008 | Exceeded | 4,603 | 3,000 |
| FY 2007 | Exceeded | 3,506 | 2,050 |
| FY 2006 | Exceeded | 4,254 | 1,800 |
| FY 2005 | Exceeded | 2,270 | 1,800 |

| MBDA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Cumulative economic impact[1] | | | |
| Year | Status | Actual | Target |
| FY 2011 | N/A | N/A | N/A |
| FY 2010 | Exceeded | $23B | $16B |

[1] This is a long-term goal. As such, targets appear every five years with the next one appearing in FY 2015.

## OBJECTIVE 8: Improve the competitiveness of small and medium-sized firms in manufacturing and service industries (ITA, NIST)

| OBJECTIVE 8 TOTAL RESOURCES[1] *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $167.0 | $137.2 | $165.6 | $181.3 | $175.6 |
| FTE | 310 | 297 | 283 | 306 | 274 |

[1] NIST's performance actuals for this objective lagged at least six months. Therefore, beginning with the FY 2005 PAR, NIST shifted to a format in which NIST reports actuals one year later. This date lag, coupled with the time line for producing the PAR, precludes the reporting of actual FY 2011 data. With the exception of the number of clients, the NIST data reported in the current year PAR are an estimate based on three-quarters of actual client reported impacts and one-quarter estimated client impacts.

| ITA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Annual cost savings resulting from the adoption of MAS recommendations contained in MAS studies and analysis | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | $1.8B | $350M |
| FY 2010 | Exceeded | $647M | $350M |
| FY 2009 | Exceeded | $552M | $350M |
| FY 2008 | Exceeded | $455M | $350M |
| FY 2007 | Exceeded | $413M | $168M |
| FY 2006 | Not Met | $287M | $350M |

| NIST PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Number of clients served by Hollings MEP centers receiving federal funding | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 34,299 from FY 2010 funding | 29,000 from FY 2010 funding |
| FY 2010 | Exceeded | 32,926 from FY 2009 funding | 25,500 from FY 2009 funding |
| FY 2009 | Exceeded | 31,961 from FY 2008 funding | 14,500 from FY 2008 funding |
| FY 2008 | Exceeded | 28,004 from FY 2007 funding | 21,237 from FY 2007 funding |
| FY 2007 | Exceeded | 24,722 from FY 2006 funding | 16,440 from FY 2006 funding |
| FY 2006 | Slightly Below | 16,448 from FY 2005 funding | 16,640 from FY 2005 funding |
| FY 2005 | Exceeded | 16,090 from FY 2004 funding | 6 517 from FY 2004 funding |
| FY 2004 | Met | 18,422 from FY 2003 funding | 16,684 from FY 2003 funding |
| FY 2003 | Not Met | 18,748 from FY 2002 funding | 21,543 from FY 2002 funding |

| NIST PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Increased sales attributed to Hollings MEP centers receiving federal funding | | | |
| **Year** | **Status** | **Actual** | **Target** |
| FY 2011 | Met | $2,770M from FY 2010 funding[1] | $2,500M from FY 2010 funding |
| FY 2010 | Exceeded | $3,500M from FY 2009 funding | $2,000M from FY 2009 funding |
| FY 2009 | Exceeded | $3,610M from FY 2008 funding | $630M from FY 2008 funding |
| FY 2008 | Exceeded | $5,600M from FY 2007 funding | $630M from FY 2007 funding |
| FY 2007 | Exceeded | $3,100M from FY 2006 funding | $591M from FY 2006 funding |
| FY 2006 | Exceeded | $2,842M from FY 2005 funding | $591M from FY 2005 funding |
| FY 2005 | Exceeded | $1,889M from FY 2004 funding | $228M from FY 2004 funding |
| FY 2004 | Exceeded | $1,483M from FY 2003 funding | $522M from FY 2003 funding |
| FY 2003 | Exceeded | $953M from FY 2002 funding | $728M from FY 2002 funding |
| FY 2002 | Not Met | $636M from FY 2001 funding | $708M from FY 2001 funding |

[1] Estimate as of June 30, 2011. Once final numbers are in, the status may change to "Exceeded."

| NIST PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Capital investment attributed to Hollings MEP centers receiving federal funding | | | |
| **Year** | **Status** | **Actual** | **Target** |
| FY 2011 | Exceeded | $1,820M from FY 2010 funding[1] | $1,000M from FY 2010 funding |
| FY 2010 | Exceeded | $1,900M from FY 2009 funding | $1,000M from FY 2009 funding |
| FY 2009 | Exceeded | $1,710M from FY 2008 funding | $485M from FY 2008 funding |
| FY 2008 | Exceeded | $2,190M from FY 2007 funding | $955M from FY 2007 funding |
| FY 2007 | Exceeded | $1,650M from FY 2006 funding | $740M from FY 2006 funding |
| FY 2006 | Exceeded | $2,248M from FY 2005 funding | $740M from FY 2005 funding |
| FY 2005 | Exceeded | $941M from FY 2004 funding | $285M from FY 2004 funding |
| FY 2004 | Exceeded | $912M from FY 2003 funding | $559M from FY 2003 funding |
| FY 2003 | Met | $940M from FY 2002 funding | $910M from FY 2002 funding |
| FY 2002 | Not Met | $680M from FY 2001 funding | $913M from FY 2001 funding |

[1] Estimate as of June 30, 2011.

| NIST PERFORMANCE MEASURE | | | |
|---|---|---|---|
| **MEASURE: Cost savings attributed to Hollings MEP centers receiving federal funding** | | | |
| **Year** | **Status** | **Actual** | **Target** |
| **FY 2011** | **Met** | $1,420M from FY 2010 funding[1] | $1,200M from FY 2010 funding |
| **FY 2010** | **Exceeded** | $1,300M from FY 2009 funding | $1,000M from FY 2009 funding |
| **FY 2009** | **Exceeded** | $1,410M from FY 2008 funding | $330M from FY 2008 funding |
| **FY 2008** | **Exceeded** | $1,440M from FY 2007 funding | $521M from FY 2007 funding |
| **FY 2007** | **Exceeded** | $1,100M from FY 2006 funding | $405M from FY 2006 funding |
| **FY 2006** | **Exceeded** | $1,304M from FY 2005 funding | $405M from FY 2005 funding |
| **FY 2005** | **Exceeded** | $721M from FY 2004 funding | $156M from FY 2004 funding |
| **FY 2004** | **Exceeded** | $586M from FY 2003 funding | $353M from FY 2003 funding |
| **FY 2003** | **Exceeded** | $681M from FY 2002 funding | $497M from FY 2002 funding |
| **FY 2002** | **Not Met** | $442M from FY 2001 funding | $576M from FY 2001 funding |

[1] Estimate as of June 30, 2011. Once final numbers are in, the status may change to "Exceeded."

## STRATEGIC GOAL – TRADE PROMOTION AND COMPLIANCE: *Improve our global competitiveness and foster domestic job growth while protecting American security*

| TRADE PROMOTION AND COMPLIANCE TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | **FY 2007 Actual** | **FY 2008 Actual** | **FY 2009 Actual** | **FY 2010 Actual** | **FY 2011 Actual** |
| Funding | $458.3 | $473.4 | $493.7 | $525.0 | $547.1 |
| FTE | 2,118 | 2,008 | 1,985 | 1,940 | 2,036 |

### OBJECTIVE 9: Increase U.S. export value through trade promotion, market access, compliance, and interagency collaboration (including support for small and medium enterprises) (ITA)

| OBJECTIVE 9 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | **FY 2007 Actual** | **FY 2008 Actual** | **FY 2009 Actual** | **FY 2010 Actual** | **FY 2011 Actual** |
| Funding | $263.0 | $273.4 | $283.1 | $296.3 | $336.5 |
| FTE | 1,202 | 1,151 | 1,120 | 1,051 | 1,176 |

| ITA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| **MEASURE: Increase in the annual growth rate of total small and medium-sized (SME) exporters** | | | |
| **Year** | **Status** | **Actual** | **Target** |
| **FY 2011** | **Exceeded** | 3.9% | 2.85% |
| **FY 2010** | **Exceeded** | 6.42% | 2.80% |
| **FY 2009** | **Exceeded** | 4.69% | 2.75% |

| ITA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percentage of advocacy bids won | | | |
| Year | Status | Actual | Target |
| FY 2011 | Not Met | 9.9% | 18% |
| FY 2010 | Not Met | 9% | 17% |
| FY 2009 | N/A | 11% | N/A |

| ITA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Commercial diplomacy success (cases) (annual) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | 243 | 172 |
| FY 2010 | Not Met | 112 | 166 |
| FY 2009 | Met | 196 | 162 |
| FY 2008 | Met | 181 | 160 |

| ITA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Export success firms /active clients firms (annual) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | 28.1% | 21.5% |
| FY 2010 | Exceeded | 29.1% | 11.0% |
| FY 2009 | Exceeded | 23.3% | 10.5% |

| ITA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: US&FCS SME NTE / total change in SME exporters (annual) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Not Met | 1.3% | 13.1% |
| FY 2010 | Not Met | 2.3% | 12.7% |
| FY 2009 | Met | 15.2% | 12.4% |

| ITA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Number of SME NTM firms / SME firms exporting to two to nine markets (annual) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Not Met | 3.6% | 5.0% |
| FY 2010 | Not Met | 3.1% | 3.9% |
| FY 2009 | Not Met | 3.5% | 3.8% |

**OBJECTIVE 10: Implement an effective export control reform program to advance national security and economic competitiveness (BIS)**

| OBJECTIVE 10 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $75.4 | $74.9 | $83.7 | $100.3 | $102.9 |
| FTE | 364 | 353 | 329 | 322 | 351 |

| BIS PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percent of licenses requiring interagency referral referred within 9 days | | | |
| Year | Status | Actual | Target |
| FY 2011 | Not Met | 88% | 98% |
| FY 2010 | Slightly Below | 90% | 95% |
| FY 2009 | Met | 99% | 95% |
| FY 2008 | Met | 98% | 95% |
| FY 2007 | Met | 98% | 95% |
| FY 2006 | Met | 98% | 95% |

| BIS PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Median processing time for new regime regulations (months) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 2.0 | 2.0 |
| FY 2010 | Met | 3.0 | 3.0 |
| FY 2009 | Exceeded | 2.0 | 3.0 |
| FY 2008 | Exceeded | 2.0 | 3.0 |
| FY 2007 | Exceeded | 2.0 | 3.0 |
| FY 2006 | Met | 2.5 | 3.0 |
| FY 2005 | Exceeded | 1.0 | 3.0 |
| FY 2004 | Exceeded | 2.0 | 3.0 |
| FY 2003 | Not Met | 7.0 | 3.0 |

| BIS PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percent of attendees rating seminars highly | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 94% | 93% |
| FY 2010 | Met | 94% | 85% |
| FY 2009 | Met | 93% | 85% |
| FY 2008 | Met | 93% | 85% |
| FY 2007 | Met | 90% | 85% |
| FY 2006 | Met | 90% | 85% |

| BIS PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percent of declarations received from U.S. industry in accordance with CWC regulations (time lines) that are processed, certified, and submitted to the State Department in time so the United States can meet its treaty obligations | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 100% | 100% |
| FY 2010 | Met | 100% | 100% |
| FY 2009 | Met | 100% | 100% |
| FY 2008 | Met | 100% | 100% |
| FY 2007 | Met | 100% | 100% |
| FY 2006 | Met | 100% | 100% |

| BIS PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Number of actions that result in a deterrence or prevention of a violation and cases which result in a criminal and/or administrative charge | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | 1,073 | 850 |
| FY 2010 | Slightly Below | 806 | 850 |
| FY 2009 | Met | 876 | 850 |
| FY 2008 | Exceeded | 881 | 675 |
| FY 2007 | Exceeded | 930 | 450 |
| FY 2006 | Exceeded | 872 | 350 |
| FY 2005 | Exceeded | 583 | 275 |
| FY 2004 | Met | 310 | 250 |
| FY 2003 | Exceeded | 250 | 85 |
| FY 2002 | Met | 82 | 75 |

| BIS PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percent of shipped transactions in compliance with the licensing requirements of the Export Administration Regulations (EAR) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 99% | 99% |
| FY 2010 | Met | 98% | 97% |
| FY 2009 | Met | 96% | 95% |
| FY 2008 | Met | 87% | 87% |

| BIS PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percentage of post-shipment verifications completed and categorized above the "unfavorable" classification | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 382 PSVs/92% | 315 PSVs/85% |
| FY 2010 | Met | 256 PSVs/93% | 260 PSVs/85% |
| FY 2009 | Met | 314 PSVs/88% | 260 PSVs/85% |
| FY 2008 | Met | 136 PSVs 93% | 215 PSVs/80% |

| BIS PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Number of end-use checks completed | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 891 | 850 |
| FY 2010 | Not Met | 708 | 850 |
| FY 2009 | Not Met | 737 | 850 |
| FY 2008 | Not Met | 490 | 850 |
| FY 2007 | Met | 854 | 850 |
| FY 2006 | Exceeded | 942 | 700 |

| BIS PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percent of industry assessments resulting in BIS determination, within three months of completion, on whether to revise export controls | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 100% | 100% |
| FY 2010 | Met | 100% | 100% |
| FY 2009 | Met | 100% | 100% |
| FY 2008 | Met | 100% | 100% |
| FY 2007 | Met | 100% | 100% |
| FY 2006 | N/A | N/A[1] | 100% |

[1] No assessments fell within the metric timeframe in FY 2006. BIS completed two industry assessments late in the fourth quarter of FY 2006, thus not meeting the three month window (before the end of the fiscal year) to make a final determination on revising export controls. This was the first year this measure was in place. Industry assessment data will be available in subsequent fiscal years.

## OBJECTIVE 11: Develop and influence international standards and policies to support the full and fair competitiveness of the U.S. information and communications technology sector (NTIA)

| OBJECTIVE 11 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $1.7 | $1.6 | $1.7 | $1.9 | $2.3 |
| FTE | 8 | 8 | 8 | 8 | 8 |

| NTIA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percent of NTIA positions substantially adopted or successful at international meetings | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | 95% adoption or success | 75% adoption or success |

**OBJECTIVE 12: Vigorously enforce U.S. fair trade laws through impartial investigation of complaints, improved access for U.S. firms and workers, and fuller compliance with antidumping/countervailing duty remedies (ITA)**

| OBJECTIVE 12 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $118.2 | $123.5 | $125.2 | $126.5 | $99.1 |
| FTE | 544 | 496 | 528 | 559 | 501 |

| ITA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percent of industry-specific trade barriers addressed that were removed or prevented | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 35% | 30% |
| FY 2010 | Met | 35% | 30% |
| FY 2009 | Exceeded | 30% | 20% |
| FY 2008 | Exceeded | 29% | 15% |

| ITA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percent of industry-specific trade barrier milestones completed | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 75% | 70% |
| FY 2010 | Exceeded | 75% | 55% |
| FY 2009 | Exceeded | 72% | 55% |
| FY 2008 | Exceeded | 73% | 55% |
| FY 2007 | Not Met | 54% | 85% |
| FY 2006 | Slightly Below | 81% | 85% |

| ITA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percent of agreement milestones completed | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 100% | 100% |
| FY 2010 | Met | 100% | 100% |
| FY 2009 | Not Met | 23% | 100% |
| FY 2008 | Not Met | 70% | 100% |
| FY 2007 | Exceeded | 100% | 70% |
| FY 2006 | Exceeded | 100% | 70% |

| ITA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percentage reduction in trade-distorting foreign subsidy programs | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 3.1% | > 2.0% |
| FY 2010 | Met | 1.7% | > 1.5% |
| FY 2009 | Exceeded | 1.8% | > 1.0% |
| FY 2008 | Exceeded | 1.6% | > 0.5% |

| ITA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percent of AD/CVD determinations issued within statutory and/or regulatory deadlines | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 99% | 90% |
| FY 2010 | Met | 94% | 90% |
| FY 2009 | Slightly Below | 86% | 90% |
| FY 2008 | Met | 92% | 90% |

| ITA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percent of ministerial errors in IA's dumping and subsidy calculations | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 5.1% | < 9% |
| FY 2010 | Exceeded | 7.9% | < 10% |
| FY 2009 | Exceeded | 8% | < 11% |
| FY 2008 | Met | 10% | < 12% |

| ITA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Number of compliance and market access cases resolved successfully | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 51% | 50% |
| FY 2010 | Met | 58% | 50% |
| FY 2009 | Exceeded | 61% | 35% |
| FY 2008 | Met | 39% | 35% |
| FY 2007 | Exceeded | 54% | 25% |
| FY 2006 | Exceeded | 46% | 25% |

| ITA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Value of compliance and market access cases resolved successfully | | | |
| Year | Status | Actual | Target |
| FY 2011 | Not Met | $0.23B | $2.5B |
| FY 2010 | Exceeded | $21.4B | $2.5B |
| FY 2009 | Exceeded | $25.4B | $2.0B |
| FY 2008 | Exceeded | $12.3B | $1.5B |

# THEME 2: SCIENCE AND INFORMATION

## STRATEGIC GOAL: *Generate and communicate new, cutting-edge scientific understanding of technical, economic, social, and environmental systems*

| SCIENCE AND INFORMATION TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $3,775.0 | $4,081.4 | $6,420.4 | $9,693.0 | $4,655.6 |
| FTE | 9,192 | 9,810 | 33,962 | 101,419 | 18,768 |

This theme has only one goal. Therefore the Funding and FTE resources for the theme and the strategic goal are the same.

### OBJECTIVE 13: Increase scientific knowledge and provide information to stakeholders to support economic growth and to improve innovation, technology, and public safety (NTIS, NTIA, NOAA)

| OBJECTIVE 13 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $419.2 | $289.0 | $317.6 | $364.3 | $307.6 |
| FTE | 238 | 235 | 642 | 636 | 626 |

| NTIS PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Number of updated items available (annual) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 836,579 | 825,000 |
| FY 2010 | Exceeded | 969,473 | 765,000 |
| FY 2009 | Met | 893,138 | 745,000 |
| FY 2008 | Met | 813,775 | 725,000 |
| FY 2007 | Met | 744,322 | 665,000 |
| FY 2006 | Met | 673,087 | 660,000 |
| FY 2005 | Met | 658,138 | 530,000 |
| FY 2004 | Met | 553,235 | 525,000 |
| FY 2003 | Met | 530,910 | 520,000 |
| FY 2002 | Met | 514,129 | 510,000 |

| NTIS PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Number of information products disseminated (annual) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 48,958,993 | 47,800,000 |
| FY 2010 | Exceeded | 50,333,206 | 33,000,000 |
| FY 2009 | Exceeded | 49,430,840 | 32,850,000 |
| FY 2008 | Met | 32,267,167 | 32,100,000 |
| FY 2007 | Met | 32,027,113 | 27,100,000 |
| FY 2006 | Met | 30,616,338 | 27,000,000 |
| FY 2005 | Met | 26,772,015 | 25,800,000 |
| FY 2004 | Exceeded | 25,476,424 | 18,000,000 |
| FY 2003 | Exceeded | 29,134,050 | 17,000,000 |
| FY 2002 | Met | 16,074,862 | 16,000,000 |

| NTIS PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Customer satisfaction | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 99.5% | 95-98% |
| FY 2010 | Met | 98% | 95-98% |
| FY 2009 | Met | 98% | 95-98% |
| FY 2008 | Met | 96% | 95-98% |
| FY 2007 | Met | 98% | 95-98% |
| FY 2006 | Met | 98% | 95-98% |
| FY 2005 | Met | 98% | 98% |
| FY 2004 | Slightly Below | 96% | 98% |
| FY 2003 | Slightly Below | 97% | 98% |
| FY 2002 | Met | 98% | 97% |

| NTIA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Annual progress report on the Test-Bed program | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | Published report | Publish annual report |

**OBJECTIVE 14: Enable informed decision-making through an expanded understanding of the U.S. economy, society, and environment by providing timely, relevant, trusted, and accurate data, standards, and services (ESA/CENSUS, ESA/BEA, NOAA)**

| OBJECTIVE 14 TOTAL RESOURCES[1] *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $2,380.9 | $2,800.8 | $5,053.9 | $8,225.5 | $3,278 |
| FTE | 8,954 | 9,575 | 28,282 | 95,689 | 13,048 |
| [1] NOAA had funding for this objective beginning in FY 2007 and FTE beginning in FY 2009. | | | | | |

| ESA/CENSUS PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Correct street features in TIGER (geographic) database (number of counties completed) to more effectively support Census Bureau censuses and surveys, facilitate the geographic partnerships between federal, state, local and tribal governments, and support the E-Government initiative in the President's Management Agenda[1] | | | |
| **Year** | **Status** | **Actual** | **Target** |
| FY 2011 | N/A | N/A | N/A |
| FY 2010 | Exceeded | Increased TIGER update submissions electronically by 51% | Increase TIGER update submissions electronically by 10% |
| FY 2009 | Met | Complete | Complete updates to eligible counties in the United States, Puerto Rico, and Island Areas |
| FY 2008 | Met | 320 | 320 |
| FY 2007 | Met | 737 | 690 |
| FY 2006 | Met | 700 | 700 |
| FY 2005 | Met | 623 | 610 |
| FY 2004 | Met | 602 | 600 |
| FY 2003 | Met | 250 | 250 |

[1] This measure is associated with the 2010 Decennial Census so there are no targets for FY 2011 onward. However, this measure will be updated in the future to reflect activities associated with the 2020 Decennial Census.

| ESA/CENSUS PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Complete key activities for cyclical census programs on time to support effective decision-making by policymakers, businesses, and the public and meet constitutional and legislative mandates | | | |
| **Year** | **Status** | **Actual** | **Target** |
| FY 2011 | Met | At least 90% of key prep activities completed on time | At least 90% of key prep activities completed on time |
| FY 2010 | Met | At least 90% of key prep activities completed on time | At least 90% of key prep activities completed on time |
| FY 2009 | Met | At least 90% of key prep activities completed on time | At least 90% of key prep activities completed on time |
| FY 2008 | Not Met | Some of the planned dress rehearsal activities were cancelled | At least 90% of key prep activities completed on time |
| FY 2007 | Met | > 90% of key prep activities completed on time | At least 90% of key prep activities completed on time |
| FY 2006 | Met | 100% of activities completed on time | At least 90% of key prep activities completed on time |
| FY 2005 | Met | Activities completed on time | Various activities with different dates |

| ESA/CENSUS PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Meet or exceed the overall federal score of customer satisfaction on the E-Government American Customer Satisfaction Index (ACSI) | | | |
| **Year** | **Status** | **Actual** | **Target** |
| FY 2011 | Not Met | 60.0 | 74.0 (federal score) |
| FY 2010 | Not Met | Score was lower in 2 of 4 quarters | Meet or exceed overall federal score |
| FY 2009 | Not Met | 68.0 | 75.2 |
| FY 2008 | Not Met | 66.0 | 73.9 |
| FY 2007 | Met | 74.0 | 71.0 |
| FY 2006 | Met | 72.0 | 71.3 |
| FY 2005 | Met | 73.0 | 73.0 |
| FY 2004 | Slightly Below | 71.0 | 72.0 |

| ESA/CENSUS PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Achieve pre-determined collection rates for Census Bureau censuses and surveys in order to provide statistically reliable data to support effective decision-making of policymakers, businesses, and the public | | | |
| **Year** | **Status** | **Actual** | **Target** |
| FY 2011 | Met | Met percentages | At least 90% of key censuses and surveys meet/exceed collection rates/levels of reliability |
| FY 2010 | Met | Met percentages | At least 90% of key censuses and surveys meet/exceed collection rates/levels of reliability |
| FY 2009 | Met | Met percentages | At least 90% of key censuses and surveys meet/exceed collection rates/levels of reliability |
| FY 2008 | Met | Met percentages | At least 90% of key censuses and surveys meet/exceed collection rates/levels of reliability. |
| FY 2007 | Met | Met percentages | At least 90% of key censuses and surveys meet/exceed collection rates/levels of reliability |
| FY 2006 | Met | Met percentages | At least 90% of key censuses and surveys meet/exceed collection rates/levels of reliability |
| FY 2005 | Met | Met percentages | Various %s - see FY 2006 APP |
| FY 2004 | Met | Met percentages | Various %s - see FY 2005 APP |
| FY 2003 | Met | Met percentages | Various %s - see FY 2004 APP |

| ESA/CENSUS PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Release data products for key Census Bureau programs on time to support effective decision-making of policymakers, businesses, and the public | | | |
| **Year** | **Status** | **Actual** | **Target** |
| FY 2011 | Met | • 100% of Economic Indicators released on time<br>• At least 90% of key prep activities completed on time | • 100% of Economic Indicators released on time<br>• At least 90% of key prep activities completed on time |
| FY 2010 | Met | • 100% of Economic Indicators released on time<br>• At least 90% of key prep activities completed on time | • 100% of Economic Indicators released on time<br>• At least 90% of key prep activities completed on time |
| FY 2009 | Met | • 100% of Economic Indicators released on time<br>• At least 90% of key prep activities completed on time | • 100% of Economic Indicators released on time<br>• At least 90% of key prep activities completed on time |
| FY 2008 | Met | • 100% of Economic Indicators released on time<br>• At least 90% of key prep activities completed on time | • 100% of Economic Indicators released on time<br>• At least 90% of key prep activities completed on time |
| FY 2007 | Met | • 100% of Economic Indicators released on time<br>• At least 90% of other key censuses and surveys data released on time | • 100% of Economic Indicators released on time<br>• At least 90% of other key censuses and surveys data released on time |
| FY 2006 | Met | • 100% of Economic Indicators<br>• 100% of other products | • 100% of Economic Indicators released on time;<br>• At least 90% of other key censuses and surveys data released on time |
| FY 2005 | Met | 22 products | 22 products |
| FY 2004 | Exceeded | 10 products | 7 products |
| FY 2003 | Not Met | 2 products | 3 products |
| FY 2002 | Met | Maintained FY 2009 time | Maintain FY 2009 time |

| ESA/BEA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Timeliness: Reliability of delivery of economic data statistics (number of scheduled releases issued on time) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 62 | 62 |
| FY 2010 | Exceeded | 61 | 55 |
| FY 2009 | Slightly Below | 56 | 57 |
| FY 2008 | Met | 57[1] | 58 |
| FY 2007 | Met | 54 | 54 |
| FY 2006 | Met | 54 | 54 |
| FY 2005 | Met | 54 | 54 |
| FY 2004 | Met | 54 | 54 |
| FY 2003 | Met | 48 | 48 |
| FY 2002 | Met | 50 | 50 |

[1] In FY 2008, the Annual Industry Accounts statistical release was rescheduled from December 13, 2007 to January 29, 2008, in order to include important information from the Census 2006 Annual Survey of Manufacturers (ASM). By delaying this release, BEA was able to provide a better product for BEA's data users, so this measure was considered "Met."

| ESA/BEA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Relevance: Customer satisfaction (mean rating on a 5-point scale) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 4.1 | > 4.0 |
| FY 2010 | Met | 4.4 | > 4.0 |
| FY 2009 | Met | 4.2 | > 4.0 |
| FY 2008 | Met | 4.2 | > 4.0 |
| FY 2007 | Met | 4.3 | > 4.0 |
| FY 2006 | Met | 4.2 | > 4.0 |
| FY 2005 | Met | 4.4 | > 4.0 |
| FY 2004 | Met | 4.3 | > 4.0 |
| FY 2003 | Met | 4.4 | > 4.0 |
| FY 2002 | Met | 4.3 | > 4.0 |

| ESA/BEA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Accuracy: Percent of GDP estimates correct | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 89% | > 85% |
| FY 2010 | Met | 88% | > 85% |
| FY 2009 | Met | 88% | > 85% |
| FY 2008 | Met | 94% | > 85% |
| FY 2007 | Met | 93% | > 85% |
| FY 2006 | Met | 96% | > 85% |
| FY 2005 | Met | 96% | > 85% |
| FY 2004 | Met | 88% | > 85% |
| FY 2003 | Met | 88% | > 85% |

| ESA/BEA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Complete all major strategic plan milestones related to improving the economic accounts[1] | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | Completed all major milestones | Completion of strategic plan milestones |
| FY 2010 | Met | Completed all major milestones | Completion of strategic plan milestones |
| FY 2009 | Met | Completed all major milestones | Completion of strategic plan milestones |
| FY 2008 | Met | Completed all major milestones | Completion of strategic plan milestones |
| FY 2007 | Met | Completed all major milestones | Completion of strategic plan milestones |
| FY 2006 | Met | Completed all major milestones | Completion of strategic plan milestones |
| FY 2005 | Met | Completed all major milestones | Completion of strategic plan milestones |
| FY 2004 | Met | Completed all major milestones | Completion of strategic plan milestones |
| FY 2003 | Met | Completed all major milestones | Completion of strategic plan milestones |

[1] The BEA Strategic Plan and a report card of completed milestones are available in "About BEA" on *www.bea.gov*.

## OBJECTIVE 15: Improve weather, water, and climate reporting and forecasting (NOAA)

| OBJECTIVE 15 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $974.9 | $992.4 | $1,050.5 | $1,093.2 | $1,086.9 |
| FTE | 5,072 | 5,114 | 5,038 | 5,094 | 5,094[1] |

[1] Estimate.

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Severe weather warnings for tornadoes (storm-based) – Lead time (minutes)[1] | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | 15 | 12 |
| FY 2010 | Met | 12 | 12 |
| FY 2009 | Met | 12 | 12 |
| FY 2008 | Exceeded | 14 | 11 |
| FY 2007 | Met | 14 | 13 |
| FY 2006 | Met | 13 | 13 |
| FY 2005 | Met | 13 | 13 |
| FY 2004 | Met | 13 | 12 |
| FY 2003 | Met | 13 | 12 |
| FY 2002 | Met | 12 | 11 |

[1] Prior to FY 2008, these warnings were county-based rather than storm-based.

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Severe weather warnings for tornadoes (storm-based) – Accuracy (%)[1] | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 76% | 70% |
| FY 2010 | Met | 74% | 70% |
| FY 2009 | Slightly Below | 65% | 69% |
| FY 2008 | Met | 72% | 67% |
| FY 2007 | Met | 80% | 75% |
| FY 2006 | Slightly Below | 75% | 76% |
| FY 2005 | Met | 76% | 73% |
| FY 2004 | Met | 75% | 72% |
| FY 2003 | Met | 80% | 70% |
| FY 2002 | Met | 76% | 69% |

[1] Prior to FY 2008, these warnings were county-based rather than storm-based.

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Severe weather warnings for tornadoes (storm-based) – False alarm rate (%)[1] | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 72% | 72% |
| FY 2010 | Slightly Below | 74% | 72% |
| FY 2009 | Not Met | 77% | 72% |
| FY 2008 | Met | 75% | 74% |
| FY 2007 | Met | 75% | 68% |
| FY 2006 | Not Met | 79% | 69% |
| FY 2005 | Not Met | 77% | 69% |
| FY 2004 | Improved but Not Met | 74% | 70% |
| FY 2003 | Not Met | 76% | 70% |
| FY 2002 | Slightly Below | 73% | 71% |

[1] Prior to FY 2008, these warnings were county-based rather than storm-based.

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Severe weather warnings for flash floods (storm-based) – Lead time (minutes) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | 71 | 38[1] |
| FY 2010 | Exceeded | 71 | 38 |
| FY 2009 | Exceeded | 66 | 49 |
| FY 2008 | Exceeded | 77 | 49 |
| FY 2007 | Exceeded | 60 | 48 |
| FY 2006 | Met | 49 | 48 |
| FY 2005 | Met | 54 | 48 |
| FY 2004 | Improved but Not Met | 48 | 50 |
| FY 2003 | Not Met | 41 | 46 |
| FY 2002 | Met | 53 | 45 |

[1] Beginning in FY 2008, NOAA shifted to a storm-based method of forecast as opposed to a county-based method. The reason for this change was to reduce the area warned to provide more specific information to emergency responders and the public. By reducing the areal coverage of NOAA's flash flood warnings, the emergency management community can more effectively target mitigation and response efforts. This new storm-based verification methodology is more stringent and results in lower metric scores for lead time and accuracy for flash floods. Flash flood performance data using this new verification methodology was computed beginning in FY 2008 with actuals and targets being reported from FY 2010 onward.

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Severe weather warnings for flash floods (storm-based) – Accuracy (%) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 80% | 72%[1] |
| FY 2010 | Met | 79% | 72% |
| FY 2009 | Met | 91% | 90% |
| FY 2008 | Met | 92% | 90% |
| FY 2007 | Met | 90% | 89% |
| FY 2006 | Met | 89% | 89% |
| FY 2005 | Met | 89% | 89% |
| FY 2004 | Met | 89% | 89% |
| FY 2003 | Met | 89% | 87% |
| FY 2002 | Met | 89% | 86% |

[1] Beginning in FY 2008, NOAA shifted to a storm-based method of forecast as opposed to a county-based method. The reason for this change was to reduce the area warned to provide more specific information to emergency responders and the public. By reducing the areal coverage of NOAA's flash flood warnings, the emergency management community can more effectively target mitigation and response efforts. This new storm-based verification methodology is more stringent and results in lower metric scores for lead time and accuracy for flash floods. Flash flood performance data using this new verification methodology was computed beginning in FY 2008 with actuals and targets being reported from FY 2010 onward.

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Hurricane forecast track error (48 hours) (nautical miles)[1] | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | 89 | 106 |
| FY 2010 | Exceeded | 89 | 107 |
| FY 2009 | Exceeded | 70 | 108 |
| FY 2008 | Exceeded | 89 | 110 |
| FY 2007 | Exceeded | 86 | 110 |
| FY 2006 | Met | 97 | 111 |
| FY 2005 | Met | 101 | 128 |
| FY 2004 | Exceeded | 94 | 129 |
| FY 2003 | Met | 107 | 130 |
| FY 2002 | Met | 122 | 142 |

[1] Beginning in FY 2007, NOAA reported the previous year's results because data is not available until February and good estimates cannot be determined.

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Hurricane forecast intensity error (48 hours) (difference in knots) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Not Met | 15 | 13 |
| FY 2010 | Not Met | 15 | 13 |
| FY 2009 | Not Met | 18 | 13 |
| FY 2008 | Met | 14 | 14 |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Accuracy (%) (threat score) of day 1 precipitation forecasts | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 34% | 30% |
| FY 2010 | Met | 35% | 30% |
| FY 2009 | Met | 29% | 29% |
| FY 2008 | Met | 33% | 29% |
| FY 2007 | Met | 31% | 29% |
| FY 2006 | Met | 30% | 28% |
| FY 2005 | Met | 29% | 27% |
| FY 2004 | Met | 29% | 25% |
| FY 2003 | Met | 29% | 25% |
| FY 2002 | Exceeded | 26% | 17% |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Winter storm warnings – Lead time (hours) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | 20 | 15 |
| FY 2010 | Exceeded | 21 | 15 |
| FY 2009 | Met | 18 | 16 |
| FY 2008 | Met | 17 | 15 |
| FY 2007 | Exceeded | 18 | 15 |
| FY 2006 | Met | 17 | 15 |
| FY 2005 | Met | 17 | 15 |
| FY 2004 | Met | 16 | 14 |
| FY 2003 | Met | 14 | 14 |
| FY 2002 | Met | 13 | 13 |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Winter storm warnings – Accuracy (%) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Slightly Below | 88% | 90% |
| FY 2010 | Met | 90% | 90% |
| FY 2009 | Slightly Below | 90% | 91% |
| FY 2008 | Slightly Below | 89% | 90% |
| FY 2007 | Met | 92% | 90% |
| FY 2006 | Slightly Below | 89% | 90% |
| FY 2005 | Met | 91% | 90% |
| FY 2004 | Met | 90% | 89% |
| FY 2003 | Met | 90% | 88% |
| FY 2002 | Met | 89% | 86% |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Marine wind speed accuracy (%) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 75% | 69% |
| FY 2010 | Met | 74% | 69% |
| FY 2009 | Met | 74% | 69% |
| FY 2008 | Met | 72% | 68% |
| FY 2007 | Met | 73% | 68% |
| FY 2006 | Not Met | 55% | 58% |
| FY 2005 | Met | 57% | 56% |
| FY 2004 | Met | 57% | 55% |
| FY 2003 | Met | 57% | 54% |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Marine wave height accuracy (%) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 77% | 74% |
| FY 2010 | Met | 76% | 74% |
| FY 2009 | Met | 79% | 74% |
| FY 2008 | Met | 77% | 73% |
| FY 2007 | Met | 78% | 73% |
| FY 2006 | Met | 70% | 68% |
| FY 2005 | Met | 78% | 67% |
| FY 2004 | Met | 70% | 69% |
| FY 2003 | Met | 67% | 66% |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Aviation forecast accuracy for ceiling/visibility (3 mile/1,000 feet or less) (%)[1] | | | |
| Year | Status | Actual | Target |
| FY 2011 | Slightly Below | 63% | 65% |
| FY 2010 | Met | 65% | 65% |
| FY 2009 | Slightly Below | 63% | 64% |
| FY 2008 | Slightly Below | 62% | 63% |
| FY 2007 | Slightly Below | 61% | 62% |
| FY 2006 | Not Met | 43% | 47% |
| FY 2005 | Met | 46% | 46% |
| FY 2004 | Slightly Below | 45% | 46% |
| FY 2003 | Met | 47% | 45% |

[1] From FY 2007 on, the aviation measures were redefined to cover the IFR (Instrument Flight Rule) airspace instead of the limited IFR range of 5,000 feet to three miles. This change was to increase the usefulness of the measure to the general and commercial aviation communities. This change required the measures to be re-baselined. While the numbers for accuracy and FAR appear to be reversed when comparing earlier years, they are actually measuring different things.

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Aviation forecast FAR for ceiling/visibility (3 mile/1,000 feet or less) (%)[1] | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 38% | 41% |
| FY 2010 | Met | 36% | 42% |
| FY 2009 | Met | 38% | 43% |
| FY 2008 | Met | 39% | 44% |
| FY 2007 | Met | 40% | 45% |
| FY 2006 | Met | 64% | 64% |
| FY 2005 | Not Met | 63% | 51% |
| FY 2004 | Not Met | 64% | 52% |
| FY 2003 | Not Met | 64% | 52% |

[1] From FY 2007 on, the aviation measures were redefined to cover the IFR (Instrument Flight Rule) airspace instead of the limited IFR range of 5,000 feet to three miles. This change was to increase the usefulness of the measure to the general and commercial aviation communities. This change required the measures to be re-baselined. While the numbers for accuracy and FAR appear to be reversed when comparing earlier years, they are actually measuring different things.

# THEME 3: ENVIRONMENTAL STEWARDSHIP

## STRATEGIC GOAL: *Promote economically-sound environmental stewardship and science*

| ENVIRONMENTAL STEWARDSHIP TOTAL RESOURCES (Dollars in Millions) | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $1,761.0 | $1,880.4 | $2,479.4 | $2,249.3 | $1,948.8 |
| FTE | 4,924 | 4,920 | 5,169 | 5,260 | 5,260[1] |
| [1] Estimate. | | | | | |

This theme has only one goal. Therefore the Funding and FTE resources for the theme and the strategic goal are the same.

### OBJECTIVE 16: Support climate adaption and mitigation (NOAA)

| OBJECTIVE 16 TOTAL RESOURCES (Dollars in Millions) | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $160.2 | $297.7 | $395.6 | $436.6 | $319.6 |
| FTE | 650 | 580 | 744 | 796 | 796[1] |
| [1] Estimate. | | | | | |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: U.S. temperature forecasts (cumulative skill score computed over the regions where predictions are made) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 22 | 21 |
| FY 2010 | Not Met | 18 | 24 |
| FY 2009 | Exceeded | 27.5 | 20 |
| FY 2008 | Exceeded | 26 | 19 |
| FY 2007 | Exceeded | 29 | 19 |
| FY 2006 | Exceeded | 25 | 18 |
| FY 2005 | Met | 19 | 18 |
| FY 2004 | Not Met | 17 | 21 |
| FY 2003 | Not Met | 17 | 20 |
| FY 2002 | Not Met | 18 | 20 |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Uncertainty in the magnitude of the North American (NA) carbon uptake | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 0.45 GtC/year | 0.45 GtC/year |
| FY 2010 | Not Met | 0.45 GtC/year | 0.40 GtC/year |
| FY 2009 | Met | 0.40 GtC/year | 0.30 GtC/year |
| FY 2008 | Not Met | 0.45 GtC/year | 0.40 GtC/year |
| FY 2007 | Not Met | 0.44 GtC/year | 0.40 GtC/year |
| FY 2006 | Not Met | 0.46 GtC/year | 0.40 GtC/year |
| FY 2005 | Not Met | 0.53 GtC/year | 0.48 GtC/year |
| FY 2004 | Met | 0.51 GtC/year | 0.70 GtC/year |
| FY 2003 | Not Met | 0.57 GtC/year | 0.50 GtC/year |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Error in global measurement of sea surface temperature | | | |
| Year | Status | Actual | Target |
| FY 2011 | Slightly Below | 0.51°C | 0.50°C |
| FY 2010 | Met | 0.50°C | 0.53°C |
| FY 2009 | Met | 0.50°C | 0.50°C |
| FY 2008 | Met | 0.50°C | 0.50°C |
| FY 2007 | Not Met | 0.53°C | 0.50°C |
| FY 2006 | Not Met | 0.53°C | 0.50°C |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Number of regionally focused climate impacts and adaptation studies communicated to decisionmakers | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 41 assessments/evaluations | 41 assessments/evaluations |
| FY 2010 | Met | 41 assessments/evaluations | 41 assessments/evaluations |
| FY 2009 | Met | 37 assessments/evaluations | 37 assessments/evaluations |
| FY 2008 | Met | 35 assessments/evaluations | 35 assessments/evaluations |
| FY 2007 | Met | 32 assessments/evaluations | 32 assessments/evaluations |
| FY 2006 | Met | 33 assessments/evaluations | 32 assessments/evaluations |

## OBJECTIVE 17: Develop sustainable and resilient fisheries, habitats, and species (NOAA)

| OBJECTIVE 17 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $986.0 | $973.6 | $1,245.4 | $1,125.8 | $1,067.7 |
| FTE | 2,983 | 2,994 | 3,058 | 3,105 | 3,105[1] |
| [1] Estimate. | | | | | |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Fish stock sustainability index (FSSI) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 587 | 586 |
| FY 2010 | Met | 582.5 | 580 |
| FY 2009 | Met | 565.5 | 548.5 |
| FY 2008 | Met | 535 | 530.5 |
| FY 2007 | Met | 524 | 505 |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percentage of fish stocks with adequate population assessments and forecasts | | | |
| Year | Status | Actual | Target |
| FY 2011 | Not Met | 55.7% (128/230) | 60.4% (139/230) |
| FY 2010 | Met | 57.4% (132/230) | 57.4% (132/230) |
| FY 2009 | Met | 59.1% (136/230) | 57.4% (132/230) |
| FY 2008 | Met | 56.1% (129/230) | 55.7% (128/230) |
| FY 2007 | Met | 55.7% (128/230) | 53.9% (124/230) |
| FY 2006 | Not Met | 52.2% (120/230) | 57.8% (133/230) |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Number of protected species with adequate population assessments and forecasts | | | |
| Year | Status | Actual | Target |
| FY 2011 | Not Met | 17.6% (69/392) | 18.6% (73/392) |
| FY 2010 | Met | 20.1% (75/373) | 20.1% (75/373) |
| FY 2009 | Met | 29.8% (74/248) | 27.8% (69/248) |
| FY 2008 | Not Met | 25.2% (61/242) | 27.3% (66/242) |
| FY 2007 | Met | 26.6% (64/241) | 26.6% (63/237) |
| FY 2006 | Met | 26.1% (61/234) | 25.2% (59/464) |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Number of protected species designated as threatened, endangered, or depleted with stable or increasing population levels | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 29 | 28[1] |
| FY 2010 | Met | 29 | 25 |
| FY 2009 | Met | 25 | 22 |
| FY 2008 | Met | 24 | 22 |
| FY 2007 | Met | 26 | 26 |
| FY 2006 | Met | 26 | 24 |

[1] This target was revised from 25 to 28 as a result of the FY 2010 actual coming in higher than expected.

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Number of habitat acres restored (annual) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | 15,420 | 8,888 |
| FY 2010 | Not Met | 6,907 | 8,875 |
| FY 2009 | Met | 9,232 | 9,000 |
| FY 2008 | Exceeded | 11,254 | 9,000 |
| FY 2007 | Met | 5,974 | 5,000 |
| FY 2006 | Exceeded | 7,598 | 4,500 |
| FY 2005 | Exceeded | 8,333 | 4,500 |
| FY 2004 | Exceeded | 5,563 | 3,700 |
| FY 2003 | Exceeded | 5,200 | 2,829 |

## OBJECTIVE 18: Support coastal communities that are environmentally and economically sustainable (NOAA)

| OBJECTIVE 18 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $614.8 | $609.1 | $838.4 | $686.9 | $566.5 |
| FTE | 1,291 | 1,346 | 1,367 | 1,359 | 1,359[1] |

[1] Estimate.

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Annual number of coastal, marine, and Great Lakes ecological characterizations that meet management needs | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 50 | 50 |
| FY 2010 | Slightly Below | 48 | 50 |
| FY 2009 | Met | 50 | 50 |
| FY 2008 | Met | 45 | 45 |
| FY 2007 | Met | 27 | 27 |
| FY 2006 | Met | 62 | 53 |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Cumulative number of coastal, marine, and Great Lakes issue-based forecasting capabilities developed and used for management | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 55 | 45 |
| FY 2010 | Met | 42 | 42 |
| FY 2009 | Met | 41 | 41 |
| FY 2008 | Met | 38 | 38 |
| FY 2007 | Met | 35 | 35 |
| FY 2006 | Met | 31 | 31 |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percentage of tools, technologies, and information services that are used by NOAA partners/customers to improve ecosystem-based management | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 88% | 87% |
| FY 2010 | Met | 88% | 86% |
| FY 2009 | Met | 86% | 86% |
| FY 2008 | Met | 86% | 86% |
| FY 2007 | Met | 85% | 85% |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Annual number of coastal, marine, and Great Lakes habitat acres acquired or designated for long-term protection | | | |
| Year | Status | Actual | Target |
| FY 2011 | Not Met | 17,274 | 19,219 |
| FY 2010 | Met | 2,000 | 2,000 |
| FY 2009 | Met | 2,247 | 2,000 |
| FY 2008 | Exceeded | 6,219 | 2,000 |
| FY 2007 | Exceeded | 3,020 | 2,000 |
| FY 2006 | Exceeded | > 86,000,000[1] | 200,137 |

[1] The large FY 2006 actual reflects the new Northwest Hawaiian Islands Marine National Monument.

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percentage of U.S. coastal states and territories demonstrating 20% or more annual improvement in resilience capacity to weather and climate hazards (%/year) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Exceeded | 43% | 36% |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Hydrographic survey backlog within navigationally significant areas (square nautical miles surveyed per year) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Not Met | 2,278 | 2,400 |
| FY 2010 | Not Met | 4,395 | 5,160 |
| FY 2009 | Met | 3,219 | 3,000 |
| FY 2008 | Not Met | 2,127 | 2,500 |
| FY 2007 | Exceeded | 3,198 | 1,350 |
| FY 2006 | Met | 2,851 | 2,500 |
| FY 2005 | Met | 3,079 | 2,700 |
| FY 2004 | Improved but Not Met | 2,070 | 2,290 |
| FY 2003 | Not Met | 1,762 | 2,100 |

| NOAA PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percentage of U.S. counties rated as fully enabled or substantially enabled with accurate positioning capacity | | | |
| Year | Status | Actual | Target |
| FY 2011 | Met | 84.3% | 83.0% |
| FY 2010 | Met | 79.0% | 74.0% |
| FY 2009 | Met | 72.0% | 69.0% |
| FY 2008 | Met | 60.2% | 60.0% |
| FY 2007 | Met | 51.6% | 49.0% |
| FY 2006 | Met | 43.3% | 39.0% |
| FY 2005 | Met | 32.2% | 28.0% |

# THEME 4: CUSTOMER SERVICE

## STRATEGIC GOAL: *Create a culture of outstanding communication and services to our internal and external customers*

| CUSTOMER SERVICE TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $8.6 | $6.1 | $7.7 | $7.0 | $9.3 |
| FTE | N/A | N/A | N/A | N/A | N/A |

This theme has only one goal. Therefore the Funding and FTE resources for the theme and the strategic goal are the same.

While funding has been allotted to Objectives 19, 20, and 21, measures had not yet been developed in time for the FY 2011 budget cycle. Therefore, they do not appear in this PAR. Measures for these objectives will appear in the FY 2012 PAR.

### OBJECTIVE 19: Provide streamlined services and a single point of contact assistance to customers, improving interaction and communication through CommerceConnect, partnerships, and other means of stakeholder involvement (DM)

| OBJECTIVE 19 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | N/A | N/A | N/A | N/A | $0.9 |
| FTE | N/A | N/A | N/A | N/A | N/A |

### OBJECTIVE 20: Promote information access and transparency through the use of technology, fuller understanding of customer requirements, and new data products and services that add value for customers (DM)

| OBJECTIVE 20 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | N/A | N/A | N/A | N/A | N/A |
| FTE | N/A | N/A | N/A | N/A | N/A |

### OBJECTIVE 21: Provide a high level of customer service to our internal and external customers through effective and efficient functions implemented by empowered employees (DM)

| OBJECTIVE 21 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $8.6 | $6.1 | $7.7 | $7.0 | $8.4 |
| FTE | N/A | N/A | N/A | N/A | N/A |

# THEME 5: ORGANIZATIONAL EXCELLENCE

## STRATEGIC GOAL: *Create a high-performing organization with integrated, efficient, and effective service delivery*

| ORGANIZATIONAL EXCELLENCE TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $58.5 | $56.6 | $67.2 | $81.7 | $76.5 |
| FTE | 302 | 297 | 278 | 349 | 334 |

This theme has only one goal. Therefore the Funding and FTE resources for the theme and the strategic goal are the same.

### OBJECTIVE 22: Strengthen financial and non-financial internal controls to maximize program efficiency, ensure compliance with statutes and regulations, and prevent waste, fraud, and abuse of government resources (DM, OIG)

| OBJECTIVE 22 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $49.1 | $48.4 | $53.9 | $66.2 | $59.2 |
| FTE | 302 | 297 | 278 | 349 | 334 |

| DM PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Provide accurate and timely financial information and conform to federal standards, laws, and regulations governing accounting and financial management | | | |
| **Year** | **Status** | **Actual** | **Target** |
| **FY 2011** | **Met** | • Eliminated significant deficiency<br>• Completed A-123 assessment | • Eliminate any significant deficiency within 1 year of determination that there is a significant deficiency<br>• Complete FY 2011 A-123 assessment of internal controls |
| **FY 2010** | **Not Met** | • One significant deficiency was not eliminated<br>• Completed FY 2010 A-123 assessment of internal controls for financial reporting | • Eliminate any significant deficiency within 1 year of determination that there is a significant deficiency<br>• Complete FY 2010 A-123 assessment of internal controls |
| **FY 2009** | **Not Met** | • One significant deficiency was not eliminated<br>• Completed FY 2009 A-123 assessment of internal controls for financial reporting. | • Eliminate any significant deficiency within 1 year of determination that there is a significant deficiency<br>• Complete FY 2009 A-123 assessment of internal controls |
| **FY 2008** | **Not Met** | • The Department closed 70% of prior year financial systems audit findings<br>• Completed FY 2008 A-123 assessment of internal controls for financial reporting<br>• Significant deficiency was not eliminated | • Eliminate any significant deficiency within 1 year of determination<br>• Complete FY 2008 A-123 assessment of internal controls |
| **FY 2007** | **Not Met** | • Completed migration of Commerce Business System.<br>• Completed assessment of internal controls<br>• Significant deficiency was not eliminated | • Eliminate any significant deficiency within 1 year of determination<br>• Complete internal control and document review<br>• Complete FY 2007 A-123 assessment of internal controls<br>• Migrate Commerce Business System to an all Web-base architecture |

*(continued)*

| DM PERFORMANCE MEASURE *(continued)* | | | |
|---|---|---|---|
| **MEASURE: Provide accurate and timely financial information and conform to federal standards, laws, and regulations governing accounting and financial management *(continued)*** | | | |
| **Year** | **Status** | **Actual** | **Target** |
| **FY 2006** | **Not Met** | • Reportable condition not eliminated | • Eliminate any reportable condition within 1year of determination<br>• 95% of management with access to the CRS have financial data/reports by the 15th of month |
| **FY 2005** | **Not Met** | • Corrective action plan (CAP) met<br>• Reportable condition not eliminated | • Eliminate any reportable condition within 1 year of the determination that there is a reportable condition<br>• 90% of management that have access to the Consolidated Reporting System (CRS) have financial data/reports available within 1 day of the 15th of the month after submitting the raw data to the CRS |
| **FY 2004** | **Met** | 100% | 100% |
| **FY 2003** | **Met** | 100% | 100% |
| **FY 2002** | **Met** | 100% | 100% |

| DM PERFORMANCE MEASURE | | | |
|---|---|---|---|
| **MEASURE: Effectively use commercial services management** | | | |
| **Year** | **Status** | **Actual** | **Target** |
| **FY 2011** | **Met** | • > 2%<br>• > 10% | • Increase use of competition by 2% measured by procurement dollars awarded<br>• Decrease procurement dollars awarded on cost-reimbursement, time and materials, and labor hours contracts by 10% |
| **FY 2010** | **N/A** | • Maintained and monitored existing activities, however, no new cost comparisons were permitted under this year's appropriation language, therefore the result is considered not applicable | • Increase use of competition by 2%, measured by procurement dollars awarded<br>• Decrease procurement dollars awarded on a cost-reimbursement, time and materials, and labor hours contracts by 10% |
| **FY 2009** | **Met** | • Due to change in Administration, all new competitive sourcing comparisons have been placed on hold. The same is true for the Green Plan.<br>• 2009 FAIR Act Inventory filed timely with OMB | • Use business process re-engineering, feasibility studies, and/or similar initiatives to identify operational efficiency and effectiveness opportunities |
| **FY 2008** | **Met** | • Completed several feasibility studies in FY 2008 and planned several more for FY 2009 | • Use business process re-engineering, feasibility studies, and/or similar initiatives to identify operational efficiency and effectiveness opportunities |
| **FY 2007** | **Met** | • Bureaus identified FY 2008 feasibility studies which were submitted as part of the Green Plan | • Update and/or continue to implement FY 2006 plan to conduct feasibility studies of Department commercial functions to determine potential new competitions/studies in the outyears |
| **FY 2006** | **Met** | • Green Plan submitted to OMB on 9/28/2006 | • Finalize new green competition plan based on 08/2005 CFO council outcome |
| **FY 2005** | **Met** | • Feasibility studies nominated for 168 FTE | • Complete feasibility studies for 168 FTE to determine 2005-2006 studies |
| **FY 2004** | **Met** | • New FAIR inventory guidance developed | • Multi-year plan under development |
| **FY 2003** | **Not Met** | • Completed competition on 6.6% | • Complete competitions on 10% |
| **FY 2002** | **Not Met** | • Completed competition on 1% | • Complete competition on 5% |

| OIG PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percent of OIG recommendations accepted by Departmental and bureau management | | | |
| Year | Status | Actual | Target |
| FY 2011 | Slightly Below | 94% | 95% |
| FY 2010 | Met | 95%/100% | 95% |
| FY 2009 | Met | 97% | 95% |
| FY 2008 | Met | 100% | 95% |
| FY 2007 | Met | 96% | 95% |
| FY 2006 | Met | 96% | 95% |
| FY 2005 | Met | 99% | 90% |
| FY 2004 | Met | 98% | 90% |
| FY 2003 | Met | 97% | 90% |

| OIG PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Dollar value of financial benefits identified by the OIG | | | |
| Year | Status | Actual | Target |
| FY 2011 | Not Met | $33.6M | $39.0M |
| FY 2010 | Exceeded | $47.8M | $38.0M |
| FY 2009 | Exceeded | $126.9M | $32.0M |
| FY 2008 | Exceeded | $113.0M | $28.0M |
| FY 2007 | Exceeded | $51.7M | $29.6M |
| FY 2006 | Met | $34.2M | $30.0M |
| FY 2005 | Exceeded | $32.0M | $23.0M |
| FY 2004 | Exceeded | $26.0M | $20.0M |
| FY 2003 | Exceeded | $43.3M | $20.0M |

| OIG PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Percent of criminal and civil matters that are accepted for prosecution | | | |
| Year | Status | Actual | Target |
| FY 2011 | Slightly Below | 73% | 75% |
| FY 2010 | Not Met | 61% | 75% |
| FY 2009 | Met | 78% | 63% |
| FY 2008 | Met | 73% | 63% |
| FY 2007 | Met | 73% | 63% |
| FY 2006 | Exceeded | 91% | 63% |
| FY 2005 | Exceeded | 81% | 62% |
| FY 2004 | Exceeded | 67% | 50% |
| FY 2003 | Met | 50% | 50% |

## OBJECTIVE 23: Re-engineer key business processes to increase efficiencies, manage risk, and strengthen effectiveness (DM)

| OBJECTIVE 23 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $3.2 | $3.0 | $4.0 | $3.6 | $3.9 |
| FTE | N/A | N/A | N/A | N/A | N/A |

| DM PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Obligate funds through performance-based contracting (% of eligible service contracting $) | | | |
| Year | Status | Actual | Target |
| FY 2011 | Not Met | 39% | 50% |
| FY 2010 | Not Met | 37% | 50% |
| FY 2009 | Improved but Not Met | 45% | 50% |
| FY 2008 | Not Met | 28% | 50% |
| FY 2007 | Not Met | 28% | 40% |
| FY 2006 | Not Met | 30% | 50% |
| FY 2005 | Not Met | < 50% | 50% |
| FY 2004 | Met | 42% | 40% |
| FY 2003 | Not Met | 24% | 30% |
| FY 2002 | Met | 31% | 25% |

## OBJECTIVE 24: Create an IT enterprise architecture that supports mission-critical business and programmatic requirements, including effective management of cyber security threats (DM)

| OBJECTIVE 24 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $6.2 | $5.2 | $9.3 | $11.9 | $13.4 |
| FTE | N/A | N/A | N/A | N/A | N/A |

| DM PERFORMANCE MEASURE | | | |
|---|---|---|---|
| **MEASURE: Improve the management of information technology** | | | |
| **Year** | **Status** | **Actual** | **Target** |
| **FY 2011** | **Met** | • All IT investments within 10% of cost and schedule<br>• Reviews completed<br>• 89% completion rate<br>• NCSD 3-10 did not receive funding | • IT investments have cost/schedule overruns and performance shortfalls averaging less than 10%<br>• Perform IT security compliance review of all operating units, and 10 FISMA systems in CSAM<br>• Increase security training completion rate to 80% for privileged users (role-based)<br>• Deploy 80% of the required NCSD 3-10 communications capabilities. Expand cyber intelligence communications channel to all operating unit Computer Incident Response Teams |
| **FY 2010** | **Met** | • IT had investments had cost/schedule overruns and performance shortfalls averaging less than 10%<br>• Completed security and vulnerability assessments for all operating units. Submitted findings and recommendations to operating units and OCIO for review.<br>• Implemented cybersecurity development program and graduated 20 candidates from the Department's first class. Enrolled candidates in the program's second class. More than eight candidates have obtained or are planning to obtain security-related certifications.<br>• Deployed national security and emergency network in the development environment. Received official approval to connect from Defense Intelligence Agency. | • IT investments have cost/schedule overruns and performance shortfalls averaging less than 10%<br>• Perform IT security compliance review of all operating units, and 10 FISMA systems in CSAM<br>• Deploy an enterprise-wide role-based cybersecurity training program<br>• Deploy national security and emergency initial operating capability |
| **FY 2009** | **Met** | • Cost/schedule overruns/performance shortfalls averaged under 10%<br>• CSAM C&A enhancements were deployed<br>• IT security compliance in all operating unites and five FISMA systems in CSAM were reviewed | • Cost/schedule overruns/performance shortfalls less than 10%<br>• All national-critical and mission-critical systems certified and accredited with acceptable, quality documentation in place |
| **FY 2008** | **Met** | • Cost/schedule overruns/performance shortfalls less than 10%<br>• All national-critical and mission-critical systems certified and accredited with acceptable, quality documentation in place | • Cost/schedule overruns/performance shortfalls less than 10%<br>• All national-critical and mission-critical systems certified and accredited with acceptable, quality documentation in place |
| **FY 2007** | **Met** | • Cost/schedule overruns/performance shortfalls less than 10%<br>• All national-critical and mission-critical systems certified and accredited | • Cost/schedule overruns/performance shortfalls less than 10%<br>• All national-critical and mission-critical systems certified and accredited |
| **FY 2006** | **Met** | • Cost overruns and performance shortfalls less than 10%<br>• All national-critical and mission-critical systems certified and accredited | • Cost/schedule overruns/performance shortfalls less than 10%<br>• All national-critical and mission-critical systems certified and accredited |
| **FY 2005** | **Met** | • Cost overruns and performance shortfalls less than 10% | • Cost overruns and performance shortfalls less than 10% |

# THEME 6: WORKFORCE EXCELLENCE

## STRATEGIC GOAL: *Develop and support a diverse, highly qualified workforce with the right skills in the right jobs to carry out the Department's mission*

| WORKFORCE EXCELLENCE TOTAL RESOURCES (Dollars in Millions) | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $5.1 | $4.9 | $6.0 | $5.4 | $5.4 |
| FTE | N/A | N/A | N/A | N/A | N/A |

This theme has only one goal. Therefore the Funding and FTE resources for the theme and the strategic goal are the same.

While funding has been allotted to Objectives 26 and 27, measures had not yet been developed in time for the FY 2011 budget cycle. Therefore, they do not appear in this PAR. Measures for these objectives will appear in the FY 2012 PAR.

### OBJECTIVE 25: Recruit, grow, develop, and retain a high-performing, diverse workforce with the critical skills necessary for mission success, including the next generation of scientists and engineers (DM)

| OBJECTIVE 25 TOTAL RESOURCES (Dollars in Millions) | | | | | |
|---|---|---|---|---|---|
| | FY 2007 Actual | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual |
| Funding | $5.1 | $4.9 | $6.0 | $5.4 | $5.4 |
| FTE | N/A | N/A | N/A | N/A | N/A |

| DM PERFORMANCE MEASURE | | | |
|---|---|---|---|
| MEASURE: Acquire and maintain diverse and highly qualified staff in mission-critical occupations | | | |
| **Year** | **Status** | **Actual** | **Target** |
| **FY 2011** | **Exceeded** | • Four mission-critical occupations<br>• 83 calendar days<br>• 103 participants in leadership development<br>• 382 participants in Careers in Motion | • Have new competency models in place for three mission-critical occupations for use in workforce recruitment, training, and development activities<br>• Meet or exceed the 80-day hiring goals mandated by OPM<br>• Train 100-200 participants on leadership development programs via ALDP, ELDP, and APCP<br>• Train 180-200 participants via Careers in Motion |
| **FY 2010** | **Met** | • Produced competency models for four mission-critical occupations<br>• Established a hiring process baseline at 133 days<br>• Trained 98 ALDP, ELDP, and APCP participants via leadership programs and 181 employees via the Careers in Motion Program<br>• Integrated Commerce Learning Center in program administration to enhance measurement of results | • Have new competency models in place for three mission-critical occupations for use in workforce recruitment, training, and development activities<br>• Meet or exceed the 80-day hiring goals mandated by OPM<br>• Train up to 50-70 participants on leadership development programs via ALDP, ELDP, and APCP, and 180-200 participants via Careers in Motion<br>• Integrate Commerce Learning Center in program administration to enhance tracking and progress monitoring |

*(continued)*

| DM PERFORMANCE MEASURES *(continued)* | | | |
|---|---|---|---|
| **MEASURE: Acquire and maintain diverse and highly qualified staff in mission-critical occupations *(continued)*** | | | |
| **Year** | **Status** | **Actual** | **Target** |
| **FY 2009** | **Exceeded** | • Competency models in place for four series including budget analyst, meteorologist, oceanographer, and hydrologist<br>• Average time to fill of 31 days for non-SES candidates<br>• 100 trainees graduated from leadership development programs<br>• Department employees nationwide applied to ALDP | • Have new competency models in place for three mission-critical occupations for use in workforce recruitment, training, and development activities<br>• Meet or exceed the 45-day hiring goals mandated by OPM<br>• Train up to 50-60 participants on leadership development programs via ALDP, ELDP, and APCP<br>• Open ALDP to Department employees nationwide |
| **FY 2008** | **Exceeded** | • Delivered a total of four competency models for the economist, acquisition, mathematical statistician, and chemist series<br>• Exceeded the OPM 45-day-time-to-hire standard with an average fill time of 31 days for non-SES vacancies | • Have new competency models in place for three mission-critical occupations for use in applicant selections and training and development decisions<br>• Meet or exceed the 45-day hiring goals mandated by OPM |
| **FY 2007** | **Met** | • Trained post-secondary internship program applicants to increase applicant pools<br>• Trained managers to make better hiring decisions<br>• Trained employees in project management to close skill gaps | • Improve recruitment strategies via targeted activities<br>• Assist managers in making better selections<br>• Close skill gaps |
| **FY 2006** | **Met** | • Marketed job vacancies to organizations via automated hiring system<br>• Participated in career fairs and special programs<br>• Conducted training of managers and employees | • Improve recruitment strategies via targeted activities<br>• Assist managers in making better selections<br>• Close skill gaps |
| **FY 2005** | **Met** | • Improved from 28% to 29%<br>• Maintained 30 day fill-time | • Improve representation in underrepresented groups<br>• Maintain 30 day fill-time |

**OBJECTIVE 26: Create an optimally-led Department by focusing on leadership development, accountability, and succession planning (DM)**

| OBJECTIVE 26 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | **FY 2007 Actual** | **FY 2008 Actual** | **FY 2009 Actual** | **FY 2010 Actual** | **FY 2011 Actual** |
| Funding | N/A | N/A | N/A | N/A | N/A |
| FTE | N/A | N/A | N/A | N/A | N/A |

**OBJECTIVE 27: Provide an environment that empowers employees and creates a productive and safe workplace (DM)**

| OBJECTIVE 27 TOTAL RESOURCES *(Dollars in Millions)* | | | | | |
|---|---|---|---|---|---|
| | **FY 2007 Actual** | **FY 2008 Actual** | **FY 2009 Actual** | **FY 2010 Actual** | **FY 2011 Actual** |
| Funding | N/A | N/A | N/A | N/A | N/A |
| FTE | N/A | N/A | N/A | N/A | N/A |

# CROSSWALK BETWEEN THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN AND FY 2007 – FY 2012 (OLD) STRATEGIC PLAN

With the completion of the new strategic plan in FY 2011, the Department implemented the structure of the new strategic plan as the structure of the FY 2011 PAR. The first table below is a crosswalk from the new strategic plan to the old strategic plan. The second table shows where the FY 2010 measures appear in the new structure (and the FY 2011 PAR) including which measures have been discontinued in FY 2011 and don't appear in this PAR. The third table shows the bureaus and where they appear in the old strategic plan and the new strategic plan.

**CROSSWALK BETWEEN THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN AND FY 2007 – FY 2012 (OLD) STRATEGIC PLAN**

| FY 2011 – FY 2016 STRATEGIC PLAN (NEW) | FY 2007 – FY 2012 STRATEGIC PLAN (OLD) |
|---|---|
| **New Objective** | **Old Goal, Objective(s)/Outcome(s) which most closely match** |
| Objective 1: Improve intellectual property protection by reducing patent pendency, maintaining trademark pendency, and increasing the quality of issued patents and trademarks (USPTO) | Goal 2: Promote U.S. innovation and industrial competitiveness<br>Objective 2.2: Protect intellectual property and improve the patent and trademark system (portion)<br>● Optimize patent quality and timeliness (USPTO)<br>● Optimize trademark quality and timeliness (USPTO) |
| Objective 2: Expand international markets for U.S. firms and inventors by improving the protection and enforcement of intellectual property rights (USPTO) | Goal 2: Promote U.S. innovation and industrial competitiveness<br>Objective 2.2: Protect intellectual property and improve the patent and trademark system (portion)<br>● Provide domestic and global leadership to improve intellectual property policy, protection, and enforcement worldwide (USPTO) |
| Objective 3: Stimulate high-growth business formation and entrepreneurship, through investing in high-risk, high-reward technologies and by removing impediments to accelerate technology commercialization (EDA, NIST) | Goal 2: Promote U.S. innovation and industrial competitiveness<br>Objective 2.1: Advance measurement science and standards that drive technological change<br>● Promote U.S. competitiveness by directing federal investment and R&D into areas of critical national need that support, promote, and accelerate high-risk, high-reward research and innovation in the United States (NIST) |
| Objective 4: Drive innovation by supporting an open global Internet and through communications and broadband policies that enable robust infrastructure, ensure integrity of the system, and support e-commerce (NTIA) | Goal 2: Promote U.S. innovation and industrial competitiveness<br>Objective 2.3: Advance global e-commerce as well as telecommunications and information services<br>● Promote the availability, and support new sources, of advanced telecommunications and information services (NTIA)<br>● Ensure the effective implementation of the Broadband Technology Opportunities Program (NTIA) |
| Objective 5: Provide measurement tools and standards to strengthen manufacturing, enable innovation, and increase efficiency (NIST) | Goal 2: Promote U.S. innovation and industrial competitiveness<br>Objective 2.1: Advance measurement science and standards that drive technological change<br>● Promote innovation, facilitate trade, and ensure public safety and security by strengthening the Nation's measurement and standards infrastructure (NIST) |

*(continued)*

| CROSSWALK BETWEEN THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN AND FY 2007 – FY 2012 (OLD) STRATEGIC PLAN *(continued)* | |
|---|---|
| **FY 2011 – FY 2016 STRATEGIC PLAN (NEW)** | **FY 2007 – FY 2012 STRATEGIC PLAN (OLD)** |
| **New Objective** | **Old Goal, Objective(s)/Outcome(s) which most closely match** |
| Objective 6: Promote the advancement of sustainable technologies, industries, and infrastructure (EDA) | New – no corresponding objective |
| Objective 7: Promote the vitality and competitiveness of our communities and businesses, particularly those that are disadvantaged or in distressed areas (EDA, MBDA) | Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers<br>Objective 1.1: Foster domestic economic development as well as export opportunities<br>● Promote private investment and job creation in economically distressed communities (EDA)<br>● Improve community capacity to achieve and sustain economic growth (EDA)<br>● Increase access to the marketplace and financing for minority-owned businesses (MBDA) |
| Objective 8: Improve the competitiveness of small and medium-sized firms in manufacturing and service industries (ITA, NIST) | Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers<br>Objective 1.1: Foster domestic economic development as well as export opportunities<br>● Strengthen U.S. competitiveness in domestic and international markets (ITA)<br>Objective 1.4: Position manufacturers to compete in a global economy<br>● Increase the productivity, profitability, and competitiveness of manufacturers (NIST) |
| Objective 9: Increase U.S. export value through trade promotion, market access, compliance, and interagency collaboration (including support for small and medium enterprises) (ITA) | Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers<br>Objective 1.1: Foster domestic economic development as well as export opportunities<br>● Broaden and deepen U.S. exporter base (ITA)<br>Objective 1.2: Advance responsible economic growth and trade while protecting American security<br>● Identify and resolve unfair trade practices (ITA) |
| Objective 10: Implement an effective export control reform program to advance national security and overall economic competitiveness (BIS) | Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers<br>Objective 1.2: Advance responsible economic growth and trade while protecting American security<br>● Maintain and strengthen an adaptable and effective U.S. export control and treaty compliance system (BIS)<br>● Integrate non-U.S. actors to create a more effective global export control and treaty compliance system (BIS)<br>● Ensure continued U.S. technology leadership in industries that are essential to national security (BIS) |

*(continued)*

| CROSSWALK BETWEEN THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN AND FY 2007 – FY 2012 (OLD) STRATEGIC PLAN *(continued)* | |
|---|---|
| **FY 2011 – FY 2016 STRATEGIC PLAN (NEW)** | **FY 2007 – FY 2012 STRATEGIC PLAN (OLD)** |
| **New Objective** | **Old Goal, Objective(s)/Outcome(s) which most closely match** |
| Objective 11: Develop and influence international standards and policies to support the full and fair competitiveness of the U.S. information and communications technology sector (NTIA) | New – no corresponding objective |
| Objective 12: Vigorously enforce U.S. fair trade laws through impartial investigation of complaints, improved access for U.S. firms and workers, and fuller compliance with antidumping/ countervailing duty remedies (ITA) | Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers<br>Objective 1.1: Foster domestic economic development as well as export opportunities<br>● Strengthen U.S. competitiveness in domestic and international markets (ITA) |
| Objective 13: Increase scientific knowledge and provide information to stakeholders to support economic growth and to improve innovation, technology, and public safety (NTIS, NTIA) | Goal 2: Promote U.S. innovation and industrial competitiveness<br>Objective 2.1: Advance measurement science and standards that drive technological change<br>● Increase public access to worldwide scientific and technical information through improved acquisition and dissemination activities (NTIS) |
| Objective 14: Enable informed decision-making through an expanded understanding of the U.S. economy, society, and environment by providing timely, relevant, trusted, and accurate data, standards, and services (ESA/CENSUS, ESA/BEA, NOAA) | Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers<br>Objective 1.3: Advance key economic and demographic data that support effective decision-making of policymakers, businesses, and the American public<br>● Provide benchmark measures of the U.S. population, economy, and governments (ESA/CENSUS)<br>● Provide current measures of the U.S. population, economy, and governments (ESA/CENSUS)<br>● Provide timely, relevant, and accurate economic statistics (ESA/BEA) |
| Objective 15: Improve weather, water, and climate reporting and forecasting (NOAA) | Goal 3: Promote environmental stewardship<br>Objective 3.3: Provide accurate and timely weather and water information (NOAA)<br>Objective 3.4: Support safe, efficient, and environmentally sound commercial navigation (portion) (NOAA) |
| Objective 16: Support climate adaptation and mitigation (NOAA) | Goal 3: Promote environmental stewardship<br>Objective 3.2: Advance understanding of climate variability and change (NOAA) |
| Objective 17: Develop sustainable and resilient fisheries, habitats, and species (NOAA) | Goal 3: Promote environmental stewardship<br>Objective 3.1: Protect, restore, and manage the use of coastal and ocean resources (portion) (NOAA) |
| Objective 18: Support coastal communities that are environmentally and economically sustainable (NOAA) | Goal 3: Promote environmental stewardship<br>Objective 3.1: Protect, restore, and manage the use of coastal and ocean resources (portion) (NOAA)<br>Objective 3.4: Support safe, efficient, and environmentally sound commercial navigation (portion) (NOAA) |

*(continued)*

| CROSSWALK BETWEEN THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN AND FY 2007 – FY 2012 (OLD) STRATEGIC PLAN *(continued)* | |
|---|---|
| **FY 2011 – FY 2016 STRATEGIC PLAN (NEW)** | **FY 2007 – FY 2012 STRATEGIC PLAN (OLD)** |
| **New Objective** | **Old Goal, Objective(s)/Outcome(s) which most closely match** |
| Objective 19: Provide streamlined services and a single point of contact assistance for customers, improving interaction and communication through CommerceConnect, partnerships, and other means of stakeholder involvement (DM) | New – no corresponding objective |
| Objective 20: Promote information access and transparency through the use of technology, fuller understanding customer requirements, and new data products and services that add value to customers (DM) | New – no corresponding objective |
| Objective 21: Provide a high level of customer service to our internal and external customers through effective and efficient functions implemented by empowered employees (DM) | New – no corresponding objective |
| Objective 22: Strengthen financial and non-financial internal controls to maximize program efficiency, ensure compliance with statutes and regulations, and prevent waste, fraud, and abuse of government resources (DM, OIG) | Management Integration Goal: Achieve organizational and management excellence<br>● Ensure effective resource stewardship in support of the Department's programs (DM)<br>● Promote improvements to Department programs and operations by identifying and completing work that (1) promotes integrity, efficiency, and effectiveness; and (2) prevents and detects fraud, waste, and abuse (OIG) |
| Objective 23: Re-engineer key business processes to increase efficiencies, manage risk, and strengthen effectiveness (DM) | New – no corresponding objective |
| Objective 24: Create an IT enterprise architecture that supports mission-critical business and programmatic requirements, including effective management of cyber security threats (DM) | Management Integration Goal: Achieve organizational and management excellence<br>● Acquire and manage technology resources to support program goals (DM) |
| Objective 25: Recruit, grow, develop, and retain a high-performing, diverse workforce with the critical skills necessary for mission success, including the next generation of scientists and engineers (DM) | Management Integration Goal: Achieve organizational and management excellence<br>● Ensure retention of highly qualified staff in mission-critical positions (DM) |
| Objective 26: Create an optimally-led Department by focusing on leadership development, accountability, and succession planning (DM) | New – no corresponding objective |
| Objective 27: Provide an environment that empowers employees and creates a productive and safe workplace (DM) | New – no corresponding objective |

| CROSSWALK OF MEASURES BETWEEN THE FY 2007 – FY 2012 (OLD) STRATEGIC PLAN AND THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN | | |
|---|---|---|
| **FY 2007 – FY 2012 STRATEGIC PLAN (OLD)** | **PERFORMANCE MEASURES (BUREAU)** | **FY 2011 – FY 2016 STRATEGIC PLAN (NEW)** |
| **Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers** | | |
| Objective 1.1: Foster domestic economic development as well as export opportunities | Private investment leveraged – 9 year totals (EDA) | Objective 3: Stimulate high-growth business formation and entrepreneurship, through investing in high-risk, high-reward technologies and by removing impediments to accelerate technology commercialization<br><br>Objective 6: Promote the advancement of sustainable technologies, industries, and infrastructure<br><br>Objective 7: Promote the vitality and competitiveness of our communities and businesses, particularly those that are disadvantaged or in distressed areas |
| | Private investment leveraged – 6 year totals (EDA) | |
| | Private investment leveraged – 3 year totals (EDA) | |
| | Jobs created/retained – 9 year totals (EDA) | |
| | Jobs created/retained – 6 year totals (EDA) | |
| | Jobs created/retained – 3 year totals (EDA) | |
| | Percentage of Economic Development Districts (EDD) and Indian tribes implementing economic development projects from the Comprehensive Economic Development Strategy (CEDS) that lead to private investment and jobs (EDA) | Objective 3: Stimulate high-growth business formation and entrepreneurship, through investing in high-risk, high-reward technologies and by removing impediments to accelerate technology commercialization<br><br>Objective 7: Promote the vitality and competitiveness of our communities and businesses, particularly those that are disadvantaged or in distressed areas |
| | Percentage of sub-state jurisdiction members actively participating in the Economic Development District (EDD) program (EDA) | |
| | Percentage of University Center clients taking action as a result University Center assistance (EDA) | |
| | Percentage of those actions taken by University Center clients that achieve the expected results (EDA) | |

*(continued)*

**CROSSWALK OF MEASURES BETWEEN THE FY 2007 – FY 2012 (OLD) STRATEGIC PLAN AND THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN *(continued)***

| FY 2007 – FY 2012 STRATEGIC PLAN (OLD) | PERFORMANCE MEASURES (BUREAU) | FY 2011 – FY 2016 STRATEGIC PLAN (NEW) |
|---|---|---|
| Objective 1.1: Foster domestic economic development as well as export opportunities (continued) | Percentage of Trade Adjustment Assistance Center (TAAC) clients taking action as a result of the assistance facilitated by the TAACs (EDA) | Objective 7: Promote the vitality and competitiveness of our communities and businesses, particularly those that are disadvantaged or in distressed areas |
| | Percentage of those actions taken by Trade Adjustment Assistance Center clients that achieved the expected results (EDA) | |
| | Dollar value of contract awards obtained (MBDA) | |
| | Dollar value of financial awards obtained (MBDA) | |
| | Number of new job opportunities created (MBDA) | |
| | Cumulative economic impact (MBDA) | |
| | Percent increase in client gross receipts (MBDA) | Discontinued |
| | Annual cost savings resulting from the adoption of MAS recommendations contained in MAS studies and analysis (ITA) | Objective 8: Improve the competitiveness of small and medium-sized firms in manufacturing and service industries |
| | Percent of industry-specific trade barriers addressed that were removed or prevented (ITA) | Objective 12: Vigorously enforce U.S. fair trade laws through impartial investigation of complaints, improved access for U.S. firms and workers, and fuller compliance with antidumping/countervailing duty remedies |
| | Percent of industry-specific trade barrier milestones completed (ITA) | |
| | Export success firms/active client firms (annual) (ITA) | Objective 9: Increase U.S. export value through an emphasis on trade promotion, market access, compliance, and interagency cooperation (including support for small and medium enterprises) |
| | Increase in the annual growth rate of total small and medium-sized (SME) exporters (ITA)[1] | |
| | US&FCS SME NTE/total change in SME exporters (annual) (ITA) | |
| | Commercial diplomacy success (cases) (annual) (ITA) | |
| | Percentage of advocacy bids won (ITA) | |
| | Number of SME NTM firms/SME firms exporting to two to nine markets (annual) (ITA) | |

*[1] This measure was formerly known as "Increase in the percent of small and medium-sized firms that export (ITA)." It will be discontinued in FY 2012.*

*(continued)*

| CROSSWALK OF MEASURES BETWEEN THE FY 2007 – FY 2012 (OLD) STRATEGIC PLAN AND THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN *(continued)* | | |
|---|---|---|
| **FY 2007 – FY 2012 STRATEGIC PLAN (OLD)** | **PERFORMANCE MEASURES (BUREAU)** | **FY 2011 – FY 2016 STRATEGIC PLAN (NEW)** |
| Objective 1.1: Foster domestic economic development as well as export opportunities (continued) | Percent of agreement milestones completed (ITA) | Objective 12: Vigorously enforce U.S. fair trade laws through impartial investigation of complaints, improved access for U.S. firms and workers, and fuller compliance with antidumping/countervailing duty remedies |
| Objective 1.2: Advance responsible economic growth and trade while protecting American security | Number of compliance and market access cases resolved successfully (ITA) | |
| | Value of compliance and market access cases resolved successfully (ITA) | |
| | Percent of AD/CVD determinations issued within statutory and/or regulatory deadlines (ITA) | |
| | Percent of ministerial errors in IA's dumping and subsidy calculations (ITA) | |
| | Percent reduction in trade distorting foreign subsidy programs (ITA) | |
| | Percent of licenses requiring interagency referral referred within 9 days (BIS) | Objective 10: Implement an effective export control reform program to advance national security and overall economic competitiveness |
| | Median processing time for new regime regulations (months) (BIS) | |
| | Percent of attendees rating seminars highly (BIS) | |
| | Percent of declarations received from U.S. industry in accordance with CWC regulations (time lines) that are processed, certified, and submitted to the State Department in time so the United States can meet its treaty obligations (BIS) | |
| | Number of actions that result in a deterrence or prevention of a violation and cases which result in a criminal and/or administrative charge (BIS) | |
| | Percent of shipped transactions in compliance with the licensing requirements of the Export Administration Regulations (EAR) (BIS) | |
| | Percentage of post-shipment verifications completed and categorized above the "unfavorable" classification (BIS) | |
| | Number of end-use checks completed (BIS) | |
| | Percent of industry assessments resulting in BIS determination, within three months of completion, on whether to revise export controls (BIS) | |

*(continued)*

| CROSSWALK OF MEASURES BETWEEN THE FY 2007 – FY 2012 (OLD) STRATEGIC PLAN AND THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN *(continued)* | | |
|---|---|---|
| **FY 2007 – FY 2012 STRATEGIC PLAN (OLD)** | **PERFORMANCE MEASURES (BUREAU)** | **FY 2011 – FY 2016 STRATEGIC PLAN (NEW)** |
| Objective 1.3: Advance key economic and demographic data that support effective decision-making of policymakers, businesses, and the American public | Correct street features in the TIGER (geographic) database (number of counties completed) to more effectively support Census Bureau censuses and surveys, facilitate the geographic partnerships between federal, state, local and tribal governments, and support the E-Government initiative in the President's Management Agenda (ESA/CENSUS) | Objective 14: Enable informed decision-making through an expanded understanding of the U.S. economy, society, and environment by providing timely, relevant, trusted, and accurate data, standards, and services |
| | Complete key activities for cyclical census programs on time to support effective decision-making by policymakers, businesses, and the public and meet constitutional and legislative mandates (ESA/CENSUS) | |
| | Meet or exceed the overall federal score of customer satisfaction on the E-Government American Customer Satisfaction Index (ACSI) (ESA/CENSUS) | |
| | Achieve pre-determined collection rates for Census Bureau censuses and surveys in order to provide statistically reliable data to support effective decision-making of policymakers, businesses, and the public (ESA/CENSUS) | |
| | Release data products for key Census Bureau programs on time to support effective decision-making of policymakers, businesses, and the public (ESA/CENSUS) | |
| | Timeliness: Reliability of delivery of economic statistics (number of scheduled releases issued on time) (ESA/BEA) | |
| | Relevance: Customer satisfaction (mean rating on a 5-point scale) (ESA/BEA) | |
| | Accuracy: Percent of GDP estimates correct (ESA/BEA) | |
| | Complete all major strategic plan milestones related to improving the economic accounts (ESA/BEA) | |
| Objective 1.4: Position manufacturers to compete in a global economy | Number of clients served by Hollings MEP centers receiving federal funding (NIST) | Objective 8: Improve the competitiveness of small and medium-sized firms in manufacturing and service industries |
| | Increased sales attributed to Hollings MEP centers receiving federal funding (NIST) | |
| | Capital investment attributed to Hollings MEP centers receiving federal funding (NIST) | |
| | Cost savings attributed to Hollings MEP centers receiving federal funding (NIST) | |

*(continued)*

| CROSSWALK OF MEASURES BETWEEN THE FY 2007 – FY 2012 (OLD) STRATEGIC PLAN AND THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN *(continued)* | | |
|---|---|---|
| **FY 2007 – FY 2012 STRATEGIC PLAN (OLD)** | **PERFORMANCE MEASURES (BUREAU)** | **FY 2011 – FY 2016 STRATEGIC PLAN (NEW)** |
| **Goal 2: Promote U.S. innovation and industrial competitiveness** | | |
| Objective 2.1: Advance measurement science and standards that drive technological change | Qualitative assessment and review of technical quality and merit using peer review (NIST) | Objective 5: Provide measurement tools and standards to strengthen manufacturing, enable innovation, and increase efficiency |
| | Citation impact of NIST-authored publications (NIST) | |
| | Peer-reviewed technical publications produced (NIST) | |
| | Standard Reference Materials (SRM) sold (NIST) | |
| | NIST-maintained datasets downloaded (NIST) | |
| | Number of calibration tests performed (NIST) | |
| | Number of updated items available (annual) (NTIS) | Objective 13: Increase scientific knowledge and provide information to stakeholders to support economic growth and to improve innovation, technology, and public safety |
| | Number of information products disseminated (annual) (NTIS) | |
| | Customer satisfaction (NTIS) | |
| | Cumulative number of TIP projects funded (NIST) | Objective 3: Stimulate high-growth business formation and entrepreneurship, through investing in high-risk, high-reward technologies and by removing impediments to accelerate technology commercialization |
| NIST began tracking these lagging measures related to the Technology Innovation Program (TIP) in FY 2009, however, the results will not be available until FY 2012. | Cumulative number of publications (NIST) | |
| | Cumulative number of patent applications (NIST) | |
| | Cumulative number of projects generating continued R&D (NIST) | |
| | Cumulative number of projects with technologies under adoption (NIST) | |

*(continued)*

| CROSSWALK OF MEASURES BETWEEN THE FY 2007 – FY 2012 (OLD) STRATEGIC PLAN AND THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN *(continued)* | | |
|---|---|---|
| **FY 2007 – FY 2012 STRATEGIC PLAN (OLD)** | **PERFORMANCE MEASURES (BUREAU)** | **FY 2011 – FY 2016 STRATEGIC PLAN (NEW)** |
| Objective 2.2: Protect intellectual property and improve the patent and trademark system | Non-final in-process compliance rate (USPTO) | Objective 1: Improve intellectual property protection by reducing patent pendency, maintaining trademark pendency, and increasing the quality of issued patents and trademarks |
| | Final rejection allowance compliance rate (USPTO) | |
| | Patent first action pendency (months) (USPTO) | |
| | Patent total pendency (months) (USPTO) | |
| | Patent applications filed electronically (USPTO) | |
| | Trademark first action compliance rate (USPTO) | |
| | Trademark final compliance rate (USPTO) | |
| | Trademark first action pendency (months) (USPTO) | |
| | Trademark average total pendency (months), excluding suspended and inter partes proceedings (USPTO) | |
| | Trademark applications processed electronically (USPTO) | |
| | Percent of prioritized countries that have implemented at least 75% of action steps in the country-specific action plans toward progress in: institutional improvements of IP enforcement entities, IP office administration, and the establishment of government-to-government cooperative mechanisms to improve IP laws and regulations (USPTO) | Objective 2: Expand international markets for U.S. firms and inventors by improving the protection and enforcement of intellectual property rights |

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| CROSSWALK OF MEASURES BETWEEN THE FY 2007 – FY 2012 (OLD) STRATEGIC PLAN AND THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN *(continued)* | | |
|---|---|---|
| **FY 2007 – FY 2012 STRATEGIC PLAN (OLD)** | **PERFORMANCE MEASURES (BUREAU)** | **FY 2011 – FY 2016 STRATEGIC PLAN (NEW)** |
| Objective 2.3: Advance global e-commerce as well as telecommunications and information services | Update the spectrum inventory first established in FY 2010 (NTIA) | Objective 4: Drive innovation by supporting an open global Internet and through communications and broadband policies that enable robust infrastructure, ensure integrity of the system, and support e-commerce |
| | Identify up to 500 MHz of spectrum to support commercial broadband services or products (NTIA) | |
| | Miles of broadband networks deployed (infrastructure projects) (NTIA) [Note: This is a Priority Goal] | |
| | Community anchor institutions connected (infrastructure projects) (NTIA) [Note: This is a Priority Goal] | |
| | New and upgraded public computer workstations (public computer centers projects) (NTIA) [Note: This is a Priority Goal] | |
| | New household and business subscribers to broadband (sustainable broadband adoption projects) (NTIA) [Note: This is a Priority Goal] | |
| | Percent of NTIA positions substantially adopted or successful at international meetings (NTIA) | Objective 11: Develop and influence international standards and policies to support the full and fair competitiveness of the U.S. information and communications technology sector |
| | Annual progress report on the Test-Bed program (NTIA) | Objective 13: Increase scientific knowledge and provide information to stakeholders to support economic growth and to improve innovation, technology, and public safety |

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| CROSSWALK OF MEASURES BETWEEN THE FY 2007 – FY 2012 (OLD) STRATEGIC PLAN AND THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN *(continued)* | | |
|---|---|---|
| **FY 2007 – FY 2012 STRATEGIC PLAN (OLD)** | **PERFORMANCE MEASURES (BUREAU)** | **FY 2011 – FY 2016 STRATEGIC PLAN (NEW)** |
| **Goal 3: Promote environmental stewardship** | | |
| Objective 3.1: Protect, restore, and manage the use of coastal and ocean resources | Fish stock sustainability index (FSSI) (NOAA) | Objective 17: Develop sustainable and resilient fisheries, habitats, and species |
| | Percentage of fish stocks with adequate population assessments and forecasts (NOAA) | |
| | Number of protected species with adequate population assessments and (NOAA) | |
| | Number of protected species designated as threatened, endangered, or depleted with stable or increasing population levels (NOAA) | |
| | Number of habitat acres restored (annual) (NOAA) | |
| | Annual number of coastal, marine, and Great Lakes ecological characterizations that meet management needs (NOAA) | Objective 18: Support coastal communities that are environmentally and economically sustainable |
| | Cumulative number of coastal, marine, and Great Lakes issue-based forecasting capabilities developed and used for management (NOAA) | |
| | Percentage of tools, technologies, and information services that are used by NOAA partners/customers to improve ecosystem-based management (NOAA) | |
| | Annual number of coastal, marine, and Great Lakes habitat acres acquired or designated for long-term protection (NOAA) | |
| New measure beginning in FY 2011 | Percentage of U.S. coastal states and territories demonstrating 20% or more annual improvement in resilience capacity to weather and climate hazards (%/year) (NOAA) | |
| Objective 3.2: Advance understanding of climate variability and change | U.S. temperature forecasts (cumulative skill score computed over the regions where predictions are made) (NOAA) | Objective 16: Support climate adaptation and mitigation |
| | Uncertainty in the magnitude of the North American (NA) carbon uptake (NOAA) | |
| | Error in global measurement of sea surface temperature (NOAA) | |
| | Number of regionally focused climate impacts and adaptation studies communicated to decisionmakers (NOAA) | |
| | Uncertainty in model simulations of the influence of aerosols on climate (NOAA) | Discontinued |

*(continued)*

| CROSSWALK OF MEASURES BETWEEN THE FY 2007 – FY 2012 (OLD) STRATEGIC PLAN AND THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN *(continued)* | | |
|---|---|---|
| **FY 2007 – FY 2012 STRATEGIC PLAN (OLD)** | **PERFORMANCE MEASURES (BUREAU)** | **FY 2011 – FY 2016 STRATEGIC PLAN (NEW)** |
| Objective 3.3: Provide accurate and timely weather and water information | Severe weather warnings for tornados (storm-based) – Lead time (minutes) (NOAA) | Objective 15: Improve weather, water, and climate reporting and forecasting |
| | Severe weather warnings for tornadoes (storm-based) – Accuracy (%) (NOAA) | |
| | Severe weather warnings for tornadoes (storm-based) – False alarm rate (%) (NOAA) | |
| | Severe weather warnings for flash floods (storm-based) – Lead time (minutes) (NOAA) | |
| | Severe weather warnings for flash floods (storm-based) – Accuracy (%) (NOAA) | |
| | Hurricane forecast track error (48 hours) (nautical miles) (NOAA) | |
| | Hurricane forecast intensity error (48 hours) (difference in knots) (NOAA) | |
| | Accuracy (%) (threat score) of day 1 precipitation forecasts (NOAA) | |
| | Winter storm warnings – Lead time (hours) (NOAA) | |
| | Winter storm warnings – Accuracy (%) (NOAA) | |
| Objective 3.4: Support safe, efficient, and environmentally sound commercial navigation | Marine wind speed accuracy (%) (NOAA) | |
| | Marine wave height accuracy (%) (NOAA) | |
| | Aviation forecast accuracy for ceiling/visibility (3 mile/1,000 feet or less) (%) (NOAA) | |
| | Aviation forecast FAR for ceiling/visibility (3 mile/1,000 feet or less) (%) (NOAA) | |
| | Hydrographic survey backlog within navigationally significant areas (square nautical miles surveyed per year) (NOAA) | Objective 18: Support coastal communities that are environmentally and economically sustainable |
| | Percentage of U.S. counties rated as fully enabled or substantially enabled with accurate positioning capacity (NOAA) | |

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**CROSSWALK OF MEASURES BETWEEN THE FY 2007 – FY 2012 (OLD) STRATEGIC PLAN AND THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN *(continued)***

| FY 2007 – FY 2012 STRATEGIC PLAN (OLD) | PERFORMANCE MEASURES (BUREAU) | FY 2011 – FY 2016 STRATEGIC PLAN (NEW) |
|---|---|---|
| **Management Integration Goal** (no objectives existed within this goal) | Provide accurate and timely financial information and conform to federal standards, laws, and regulations governing accounting and financial management (DM) | Objective 22: Strengthen financial and non-financial internal controls to maximize program efficiency, ensure compliance with statutes and regulations, and prevent waste, fraud, and abuse of government resources |
| | Effectively use commercial services management (DM) | |
| | Percentage of OIG recommendations accepted by Departmental and bureau management (OIG) | |
| | Dollar value of financial benefits identified by the OIG (OIG) | |
| | Percentage of criminal and civil matters that are accepted for prosecution (OIG) | |
| | Obligate funds through performance-based contracting (% of eligible service contracting $) (DM) | Objective 23: Re-engineer key business practices to increase efficiencies, manage risk, and strengthen effectiveness |
| | Improve the management of information technology (DM) | Objective 24: Create an IT enterprise architecture that supports mission-critical business and programmatic requirements, including effective management of cyber security threats |
| | Acquire and maintain diverse and highly qualified staff in mission-critical occupations (DM) | Objective 25: Recruit, grow, develop, and retain a high-performing, diverse workforce with the critical skills necessary for mission success, including the next generation of scientists and engineers |

| CROSSWALK OF BUREAUS BETWEEN THE FY 2007 – FY 2012 (OLD) STRATEGIC PLAN AND THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN | | |
|---|---|---|
| **BUREAU** | **FY 2007 – FY 2012 STRATEGIC PLAN (OLD)** | **FY 2011 – FY 2016 STRATEGIC PLAN (NEW)** |
| DM | Management Integration Goal | Customer Service Theme<br>● Objective 19: Provide streamlined services and a single point of contact assistance for customers, improving interaction and communication through CommerceConnect, partnerships, and other means of stakeholder involvement<br>● Objective 20: Promote information access and transparency through the use of technology, fuller understanding of customer requirements, and new data products and services that add value to customers<br>● Objective 21: Provide a high level of customer service to our internal and external customers through effective and efficient functions implemented by empowered employees |
| | | Organizational Excellence Theme<br>● Objective 22: Strengthen financial and non-financial internal controls to maximize program efficiency, ensure compliance with statutes and regulations, and prevent waste, fraud, and abuse of government resources<br>● Objective 23: Re-engineer key business processes to increase efficiencies, manage risk, and strengthen effectiveness<br>● Objective 24: Create an IT enterprise architecture that supports mission-critical business and programmatic requirements, including effective management of cyber security threats |
| | | Workforce Excellence Theme<br>● Objective 25: Recruit, grow, develop, and retain a high-performing, diverse workforce with the critical skills necessary for mission success, including the next generation of scientists and engineers<br>● Objective 26: Create an optimally-led Department by focusing on leadership development, accountability, and succession planning<br>● Objective 27: Provide an environment that empowers employees and creates a productive and safe workplace |
| OIG | Management Integration Goal | Organizational Excellence Theme<br>● Objective 22: Strengthen financial and non-financial internal controls to maximize program efficiency, ensure compliance with statutes and regulations, and prevent waste, fraud, and abuse of government resources |

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**CROSSWALK OF BUREAUS BETWEEN THE FY 2007 – FY 2012 (OLD) STRATEGIC PLAN AND THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN *(continued)***

| BUREAU | FY 2007 – FY 2012 STRATEGIC PLAN (OLD) | FY 2011 – FY 2016 STRATEGIC PLAN (NEW) |
|---|---|---|
| EDA | Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers<br>● Objective 1.1: Foster domestic economic development as well as export opportunities | Economic Growth Theme<br>● Objective 3: Stimulate high-growth business formation and entrepreneurship, through investing in high-risk, high-reward technologies and by removing impediments to accelerate technology commercialization<br>● Objective 6: Promote the advancement of sustainable technologies, industries, and infrastructure<br>● Objective 7: Promote the vitality and competitiveness of our communities and businesses, particularly those that are disadvantaged or in distressed areas |
| ESA/CENSUS | Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers<br>● Objective 1.3: Advance key economic and demographic data that support effective decision-making of policymakers, businesses, and the American public | Science and Information Theme<br>● Objective 14: Enable informed decision-making through an expanded understanding of the U.S. economy, society, and environment by providing timely, relevant, trusted, and accurate data, standards, and services |
| ESA/BEA | Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers<br>● Objective 1.3: Advance key economic and demographic data that support effective decision-making of policymakers, businesses, and the American public | Science and Information Theme<br>● Objective 14: Enable informed decision-making through an expanded understanding of the U.S. economy, society, and environment by providing timely, relevant, trusted, and accurate data, standards, and services |
| ITA | Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers<br>● Objective 1.1: Foster domestic economic development as well as export opportunities<br>● Objective 1.2: Advance responsible economic growth and trade while protecting American security | Economic Growth Theme<br>● Objective 8: Improve the competitiveness of small and medium-sized firms in manufacturing and service industries<br>● Objective 9: Increase U.S. export value through trade promotion, market access, compliance, and interagency collaboration (including support for small and medium enterprises)<br>● Objective 12: Vigorously enforce U.S. fair trade laws through impartial investigation of complaints, improved access for U.S. firms and workers, and fuller compliance with antidumping/countervailing duty remedies |
| BIS | Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers<br>● Objective 1.2: Advance responsible economic growth and trade while protecting American security | Economic Growth Theme<br>● Objective 10: Implement an effective export control reform program to advance national security and economic competitiveness |
| MBDA | Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers<br>● Objective 1.1: Foster domestic economic development as well as export opportunities | Economic Growth Theme<br>● Objective 7: Promote the vitality and competitiveness of our communities and businesses, particularly those that are disadvantaged or in distressed areas |

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**CROSSWALK OF BUREAUS BETWEEN THE FY 2007 – FY 2012 (OLD) STRATEGIC PLAN AND THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN *(continued)***

| BUREAU | FY 2007 – FY 2012 STRATEGIC PLAN (OLD) | FY 2011 – FY 2016 STRATEGIC PLAN (NEW) |
|---|---|---|
| NOAA | Goal 3: Promote environmental stewardship<br>● Objective 3.1: Protect, restore, and manage the use of coastal and ocean resources<br>● Objective 3.2: Advance understanding of climate variability and change<br>● Objective 3.3: Provide accurate and timely weather and water information<br>● Objective 3.4: Support safe, efficient, and environmentally sound commercial navigation | Science and Information Theme<br>● Objective13: Increase scientific knowledge and provide information to stakeholders to support economic growth and to improve innovation, technology, and public safety<br>● Objective 14: Enable informed decision-making through an expanded understanding of the U.S. economy, society, and environment by providing timely, relevant, trusted, and accurate data, standards, and services<br>● Objective 15: Improve weather, water, and climate reporting and forecasting<br><br>Environmental Stewardship Theme<br>● Objective 16: Support climate adaptation and mitigation<br>● Objective 17: Develop sustainable and resilient fisheries, habitats, and species<br>● Objective 18: Support coastal communities that are environmentally and economically sustainable |
| USPTO | Goal 2: Promote U.S. innovation and industrial competitiveness<br>● Objective 2.2: Protect intellectual property and improve the patent and trademark system | Economic Growth Theme<br>● Objective 1: Improve intellectual property protection by reducing patent pendency, maintaining trademark pendency, and increasing the quality of issued patents and trademarks<br>● Objective 2: Expand international markets for U.S. firms and inventors by improving the protection and enforcement of intellectual property rights |
| NIST | Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers<br>● Objective 1.4: Position manufacturers to compete in a global economy<br><br>Goal 2: Promote U.S. innovation and industrial competitiveness<br>● Objective 2.1: Advance measurement science and standards that drive technological change | Economic Growth Theme<br>● Objective 3: Stimulate high-growth business formation and entrepreneurship, through investing in high-risk, high-reward technologies and by removing impediments to accelerate technology commercialization<br>● Objective 5: Provide measurement tools and standards to strengthen manufacturing, enable innovation, and increase efficiency<br>● Objective 8: Improve the competitiveness of small and medium-sized firms in manufacturing and service industries |
| NTIS | Goal 2: Promote U.S. innovation and industrial competitiveness<br>● Objective 2.1: Advance measurement science and standards that drive technological change | Science and Information Theme<br>● Objective 13: Increase scientific knowledge and provide information to stakeholders to support economic growth and to improve innovation, technology, and public safety |

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| CROSSWALK OF BUREAUS BETWEEN THE FY 2007 – FY 2012 (OLD) STRATEGIC PLAN AND THE FY 2011 – FY 2016 (NEW) STRATEGIC PLAN *(continued)* | | |
|---|---|---|
| **BUREAU** | **FY 2007 – FY 2012 STRATEGIC PLAN (OLD)** | **FY 2011 – FY 2016 STRATEGIC PLAN (NEW)** |
| NTIA | Goal 2: Promote U.S. innovation and industrial competitiveness<br>● Objective 2.3: Advance global e-commerce as well as telecommunications and information services | Economic Growth Theme<br>● Objective 4: Drive innovation through supporting an open global Internet and through communications and broadband policies that enable robust infrastructure, ensure integrity of the system, and support e-commerce<br><br>Science and Information Theme<br>● Objective 11: Develop and influence international standards and policies to support the full and fair competitiveness of the U.S. information and communications technology sector<br>● Objective 13: Increase scientific knowledge and provide information to stakeholders to support economic growth and to improve innovation, technology, and public safety |

## STAKEHOLDERS AND CROSSCUTTING PROGRAMS

The Department has numerous crosscutting programs involving multiple bureaus: other federal, state, and local agencies; foreign government; and private enterprise. Federal programs dealing with economic and technological development, the natural environment, international trade, and demographic and economic statistics play a major role in advancing the welfare of all Americans. The Department continues to work with other government agencies in furthering efforts in these areas for the American public. Examples of crosscutting programs external to the Department's bureaus include the following federal, state, local, and international agencies:

| DEPARTMENT OF COMMERCE BUREAU ACTIVITIES | OTHER FEDERAL AGENCIES AND ORGANIZATIONS[1] | |
|---|---|---|
| Chemical Weapons Convention compliance | Department of Agriculture | National Science Foundation |
| Defense industrial base activities | Department of Defense | Small Business Administration |
| Economic development | Department of Education | U.S. Postal Service |
| Economic distress and recovery efforts | Department of Energy | Agency for Health Care Research and Quality |
| Environmental programs | Department of Health and Human Services | Customs/Border and Transportation Security/Homeland Security |
| Export controls | Department of Homeland Security | Federal Aviation Administration |
| Homeland security | Department of Housing and Urban Development | Federal Bureau of Investigation |
| Improvements to the environment | Department of Justice | Food and Drug Administration |
| Market access/improvements | Department of Labor | Bureau of Justice Statistics |
| Measurements and standards | Department of State | National Institutes of Health |
| Minority-owned business development | Department of Transportation | Bureau of Transportation Statistics |
| Patents, trademarks, and intellectual property | Department of the Treasury | U.S. Coast Guard |
| Research | Agency for International Development | Delta Regional Authority |
| Telecommunications | Appalachian Regional Commission | Indian Tribes |
| Technology transfer | Central Intelligence Agency | States |
| Tracking the U.S. economy through GDP and other statistics | Environmental Protection Agency | Other Countries and Organizations |
| Trade policies | Federal Communications Commission | European Patent Office |
| | National Aeronautics and Space Administration | |

[1] *Note: This is not an all-inclusive listing.*

## 2011 MANAGEMENT CHALLENGES AND ACTIONS TAKEN

# Management Challenges

## Challenge 1: IT Security--Strengthening Department-Wide Information Security

### *OIG Statement*

The Department uses over 300 information technology (IT) systems to fulfill cross-cutting responsibilities in trade, technology, entrepreneurship, economic development, environmental stewardship, and statistical research and analysis. These systems perform functions as varied as processing census and economic data, managing patent and trademark applications, handling atmospheric and meteorological data, and controlling weather satellites. The Department must ensure that these systems maintain the confidentiality, integrity, and availability of information by providing protection from a growing range of malicious attacks. Cyber attacks against the government continue to increase in frequency and level of sophistication, and federal agencies must improve their ability to cope with them. Although the Department of Commerce has put forth extra effort to reinforce its cyber defenses, our ongoing assessment of Commerce's progress toward implementing effective IT security shows there is more to be accomplished.

In the past year, the Department has taken steps toward improving the capabilities of its IT security workforce and developed a long-term strategic plan that should enhance its ability to identify vulnerabilities and detect malicious activities. However, in both agency and contractor systems we continue to find security weaknesses that undermine the Department's ability to defend its systems and information. Our FY 2010 Federal Information Security Management Act (FISMA) audit identified significant issues requiring management attention. Most concerning, system components had high-risk vulnerabilities that were previously unknown due to inadequate policy, procedures, and practices for patch management and vulnerability scanning. These deficiencies increase the risk of serious compromise of information confidentiality, integrity, and availability.

#### *While Commerce Has Plans to Strengthen IT Security, Successful Implementation Is Crucial*

In response to an OIG audit of the Department's IT security workforce, completed in September 2009, the Department established a policy, effective for all operating units, requiring mandatory training for those employees with significant IT security responsibilities. The policy identifies specific IT security roles along with yearly minimum training hours and approved modes of training. Encouragingly, the policy also requires professional certifications for those with critical IT security roles. The Department has also implemented a cyber security employee development program designed to assist individuals who have not earned an approved industry professional security certification. In addition, the Department's Office of the Chief Information Officer (CIO) and the Office of Human Resources issued joint memorandums to address performance management and accountability issues identified in our workforce audit. These memorandums provided specific performance requirements to be incorporated in performance plans for individuals holding critical IT security roles within the Department.

Recently, the Department's CIO, along with the CIO Council, developed an IT security strategic plan that includes initiatives for enterprise continuous monitoring and an enterprise security operations center. The enterprise continuous monitoring initiative is intended to standardize common security products and implement a Commerce-wide monitoring architecture that will provide consistent, efficient, and effective common controls and situational awareness for each operating unit and at the Department level. The enterprise security operations center initiative is intended to provide security monitoring to detect cyber attacks, system compromises, policy violations, and other system problems. The initiatives are currently targeted for implementation in FY 2012.

The IT security workforce initiatives and strategic plan for continuous monitoring and security operations center should enhance the Department's ability to secure its systems, but these efforts will require management's continued attention in the years to come. More needs to be done, however, to ensure consistent, effective security controls are in place Department-wide. Under FISMA and Department policy, IT security is a responsibility shared by senior program officials and the CIO. Also, operating units have roles and responsibilities that parallel those at the Department level, with the operating unit head ultimately responsible for the security of the unit's systems. In addition, authorizing officials, who have the authority to oversee an information system's budget and operations, assume the responsibility for operating IT systems at an acceptable level of risk. Thus, management attention at the operating unit level as well as the Department level is crucial to the success of these initiatives.

### *Significant Weaknesses in IT Security Remain*

In our FY 2010 FISMA audit report, we concluded that the Department's information security program and practices have not adequately secured Department systems. The report presents four major findings that require senior management attention.

The vulnerability scans we conducted revealed previously unidentified high-risk vulnerabilities, which increase the risk of a serious breach of IT systems. Weaknesses in contingency preparedness, security plans, and control assessments may also increase the risk that Commerce's systems are not sufficiently protected from cyber attack or other prolonged disruptions. Finally, we found that the Department's process for reporting and tracking security weaknesses is deficient, affecting its ability to monitor operating units' corrective actions and potentially corrupting performance measures. We recommended that the Department revise its information technology security policy by providing specific implementation guidance that will ensure more effective and consistent practices across the Department. Further, increased management attention is required to ensure that the deficiencies identified are addressed Department-wide.

Since FY 2001, Commerce's annual *Performance and Accountability Report* has reported information security as a material weakness, at our recommendation, because of deficiencies in the Department's certification and accreditation (C&A) process. We recently recommended the Department assess its information security program as a significant deficiency instead, based on three factors:

1. a government-wide policy change has increased the emphasis on continuous monitoring and lessened the emphasis on the C&A process;
2. the actions associated with the Department's C&A process improvement strategy have strengthened the security posture of the Department; and
3. our audit findings indicate that IT security control weaknesses are resulting from an insufficient continuous monitoring process.

Although the IT security strategic plan identifies continuous monitoring as a top priority for improvement, operating units should initiate improvements immediately since this plan is not scheduled for implementation until 2012 and is dependent upon adequate funding.

## DM's Responses / Actions Taken

In response to this management challenge, DM has completed the following actions / activities:

- Completed selection of Managed Trusted Internet Protocol Service (MTIPS) vendor to support the HCHB network in accordance with the Trusted Internet Connection (TIC) initiative from OMB.
- Participated in the one-day test run of the next generation of Internet Protocol, IPv6.
- Signed memorandum for Commerce-wide policy for the further implementation of the Homeland Security Presidential Directive 12 (HSPD-12) to require the implementation of Personal Identity

Verification (PIV) authentication for logical access control for new and existing Commerce information systems.

- Developed and distributed the Commerce Identity, Credential and Access Management (ICAM) baseline, target and roadmap in accordance with Federal ICAM guidance from the Federal CIO Council.
- Launched Commerce Continuous Monitoring Working Group and developed a Commerce-wide strategy to meet the automated CyberScope reporting requirements from OMB.
- Continued biweekly IT Audit Working Group meetings. The group tracked, managed and validated progress on closure of the IT audit findings from the FY 2010 Financial Statements IT Audit Report. By July 31, 2011, operating units reported that 54 of 55 findings as closed.
- Signed Commerce Interim Technical Requirements (CITR) policies for Wireless Encryption and Contingency Plan Testing and Exercise Activities. Provided additional guidance Bluetooth, Configuration Management, and Risk Management Framework (RMF) transition.
- Conducted 12 IT Security Compliance CIO-one-to-one evaluations and performed an additional eight security assessments of programs, applications and systems to satisfy FY 2011 Internal Control Review activities.
- Conducted monthly reviews of DOC information systems utilizing information within the IT security tool, Cyber Security Assessment and Management (CSAM). The reviews track progress in Authority to Operate status, and in Plans of Action and Milestones (POA&M) management. The scorecards and analysis were presented to the Department's CIO Council. The implementation of these metrics has helped improve operating unit management of system authority to operates and POA&Ms.
- Launched Department's first Personal Identifiable Information (PII) Privacy Training module to be used as a companion to IT Security General Awareness Training.
- Hosted first annual Commerce IT Security Conference with role-based training sessions such as mobile device security; social networking; continuous monitoring; implementing cloud computing and managing a remote workforce; provided mandatory training for all Office of Secretary authorizing official / system owners.
- Completed Cyber Security Development Program (CSDP) cycle with 19 graduates in FY 2011; and 52 IT Security personnel Department-wide obtaining IT security industry professional certifications.

As the largest bureau, IT security significantly impacts NOAA. In FY 2012, NOAA took the following actions in response to this challenge:

- NOAA increased the number of IT devices monitored by the NOAA IT Security Operations Center (SOC) to 7,566 [as of 7/25/11].
- NOAA on-boarded its first 4 customers at the NOAA IT SOC.
- NOAA developed and distributed a memo to the NOAA Executive Panel, CIO Council, and CFO Council requiring that all acquisitions of new computing devices include smart card readers.
- NOAA designated an IPv6 Transition Manager to serve as (a) the person responsible for leading NOAA's IPv6 transition activities and (b) NOAA's liaison with DOC, its bureaus, and the wider Federal IPv6 effort.
- NOAA developed a plan to ensure agency procurements of networked IT comply with FAR requirements for use of the USGv6 Profile and Test Program for the completeness and quality of their IPv6 capabilities.
- NOAA developed a plan to secure its 3,000 remote access virtual private network users by implementing two-factor authentication using Common Access Card (CAC).

NOAA achieved the following results in FY 2012:

- NOAA achieved 97% of systems in operation with full Authorization to Operate (ATO) [as of 6/30/11].
- NOAA reduced the number of outstanding Plans of Action and Milestones (POA&Ms) greater than 120 days past due to 212 [as of 6/30/11].
- NOAA partially deployed a Web content filter, covering 2,800 unique IP addresses across its Silver Spring Metro Center campus.

## Challenge 2: NOAA Environmental Satellite Programs--Effectively Managing the Development and Acquisition of NOAA's Environmental Satellite Programs

### *OIG Statement*

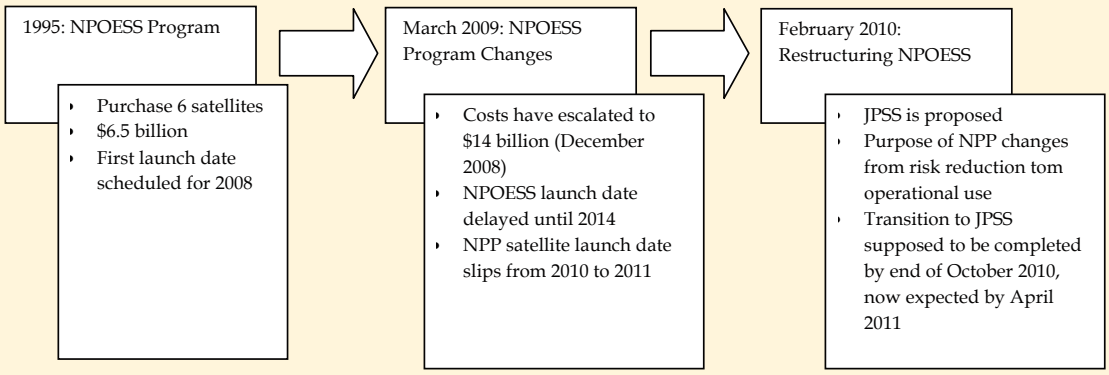
NOAA is modernizing its environmental monitoring capabilities, in part by spending nearly $20 billion on two critical satellite systems: the Joint Polar Satellite System (JPSS) and the Geostationary Operational Environmental Satellite-R Series (GOES-R). These systems are designed to provide data that will monitor Earth's environments, support the nation's economy, and protect lives and property from environmental disasters.

JPSS' predecessor program, the National Polar-Orbiting Operational Environmental Satellite System (NPOESS), and GOES-R have histories of cost overruns, schedule delays, and reduced performance capabilities. They require close oversight to minimize further disruption to the programs and prevent any gaps in satellite coverage. Such gaps could compromise the United States' ability to forecast weather and monitor climate, which would have serious consequences for the safety and security of the nation.

#### *JPSS Background*

The NPOESS program, which was initiated in 1995, suffered significant setbacks that affected its budgets, costs, and launch dates; the launch date of the NPOESS Preparatory Project (NPP) satellite, a National Aeronautics and Space Administration (NASA)-led risk reduction effort to test NPOESS' new instruments in flight, was also delayed (figure 1). As a result of a February 1, 2010, decision to significantly restructure the NPOESS program, JPSS was established as NOAA's component of the national polar environmental satellite capability, and NPP will now be used operationally to maintain continuity of climate and weather forecast data between NOAA's current polar-orbiting operational environmental satellite and the first JPSS satellite.

*Figure 1. NPOESS/JPSS Timeline*




### *Further Delays Preventing Successful Transition from NPOESS to JPSS Must Be Minimized to Reduce Risk of Gaps in Polar Environmental Data*

The transition to the restructured program was expected to be completed by the end of FY 2010. However, due to delays in transition activities—including the transfer of satellite instruments and ground system to the JPSS program—the Department of Defense, NASA, and NOAA (the three agencies that were partners for the NPOESS program) had agreed to the goal of completing the transfer of all property required by JPSS by the end of the first quarter of FY 2011. While the ground system and some of the instruments have been transferred, there is an increasing likelihood that the remaining instrument property transfers will not be completed by the end of December 2010 due to ongoing contract negotiations. Nevertheless, all remaining transition activities are planned to be completed by April 2011. Additional delays could result in slipping the launch readiness dates of NPP and the first JPSS satellite.

### *JPSS Ground System Development Must Be Completed on Time to Support October 2011 NPP and 2015 JPSS Satellite 1 Launch Readiness Dates*

While all of the instruments required for NPP have been integrated onto the satellite and both are undergoing environmental testing, the ground system's maturity level is not where it should be at this point in the development schedule. During the development of the ground system, some issues were uncovered that must be fixed in order to meet near-term program milestones. Other issues must be resolved by the October 25, 2011, launch readiness date.

NOAA, with NASA as its acquisition agent, will continue to develop instruments for JPSS satellites 1 and 2 for its component of the polar environmental satellite capability. The JPSS management structure will be similar to GOES-R, in which NOAA manages the overall program with assistance from NASA. This management approach should leverage independent review team assessments, as is being done for GOES-R. Defense continues to evaluate the best approach for maintaining the continuity of its polar satellites. It is critical that NOAA and Defense implement their satellite programs on schedule to reduce the risk of gaps in coverage.

## NOAA's Response / Actions Taken

NOAA maintains close oversight of the JPSS program, working closely with NASA, and has taken a number of steps over the last year to reduce risks. Key accomplishments include:

- NOAA and NASA transitioned the NPOESS program office to the JPSS program office, aligned with NASA Goddard.
- NOAA and NASA restructured the management of JPSS.
- NOAA and NASA supported (NPOESS Preparatory Program (NPP) launch preparation activities, as the successful launch of NPP is considered the number one priority for the program.
- NOAA completed the transfer of all instruments, except the Advanced Technology Microwave Sounder, to NASA contracts.
- NOAA selected an NPP-like space craft for JPSS. This decision was critical to reducing risk.
- Currently, the ground system is undergoing critical testing to support NPP launch.

To continue progress, NOAA requires full funding of the President's FY 2012 budget request of $1.070 billion to implement the JPSS program in order to support the nation's requirement for global observations that are critical for numerical weather prediction modeling. Given reductions from the President's Budget in funding levels every fiscal year since FY 2010, the JPSS program has been operating in a fiscally constrained environment. Further reductions will force NOAA to restructure the program.

### *GOES-R Background*

The GOES-R system is intended to offer an uninterrupted flow of high-quality data for short-range weather forecasting and warning, and to provide climate research data through 2028. Working with NASA, NOAA is responsible for managing the entire program and for acquiring the ground segment, which is used to control satellite operations and to generate and distribute instrument data products. Cost increases, capability reductions, and project delays have historically plagued the GOES-R program. The projected cost has increased from $6.2 billion to $7.7 billion; a major satellite sensor was removed from the program; the number of satellites to be purchased was reduced from four to two; and the launch readiness dates for the first two satellites have slipped by 6 months, to October 2015 and February 2017.

### *GOES-R Program Must Be Proactively Managed to Prevent Further Schedule Slips and Cost Growth*

According to November 2010 program documentation, since the revision to the launch schedule in August 2009 the overall program acquisition has remained within budget and on time. However, during two program reviews, independent review teams identified areas of concern that have to be proactively managed. Accordingly, the GOES-R Program Office must address the teams' concerns, including:

- obtaining and maintaining adequate contractor staffing for spacecraft development,
- reviewing the spacecraft design's applicability to the GOES-R mission,
- ensuring adequate end-to-end testing for program components (instruments, spacecraft, and ground), and
- verifying satellite operational facility readiness.

Any further delays in the satellite's launch readiness will increase NOAA's risk of not meeting its program requirements.

### NOAA's Response / Actions Taken

NOAA has consistently taken a proactive approach to ensure GOES-R's lifecycle costs have been based on realistic estimates. In 2003, the GOES-R program life cycle cost estimate was approximately $6.2 billion based primarily on experience with previous satellite development and acquisition efforts. NOAA, however, hired independent experts to review its satellite acquisition strategies and they highlighted the dramatic changes in the space industry and the need to accomplish rigorous cost estimates. In addition, NOAA awarded contracts with several industry teams to get independent estimates of program costs and schedules. The result of these efforts showed an updated life cycle cost estimate for the total program. In 2006, NOAA revised the projected GOES-R costs to $11.4 billion to reflect this updated profile. In mid to late CY 2007, NOAA scaled the program back to $6.96 billion by eliminating two of four satellites and one of the five primary instruments: the Hyperspectral Environmental Suite (HES). At that point, NOAA commissioned an external team to perform another independent estimate of program costs. The reconciliation of the independent estimate along with internal estimates that had been performed resulted in a GOES-R life cycle cost request of $7.67 billion in the FY 2009 President's Budget request.

NOAA addressed the items cited by the independent review teams in 2010 and those identified by subsequent Integrated Independent Review Teams (IIRTs) at the Preliminary Design Reviews of the Spacecraft, the Core Ground Segment, the Antennas, and the Ground Segment Project. In addition, the Department of Commerce sponsored a Satellite Program Management Capability Assessment that found that the program management processes at GOES-R were "very mature" and some were "Best of Class." Nevertheless, due to deficit reduction efforts, and reduced funding received in FY 2011, projected budgets for FY 2012 and beyond have fallen short of the new obligation authority needed to meet the required launch date. Early assessments indicate that there will be delays in the launch readiness date and associated cost increases will occur. The GOES-R Program Office continues to assess the impact of these funding shortages.

## Challenge 3: Acquisitions and Contracts--Managing Acquisition and Contract Operations More Effectively to Obtain Quality Goods and Services at Reasonable Prices and on Schedule

### *OIG Statement*

In FY 2009, the Department of Commerce spent approximately $3 billion to acquire a wide range of goods and services to support mission-critical programs such as the 2010 decennial census, satellite acquisitions, intellectual property protection, broadband technology opportunities, management of coastal and ocean resources, information technology, and construction and facilities management. However, we have identified significant risks and vulnerabilities in Commerce's acquisition management structure that may threaten the integrity of these, and other, operations.

Acquisition management is not just the act of awarding a contract; it is an entire process that begins with identifying a mission need and developing a comprehensive strategy to fulfill that need through a thoughtful, balanced approach that considers cost, schedule, and performance. The Department needs more comprehensive acquisition guidance and oversight, as well as an acquisition management infrastructure that allows it to oversee effectively the complex, large-dollar procurements that are critically important to achieving its mission.

### *The Department Does Not Have Robust Oversight Processes for Major System Acquisitions*

The Department lacks cohesive policies and procedures for program management and oversight of major systems acquisitions. This weakness has contributed to critical major acquisitions—such as the decennial's handheld computers and the NPOESS and GOES-R programs—experiencing significant cost overruns and developmental delays; it also leaves the Department without adequate visibility into progress on and risks to major system acquisitions, which can result in costly delays while correcting problems.

While the Department failed to meet a 2008 deadline to develop a major systems acquisition policy, it has begun to address its approach for overseeing such acquisitions. In response to a June 18, 2010, memorandum from the Secretary, the Department is currently conducting a comprehensive review of its acquisition processes, and expects to issue the survey results and any recommendations by April 2011. Additionally, the Department has reorganized the Office of the Secretary to better manage risk in high-priority programs. As part of these efforts, the Department and its operating units must continue to develop effective policies and processes for planning, managing, and overseeing major system acquisitions.

## DM's Response / Actions Taken

The Office of Acquisition Management, in conjunction with its partners in oversight and management of acquisition programs, is developing and vetting a comprehensive Scalable Acquisition Project Management Framework within which systematic program management control, oversight and skills development can be accomplished within the Department. The newly created Offices of Performance Evaluation/Risk Management, and Program Management within the CFO/ASA, in conjunction with the Office of the Chief Information Officer, facilities and real property managers, and the financial community, are collaboratively developing a unified, centralized approach to program and project management within the Department. The resulting documentation for the Framework will be guidance and policy that comprehensively define the Department and bureau level processes and requirements. In the interim, senior level Departmental management have conducted reviews of high-risk programs including the satellite programs to ensure that the issues within these programs can be clearly identified and that appropriate adjustments, if necessary, can be made.

### *Developing and Retaining a Highly Qualified Acquisition Workforce to Support the Department's Mission Is a Major Concern*

Since 2007, Commerce's acquisition spending has increased by 41 percent, contract actions by 15 percent, and contract modification actions by 67 percent. However, the Department faces a very high turnover rate in the acquisition workforce due to attrition and those eligible to retire.4 As experienced acquisition professionals leave the Department, and with nearly half of the acquisition personnel expected to retire within the next decade, the Department must implement a strategy to keep its workforce at the needed size and skill levels to support its mission.

## DM's Response / Actions Taken

OAM continues to work with the Office of Human Resource Management (OHRM) to maximize incentives and recruitment strategies. This includes developing an acquisition-specific targeted marketing campaign that includes a 2-sided flyer with the Department's brand, duties in the acquisition field, benefits, series qualifications, grade levels, and a salary table. The acquisition-specific marketing campaign has succeeded in yielding a larger pool of applicants from academic institutions and associations.

The Department hired four FTEs under the direct-hire and other available authorities and, in addition to OPM central registry, will continue to use these special hiring authorities in recruiting efforts. Further, the Department will pursue tuition repayment and assistance programs, and increasing the career ladders of GS-1102s as incentives to attract and retain a high-quality acquisition workforce. In addition to addressing attrition, the Department is addressing skills development through acquisition of 90 acquisition-related training slots for use across the acquisition community.

Still, budgetary constraints and uncertainties continue to thwart recruitment since underlying funded FTEs and timely information on availability of funding in current year and out-year limits the effectiveness of the recruitment campaigns.

NOAA Acquisitions and Grants Office (AGO) identified training needs for employees in the job series, 1102s/1105s. NOAA management considers those needs in requesting and budgeting funds for training annually.

- NOAA AGO's acquisition workforce uses a mix of on the job mentoring, classroom, on-line courses and attendance in acquisition-related conferences used to effect knowledge transfer as well as to complete core and specialized training courses in the most efficient and cost-effective manner.
- NOAA AGO has an established guidance to define requirements and processes for certification under the Federal Acquisition Certification to ensure the current workforce has the skill level needed to support the mission.
- NOAA AGO's successful efforts are camouflaged under budget restrictions that limit the number of qualified acquisition personnel to support a 41% increase in acquisition workload.

AGO has worked jointly with OAM and OHRM to develop a comprehensive human capital strategy to outline efforts to recruit and retain a qualified acquisition workforce. However, NOAA remains limited in the number of employee hires with budgetary restrictions and a statutory cap on overhead.

### *The Census Bureau Has Not Successfully Managed Award-Fee Contracting Processes to Achieve Acquisition Objectives*

The Census Bureau has paid contractors millions of dollars in contract award fees that were not sufficiently designed or administered as required by regulations. For example, we reported that the Field Data Collection Automation (FDCA) contract's award fees were excessive and not supported by technical assessments of the contractor's performance. In response to our report on the approximately $596 million FDCA contract, Census modified the contract to include fixed-price arrangements, eliminated the original award-fee structure and replaced it with one that contains both cost- and technical-incentive fees, and discontinued the practice of rolling unearned fees over into future award periods.

We have also audited the award-fee payment structures for the Decennial Response Integration System (DRIS) contract and found that these structures provided little incentive for the contractor to fully achieve specific performance objectives; also, the contract allowed the contractor to earn fees of up to $48 million of the available $65 million, even if performance fell below acceptable standards. In order to ensure that its award-fee contracts are designed and administered appropriately, Census needs to thoroughly train its acquisition workforce on how best to structure and administer its use of award-fee contracts for different projects.

## Census's Response / Actions Taken

In addition to those identified in the Federal Acquisition Regulation, the Census Bureau relies on bureau-level and department-level requirements and guidance, to establish and manage award fee plans and subsequent award fee determinations and outlays. Toward that end and to ensure uniform and effective

implementation of award fees within the Department, the Senior Procurement Executive established requirements for review and approval of award fee determinations and is developing a process within which the germane supporting information and contractor performance can be objectively monitored and considered as part of the award fee determination process. Since performance review and oversight, including award fee is an important aspect of the Acquisition Improvement Project, key constituents in the oversight processes within the Department are collaboratively defining and prescribing the Scalable Acquisition Project Management Framework and its effective management. . Training requirements for performance monitoring and management, including award fee, will be included in revisions and future implementation of the Federal Acquisition Certification – Program/Project Management program being managed by the newly-established Program Management Office within OAM.

The Census Bureau agrees with the OIG recommendation noted in the first section of this appendix to thoroughly and continuously train its acquisition workforce on the structuring and administration of award-fee contracts. Census will establish a training plan for the acquisition workforce starting in FY 2012 to reinforce previously acquired knowledge regarding planning and procurement of different types of contracts, including award-fee and incentive contracts, and to address other related areas, such as performance monitoring and documentation. Census will continue training and practice through the years leading to the 2020 decennial census.

In addition, the acquisition workforce will continue to work side by side with the program areas to determine the suitability and appropriateness of establishing award fee contract for decennial and non-decennial operations. If award fee contracts are determined to be the most effective vehicle to incentive contractor's performance, Census will engage the following practices to ensure a successful contract. (The Census Bureau currently utilizes many of these practices to manage multiple award-fee contracts currently in place or recently completed (in support of the 2010 decennial census).

1. Evaluate each and every active award fee contract prior to the commencement of each award fee period to determine if performance criteria can be revised to be more objective, to implement lessons learned from previous periods, and to reflect any changes prior to priorities or schedule.

2. Collect relevant data on award fee and incentive fees paid to contractors and inclusion of performance measures to evaluate such data on a regular basis to determine effectiveness of award and incentive fees as a tool for improving contractor performance and achieving the desired program outcomes. Census will use this information as part of the acquisition planning process in determining the appropriate type of contract to be utilized for future acquisitions.

3. Share proven incentive strategies for the acquisition of different types of products and services among contracting and program management officials.

4. Establish award fee process that maximizes team work, early notification and resolution of issues, and active participation by all elements of the project organization.

***The Department Has Not Done Enough to Ensure Suspended or Debarred Contractors Do Not Obtain Government Contracts or Assistance Agreements***

Federal regulations prohibit parties (i.e., firms or individuals) that lack satisfactory records of integrity and business ethics from receiving contracts and assistance agreements from the government. However, although the Department has suspension and debarment policies and procedures in place,5 it is reluctant to apply them to parties that have committed contract fraud against it. For example, the two most recent suspension/debarment referrals OIG has sent the Department have not been acted upon promptly. Commerce needs to strengthen its policies, procedures, and internal controls so that those parties that have committed fraud are referred to a suspension and debarment official for appropriate action.

## DM's Response / Actions Taken

The Senior Procurement Executive and Director, Office of Acquisition Management (who also serves as DOC's Suspending and Debarring Official (SDO)), has taken action toward building a more robust suspension and debarment program. The SDO has 1) consulted other agency officials on their S&D programs and capabilities; 2) collaborated with the Office of Inspector General (OIG) and Office of General Counsel (OGC) toward development of a strong program that leverages DOC's resources; and 3) is drafting an interim pilot policy to include procedures and internal controls based, in significant part, on OIG and OGC proposals and recommendations. The SDO has taken prompt action on all OIG suspension/debarment referrals and set up a central S&D e-mail box capability to ensure multiple access points and prompt attention to time sensitive correspondence. OAM inputs suspended/debarred contractors into the Excluded Parties List System (EPLS) in accordance with Federal Acquisition Regulation.

### *A More Efficient, Effective, and Accountable Acquisition Function Is Needed*

While the Department has begun to identify opportunities to strategically strengthen and improve the quality of its acquisition functions, this area has many inherent risks and requires continued attention and improvement. Commerce's executive leadership needs to ensure the Office of Acquisition Management has the authority needed to perform effectively.

Further, the Department needs to improve its policies and processes for making real property acquisition decisions, as with NOAA's inadequate support for its decisions to lease the Port of Newport, Oregon, to house NOAA's Marine Operations Center-Pacific. For example, our review of this case revealed that NOAA limited its options without a documented analysis based on a preference for a consolidated facility, and it did not, in our view, adequately consider the use of existing federal facilities. The weaknesses highlighted by the Marine Operations Center-Pacific acquisition demonstrate the importance of effective capital planning and investment processes, and underscore the need to make certain these processes are coherent, rigorous, and implemented as intended.

## DM's Response / Actions Taken

In addition to implementation of the Framework, the Senior Procurement Executive (SPE) has been authorized to provide formal input to the performance plans and evaluations for the Bureau Procurement Officials at each bureau. This input strengthens the role of the SPE and supports standardized acquisition practices and compliance.

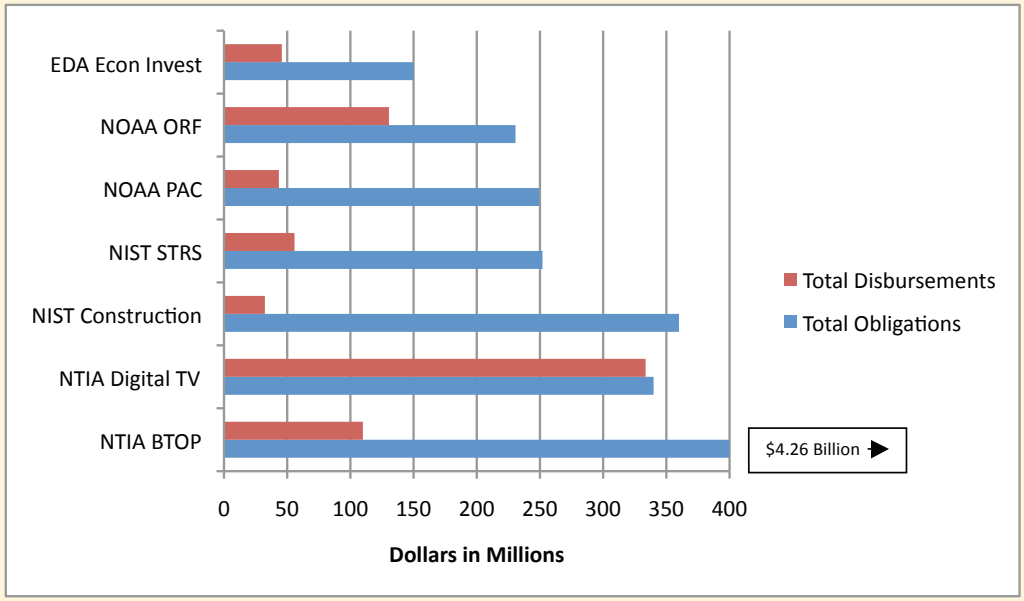
Specific to the Marine Operations Center – Pacific and related requirements, facilities and real property management are integral to the Scalable Acquisition Project Management Framework process. Department and operating unit facilities and real property managers are currently revising or developing, if necessary, specific requirements which are unique to the facilities and real property processes to ensure that a complete, transparent and well-monitored approach to documentation, analysis and decision-making is clearly established and maintained through department-level guidance and oversight.

## Challenge 4: American Recovery and Reinvestment Act--Enhancing Accountability and Transparency of the American Recovery and Reinvestment Act's Key Technology and Construction Programs

### *OIG Statement*

The American Recovery and Reinvestment Act of 2009 is an unprecedented effort to promote economic activity, invest in long-term growth, and implement a high level of transparency and accountability that will allow the public to see how their tax dollars are being spent. The Department received $7.9 billion in Recovery Act funds. Of that amount, approximately $6 billion was obligated in the form of grants or contracts for key technology and construction programs in four of the Department's operating units: the Economic Development Administration (EDA), the National Institute of Standards and Technology (NIST), NOAA, and the National Telecommunications and Information Administration (NTIA). As of October 29, 2010, these operating units have spent about $750 million (or approximately 13 percent of their obligated funds), leaving significant spending yet to be completed (figure 2).

*Figure 2. Breakdown of Obligations and Disbursements* [1]




[1] Amounts reflect a $240 million rescission from DTV and a $302 million rescission from the Broadband Technologies Opportunities Program (BTOP). The "total obligations" bar for BTOP is not to scale; as of October 29, the total obligation for BTOP was $4.26 billion.

The Recovery Act also establishes additional reporting requirements that affect both agencies and fund recipients. Recipients need to provide quarterly reports on their grants and contracts activities, including financial information, job creation, and project completion status, and agencies are required to review recipient reports to ensure the completeness and consistency of the data. OIG is reviewing the internal

controls and procedures used during the recipient reporting process at the Department and its operating units for the second, third, and fourth Recovery Act reporting periods. Our review will determine whether the information available to the American public reflects the use and impact of Recovery Act funds.

### *Broadband Expansion Program Creates New Challenges in Program Management*

Of the riskier Recovery Act programs being managed by the Department's operating units, the largest is NTIA's BTOP. Between December 2009 and September 2010, BTOP awarded 233 grants, totaling $3.9 billion, to expand broadband Internet access across the nation. Monitoring the largest and most diverse grant program NTIA has ever overseen will present significant challenges. For example, the grant awards went to a diverse group of recipients, including public companies, for-profits, nonprofits, cooperative associations, and tribal entities. Also, conditions surrounding the awards vary widely in terms of recipients' experience administering federal awards; the size of the awards; and the need to satisfy special award conditions such as environmental assessments, which take up to 6 months to complete.

Infrastructure projects, which must be substantially complete in 2 years and fully complete in 3 years from the date of award, will pose particular challenges because they are generally the largest awards (five are for more than $100 million each) and usually require environmental assessments before project construction can begin. Additionally, these projects are often comprised of an award recipient and several subrecipients working together to achieve the project's goals. This structure will create additional challenges for the NTIA staff, as they will have to monitor the recipients' compliance with grant terms and conditions and determine how the recipients are managing and monitoring their subrecipients. NTIA also will have to closely watch how its awardees manage the drawdown of federal funds.

In addition to the challenge of overseeing such a diverse portfolio of awards and recipients, there is significant uncertainty over funding to oversee and monitor the awards. Since September 30, 2010, NTIA has been working under special authority from the Office of Management and Budget (OMB) to fund the program's operations. Over the next 6 months, NTIA will need to continue to work with OMB and Congress to address the uncertainty of funding and to implement oversight that provides effective monitoring of the grant awards.

OIG recently issued a report to NTIA on BTOP's post-award processes. NTIA has made significant progress with its post-award operations; however, there are several areas that can be strengthened, such as training and IT program expertise in the BTOP office, documentation and internal controls, and the monitoring of awards and agreements.

### *Construction Projects Will Require Proactive Oversight*

While BTOP is certainly the largest Commerce program funded by the Recovery Act, NIST and NOAA also saw an increase of $1.4 billion in Recovery Act funds for contracts and grants, including a relatively significant funding increase for construction projects. To complete these projects successfully, these agencies will need to overcome the inherent risks associated with construction projects and dedicate construction managers to these projects.

The goal of any federally funded construction project is to achieve the objectives established for the project and to do so on time, within budget, and free from fraud. In addition to the challenges accompanying any acquisition or grant project, construction projects are also at particular risk of anticompetitive practices, substandard workmanship, defective materials, nonperformance, and fraud. These are just some of the potential problems NOAA and NIST grants and procurement officials need to be alert to as they manage the construction programs in their operating units.

Another potential issue lies with the type of contract federal agencies have been asked to use for Recovery Act projects. For grant cooperative agreements and cost-type contracts, an independent auditor, such as an independent public accounting firm, will annually test specific project requirements to ensure compliance with laws and regulations. These tests create a record of accountability throughout the life of the project. However, in order to contain costs under the Recovery Act, OMB has established a clear

preference for fixed-price contracts, which are not independently reviewed after they are issued. Fixed-price contracts must have clearly defined requirements; if they do not, change orders could be added later, thereby driving up the government's costs.

## NOAA / NIST Responses / Actions Taken

When ARRA was passed, NOAA established the NOAA Project Oversight Board (NPOB) as an internal control mechanism to ensure that all ARRA funded construction projects are: 1) in compliance with laws and regulations specifically focusing on the requirements of ARRA; 2) executed efficiently so as to complete projects on time; executed economically so as to complete projects within budget; and 3) achieving the objectives set for the facility by the agency. The NOAA Chief Administrative Officer and the NOAA Director of the Real Property, Facilities, and Logistics Office report to the NPOB on a quarterly, sometimes monthly, basis regarding the progress and status of the ARRA construction projects. At a minimum, these presentations discuss the financial status of the project, the project milestones and schedule, the performance of the contractor, and any potential issues that would prevent the project from a successful completion.

The NOAA Restoration Center has also developed a risk management framework that guides how to identify, manage, and mitigate risks to ARRA habitat restoration investments; defines roles and responsibilities, and serves to satisfy the Recovery Act's accountability objectives, including the following:

- Funds are used for authorized purposes and potential for fraud, waste, error, and abuse are mitigated;
- Projects funded under this Act avoid unnecessary delays and cost overruns; and
- Program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

The Restoration Center focused its risk management on three types of risks: technical, schedule, and financial. Technical risks are those associated with changes in scope; political concerns; or, changes to requirements for permitting or other compliance. Scheduling risks are risks associated with changes to the project implementation schedules. Restoration projects schedules often vary from original plans due to uncontrollable circumstances such as weather changes. Financial risks are potential changes in the amount of funding needed by the recipient to complete the project, or cases of fraud, waste or abuse. For example, contract bids may come in over estimates, which could result in the recipient needing to identify additional funding to cover these cost increases. Because the projects were selected through a competitive solicitation, these risk factors were also considered during the selection process since they were evaluated on their technical merit and shovel-readiness. Finally, all ARRA recipients are required to report financial information on the public site www.recovery.gov.

NIST supports the Department in its efforts to ensure that recipient reporting is complete and consistent and that it reflects the use and impact of Recovery Act funds.

The Grants Acquisition Management Division at NIST has updated the Grants Management Information System (GMIS) to include the Primary Place of Performance for all Recovery Act awards. The Recovery Act website, www.FederalReporting.gov, has been updated to offer recipients a tool designed specifically to facilitate accurate, repetitive reporting of funding codes, award dates, and other information required in all Recovery Act Quarterly Reports. This tool allows NIST to automatically reproduce recipient reporting information into new Recovery Act Quarterly Reports. This not only improves reporting times, but also reduces data entry errors. NIST is in the process of identifying and planning enhancements to

GMIS during FY 2012 to automate the uploading of revised grant-related information to USASpending.gov during the required monthly updates. These enhancements will ensure accuracy of specific grant-related information that may have been revised during the previous month and will replace the existing process of individual requests for updated information by each Grants Specialist.

NIST agrees that oversight of construction projects is essential to mitigating risks and ensuring successful completion. NIST's Acquisition Management Division awarded all ARRA construction contracts as firm-fixed price contracts. The NIST Office of Facilities and Property Management (OFPM) is responsible for the post-award monitoring and oversight of the ARRA construction projects and construction grants. The OFPM proactively oversees the NIST construction program to ensure that the project objectives are achieved in terms of scope, cost, schedule, and safety. The oversight of the ARRA construction project contracts is administered by two Divisions within OFPM, the newly established Design and Construction Division (DCD) in Gaithersburg and the Engineering, Maintenance and Support Services division (EMSS) in Boulder. The DCD was set up as a separate division following the significant increase in the scope of the NIST construction program in order to concentrate and focus the Gaithersburg construction management activities under one organization, which includes a dedicated manager and several highly qualified project managers. The Contracting Officer's Technical Representatives (COTRs) within DCD and EMSS work closely with the awardees and the Contracting Officers to ensure that the terms and conditions of the contracts are met and that the projects are progressing according to their performance objectives. In addition, a separate contract was awarded to an engineering firm that supports the federal staff in their construction management responsibilities and to ensure sufficient hands-on project oversight and monitoring. The NIST Construction Grant Program Office was established within OFPM and is composed of the Federal Program Officer and the contract support team. They work closely with the grantees to ensure that they meet the conditions of the grant throughout the design and construction period, along with identifying and managing risks. This office uses many of the same tools and methods as the construction contract oversight divisions.

In order to maintain control and accountability for individual projects and the entire construction program, as well as reduce risks to project success and to NIST operations and programs, NIST has put in place targeted procedures. These procedures apply project management best practices to the context of the NIST construction program and include processes and activities needed to define, identify, review, and coordinate the various project management activities. In addition, NIST established a number of reporting tools to assist in the oversight and management of the construction program. Specific areas that form the focus of the construction program oversight include

- Project Performance—NIST has established metrics for cost, schedule and scope that are tracked continuously and reported to senior OFPM management through monthly dashboards; deviations are immediately reviewed for impact to project success and necessary corrections.
- Project Risk Management—NIST has developed project risk assessment and mitigation plans for each project, and are monitored/updated monthly, as necessary.
- Change management—NIST uses change control processes to review all change requests, approve changes, and manage changes to the deliverables, project documents, and the project schedules, and budgets. NIST also uses processes for risk management.
- Communications—extensive outreach provides early notice to the affected NIST community of potential impacts to technical programs or operations and allows early intervention to mitigate these impacts.

- Safety – All projects require approved contractor safety plans for all projects; Contracting Officer's Safety Representatives (COSRs) were appointed for all jobs to monitor and ensure contractors' safety performance.

## Challenge 5: United States Patent and Trademark Office--Improving USPTO's Patent Processing Times, Reducing Its Pendency and Backlogs, and Mitigating Its Financial Vulnerabilities

### *OIG Statement*

The U.S. Patent and Trademark Office (USPTO) faces immense and complex challenges in addressing patent pendency and application backlogs while improving patent quality and building a highly trained and stable workforce. Since 2000, patent pendency has increased from 25 months to over 35 months, and the backlog of unexamined applications has grown from approximately 308,000 to more than 726,000. These large numbers of applications and long waiting periods for patent approval create a significant risk to innovation and economic competitiveness, and ultimately to the United States' position as a world leader in innovation.

#### *USPTO Plans to Address Its Pendency, Backlog, and Operational Issues*

Since assuming office in August 2009, the Under Secretary of Commerce for Intellectual Property (who is also the Director of USPTO) has identified the state of patent pendency and backlog as a critical priority – as has the Secretary. The Under Secretary has set forth goals that include reducing the backlog to 379,000 by FY 2013 and decreasing the total processing time for patent applications to 20 months by FY 2015. USPTO has proposed multiple initiatives to address its challenges and accomplish these goals, including

- increasing the number of patent examiners, especially those with experience in the field of intellectual property;
- revising the system for how patent examiners are given credit for their work; and,
- adding options for patent applicants to accelerate USPTO's review of their patent applications.

As USPTO begins to implement these initiatives, it is simultaneously planning to address its outdated IT infrastructure and seeking legislative approval for new financing tools. USPTO currently relies on aging, unstable legacy technology to support its current operations. According to USPTO, its current systems regularly crash, leaving thousands of employees without productive work to do. USPTO plans to redesign and implement end-to-end electronic patent processing so that most applications will be submitted, handled, and prosecuted electronically. In doing so, it faces the risks and challenges inherent in any major IT system change, such as oversight management; cost issues; and ensuring that the new system is delivered on time, meets user needs, and supports USPTO in achieving its strategic goals. The new financing tools USPTO hopes to implement, such as greater authority to set patent fees and establish operating reserves to protect its resources from unforeseen disruptions in revenue, are intended to enhance its ability to respond to changes in the economy and the fluctuating demand for its products and services. While such initiatives may produce a timelier and more effective patent system that supports American innovation and economic success, USPTO's ability to reduce its patent backlog and pendency will also depend on how effectively it can monitor, evaluate, and refine its programs and operational processes.

## USPTO's Response / Actions Taken

A primary goal of the USPTO is to optimize patent quality and timeliness while simultaneously reducing the backlog of unexamined patent applications. By the end of fiscal year 2012, the USPTO anticipates reducing the average time to first action and final action on patent applications to 24.7 months and 35.1 months respectively. More importantly, the USPTO expects to reduce the backlog of unexamined patents to approximately 634,000 by the end of FY 2012. However, there are a number of complex factors that must be carefully executed and monitored in order to achieve this goal. Some of these factors include hiring new examiners, improvements in process efficiencies, application filings which may be largely driven by the economy; and the ability to outsource applications filed under the Patent Cooperation Treaty (PCT).

Based on the current environment in the short term, USPTO expects the first action pendency to increase and overall pendency to remain at approximately 34 months. Two major factors contribute to this short-term increase in first action pendency: first, inability to gain access to its fees earlier in FY 2011 to allow for full examiner hiring and full overtime; and second, the recalibration of workflow process, including re-engineering the examiner count system and moving toward a more first-in, first-out (FIFO) inventory process. In order to achieve its goal to reduce pendency, the USPTO must first clean up the older cases in the pending backlog, and more strictly manage its inventory in a FIFO environment, which may result in a temporary rise in pendency in the near-term. However, clearing the oldest patent applications is important to the USPTO's long-term success in reducing pendency and the backlog of unexamined patent applications.

USPTO will implement the following initiatives to meet the management challenges identified by the OIG to reform the patent application process, update the IT systems, and reduce pendency time:

- The USPTO has adopted significant revisions to the patent examiner production (count) system. The revised count system places emphasis on complete and thorough initial examination, decreases redundancy, and encourages quicker resolution of issues in the patent application process. This fundamental redesign is aimed at improving quality and efficiency, thereby resulting in a decrease in the application backlog and pendency. It provides more time for examination and more credit for first actions, which emphasize high quality examination and place a focus on quality up-front early in the examination process.

- The USPTO is moving from a patent examination process to a multi-track process by adopting procedures and initiatives that incentivize abandoning applications that are not important to applicants; accelerating critical technologies; permitting an applicant to accelerate important applications; and exploring other incentive and accelerated examination options. Specific initiatives include:

    - **Project Exchange** - Project Exchange is an application acceleration pilot initiative that empowers qualifying applicants having two or more pending patent applications to accelerate the review status of one of the applications by abandoning a second unexamined application. This initiative, which gives applicants greater control over the processing speed of their applications, helps the USPTO to prioritize its workload while reducing the backlog of unexamined patent applications.

    - **Green Technology Pilot Program** - The Green Technology Pilot Program provides accelerated examination of inventions involving green technology, thereby promoting innovation in green technologies and reducing the pendency of patent applications critical to climate change mitigation. In response to feedback from applicants, the USPTO revised the Green Technology Pilot Program to allow more categories of technology to be eligible for expedited processing under the program. As a result, the Green Technology Pilot Program has increased the

development and deployment of green technology, created green jobs, and contributed to promoting U.S. competitiveness in this vital sector.

- **Three-Track Program –** The Three-Track Program is a new patent examination initiative that moves from a single patent examination process to a multi-track process which would provide applicants greater control over the speed with which their applications are examined, promote greater efficiency in the patent examination process, and allow the USPTO to deploy its resources to better meet the needs of innovators. This new program has targeted application processing within 12 months for those applications deemed to be most important to applicants. Under the proposed "Three-Track" initiative, an applicant may request one of the following: Track I: a prioritized examination with a 12 month pendency goal, Track II: a traditional examination under the current procedures, or Track III: an applicant-controlled delay for up to 30 months prior to docketing for examination. The USPTO published a final rule to implement Track I of the "Three-Track" initiative but subsequently had to indefinitely delay the effective date due to the reduced spending authority in the Full-Year Continuing Appropriations Act, 2011.

- The USPTO has implemented patent processes to increase efficiencies and strengthen the effectiveness of examination workflow in the overall patent prosecution process. Specific initiatives include:

  - **First Action Interview Program** - The First Action Interview program encourages examiners to hold interviews with applicants early in the prosecution process in order to facilitate resolution of issues for a timely disposal. USPTO has expanded this program to include all utility applications in all technology areas, enhance efficiency, and provide more options to participants. The benefits of the program include the ability to advance prosecution of an application, enhanced interaction between applicant and the examiner, the opportunity to resolve patentability issues one-on-one with the examiner at the beginning of the prosecution process, and the opportunity to facilitate possible early allowance. The First Action Interview program has not only provided applicants with more options in regards to procedures needed for examination, but has also has contributed dramatically to improving patent application quality.

  - **Clearing the Oldest Patent Applications ("COPA")**: In February 2011, the USPTO launched a new initiative known as "Clearing the Oldest Patent Applications" in an effort to eliminate the "tail" of backlog applications that were more than 16 months old at the beginning of the fiscal year and had not yet received a first office action. This initiative is a critical first step in reaching the USPTO's strategic goal of providing first office actions on all new applications in an average of 10 months from their date of filing by 2014. USPTO's goal for fiscal year 2011 is to have a first office action completed on nearly all of the 313,000 oldest backlog applications. Reaching this goal, however, is highly dependent on the passage of a fiscal year 2011 budget that would provide sufficient resources for hiring and examiner overtime.

- The USPTO has begun an effort to reengineer the entire patent examination process from the time an application is filed through to the granting of a patent. This effort is paramount for USPTO to upgrade and redesign its IT infrastructure, and to allow innovative redesign of the examination process supported by state-of-the-art automated work flow capabilities. The USPTO will maximize the usage of automation in all processes and link project due dates to those of the end-to-end IT initiative such that the IT system is built to obtain the functionality of the reengineered process.

- The USPTO plans to hire, train and retain highly skilled and diverse examiners. While continuing to draw candidates from our traditional sources, USPTO expects that including Intellectual Property (IP) experienced hires will assist in developing a balanced workforce, contribute to a lower attrition rate, and a provide a faster transition to productivity for new hires. Recruiting candidates having significant IP experience will lead to a reduced training burden as well as an increased ability to

examine applications much sooner than an inexperienced new hire, thereby increasing production output.

- By outsourcing searching on Patent Cooperation Treaty (PCT) international applications, examiners will have more time to conduct the examination process on U.S. National applications. In continuing to outsource this function, contractors, instead of patent examiners, would provide an international search report and a written opinion of the International Searching Authority under the provisions of the PCT, thus allowing examiners to examine the approximately 17,000 utility, plant and reissue applications, which will reduce the backlog by an estimated 9,000 applications.

The USPTO faced management challenges obtaining a reliable and sustainable source of funding to finance operations on a multi-year basis. The agency does not have much flexibility adjusting its fees or spending levels if filings and revenues change unexpectedly. To accomplish its strategic goals, the USPTO must have the authority to set the fees necessary to recover the cost of operations, spend fees collected on requirements-based operations, and to adapt and manage its funding requirements as changes occur in internal and external conditions.

As the agency requires sufficient resources to reduce the patent application backlog and achieve its stated pendency goals, the USPTO seeks fee setting authority through the America Invents Act. This Act will allow the USPTO to proactively adjust its fees in response to changes in demand for services, processing costs, or other factors. With fee setting authority, and with routine evaluation of the fee structure, the agency can compare the cost of activities with fees to ensure the rates are set at appropriate levels and the fee structure is achieving rational results.

Another management challenge faced by the USPTO is the potential existence of financial uncertainty as a result of the agency's unique financial structure. Subsequent downturns in the U.S. and global economies showed the structure's vulnerabilities. Multiple factors contribute to the differences, including a reduction in the number of patent applications filed and declines in maintenance fees collected for existing patents. In December 2010, the DOC IG found that the USPTO does not have clear guidance or a disciplined, documented process for forecasting patent fee collections. The IG recommended the establishment and implementation of written policies and procedures for developing fee-collection forecasts and annual reports on variances between projected and actual fee collections. The USPTO has completed several of these IG recommendations, having documented the CFO process for developing fee-collection forecasts and submitting the annual variance report.

## Challenge 6: National Oceanic and Atmospheric Administration--Effectively Balancing NOAA's Goals of Protecting the Environment and Supporting the Fishing Industry

### *OIG Statement*

Charged with protecting, restoring, and managing the use of living marine and coastal and ocean resources, NOAA invests billions of dollars each year to support an array of programs that require long-term commitments and years of funding before showing their full effect. With its Exclusive Economic Zone of 3.4 million square nautical miles of ocean, the United States manages the largest marine territory of any nation in the world. According to NOAA's 2009-2014 strategic plan, "the value of the ocean economy to the United States is more than $138 billion." NOAA faces difficult challenges in promoting the health of marine resources, especially in the areas of fishery enforcement and environmental restoration while ensuring they sustain the vital economic benefits we derive from them.

### *Allegations Against NOAA Law Enforcement Spark Reform*

NOAA's management of commercial fisheries and its enforcement of fair, transparent, and effective regulations is a critical component of the successful execution of its mission. In FY 2010, we responded to a request from NOAA to investigate allegations of excessive penalties and arbitrary actions by its Office for Law Enforcement and General Counsel for Enforcement and Litigation. In response to our findings, the Secretary of Commerce and the Undersecretary for Oceans and Atmosphere (who is also the NOAA Administrator) announced sweeping reforms to increase the accountability and transparency of, and to strengthen the public's trust in, NOAA's law enforcement agency. The Secretary also announced significant restrictions on the use of the Asset Forfeiture Fund (where fines and penalties assessed against the fishing industry are deposited).

The actions directed by the Secretary and the reforms being implemented by NOAA to promote impartiality in its enforcement processes should help ensure fair and unbiased treatment of fishery cases. NOAA must take positive, equitable action to restore the reputation and soundness of its enforcement program and ensure that corrective actions are applied consistently nationwide. We will continue to devote resources and attention to NOAA's fisheries enforcement to make sure that this important program receives sufficient independent oversight.

## NOAA's Response / Actions Taken

In response to Office of Inspector General reports, NOAA's Office of Law Enforcement (OLE) has implemented significant changes to increase accountability and transparency. NOAA has also introduced a new policy placing significant restrictions on the use of the Asset Forfeiture Fund (AFF). The new policy, finalized in March 2011, significantly limits the use of the AFF for services, supplies, and equipment. The new policy also restricts uses of AFF for travel and training. The final policy allows the AFF to support investigative travel and only specific, required law enforcement training. The full list of prohibited uses is at: http://www.federalregister.gov/articles/2011/03/23/2011-6869/noaa-policy-on-prohibited-and-approved-uses-of-the-asset-forfeiture-fund. In addition, NOAA completed the following actions in FY 2011:

- NOAA sponsored a National Fisheries Enforcement Summit, has implemented a compliance assistance pilot program in New England, and is increasing the emphasis on outreach and compliance assistance in the provision of enforcement services as it increases the number of staff engaged in dockside enforcement services (Enforcement Officers vs. Special Agents).
- NOAA implemented a public priority-setting process. OLE has collected stakeholder recommendations, published initial proposals and is in the process of refining its priority statement through consultation with NMFS and NOAA officials.
- NOAA appointed a new Director for OLE, Lt. Col. Bruce Buckson of the Florida Fish and Wildlfe Conservation Commission Division of Law Enforcement.

In addition, NOAA is currently conducting a comprehensive review of OLE's Enforcement Operations manual.

NOAA has undertaken positive, equitable action to restore the reputation and soundness of its enforcement program and taken measures to ensure that corrective actions are applied consistently nationwide. In response to OIG reports as well as feedback received from stakeholders during NOAA's National Enforcement Summit, NOAA announced the compliance pilot program in September 2010. This pilot program serves as part of ongoing efforts to improve communication with the fishing industry and to work proactively with fishermen to help them understand and comply with fisheries regulations. A new Compliance Liaison, who is not an enforcement officer, will serve as a liaison to the fishing industry and other stakeholders in order to work collaboratively to solve such problems as understanding regulations or ensuring gear is in compliance. This program will be closely linked to and coordinated with the outreach, communication, and education team being formed in the Northeast Regional Office.

This program, initiated in the Northeast Enforcement Division, will serve as a template for the other five enforcement Divisions.

### *Gulf Oil Spill Creates New Challenges for NOAA*

In addition to its law enforcement activities, NOAA responds each year to over a thousand natural and human-induced incidents threatening life, property, and marine resources. For example, on April 20, 2010, an explosion on Deepwater Horizon, a semisubmersible mobile offshore oil-drilling well in the Gulf of Mexico, resulted in the largest oil spill in U.S. history. To help recover from a spill of this magnitude, NOAA's monitoring, damage assessment, and restoration activities will continue for years to come.

Because the Deepwater Horizon spill is so large in scope, we anticipate NOAA will need to devote significant resources for an extended period of time towards restoration in the Gulf. As of September 2010, NOAA has dedicated $131.4 million to the spill through reimbursable projects. Since serious threats to wildlife and the fishing community still exist, NOAA's National Marine Fisheries Service must continue to monitor conditions along the coastal areas of Louisiana, Mississippi, Texas, Alabama, and Florida to ensure seafood is safe for consumption. NOAA, as the lead agency for the Natural Resource Damage Assessment process and the nation's lead science agency covering oil spills, will also continue to assess what environmental resources have been harmed. Finally, federal, state, and local governments and affected communities will continue to rely on NOAA to provide continued monitoring and accurate data so responders can react to the oil's effects on our ecosystem.

## NOAA's Response / Actions Taken

NOAA undertook the following actions in response to the Gulf Oil Spill:

- At the outset of the Deepwater Horizon BP oil spill, NOAA quickly mobilized staff from the Damage Assessment Remediation and Restoration Program to begin coordinating with federal and state co-trustees and the responsible parties to collect a variety of ephemeral data that are critical to help inform the Natural Resource Damage Assessment (NRDA).
- NOAA expert personnel on site at each command post and the National Incident Command provided scientific advice to guide response actions toward best achievable outcome for environment and community
- NOAA's Surface Oil Forecasts aided those impacted by the spill – e.g. environmental trustees, responders, waterfront homeowners, local businesses.
- NOAA's Environmental Response Management Application (ERMA) provided common operating picture for responders and planners while GeoPlatform.gov did the same for the public
- NOAA provided scientific input and review on high-level reports and assessments – e.g. Operational Science Advisory Team (OSAT) report, Federal On-Scene Commander (FOSC) report, Incident Specific Preparedness Review (ISPR), Report to the President by the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, and the National Response Team After Action Report.
- NOAA provided Federal guidance and oversight of Shoreline Cleanup and Assessment Technique process which determines best course of action for cleanup and monitoring of hundreds of miles of shoreline in four Gulf states. This is an ongoing effort requiring negotiations among many federal agencies, state, local, and tribal governments, and cultural and environmental trustees.
- NOAA completed response data analysis for science-based decision making though the OSATs Summary Report for Sub-sea and Sub-surface Oil and Dispersant Detection. This included Sampling

and Monitoring, Summary Report for Fate and Effects of Remnant Oil in the Beach Environment, and the Toxicity Addendum; and the Joint Analysis Group report on sub-sea monitoring

- NOAA established the NOAA Gulf Spill Restoration web site, www.gulfspillrestoration.noaa.gov, as a primary portal for public involvement in the Gulf Spill restoration planning process.
- Due to the size of the Deepwater Horizon release and the large potential for injury, NRDA field efforts have far surpassed any other for a single oil release. By early June 2011, the trustees had approved over 115 study plans and collected more than 36,000 water, tissue, sediment, soil, tarball, and oil samples. More than 90 oceanic cruises have been conducted since early May 2010 and many more are scheduled for the summer and fall of 2011.
- Technical teams consisting of several hundred scientists, economists, and restoration specialists from federal and state government, academia and BP have been in the field conducting daily surveys and collecting samples for multiple resources, habitats, and services.
- NOAA continues to collect information to assess potential impacts to fish, shellfish, terrestrial and marine mammals, turtles, birds, and other sensitive resources, as well as their habitats, including wetlands, beaches, mudflats, bottom sediments, corals, and the water column. NOAA is also assessing the lost human uses of these resources, such as recreational fishing, hunting, and beach use.
- As a result of supplemental funding from Congress to address some very targeted science-based issues, NOAA is conducting the following ongoing studies:
    - Improvement of algorithms and models for subsurface blowout dynamics and transport in 3D
    - Assessment of dispersed oil (surface, subsurface) data and development of national research and development priorities associated with dispersants in marine environments
    - Capture of new oil budget algorithms into real-time fate models for better and quicker oil budget estimates during continuous release scenarios

## Challenge 7: Renovation of Department of Commerce Headquarters--Protecting Against Cost Overruns and Schedule Delays for the Commerce Headquarters Renovation

### *OIG Statement*

The Herbert C. Hoover Building (HCHB)—the Department of Commerce's Washington, D.C., headquarters—is undergoing a comprehensive renovation. The eight-phase modernization and renovation of the over 1.8 million-gross-square-foot building is the first major upgrade of HCHB since its completion in 1932. The project, which has an estimated cost of $960 million and is currently scheduled for completion by 2021, will upgrade mechanical, electrical, and life-safety systems; increase usable space; improve energy and environmental efficiency; and incorporate security improvements. Phase 1 of the renovation was substantially completed in October 2009, and Phase 2 is underway. Phases 2 and 3 will utilize some $226 million in Recovery Act funds.

The General Services Administration (GSA) owns the building and is managing the renovation. However, the Department is also taking an active management role by working closely with GSA as an advocate for the operating units housed at HCHB with respect to space requirements, building services, and improvements. Since the renovation has the potential to disrupt the Department's operations and affect its workforce, OIG plans to conduct an ongoing review of the construction activities and the

decisions critical to the renovation's success. Of special interest are the developments of the consolidated server room and perimeter security projects. These projects are Commerce's largest monetary responsibilities during the early phases of the renovation and directly affect critical stages of construction.

### *OIG's Initial Report Describes Problems with Billing Processes and Rental Rate Agreement*

Our August 2010 report on the Department's management of the project noted that GSA, Commerce, and the contractor for the renovation have implemented reasonable operating procedures to insure adequate oversight of the initial phases of the project. However, Commerce did not have a formal procedure in place for tracking and reconciling the documents used by GSA to capture costs and bill customers for the renovations; in addition, GSA and the Department had not reached a formal agreement on Commerce's future rental rates. Also during our work, OIG became aware of health complaints from Commerce staff occupying the renovation swing space. An inspection conducted by an Occupational Safety and Health Administration (OSHA) compliance safety officer found that the complaints were related to indoor air quality and temperature (being too hot or too cold), which are not regulated by OSHA.

Since our report, GSA and the Department have made progress addressing the billing and rental rate issues; we are awaiting a plan from Commerce that will provide more details about specific corrective actions. The Department has also informed us that the HCHB renovation has been included in the Department's balanced scorecard, a strategic program management tool initiated by the Secretary that measures the Department's progress against its mission goals. The scorecard will assess the renovation project from four perspectives: financial, schedule, project scope, and customer disruptions. These categories will provide a means to track progress and make corrections over the course of the renovation.

## DM's Response / Actions Taken

The Office of Administrative Services (OAS) has held several meetings with GSA staff that addressed OIG recommendations and initiated dialogue for closure on numerous related issues.

OAS continues working with GSA National Capital Region leadership in resolving rental rates and timing issues. OAS also sought and received clarification from GSA on the basis for new rental rates for renovated and un-renovated HCHB space determined by a recent GSA appraisal that sets HCHB shell rent for the next five years (2012-2016).

Under the improved relationship, new occupancy agreements using renovated and un-renovated rental rates set under the previous appraisal, which reflect the Phase 1 addition, were put in place in December 2010. Draft pro forma occupancy agreements that identify estimated rental amounts after the acceptance of Phase 2 space next February were provided to the Department in June 2011. These draft documents identify the new rental rates based on the recent appraisal, as well as the acceptance of more renovated space and vacating un-renovated space to GSA for Phase 3. In addition, GSA is working to ensure that its measurement and rent processes will be in alignment with their project management for this next phase change.

The Department will not be charged for Tenant Improvements that will be funded with ARRA funds. Additionally, at the end of Phases 2 and 3, the Department will not be billed for Tenant Improvements.

On December 17, 2010, Commerce provided a rental rate plan to OIG outlining actions taken and actions planned.

### *HCHB Fire Underscores the Potential for Disruptions to Employee Productivity and Safety*

On October 7, 2010, a fire broke out at HCHB after normal working hours in an area undergoing renovation. Everyone was accounted for, and there were no reports of injuries. The fire resulted in the closure of the building on Friday, October 8. Testing for hazardous materials was conducted, and all areas of the building were cleared for occupancy on October 12 (the next scheduled workday). However,

this unexpected closure affected approximately 3,500 employees—a clear example of the disruptive effect that the renovation can have on Commerce's operational efficiency.

OIG will monitor the effectiveness of the lessons learned from the fire and other disruptive incidents so that potential future disruptions to operations—as well as adverse effects on employees' comfort, health, and productivity—can be mitigated. Our oversight in future reports will also include an assessment of the Department's performance in meeting its four scorecard objectives.

## DM's Response / Actions Taken

At the General Services Administration's (GSA) request, the Bureau of Alcohol, Tobacco, and Firearms conducted a thorough investigation to identify the cause of the fire and address any fire safety concerns in the construction area. The investigation revealed that the fire was started by a compromised electrical extension cord. After the fire, GSA reiterated the need to enforce good construction safety practices to the Gilbane-Grunley Joint Venture and both parties continue to conduct regular inspections of the construction site. The Office of Building Renovation has been working with GSA to ensure the contractor follows all safety regulations to prevent any future events and/or accidents. In addition, GSA has procedures in place to prepare for known natural disasters such as hurricanes and snow storms.

## DM's Summary of Other Actions Taken in Response to HCHB Renovation

### Response to Health Concerns in Swing Space

On June 8 and 18, 2010, the HCHB Building Management received inspections on swing space level A by an OSHA Compliance Safety and Health Officer (CSHO). The CSHO concluded that swing space level A is in compliance and no citations or notices were necessary or required. A monthly air quality testing program of the entire HCHB, including swing space, has been implemented. The testing includes:

- Temperature and Relative Humidity
- Carbon Dioxide and Carbon Monoxide
- Total Volatile Organic Compound (TVOC) Monitoring

The results of this testing indicate that all parameters tested and noted are within the recommended regulations, standards and applicable guidelines. These test results are posted on the renovation intranet site for all HCHB tenants to view.

In addition, the Office of Space and Building Management hired GLOBAL Consulting Inc., an independent environmental firm, to provide a Certified Industrial Hygienist to do additional testing. Their evaluation included real-time field measurement, confirmatory sampling, and laboratory analysis. The results of this testing indicate that all parameters tested and noted are within the regulations, standards and applicable guidelines.

The National Institute for Occupational Safety and Health also conducted an Environmental Health Hazard Evaluation of the HCHB swing space and concluded that all environmental parameters, including volatile organic compounds, mold, bacteria, and electromagnetic interference, were within acceptable guidelines and the space was considered safe for occupancy.

On July 12, 2010, an electromagnetic field survey was performed throughout the offices on the second floor of the HCHB swing space to measure both electric and magnetic field strengths. The maximum field strength detected in this area was far below current recommended exposure limits for both static electric and magnetic fields.

**Balanced Scorecard**

The HCHB renovation has been included in the Department's balanced scorecard. On a quarterly basis, the scorecard assesses the renovation project from four perspectives: financial, schedule, project scope, and customer disruptions. These categories provide a means to track progress and make corrections over the course of the renovation.

To effectively assess and track the progress of the Renovation Project:

- The Deputy Assistant Secretary for Administration (DASA) is briefed bi-weekly on the project status.
- A Working Overarching Product Team meets bi-weekly to review the status of the GSA contract and construction effort as well as the tenant improvement projects that DOC is responsible for. They address and resolve issues/problems associated with the project, review risk and risk mitigation strategies, and resolve cross-cutting issues and budget. This group includes the DASA; the Director for Office of Administrative Services; executive leadership from NOAA and ITA (the two largest tenants); the Director for Acquisition Management; Deputy Director for the Chief Information Officer and the Deputy Chief Financial Officer and Director for Financial Management; and executive leadership from GSA
- Senior managers meet bi-weekly with the Director, OAS and the GSA senior project manager to discuss the project and any potential impacts on the project schedule and HCHB tenants.

## Challenge 8: Census Bureau--Effectively Planning the 2020 Decennial

### *OIG Statement*

The decennial census provides important information that guides the apportioning of congressional representation and redistricting, as well as the distribution of more than $400 billion of government funding every year. The 2010 census was an immense undertaking that encompassed a decade of planning and testing. It involved a massive end-of-decade effort to collect addresses and geographic information to update the bureau's master address file and digital maps, a late change in plans to revert to a pen-and-paper nonresponse follow-up operation instead of using handheld computers, and the training and deployment of more than 784,000 temporary employees to accurately count the estimated 300 million people living in the United States.

The 2010 decennial's life-cycle cost is approximately $13 billion. Considering the current trends in population and cost growth, if Census uses 2010 as a model for designing the 2020 census, the total price of the next decennial could rise to more than $22 billion (according to bureau estimates). Such cost growth is unsustainable. Census must make fundamental changes to the design, implementation, and management of the decennial census in order to obtain a quality count for a reasonable cost.

#### *Lessons Learned from 2010 Are an Essential Part of Success in 2020*

Census must apply lessons learned from the 2010 process to develop an innovative, flexible, cost-effective, and transparent approach to the 2020 census. Alternative approaches to the labor-intensive end-of-decade address list improvement and non-response follow-up operations—both of which were major 2010 cost drivers—must be explored and tested early in the decade to prevent schedule delays or cost increases, and to enhance accuracy. In addition, Census must improve its IT management, as well as reduce costs and risk by limiting the deployment of one-time-use technology.

*Exploring Options for Improving Operations*

The decennial is not the Census Bureau's only means of tracking the population of the United States. Currently, 12 regional offices manage a trained federal workforce to conduct a variety of censuses and surveys throughout the decade. Every month, quarter, and year households and businesses are contacted via mail, telephone, or in-person interview to provide information used by the government to manage its population and economic data. To be effective, the 2020 planning approach needs to leverage these existing surveys, field operations, and data assets.

One likely vehicle to continuously develop, test, and improve decennial operations and technology is through the American Community Survey. This nationwide survey replaced the once-a-decade "long form" and is conducted on an ongoing basis in every part of the country (using a national sample size of 250,000 households per month). Employing this survey to incrementally test various aspects of the 2020 census—including the development and testing of a secure system and approach for an Internet response option and exploring the use of existing information collected by public and private entities (commonly referred to as administrative records)—would reduce both cost and risk during future decennials. A continuous update of Census's maps and its address list throughout the coming decade—using the existing trained workforce in both office and field operations—could further reduce cost and risk, and likely increase quality.

Fiscal years 2011 and 2012 are critical years in the planning of the 2020 census and will set the course for how well this constitutionally mandated responsibility is performed.

## Census's Response / Actions Taken

Work on the 2020 decennial census in FY 2011 was mostly limited to development of goals and strategies, and establishing program management processes and documents. With respect to the specific recommendations, two key strategies for 2020 development include utilization of the American Community Survey (ACS) as a "test bed" for 2020 research, and work on continuously updating the address frame and maps over the decade, allowing a less-costly targeted update of the Master Address File in 2019.

To reduce R&D costs and manage risk, Census will integrate continuous testing into the production environment of the American Community Survey, so that Census can conduct many small tests throughout the decade. As the testing evolves to production system development, the ACS will serve as an initial production environment. Making use of the many developmental cycles in the ACS monthly production environment reduces the high risk of building one-use systems that must operate flawlessly in the decennial production, an approach used in previous censuses.

In FY 2011, the Census Bureau implemented an initiative for increasing the Geographic Support System program to support: improved address coverage; an expanded annual Boundary and Annexation Survey to include all legal governments; continual update of positionally accurate road and other related spatial data; mid-decade review of statistical areas; and, enhanced quality measures of ongoing geographic programs. By focusing on activities that improve the Master Address File while maintaining the spatial infrastructure that makes census and survey work possible, this initiative represents the next phase of geographic support following the 2010 Decennial Census.

## 2012 MANAGEMENT CHALLENGES

UNITED STATES DEPARTMENT OF COMMERCE
The Inspector General
Washington, D.C. 20230

October 24, 2011

**MEMORANDUM TO THE SECRETARY**

**FROM:** Todd J. Zinser

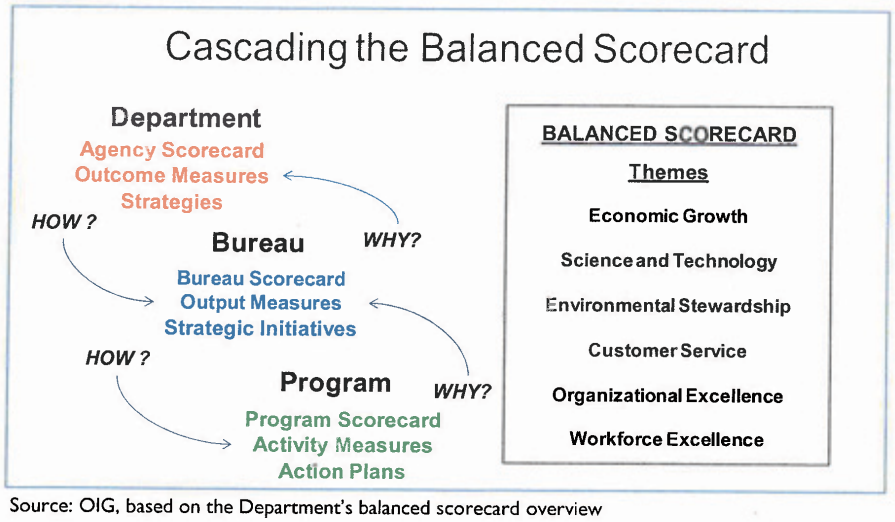
**SUBJECT:** Top Management Challenges Facing the Department of Commerce in Fiscal Year 2012

Enclosed is our final report on the Department of Commerce's top management challenges for fiscal year (FY) 2012. The Department plays a pivotal role in implementing the President's initiatives for economic recovery and job creation and plans to spend about $10 billion on a wide range of programs in the upcoming year. The report identifies what we consider, from our oversight perspective, to be the most significant management and performance issues facing the Department.

The five major challenges we have identified for FY 2012 represent cross-cutting issues that focus on the President's most important goals. The first two challenges in the report are new additions: challenge 1 discusses the Department's mission *to promote the export of American goods, stimulate economic growth, and create jobs while simultaneously enforcing trade laws and protecting U.S. trade interests*; and challenge 2 explains the Department's need to *reduce operating costs in the face of an extended period of constrained federal budgets.* The remaining three challenges are longstanding departmental concerns: *enhancing IT security across the Department, improving Commerce-wide acquisitions and contracting practices,* and *ensuring NOAA meets its milestones to develop and launch its new environmental satellites while minimizing expected data gaps.* Under the leadership of former Secretary Locke and Acting Secretary Blank, the Department has a solid foundation upon which to make continued improvements when addressing these challenges.

Former Secretary Locke's legacy included adopting a *balanced scorecard* management approach focusing on themes that reflect the Department's priorities. This approach gives a greater emphasis to Commerce's three programmatic themes of Economic Growth, Science and Information, and Environmental Stewardship as well as its management themes of Customer Service, Organizational Excellence, and Workforce Excellence (see diagram, on next page). Since the beginning of FY 2011, the Deputy Secretary has met each quarter with operating unit heads to review the scorecard, which tracks performance and measures progress. This management approach has helped to institutionalize the Department's efforts in working

toward cross-cutting performance goals and to better position the Department to respond promptly and suitably to challenges as they emerge. We would recommend that you continue to exercise these capabilities consistent with your goals and objectives in leading the Department.




Source: OIG, based on the Department's balanced scorecard overview

We remain committed to keeping the Department's decision makers informed of longstanding as well as emerging problems identified through our audits and investigations so that timely corrective actions can be taken. This final report and the Department's response to it (which appears as an appendix) will be included in the Department's *Performance and Accountability Report*, as required by law.[1]

We appreciate the cooperation received from the Department, and we look forward to working with you and the Secretarial Officers in the coming months. If you have any questions concerning this report, please contact me at (202) 482-4661.

cc: Rebecca Blank, Acting Deputy Secretary
Cameron Kerry, General Counsel
Bruce Andrews, Chief of Staff
Scott Quehl, CFO/ASA
Simon Szykman, Chief Information Officer
Operating Unit Heads
Operating Unit Audit Liaisons

[1] 31 U.S.C. § 3516(d).

# Contents

# Challenge 1:

## Effectively Promote Exports, Stimulate Economic Growth, and Create Jobs

The Department is at the center of the federal government's efforts to promote exports and stimulate economic development, while at the same time regulating exports. The Secretary plays a visible role in carrying out the Department's trade promotion mission, with export- and trade-related activities—such as leading trade missions and representing the United States in bilateral or multilateral meetings—accounting for a significant portion of the Secretary's time. The President also tasked Commerce with leading the government-wide SelectUSA initiative by attracting and retaining domestic and foreign investments. We estimated that Commerce planned to devote approximately $994 million (11 percent) of its FY 2011 budget request to fund direct international programs and activities, most of which is represented by the budgets of the International Trade Administration (ITA) and the Bureau of Industry and Security (BIS).

### *Implement Administration Initiatives with Effective Interagency Partnerships*

Many federal agency missions are related to international trade. We reviewed their missions and found more than 20 performed trade-related functions, such as policy development and negotiation, export promotion, financing, and licensing and regulation (table 1).

**Table 1. U.S. Government Agencies with Trade-Related Functions**

| | Member of | | Function | | | |
|---|---|---|---|---|---|---|
| Agency | Export Promotion Cabinet | Trade Promotion Coordinating Committee | Policy Development, Negotiation & Cooperation | Export Promotion [a] | Finance, Insurance, Grants & Adjustment Assistance | Licensing, Inspection & Regulation |
| Council of Economic Advisors | ● | ● | ● | | | |
| Department of Agriculture | ● | ● | ● | ● | ● | ● |
| Department of Commerce | ● | ● | ● | ● | ● | ● |
| Department of Defense | | ● | ● | | | ● |
| Department of Energy | | ● | ● | ● | | ● |
| Department of Homeland Security | | ● | ● | | | ● |
| Department of the Interior | | ● | ● | | | ● |
| Department of Labor | ● | ● | ● | ● | ● | |
| Department of State | ● | ● | ● | ● | | ● |
| Department of Transportation | | ● | ● | | | |
| Department of the Treasury | ● | ● | ● | | | ● |
| Environmental Protection Agency | | ● | ● | | | ● |
| Export-Import Bank | ● | ● | | | ● | |
| Food and Drug Administration | | | ● | | | ● |
| National Economic Council | ● | ● | ● | | | |
| National Security Council | ● | ● | ● | | | |
| Office of Management and Budget | ● | ● | ● | | | |
| Office of the U.S. Trade Representative | ● | ● | ● | ● | | |
| Overseas Private Investment Corporation | ● | ● | | | ● | |
| Small Business Administration | ● | ● | | ● | ● | |
| U.S. Agency for International Development | | ● | ● | | | |
| U.S. International Trade Commission | | | ● | | | ● |
| U.S. Trade Development Agency | ● | ● | | ● | | |

Source: OIG analysis of government agency information
[a] Export Promotion includes export counseling and assistance, providing trade leads and market research, conducting feasibility studies, and advocating for U.S. businesses.

The Department has a critical part in the success of the administration's three government-wide initiatives: promote U.S. exports, reform the export control system, and reorganize the federal government's trade promotion responsibilities. The following efforts require the Secretary to work effectively with interagency partners and to marshal and integrate Commerce resources:

- **Increase Collaboration Among Partner Agencies to Implement the National Export Initiative.** In March 2010, the President formalized a government-wide strategy called the National Export Initiative (NEI), which aims to double U.S. exports by 2014 by enhancing the private sector's ability to export goods and services. The NEI is led by a secretarial-level body called the Export Promotion Cabinet that is charged with implementing the initiative's trade-related activities in coordination with the Trade Promotion Coordinating Committee (TPCC; see member agencies in table 1), [2] which is chaired by the Secretary. Historically, collaboration among TPCC agencies on specific trade promotion has not been strong, and the TPCC has not developed any working groups to improve coordination among its members. Despite these limitations the Department reports that, as of August 2011, the efforts of these organizations have resulted in a 17 percent increase in exports since 2009.[3]

- **Work with Partner Agencies to Implement the Export Control Reform Initiative.** The Department, along with the Departments of Defense and State, is a central part of implementing the Export Control Reform Initiative. This initiative envisions more effective export administration and enforcement by consolidating agency efforts and using a single IT system and list of controlled goods and technologies with military and commercial applications. Through this approach, the government would create a single source to help businesses obtain the information they need to export sensitive goods and technology. To date, the Department has succeeded in revising some of its export control regulations and is helping establish an export enforcement coordination center.

- **Support Reorganization of U.S. Government Trade and Export Promotion Functions**. The Office of Management and Budget (OMB) is leading an effort to reduce overlap in government trade-related responsibilities and identify potential cost savings, thereby improving agencies' efficiency and effectiveness. As noted in table 1 and later in table 2, trade functions and responsibilities are spread across multiple federal agencies—and even within the Department's own operating units. Although the plan is not yet public, it is likely that the reorganization will affect the Department significantly; Commerce should be prepared for the possibility of major program changes.

### *Enhance Commerce Unit Operations to Help Promote Trade and Job Creation*

At the same time as it is involved in these government-wide efforts, the Department must continue to enhance its own mission to promote U.S. economic growth and associated job

[2] The TPCC was established in 1993 by Executive Order 12870 under the authority of the Export Enhancement Act of 1992 to coordinate governmental efforts to promote U.S. exports.
[3] OIG has not verified the accuracy of this claim.

gains. Our office analyzed the Department's trade-related responsibilities. The results of our analysis are displayed in table 2, which outlines Commerce's international functions and the missions of responsible operating units.

**Table 2. International Function by Commerce Operating Unit [a]**

| | Commerce Operating Unit | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **International Function** | **ITA** | **USPTO** | **NIST** | **EDA** | **ESA** | **BIS** | **MBDA** | **NOAA** | **NTIA** |
| **Represent the nation in international forums** | ● | ● | ● | | ● | ● | | ● | ● |
| **Formulate policy and negotiate agreements** | ● | ● | ● | | | ● | | ● | ● |
| **Manage international cooperation and exchanges** | ● | ● | ● | | ● | ● | | ● | |
| **Promote U.S. exports and commercial advocacy** | ● | ● | ● | | | ● | | ● | ● |
| **Promote U.S. international competitiveness** | ● | ● | ● | ● | | ● | ● | | |
| **Promote U.S. standards** | ● | | ● | | | | | | ● |
| **Regulate trade and investment** | ● | | | | | ● | | | |
| **Collect, analyze, and disseminate trade data** | ● | | | | ● | | | | |
| **Protect U.S. intellectual property rights** | ● | ● | | | | | | | |
| **Mitigate negative effects of international trade** | ● | | | ● | | | | | |
| **Enforce international law and U.S. treaty obligations** | | | | | | ● | | ● | |
| **Combat unfair trade practices** | ● | | | | | | | | |

Source: OIG analysis, based on bureau information

[a] Commerce's operating units are International Trade Administration (ITA), U.S. Patent and Trademark Office (USPTO), National Institute of Standards and Technology (NIST), Economic Development Administration (EDA), Economics and Statistics Administration (ESA), Bureau of Industry and Security (BIS), Minority Business Development Agency (MBDA), National Oceanic and Atmospheric Administration (NOAA), and National Telecommunications and Information Administration (NTIA).

The Department began improving coordination among its operating units by launching the "CommerceConnect" initiative in 2009 to help U.S. businesses be more competitive and create jobs by coordinating and providing a portfolio of government assistance to businesses via the Internet, a national call center, and field offices throughout the country. However, a more structured and broad-based approach is needed to adequately address Commerce-wide coordination efforts and address possible duplication of activities, as reported in a recent Government Accountability Office (GAO) study.[4] The Department also faces the following specific challenges to help promote trade and create jobs:

- **Repatriate Manufacturing Jobs in America.** Repatriation of jobs that have moved abroad will help create U.S. jobs and improve the economy. The House Appropriations Committee has recently proposed tasking the Secretary with establishing a Repatriation Task Force to examine incentives needed to encourage U.S. companies to bring manufacturing and research and development jobs back to the United States. The Senate Appropriations Committee also proposed giving the Department the task of developing a national manufacturing strategy. [5]

- **Appropriately Allocate Resources to Support the NEI**. ITA is involved with both the NEI and the potential reorganization/consolidation of U.S. export promotion

[4] GAO. March 1, 2011. *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP. Washington, D.C.

[5] See the pending House appropriations bill for FY 2012 (H.R. 2596) and Senate Report 112-78 accompanying the Senate appropriations bill for FY 2012 (S. 1572), as reported by the respective Appropriations Committees.

activities. As part of the NEI, ITA intends to promote U.S. exports by increasing the number of trade specialists, outreach, and guidance to small- and medium-sized businesses capable of entering new markets, as well as the number and size of trade missions. The bureau's proposed FY 2012 budget provides additional funding to carry out NEI activities. With its increased workload, ITA must effectively manage its resources to meet the established goal of doubling U.S. exports by 2014 and must also fulfill congressional reporting requirements.

- **Reduce the Patent Backlog, Improve Processing Times, and Effectively Implement Patent Reform**. USPTO fosters innovation and protects inventors' intellectual property rights by registering trademarks and granting patents. Patents can help make initial investments in an invention worth the effort and expense; a granted patent can help investors secure capital, create or expand businesses, and create jobs. Over the past decade, the patent backlog has doubled, and the completion of patent reviews has increased from an average of 2 years to almost 3 years. Long waits for application decisions could negatively impact innovation, economic development, and job growth. USPTO continues to contend with the large number of patents awaiting review, making it imperative that USPTO maintain its focus and increase its efforts to address these challenges.[6]

  USPTO also faces new administrative and operational challenges in implementing the recently enacted Leahy–Smith America Invents Act (Pub. L. No. 112-29). This act contains many changes to patent laws and USPTO practices, such as moving the United States to a "first-to-file" system, creating new proceedings for review of granted patents, allowing USPTO the authority to set fees, and imposing a 15 percent surcharge on all patent-related fees. These changes—many of which must be made between 10 days and 12 months of the enactment—will require USPTO to issue new regulations, set new fees, modify current business processes, and conduct new studies and report on them to Congress.

- **Improve Technical and Financial Assistance Programs to Promote Job Growth in the United States.** The two departmental operating units that provide assistance to U.S. companies are NIST and EDA. NIST fosters trade through a variety of programs that support business innovation, promote research, and help companies improve their business processes. The $125 million-per-year Manufacturing Extension Partnership, for example, works with small and mid-sized U.S. manufacturers to help create and retain jobs, increase profits, and save time and money through a public/private partnership. In FY 2011, EDA provided approximately $250 million in grants and assistance programs that focus on helping businesses in disadvantaged and distressed communities and mitigating the negative impacts of trade. EDA grants enhance the export potential of U.S. businesses, and increase the competitiveness of

[6] USPTO reports that the backlog of patent applications has decreased from 716,428 in October 2010 to 683,991 in August 2011 (www.uspto.gov/dashboards/patents/kpis/kpiBacklogDrilldown.kpixml).

regions across the country. Our office has identified needs to improve program and grant management in these areas.

- **Ensure the Elimination of Important Surveys Does Not Adversely Affect the Formulation of Vital National Social or Economic Indicators.** Composed of the U.S. Census Bureau and the Bureau of Economic Analysis (BEA), ESA is responsible for collecting and maintaining key statistics on the U.S economy, international trade, and investment. The constrained budget environment may result in an adverse impact on this critical mission. For example, the Department has proposed eliminating the Census Bureau's 2012 Economic Census, which would affect the quality and production of major economic indicators such as BEA's National Income and Product Accounts and Gross Domestic Product, and the Bureau of Labor Statistics' Producer Price Index. The Department and Congress need to ensure that the elimination of these important surveys does not have an adverse effect on the formulation of vital national social or economic indicators.

The entire Department has to effectively and efficiently coordinate efforts and manage resources to meet the goals of the various trade and export initiatives, avoid program duplication, and maximize resources. Workforce planning, program improvements, and well-defined missions can assist with meeting those goals. If all operating units do not successfully manage their programs and coordinate efforts, valuable resources may be wasted, jeopardizing Commerce's ability to help U.S. companies increase exports and strengthen the national economy.

### *Correct Unfair Trade Practices and Protect Our National Security Through Enforcement Activities*

While trade promotion is an essential part of the its mission, the Department must also maintain strong trade enforcement programs so that the United States can thrive in the global marketplace. Long-term, sustainable U.S. economic growth depends on the effective enforcement of trade agreements and laws to ensure U.S. companies can compete fairly in the international arena. ITA's Import Administration works to counteract unfair trade practices by U.S. trading partners, such as dumping and foreign subsidies, while its Market Access and Compliance unit works to ensure compliance by these same trading partners with international trade agreements and to resolve trade disputes.

Additionally, the Department facilitates trade in a manner that protects U.S. national interests. This mission is carried out by BIS, which protects national security interests by regulating the export of controlled goods and technology to prevent their acquisition by our country's adversaries. While each bureau vigorously carries out its respective missions, BIS faces the greatest challenge as it contends with fundamental changes to the country's export control system.

BIS is currently helping to implement the long-term goals of the Export Control Reform Initiative. In the near term, the initiative will result in the transfer of a significant number of export-controlled items from the jurisdiction of the State Department's Directorate of Defense

Trade Controls to BIS. The bureau will need to ensure that its resources are adequate to handle the increased workload. In addition, BIS will need to increase its outreach efforts to educate exporters about changes in export control regulations and provide the necessary guidance to ensure compliance with new regulations. Finally, with more goods and technology shipped under its jurisdiction, BIS will need to increase its enforcement efforts to detect, prosecute, and deter violations of the regulations. Effective administration and enforcement of the revised dual-use export regulations will be critical. Otherwise, U.S. companies risk losing export sales because of delays in processing license applications, and controlled goods and technology may be shipped to unsuitable end users by exporters who willfully or unintentionally violate the regulations.

### *Improve Regulatory Reviews to Protect and Promote Public Interests*

The Department plays a vital role in regulating marine fisheries and protected resources (NOAA), patents and trademarks (USPTO), and the import and export of goods (ITA and BIS). In August 2011, the Department submitted its *Plan for Retrospective Analysis of Existing Rules* in response to Executive Order 13563, *Improving Regulation and Regulatory Review*, issued January 18, 2011. In this order, the President stated:

> Our regulatory system must protect public health, welfare, safety, and our environment while promoting economic growth, innovation, competitiveness, and job creation. It must be based on the best available science….It must take into account benefits and costs…. It must measure, and seek to improve, the actual results of regulatory requirements.

Conducting adequate cost-benefit analyses and identifying meaningful performance measures for regulatory activities are critical to avoid overburdening affected industries, as required by the President's Order. This is especially important for NOAA to consider. In recent years, members of the fishing industry and congressional leaders from the New England region have repeatedly questioned the costs and benefits of certain fishery regulations. Last year, we also reported that balancing NOAA's goals of protecting the environment and supporting the fishing industry was one of the top management challenges facing the Department.

NOAA has committed to working with stakeholders and Congress to improve performance metrics for its U.S. fishery management policies and to revisit previous cost-benefit analyses as part of the retrospective regulatory analysis. USPTO, ITA, and BIS also plan to incorporate cost-benefit analyses as part of their regulatory reviews. To implement the President's Order, the Department needs to ensure the quality of cost-benefit analyses conducted by these regulatory operating units and appropriate actions taken to revise/update regulatory activities.

# Challenge 2:

## Reduce Costs and Improve Operations to Optimize Resources for a Decade of Constrained Budgets

OMB has issued FY 2013 budget guidance directing federal agencies to provide scenarios with their FY 2013 requests reflecting funding at levels 5 and 10 percent below their FY 2011 enacted budgets. At the same time, OMB encouraged agencies to develop programs supporting economic growth. OMB has stated that it will be difficult, but possible, to find savings to support these investments in growth; agencies have to cut or eliminate low-priority and ineffective programs while consolidating duplicate ones, improve program efficiency by driving down costs, and support fundamental program reforms that will generate the best outcomes per dollar spent.

The pending House appropriations bill for FY 2012, as reported by the Committee on Appropriations, would reduce the Department's appropriations by 6 percent compared with FY 2011—and was almost 20 percent below the administration's FY 2012 budget request. In addition, the Joint Select Committee on Deficit Reduction is seeking $1.5 trillion in government-wide savings over the next 10 years. The Committee could target additional cuts in specific Commerce programs; if the Committee fails to agree on spending reductions, or the Committee's proposal is not enacted by January 15, 2012, across-the-board cuts will begin with the FY 2013 budget. Some Commerce programs, both small and large, have already been deeply affected by constrained budgets:

- The Department requested $22.6 million for two key IT security strategic initiatives intended to enhance system monitoring and detect and respond to cyber attacks. However, due to budget uncertainties, the Department is identifying alternative funding sources internally, and has to carefully prioritize the elements of both initiatives so that funds can be used to implement the most critical elements first. Information technology and cybersecurity are discussed in detail in challenge 3.
- Based on the current FY 2011 funding level, NOAA expects a potential coverage gap between its two new polar weather satellites—the National Polar-orbiting Operational Environmental Satellite System (NPOESS) Preparatory Project, scheduled for launch in October 2011, and the first Joint Polar Satellite System satellite, scheduled for launch in February 2017. According to NOAA's studies, its weather forecasting at 5, 4, and 3 days before weather events could be significantly degraded during the coverage gap. We discuss NOAA's ability to minimize the gap in severe weather forecasting in challenge 5.

As the Department prepares for an extended period of tighter budgets and decreased spending, it is more important than ever to target waste, reduce inefficiency, and ensure that taxpayers' dollars are being spent wisely. OIG has reviewed and recommended improvements in several areas of the Department's operations. Opportunities to save money and optimize efficiency lie in such diverse areas as administrative operations; improper payments; program and grants management; 2020 decennial census planning; and the ongoing renovation of the Department's Washington, D.C., headquarters.

*Implement and Expand Initiatives to Improve Operational Efficiency and Economy*

In view of the constrained budget environment for FY 2012 and beyond, the Department has already started looking for additional savings by reforming the way it does business.

Commerce has an initiative in place to save $143 million in administrative costs in FY 2011 and 2012 (table 3). Savings will be realized in part through an $86 million reduction in facilities and information technology as well as human resources. For example, Commerce is one of more than 12 federal agencies that have received approval to authorize voluntary early retirement and separation incentives for employees who volunteer to retire from federal service. The Department has also committed to close 22 of its 56 data centers by December 31, 2012, as part of the federal government's long-term plan to lower operating costs by consolidating data centers.[7]

**Table 3. Commerce's Cost-Saving Initiatives**

| Initiatives | Savings in FYs 2011–2012[a] |
|---|---|
| **Acquisition: Strategic Sourcing** | $ 25 million |
| **Acquisition: Contract Management** | $ 32 million |
| **Other Administrative Activities** | $ 86 million |
| **Total Savings** | $143 million |

Source: Department of Commerce
[a] Although some of the initiatives began in FY 2011, the total administrative savings are estimated for FY 2012.

The remaining $57 million in savings will be derived from changes in the Department's acquisition activities. As we discuss in challenge 4, the Department needs to handle acquisitions more effectively and efficiently; it can do so in part by reducing the use of high-risk acquisition contracts. The Department reported it has already saved about $4 million by focusing on strategic sourcing for six services: cellular service, office supplies, personal computers and accessories, print management and energy, small package delivery, and support services. But relentless management attention and active oversight of reported savings are critical to achieving the Department's goal.

The Department demonstrated leadership in taking these cost-saving initiatives; however, the budget environment will require that Commerce continue to search for similar opportunities to optimize efficiency and cut operational costs. For example, in our audit of the Department's motor pool operations, we found that Commerce needed more effective oversight of its vehicle inventory, records, and cost; over 730 fleet credit cards—with transactions totaling over $1 million—could not be matched to a motor pool vehicle. Our recommendations to improve the inventory and use fraud monitoring tools to prevent or detect credit card abuses will improve the economy and efficiency of motor pool operations. In addition, the Census Bureau, in an effort to reduce costs and improve the quality of the hundreds of surveys it executes annually, plans to realign its 12 regional offices into 6. An annual cost saving of $15–18 million is projected once this realignment is complete.

[7] Department of Commerce. September 28, 2011. *2011 Data Consolidation Center Plan and Progress Report* (draft).

### *Strengthen Oversight of Improper Payments for Additional Recoveries*

The Department can increase efforts to implement the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and increase the dollars it recovers from improper payments. The law defines improper payments as payments that either should not have been made or that were made to ineligible recipients or for ineligible goods and services. Our 2011 report on improper payments highlighted the opportunity to test payments for almost $6 billion in FY 2010 grants. Commerce can recover more improper payments by testing more types of payments, lowering its dollar limit for testing payments, beginning testing sooner, and following the guidance of OMB and IPERA to determine which programs may have the most risk of losses due to improper payments.

IPERA expanded the criteria for determining whether a program may be susceptible to improper payments, lowered the review threshold for programs and activities from $500 million to $1 million in payments, and expanded the types of programs required to conduct recovery audits, if cost-effective, to include any contract, grant, or cooperative agreement. OMB also has lower dollar thresholds for testing potential improper payments. For example, according to OMB's updated criteria, single payments of more than $5,000 to an individual or $25,000 to an entity can be tested for high-risk programs. By lowering the threshold for testing, agencies have a better chance of detecting and recovering improper payments. Currently, the Department only tests single payments greater than $100,000. While focusing on a few high-dollar payments addresses the very highest risk, the Department does not have an adequate assessment of the total improper payments.

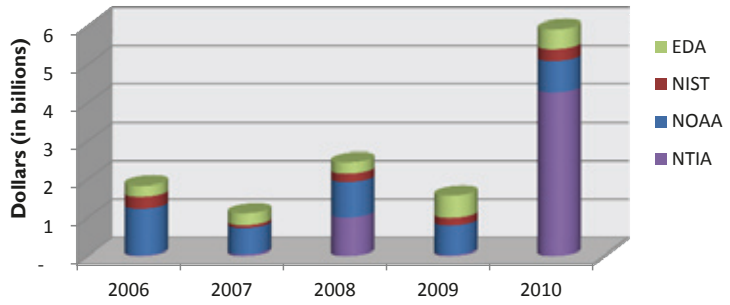
Since FY 2006, OMB guidance on improper payment testing has encouraged, but not required, that grants be included in recovery audits, which are post-payment reviews designed to identify improper payments and return the payments to the Treasury. The Department, however, excludes from these reviews grants, travel payments, bank and purchase cards, procurements with other federal agencies, and procurements with non-federal entities unless the associated contracts have expired. Because the Department did not elect to include grants in its recovery audits from FYs 2006–2010, annual amounts of $1–6 billion were not tested. For these fiscal years, Commerce identified and reported only one contract recovery—for less than $100,000—from a recovery audit. We have recommended that the Department include grant funds in future audits, increasing the chance that significant erroneous payments will be found, reported, and recovered. In response, the Department, beginning in FY 2011, has expanded its payment recapture audits to include grants and other cooperative agreements. An independent contractor is currently performing a Department-wide payment recapture audit of closed grants and other cooperative agreements. The Department should also consider including ongoing grant and procurement activities in its review to ensure timely recovery of any improper payments made. Deferring improper payment reviews until contracts have been closed—years after payments have been made—undercuts IPERA's requirement to give priority to the most recent payments.

*Reduce the Risk of Misuse, Abuse, or Waste of Federal Funds Awarded to Grantees*

The Department's annual grant obligations increased from approximately $2 billion in FY 2006 to almost $6 billion in FY 2010, as shown below in figure 1 (the additional $4 billion was due to Recovery Act funds). As of June 2011, the Department reported about $10 billion accumulative outstanding obligations, more than half of which were for grants. Strong oversight and program management are needed to ensure responsible spending and timely de-obligation of unneeded funds.

Shrinking grant management budgets will in turn challenge pre- and post-award grant processes. Pre-award application processes need to target for funding only the most highly qualified applicants performing mission-critical functions. Post-award processes have to focus on obtaining the maximum benefit for taxpayer dollars through program office oversight of grant recipients' performance, compliance with program rules, and reporting, as well as ensuring the financial integrity of programs by overseeing expenditures, matching share, and indirect costs.

**Figure 1. Grant Awards, 2006–2010[a]**




Source: Commerce Office of Acquisition Management, Grants
[a] Office of Secretary, Minority Business Development Agency, and International Trade Administration totals were below $75M and are too small to display on the scale of this graph.

The diversity and duration of Commerce grant programs (grants can have a performance period of 3 years or more) also highlight the Department's need to examine options such as the following to standardize and streamline its management processes:

- Better use of OIG audits and single audit reports (which are performed by independent audit firms) that include financial and compliance testing to evaluate grantees during grant implementation so that emerging issues can be promptly identified and remedied. Examples of these issues include grantees needing better cash management, improved procurement practices, and more accurate financial reporting. Since FY 2009, OIG audits and single audits have identified more than $56 million in questioned costs and funds to be put to better use.

- Consolidation of the Department's three separate grants management systems into a single system to improve efficiency and reduce the need for grants personnel to manually correct errors or inconsistencies. Currently, the Department's grants and contracts personnel have to perform many manual procedures to compensate for errors or inconsistencies in the grants and contracts systems. Updated systems could result in a more efficient use of time and resources, as well as ensure consistently high data quality and lower error rates. This will help the Department meet future requirements of the Government Accountability and Transparency Board that is being formed in response to an Executive Order by the President.

### *Continue Oversight of the Broadband Technology Opportunities Program*

At some $4 billion, the Broadband Technology Opportunities Program (BTOP) represents a significant investment of federal funds to develop and deploy broadband services nationwide. The success of this program depends on the efforts of the National Telecommunications and Information Administration (NTIA)—along with its grant management partners, NOAA and NIST—and the rigor and strength of its oversight. The uncertain funding for BTOP oversight in FY 2012 and beyond raises significant concerns about NTIA's ability to adequately oversee the program in the future. BTOP is a high-risk program that requires continuous, long-term oversight for several reasons. The approximately 230 BTOP awards represent the largest and most complex grant program NTIA has ever overseen. These grants went to a diverse group of recipients, many of them first-time federal award recipients. As of September 30, 2011, only about 19 percent of BTOP funds had been disbursed; the potential for fraud, waste, and abuse associated with such a large dollar amount of awards will increase substantially as recipient spending rises. As a result of the current spending pace, we are concerned that some grantees will not complete projects within three years of the grant issuance date. This completion goal is required by NTIA, as well as a recent memo by OMB requiring agencies to ensure that recipients complete all Recovery Act spending by September 30, 2013. Meeting completion and spending goals will require close monitoring by management.

We have issued several reports on the program underscoring the need to continue active program oversight, and we have provided training and guidance to program staff, contract staff, and grant recipients. We will continue to track BTOP's progress toward achieving program goals and its compliance with statutory and programmatic requirements.

### *Apply Lessons Learned from 2010 Decennial to Planning for the 2020 Census to Avoid Cost Overruns*

While decennial field operations were successfully completed in 2010, if the next census uses the same design its life-cycle cost estimate ranges from a low of $22 billion to a high of $30 billion. Given these projections, Census has to fundamentally change the design, implementation, and management of the decennial census to obtain a quality count for a reasonable sum of money.

The decade's early years are critical for deciding on a design and for implementing these changes. According to the bureau, the research and testing phase determines how much change can be made to decennial operations; this phase has to occur early in the decade to reduce cost and risk. With funding constraints likely, the bureau needs to prioritize its research and testing to determine the feasibility, cost, and data quality impacts of proposed census design changes.

> *"Our historical review had found that the census costs will have escalated by more than 600 percent over the period 1960–2010, even after adjusting for inflation and the growth in housing units."*
>
> National Research Council
> *Envisioning the 2020 Census (2010)*

This summer, we issued our final report to Congress on the 2010 decennial. In the report, we outlined several challenges the Census Bureau has to effectively address in time for the 2020 Census:

1. revamp cost estimation and budget processes to increase accuracy, flexibility, and transparency;
2. use the Internet and administrative records to contain costs and improve accuracy;
3. implement a more effective decennial test program using existing surveys as a test environment;
4. effectively automate field data collection;
5. avoid a massive end-of-decade field operation through continuous updating of address lists and maps; and
6. implement improved project planning and management techniques early in the decade.

### *Protect Against Cost Overruns and Schedule Slippages for Headquarters Renovation*

For the first time in its 79-year history, the Herbert C. Hoover Building (HCHB)—Commerce's Washington, D.C., headquarters—is undergoing a comprehensive renovation. The project, currently scheduled for completion in 2021, has a budgeted cost of $958 million. Although the General Services Administration (GSA) owns the building, the Department is responsible for funding tenant improvements, such as

- upgrading all mechanical, electrical, and safety systems to alleviate code deficiencies, conform to industry standards, meet GSA guidelines, and extend the building's useful life;
- increasing usable space;
- increasing energy and environmental efficiencies; and
- incorporating security improvements.

The President's FY 2012 budget included over $16 million for Commerce to fund tenant improvements. However, the pending House appropriations bill for FY 2012 would reduce the Department's requested appropriation for the renovation by almost $1.2 million. This

reduction, along with budget cuts to meet OMB's FY 2013 guidance and a decade of restricted spending, will increase the risk of delays and could cause the project to miss the scheduled completion date. We will continue our ongoing review of construction activities and decisions critical to the renovation's success.

Commerce also needs to continue to work closely with GSA as an advocate for the operating units housed in HCHB since the project has the potential to disrupt Commerce operations and adversely affect its workforce. We are overseeing how effectively Commerce is working with GSA, and we will examine the project's cost schedules, performance, and any health or safety issues that may emerge as the renovation continues.

# Challenge 3:

## Strengthen Department-Wide Information Security to Protect Critical Information Systems and Data

The Department of Commerce—along with other government agencies, private industry, and the public—relies on its 280 IT systems to perform critical actions and provide vital information. The Department's varied IT functions include processing census and economic data, managing patent and trademark applications, developing trade information, delivering meteorological information and severe weather alerts, modeling atmospheric conditions for weather and climate forecasting, and controlling weather satellites.

In recent years, the federal government—and the Department in particular—have increasingly taken advantage of Internet-based technologies to interconnect IT systems and conduct business with the public. According to the Department's June 2011 green paper,[8] today the Internet has become central to the nation's mission to "promote growth and retool the economy for sustained U.S. leadership in the 21st century." As this trend continues, cyber attacks on Internet commerce, vital business sectors, and government agencies have grown exponentially. In 2010, an estimated 55,000 new viruses, worms, spyware, and other threats bombarded the Internet daily; according to OMB's FY 2010 Federal Information Security Management Act of 2002 (FISMA) report to Congress, the number of cyber incidents reported for federal systems alone in FY 2010 had increased by approximately 39 percent over FY 2009.

To address cybersecurity threats, the Department is playing a leading role in developing public policies and private-sector standards and practices that can markedly improve the United States' overall cybersecurity posture. For instance, the President's National Strategy for Trusted Identities in Cyberspace has tasked the Department this year to coordinate federal government and private-sector efforts to raise the level of trust associated with the identities of individuals, organizations, networks, services, and devices involved in online transactions.

But Commerce's own IT systems are constantly exposed to an increasing number of cyber attacks, which are becoming more sophisticated and more difficult to detect. And clearly, cybersecurity threats are exacerbated by the globally interconnected and interdependent architecture of today's computing environment. As a result, security weaknesses in one area may provide opportunities for exploitations elsewhere. With this in mind, the Department must continue to improve the effectiveness of its security measures to protect the confidentiality, integrity, and availability of critical systems and information.

### *Continue Working to Improve IT Security by Addressing Ongoing Security Weaknesses*

For our FY 2010 FISMA audit report, we evaluated 18 Commerce IT systems and concluded that the Department's information security program and practices have not adequately secured

[8] *Cybersecurity, Innovation and the Internet Economy*, The Department of Commerce Internet Policy Task Force, June 2011.

Department systems. The report presented major findings that required senior management attention, as shown in table 4.

**Table 4. OIG's FY 2010 FISMA Findings Show Significant Weaknesses in Commerce's Systems**

| Measure | Finding |
|---|---|
| **High-risk vulnerabilities identified** | Extensive vulnerabilities in system software suggest considerable likelihood of a security breach; patch management and vulnerability scanning practices are not effective. Scans identified significantly more high-risk vulnerabilities than were previously known. |
| **Configuration settings defined and documented** | Only 4 of 18 systems (1 high-impact) adequately defined and documented secure settings for operating systems and major applications. This is a long-standing deficiency in a crucial security practice. |
| **Configuration settings securely implemented** | Only 1 of 18 systems securely configured settings for its operating systems. |
| **Security weaknesses and corrective actions adequately reported and tracked** | Most systems exhibited significant deficiencies in reporting and tracking security weaknesses. As a result, the information about corrective action that the Department is using for performance measurement is inaccurate and inconsistent. |
| **Contingency plans adequately tested** | Six of 18 systems' contingency plans were inadequately tested, including 2 systems that support the primary mission-essential weather forecasting function; testing of these 2 systems' contingency plans had not been done since FY 2007. |
| **Alternate processing sites arranged** | Five systems that are required to have alternate processing sites do not have them, including three systems—two high-impact and one moderate-impact—that support weather forecasting. Documents attribute the lack of alternate sites primarily to budget constraints. |

Source: OIG, 2010 FISMA report

According to OMB's FY 2010 FISMA report to Congress, while the Department reported spending more than $165 million on IT security, its standing related to IT security posture is generally lower compared to other federal agencies (table 5).

**Table 5. Summary of OMB FY 2010 FISMA Report to Congress (Selected IT Security Key Metrics) [a]**

| Key Metrics | Commerce's Standing Among 24 Agencies (From the Top) |
|---|---|
| Smartcard issuance | 19 |
| IT assets with automated inventory capability | 18 |
| IT assets with automated vulnerability management capability | 20 |
| Portable computers with encryption | 10 |
| Security training for users with significant security responsibilities | 16 |
| Security training for new users | 15 |

Source: OMB

[a] Information in the table is based on data provided to OMB by the agencies, not agency inspectors general.

Last year, we recommended that Commerce revise its IT security policy by providing specific implementation guidance that will ensure more effective and consistent practices across the

Department. Further, we recommended the Department increase management attention to ensure that the deficiencies we identified are rectified Department-wide.

In responding to our recommendations, the Department developed an action plan to address the security weaknesses we identified; in the past year, the Department has taken several steps toward improving IT security. It has continued to enhance IT security workforce training, has increased collaboration between Department and operating unit chief information officers, and is currently revising its IT security program policy to address recommendations from our FY 2010 FISMA audit report. The Department has also taken the significant step of including information security measures in the Deputy Secretary's quarterly balanced scorecard review with bureau heads during FY 2011.

While we believe these efforts should strengthen the Department's IT security program, much more needs to be done. Until the Department successfully implements the items in its action plan, we can expect to find recurring security weaknesses—in both agency and contractor systems—that undermine the Department's ability to defend its systems and information, and that require greater attention and commitment from the Department's senior management. In fact, our ongoing FY 2011 FISMA work continues to find significant security weaknesses in Department and contractor systems. Our review of the Department's web applications identified significant security weaknesses that put them at risk of cyber attack, and our assessment of the selected Department IT systems found continued lapses in implementing critical security controls related to secure configuration settings, auditing and monitoring, and controlling access.

### *Implement Security Policy Effectively Through Consistent, Proactive Management*

Our findings this year reaffirm the need for increased management attention by the Department's Chief Information Officer, senior operating unit leadership, and senior program officials to ensure security policy and practices, including the associated performance evaluation, are applied consistently and effectively across the Department. For example, in 2010, the Department's Office of the Chief Information Officer and the Office of Human Resources issued joint memorandums to address performance management and accountability issues identified in our 2009 IT security workforce audit. These memorandums provided specific performance requirements to be incorporated in performance plans for individuals holding critical IT security roles within the Department. If fully implemented, this would be a positive step toward increasing management accountability to the Department's IT security posture. However, we reviewed a sample of FY 2010 and FY 2011 performance plans for authorizing officials, system owners, and other individuals holding critical IT security roles in two operating units, and found that specific requirements for these roles are not consistently incorporated in some of the performance plans. We found plans that did not incorporate any of the requirements and other plans that incorporated only some. The Department, therefore, needs to determine the extent to which operating units are incorporating these requirements into their performance plans and whether the incorporation is producing the desired effect.

The Department also faces the challenge of transitioning from a traditional certification and accreditation process, which assessed a system's security controls every 3 years, to NIST's

current risk management framework, which emphasizes continuous monitoring of security controls. The Department is modifying its policy to adapt to the risk management framework and taking two critical initiatives to secure Commerce's cyber infrastructure:

- In response to a mandate by OMB, the Department is planning to strengthen its networks' peripheral security protection with Trusted Internet Connections (TICs) equipped with monitoring devices provided by the Department of Homeland Security. Commerce has identified hundreds of Internet connection points that need to be secured. Currently, the majority of operating units have awarded a contract to implement TIC protection during 2011 or 2012; however, NOAA's timetable for implementing TIC protection extends all the way to 2014. Considering the vulnerabilities that we have identified in Commerce systems and increased threats on the Internet, management should strive to accelerate the TIC implementation timetable.
- The Department is planning to implement two key elements of its IT security strategic plan developed in FY 2010: enterprise continuous monitoring capability and an enterprise cybersecurity center. These initiatives are critical to proactively protecting Commerce networks. However, as we discuss in challenge 2, Department management needs to carefully prioritize the elements of these initiatives so that the limited funds that are available can be used to implement the most critical elements first.

# Challenge 4:

## Manage Acquisition and Contract Operations More Effectively to Obtain Quality Goods and Services in a Manner Most Beneficial to Taxpayers

The Department's acquisition and contract operations are critical to its ability to effectively fulfill its mission. In FY 2010, the Department obligated nearly $4 billion through more than 26,000 contract actions[9] to acquire a wide range of goods and services to support mission-critical programs, including satellite acquisitions, intellectual property protection, broadband technology opportunities, management of coastal and ocean resources, information technology, and construction and facilities management. Table 6 illustrates the growing dollar amounts that Commerce's operating units have obligated through contracts in recent years.

**Table 6. Contract Actions by Operating Unit, FY 2008 Through 2010 [a]**

| | FY 2008 | | FY 2009 [b] | | FY 2010 [b] | |
|---|---|---|---|---|---|---|
| Commerce Acquisition Office | Contract actions | Dollars (in millions) | Contract actions | Dollars (in millions) | Contract actions | Dollars (in millions) |
| NOAA | 15,625 | $990 | 16,831 | $1,159 | 16,087 | $1,624 |
| Census | 2,267 | $681 | 3,332 | $1,308 | 3,187 | $1,312 |
| USPTO | 1,794 | $489 | 1,776 | $384 | 1,619 | $431 |
| NIST | 4,481 | $233 | 4,768 | $286 | 4,992 | $505 |
| Office of Secretary | 903 | $79 | 768 | $63 | 870 | $53 |
| Total | 25,070 | $2,472 | 27,475 | $3,200 | 26,755 | $3,925 |

Source: Department of Commerce Office of Acquisition Management
[a] Dollar amounts are rounded.
[b] FY 2009 and 2010 include $361 million and $754 million, respectively, in contract actions obligated under the American Recovery and Reinvestment Act. These years also reflect significant contract spending related to the 2010 decennial census.

In order to maximize its investments, the Department needs to strengthen its acquisition and contract management practices. Acquisition management is not just the act of awarding a contract; while a contract is a product of an acquisition, there is an entire process that begins with identifying a mission need and developing a comprehensive strategy to fulfill that need through a thoughtful, balanced approach that considers cost, schedule, and performance. While the Department has made some progress in this important area, our audits continue to find weaknesses in how the Department plans, administers, and oversees its contracts and acquisitions.

Commerce has made important efforts to address these challenges. In June 2010, the Secretary, in an effort to strengthen and improve the quality of Commerce's acquisitions, initiated a comprehensive review of the Department's acquisition processes. The study found fragmented, overlapping, and inadequate departmental oversight and unclear roles and responsibilities of the offices involved in acquisitions. These problems allowed the operating units to initiate large acquisitions without the benefit of Department-level governance and insight. While the Department has established working teams to develop and implement solutions to these

[9] Contract actions include contracts, delivery orders, task orders, and contract modifications.

problems, it is early in the process. Commerce hopes to have a framework in place for a Department-wide acquisition improvement project by the end of October 2011. However, developing the framework is just the first step in implementing solutions to the problems identified in the Secretary's acquisition study. Commerce must follow through on the Secretary's commitment—as well as take other needed actions to address the weaknesses we have identified—to establishing an efficient and effective acquisition process.

### *Develop and Retain a Qualified Acquisition Workforce*

The Department needs to maintain an acquisition workforce that can effectively oversee its expanding and increasingly complex contract practices. As we reported in our September 2010 memorandum on Commerce's Recovery Act contracts and grants workforce, the Department claimed that almost all contracting personnel have met the Office of Federal Procurement Policy's requirements for job-related certifications and continuous learning. Nonetheless, recruitment, training, and retention still pose risks to the Department's ability to meet its increasing acquisition workload. For example, in FY 2010, the Department's attrition rate was 15 percent for contracting officers and 6 percent for contracting officer representatives and project managers. The Department estimates that maintaining a sufficient number of contract staff will require a 41 percent increase in contracting positions, a 56 percent increase in contracting officer representatives, and a 77 percent increase in project managers over the next 4 years.

In addition to staff lost through attrition, between FYs 2009 and 2019, 54 percent of the senior-level acquisition employees in the Department's contracting series will be eligible to retire. According to the Department, it lacks a sufficient pipeline of entry- to mid-level professionals with the knowledge and leadership skills to adequately sustain operations during the projected retirement wave. As experienced professionals leave the Department, Commerce must implement a strategy to keep its workforce at the needed size and skill levels to support its mission.

*By 2019, the Department expects to lose **over half** of its senior acquisitions work force to retirement.*

### *Ensure High Ethical Standards in the Acquisition Workforce and in Procurement Practices*

Prevention and deterrence of ethical violations in any organization depends upon internal controls, oversight, and robust ethics awareness and training programs. Government contracting is risky by nature, and Commerce employees in contract-related positions represent the first—and best—line of defense in ensuring program integrity by promptly recognizing and reporting ethics violations and fraud indicators. Their vigilance, along with effective internal controls, is essential to combating fraud.

Because federal acquisition professionals have considerable control over how and to whom contracts are awarded, the profession has an inherent need for strong ethics monitoring and effective internal controls. Ethics training should include discussions of actual ethics violations

and "what-if" scenarios illustrating situations to avoid. Staff should also receive training on how to avoid the appearance of a conflict of interest. As an added safeguard, Commerce ethics officials should periodically review the ethics programs of contractors to help identify and prevent conflicts or violations.

Historically, our investigations have identified the need for more vigilant oversight and stronger process controls to detect and prevent procurement fraud, waste, and abuse within the Department and among its fund recipients and contractors. The following examples of OIG investigative findings illustrate the need for Commerce's continued attention to procurement integrity issues:

- questionable sole sourcing practices by local program officials against advice of counsel,
- regional officials steering contracts to acquaintances,
- improper splitting of purchase card transactions to circumvent spending limits, and
- improper communications with unsuccessful contract bidders.

Another control that the Department needs to strengthen is its suspension and debarment program, which would help to ensure Commerce awards contracts and grants only to responsible parties. In January 2011, we reported that the Department's ability to safeguard itself against awarding contracts and grants to improper parties was limited by delays in its suspension and debarment decisions. The Government Accountability Office has also recently issued a report disclosing that the Department needed to improve its suspension and debarment practices.

In April 2011, the Department made its first decision to debar a contractor (or any other party) in over 15 years. In this case, we recommended debarment to Commerce's senior procurement officials because the contractor had been convicted of conspiracy to commit money laundering and sentenced to 9 years in prison. But a more than 3-year lapse between our initial recommendation to bureau officials and the Department's final action highlights the problems with the Department's approach to suspensions and debarments. Commerce's current Suspending and Debarring Official has begun to develop the processes and policies that form the foundation of a successful suspension and debarment program but, despite this recent progress, creating an efficient and durable program remains a challenge.

### *Strengthen Processes to Govern the Appropriate Use of High-Risk Contracts and to Maximize Competition*

Recent OMB contracting initiatives promote agency use of competition and fixed-price contracts and require agencies to effectively analyze prices to mitigate risks for noncompetitive contract awards. In FY 2010, the Department obligated over $473 million under contracts considered to be high risk. High-risk contracts increase the risk of loss to the government because they

*OMB defines **high-risk contracts** as contracts awarded noncompetitively or in which only one bid was received in response to a solicitation; cost-reimbursement contracts; and time-and-materials and labor-hour contracts.*

provide fewer incentives for contractors to control costs while requiring more government resources for oversight. New high-risk contracts awarded by Commerce represented 39.5 percent of the total dollar value of all new awards made in FY 2010. The Department was required to reduce the amount obligated for new awards of high-risk contracts by at least 10 percent in FY 2010. [10] However, our recent work illustrates that the Department needs to further improve its controls over high-risk contracts.

In our ongoing work, we have found that the Department has reduced its ratio of new high-risk contracts to total new contracts by over 15 percent. However, it did not report any FY 2010 cases to OMB in which a high-risk contract was reduced or eliminated. In fact, the dollar value of high-risk contracts actually *increased* significantly from 2008 to 2010. Specifically, total dollars obligated for new high-risk contracts in FY 2010 increased by $143 million (more than 43 percent) from FY 2008. Although there were no reported reductions or eliminations of high-risk contracts in FY 2010, operating unit acquisition officials have taken actions that should result in more extensive use of competitive fixed-priced contracts in FY 2011 and beyond.

Further, without strong oversight, cost-plus-award-fee (CPAF) contracts can represent an additional risk of loss to the Department. The award fee in CPAF contracts is intended to motivate excellence in contractor performance and can also serve as a tool to control program risk and cost. However, the monitoring and evaluation of contractor performance necessary under a CPAF contract requires additional administrative effort and cost; federal regulations provide that such a contract is suitable only when the expected benefits of the contract are sufficient to warrant the added effort and cost. As we noted in our FY 2011 report, *Top Management Challenges Facing the Department of Commerce*, during 2010 decennial operations, the Census Bureau paid contractors millions of dollars in contract award fees that were not sufficiently designed or administered as required by regulations. For instance, for the Field Data Collection Automation (FDCA) contract, there were award fees that were excessive and not supported by technical assessments of the contractor's performance. Our 2009 review of two FDCA contract performance periods revealed that the contractor received over 90 percent of the available fees despite serious performance problems noted by Census's technical reviewers. Furthermore, the fee determination process lacked key features—such as qualitative measures and midpoint assessments—for ensuring awards were appropriate.

### *Achieve Efficiency and Savings in Acquiring Goods and Services, and Improve Oversight and Tracking of Contract Savings*

OMB's contracting initiatives require agencies to improve oversight of contractors and focus on cutting contract costs by using smarter buying practices. The Department was required to develop an acquisition savings plan to review its existing contracts and acquisition practices and reduce contract spending by 3.5 percent in FY 2010 and an additional 7 percent by the end of FY 2011. Commerce had claimed cost savings of several million dollars resulting from the implementation of several initiatives in its November 2009 acquisition savings improvement plan; however, we found that the actual amount of cost savings achieved to date is uncertain because many of the amounts reported by the operating units are unsupported or

[10] OMB Memorandum M-09-25, July 29, 2009. *Improving Government Acquisition*.

overestimated, and controls used to develop the methods for estimating savings are not adequate or well defined. Several factors contributed to this problem, including the lack of effective coordination, monitoring, and verification processes. For example, the Department's Office of Acquisition Management did not verify a nearly $18 million savings claim by the Census Bureau for its bulk purchase of scanners. We disagreed with the bureau's calculation of its claimed savings, which was based on list prices; a more realistic value for the savings would have been the difference between what Census would have spent for the scanners in the absence of the savings initiative—based on prices it would have received for smaller-quantity, regional purchases—and what it ultimately paid as a result of pursuing the initiative to consolidate the acquisitions into a single nationwide action.

The Department has taken steps to improve its monitoring and verification of the cost savings reported by the operating units' procurement offices. Specifically, it is developing a process to standardize the contract savings reporting among the procurement offices and also requiring each office to report monthly on its actual contract savings; the Department will validate a sample of the reported savings each quarter. While such efforts to improve reporting represent real progress, continued attention will be needed to meet the level of accountability called for by OMB. In challenge 2, we describe additional departmental actions to achieve cost savings by eliminating improper payments.

### *Deliver Cost Savings and Efficiency on Major IT Investments*

The Department spends about 25 percent of its annual budget ($2.5 billion) on IT investments (excluding satellite spacecraft)—one of the highest percentages among all federal agencies. With such a large amount being spent on technology, the Department must watch for any opportunity to save money, improve efficiency, and prevent setbacks to these important projects.

*The Department spends about **25 percent** of its annual budget on IT investments—one of the highest percentages among federal agencies.*

For instance, OMB requires agencies to compile the cost and schedule variances of major IT investment projects, the results of which are posted publicly on the government's IT Dashboard website for accountability and transparency. In its results, the Department reported serious cost and schedule problems concerning four NOAA IT investment projects, totaling $265 million of Commerce's annual investments. NOAA management also expressed concerns that these IT system deficiencies, if not properly resolved, could result in serious disruptions to its 24/7 weather forecasting capability or satellite support operations.

In addition, USPTO has embarked on its Patent End-to-End (PE2E) acquisition initiative to significantly improve or replace nearly all of its aging patent processing systems. At a cost of $130 million (by USPTO's current estimate), PE2E is the largest, most complex multi-year IT investment USPTO has undertaken in several years. In evaluating USPTO's management of the acquisition, we have identified challenges and offered recommendations related to improving long-term technical and acquisition planning, as well as strengthening USPTO's oversight of the project.

# Challenge 5:

## Manage the Development and Acquisition of NOAA's Environmental Satellite Systems to Avoid Launch Delays and Coverage Gaps

For the past 50 years, NOAA, in partnership with the National Aeronautics and Space Administration (NASA), has been responsible for developing and operating polar and geostationary environmental satellite systems. NOAA's environmental satellite operations and weather forecasting are designated primary mission-essential functions of the Department of Commerce because they directly support government functions the President has deemed necessary to lead and sustain the nation during a catastrophe. But NOAA's current constellation of polar and geostationary operational environmental satellites is aging, and its capabilities will degrade over time. As a result, the risk of gaps in critical satellite data is increasing.

> *"Polar-orbiting satellites are the backbone of all model forecasts at three days and beyond. . . . NOAA is faced with a nearly 100% chance of a data gap in the U.S. civilian polar orbit, on which both civilian and military users rely, by late 2016 to early 2017."*
>
> Dr. Kathryn D. Sullivan, Assistant Secretary of Commerce for Environmental Observation and Prediction and Deputy Administrator of NOAA, in July 28, 2011, written testimony to the U.S. Senate Committee on Appropriations, Subcommittee on Financial Services and General Government

Between 1995 and early 2010, NOAA partnered with the Department of Defense and NASA in the development of the National Polar-orbiting Operational Environmental Satellite System (NPOESS), which was at that time the planned replacement system for NOAA's Polar Operational Environmental Satellite System and Defense's Defense Meteorological Satellite Program. The original NPOESS program was to develop six satellites, with first launch planned for 2009 and an estimated life-cycle cost of $6.5 billion through 2018. By late 2009, however, the program had reduced its scope to four satellites, with the first launch delayed until 2014, while its life-cycle cost estimate had escalated to $14 billion through 2026.

In February 2010, the White House's Office of Science and Technology Policy announced its decision to have NOAA, in partnership with NASA, establish the Joint Polar Satellite System (JPSS) program as part of the restructuring of NPOESS due to its long history of cost overruns and schedule delays. At that time, the JPSS program planned to launch two satellites—at an estimated cost of $11.9 billion—to collect data for short- and long-term weather and climate forecasting through 2026. But in order to be included in the FY 2011 President's budget request, the JPSS budget estimate had to be developed so quickly that, while NOAA had existing NPOESS requirements in place, it did not have time to formally approve high-level requirements for JPSS.[11]

[11] In a September 23, 2011, hearing before the House Subcommittees on Investigations and Oversight and Energy and Environment, Committee on Science, Space, and Technology, the Assistant Secretary of Commerce for Environmental Observation and Prediction and Deputy Administrator of NOAA stated that NOAA has recently completed high-level JPSS requirements, refining its cost estimate, and will incorporate updated baselines (cost, schedule, and performance) in the upcoming FY 2013 budget submission.

The second system, the Geostationary Operational Environmental Satellite-R Series (GOES-R), is intended to offer uninterrupted short-range severe weather warning and "now-casting" through 2036. With an estimated cost of $10.9 billion for four satellites, this program experienced projected cost changes and reduced capabilities, which occurred while GOES-R was in the midst of defining the system architecture. Working with NASA, NOAA is responsible for managing the entire program and for acquiring the ground segment, which is used to control satellite operations and to generate and distribute instrument data products.

Given their histories, both of these critical satellite programs require strong program management and close oversight to minimize further delays and prevent any interruptions in satellite coverage. Our work has identified three near-term priorities for NOAA as it manages JPSS and GOES-R:

1. timely launch and complete the data checkout for the NPOESS Preparatory Project (NPP);
2. strengthen program management and systems engineering to mitigate JPSS coverage gaps; and
3. maintain robust program management and systems engineering to prevent GOES-R coverage gaps.

### *Prevent a Near-Term Polar Satellite Coverage Gap Between NOAA-19 and NPP*

The first JPSS satellite (JPSS-1) will be preceded in orbit by the NPP satellite, originally a NASA-led risk reduction effort to test NPOESS' new instruments in flight. Scheduled for an October 28, 2011, launch, NPP will now be used operationally to maintain continuity of climate and weather forecast data (used, for example, in the prediction of heavy snowstorms and flooding) between NOAA's current polar-orbiting operational environmental satellite (NOAA-19) and JPSS-1. Recent efforts by NASA's NPP team (including contractors) have put the satellite on track to launch in late October, but late development of the ground system has compressed the mission schedule and delayed the schedule for data product availability after launch.

After the launch, NOAA originally planned to make NPP operationally ready in 18 months, which coincides with the end of the design life of NOAA-19 (approximately March 2013). This plan left little room for contingencies. Both NOAA and OIG have identified a number of risks that, if not properly mitigated, could cause further delays in NPP operational readiness and degradation of NOAA's weather and climate forecasting capability:

- According to the ground system's contractor, Raytheon, the ground system will not be able to support the validation of a significant number of data records until after a system upgrade, planned for March 2012. In addition, NOAA has not finalized coordination between the NPP/JPSS program and NOAA's Center for Satellite Applications and Research (STAR), which is critical to transferring satellite observation into operations. Consequently, NOAA has extended its projection for readiness from 18 to 24 months after launch, which could lead to a coverage gap between NOAA-19 and NPP if NOAA-19 stops functioning properly at the end of its design life.

- We also observed that, unlike NOAA's existing operational satellite systems, NPP has only a single mission management center for controlling the satellite, and NPP's ground station has the system's only science data downlink (the means to transmit a signal from the satellite to the ground station). JPSS program officials told us they have commissioned studies to develop an alternate mission management center and hope to have one ready well in advance of the JPSS-1 launch. They also told us that the ground station has redundancy in terms of antennas and equipment. However, while there is redundancy, the use of a single ground station in a single geographic location is not consistent with NOAA's existing polar and geostationary operational environmental satellite systems, in which more than one location is used.

- NASA conducted two ground system/NPP satellite compatibility tests in 2011; the first test had been delayed when ground system software builds took longer than expected to produce. Both tests experienced further delays and compressed the remaining work schedule for the October 2011 NPP launch. NASA has had to postpone analysis of some test results and requirements verification until after NPP's launch. Also, in response to an independent review team's recommendations, the project has completed a stress test in late September and early October to evaluate NPP's operational readiness. Any system fixes required to mitigate concerns identified during the stress test would add to the postlaunch data production workload.

In order to reduce the risk of a data gap between NOAA-19 and NPP, NOAA management needs to provide sufficient oversight to enable communication and coordination between the JPSS program and STAR as well as ensure additional resources are available after launch to support activities needed for data production. NOAA should also determine the feasibility of establishing an alternate mission management center and an additional science data downlink for NPP as soon as possible.

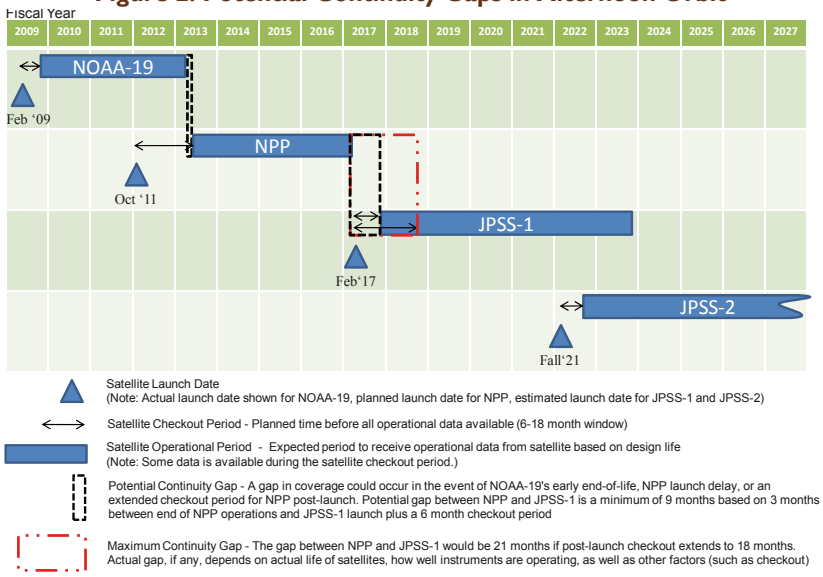
### *Ensure Solid Program Management and Systems Engineering Principles Are Applied to Mitigate JPSS Coverage Gaps*

NOAA expects a gap in weather and climate observations between NPP's end of design life and the operational date of JPSS-l. NPP's projected end of design life is November 2016, NOAA plans to launch JPSS-1 in the first quarter of 2017,[12] and there is a minimum 6-month checkout period before key data products from JPSS-1 can be used operationally. We believe that, due to continued budget uncertainty and probable FY 2012 funding somewhat below the President's budget request, the JPSS-1 launch date will be no earlier than February 2017. Based on a February 2017 launch, the gap would last at least 9 months (3 months from November to February, plus the additional 6 months for checkout). Should checkout take 18 months (as NPP's is projected to do), the gap would extend a total of 21 months (figure 2, next page). NOAA's studies have found that its weather forecasting at 5, 4, and 3 days before an event could be significantly degraded during the coverage gap period.

[12] According to NOAA, JPSS-1 could launch in the first quarter of FY 2017 with (1) the program receiving the full President's budget request for FY 2012 ($1.07 billion) and beyond and (2) no FY 2012 continuing resolution beyond the first quarter of FY 2012.

A checkout period longer than 6 months will be necessary to achieve full operational capability (versus an interim capability to produce key data products). Full checkout may take longer because JPSS-1 instruments will have manufacturing changes from the models flown on NPP and, in all probability, NPP will no longer be operational when JPSS-1 is on-orbit, thus leaving the JPSS-1 mission without a direct, and more efficient, means for comparison.

**Figure 2. Potential Continuity Gaps in Afternoon Orbit**




Source: OIG analysis of NOAA data, as of August 22, 2011

We have identified the following areas that require senior management attention to help ensure JPSS-1 operational readiness and minimize the potential impact of the coverage gap:

- **Prioritize all JPSS requirements, develop reliable cost estimates to support future funding requests, and systematically communicate planned actions and progress with decision makers**. NOAA is currently developing a revised life-cycle cost estimate. Additionally, NOAA tasked NASA with developing contingencies that prioritize some of the most important requirements and maintain a launch readiness date no later than February 2017. We believe the JPSS program should formally prioritize all of its requirements, not just the subset in this contingency exercise, so that it can efficiently adjust the program's performance capabilities or launch dates, if needed, in response to year-to-year funding variances. Further, the program should develop a plan to accommodate requirements that may have to be removed or relaxed when annual funding falls short of the program's budget but could be recouped in future appropriations. Finally, due to the importance and complexity of the JPSS program, NOAA must ensure that a program baseline (cost, schedule, and requirements) is established as soon as possible, and keep the Department and

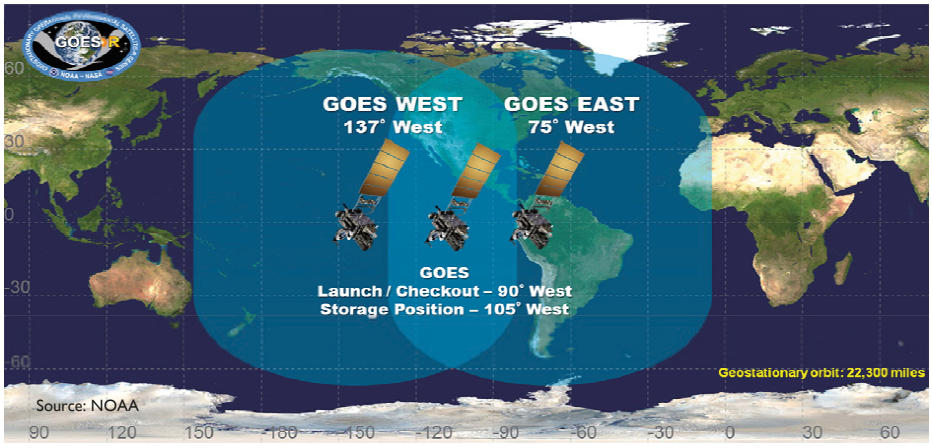
Congress informed of its planned actions and progress against this baseline to facilitate decision making.

- **Coordinate NOAA response, in case NPP does not live through its 5-year design life.** The NPP spacecraft was designed to last 5 years and carries enough fuel to last 7 years. However, most of its instruments were managed and developed under the NPOESS contract, which received limited government oversight and had a history of technical issues. Additionally, NASA lacked technical oversight during the instrument development, manufacturing, and testing phases, creating uncertainty about the instruments' ability to operate for the length of the spacecraft's design life. For these reasons, NASA's revised criteria for NPP mission success called for only 3 years of operability. Although NOAA's current analysis assumes that NPP will have a 5-year operational life, NOAA understands that a residual risk of a shorter life expectancy remains due to the lack of oversight during the development of most of NPP's instruments. In order to sufficiently prepare for an expected gap in polar satellite data from the afternoon orbit, NOAA should coordinate efforts from across its line offices to minimize the degradation of weather and climate forecasting during gaps in coverage.

### *Maintain Robust Program Management and Systems Engineering Disciplines to Prevent Geostationary Coverage Gaps*

NOAA's policy for its geostationary satellites is to have three satellites in orbit—two operational satellites (GOES-East and GOES-West) and one on-orbit spare that is ready for use operationally should either of the active satellites fail (figure 3).

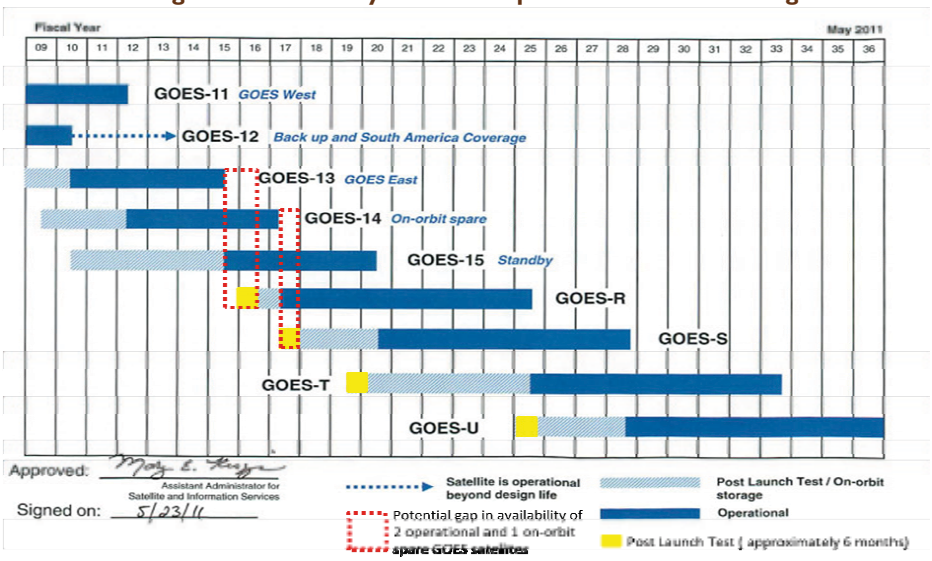
**Figure 3. GOES-R Orbital Coverage**




When GOES-R is launched in October 2015, NOAA may not be able to meet its policy of having an on-orbit spare because GOES-13 will have exceeded its operational life (figure 4, next page). Until GOES-R completes its 6-month postlaunch test, there would be only two

operational satellites (GOES-14 and GOES-15). A similar lack of an on-orbit spare will occur when the next GOES satellite, GOES-S, is launched in February 2017 (only GOES-15 and GOES-R would be operational).[13]

**Figure 4. Continuity of GOES Operational Satellite Programs**




Source: OIG analysis of NOAA data

GOES-R development is proceeding towards its next key technical milestone (critical design) in the 4th quarter of FY 2012. According to August 2011 program documentation, the GOES-R program's overall schedule and technical development remain on track; however, the ground project's development is being modified to control costs. The program is changing the ground segment's security architecture and has chosen not to implement some optional data products. The program is also revising the ground segment's schedule to a more incremental development approach—which will increase schedule flexibility, as well as better align the delivery schedule for GOES-R spacecraft, instruments, documentation and other flight-to-ground segment dependencies. In light of these developments, NOAA should ensure that solid program management and system engineering principles are effectively implemented to control costs, keep schedules on track, and maintain required technical performance.

[13] The launch dates for GOES-R and GOES-S are based on NOAA's current projections.

# Acronym List

| | |
|---|---|
| BEA | Bureau of Economic Analysis |
| BIS | Bureau of Industry and Security |
| BTOP | Broadband Technology Opportunities Program |
| CPAF | cost-plus-award-fee |
| EDA | Economic Development Administration |
| ESA | Economics and Statistics Administration |
| FDCA | Field Data Collection Automation |
| FISMA | Federal Information Security Management Act |
| FY | fiscal year |
| GAO | Government Accountability Office |
| GOES-R | Geostationary Operational Environmental Satellite-R Series |
| GSA | General Services Administration |
| HCHB | Herbert C. Hoover Building |
| IPERA | Improper Payments Elimination and Recovery Act |
| ITA | International Trade Administration |
| JPSS | Joint Polar Satellite System |
| MBDA | Minority Business Development Agency |
| NASA | National Aeronautics and Space Administration |
| NEI | National Export Initiative |
| NIST | National Institute of Standards and Technology |
| NOAA | National Oceanic and Atmospheric Administration |
| NPOESS | National Polar-orbiting Operational Environmental Satellite System |
| NPP | NPOESS Preparatory Project |
| NTIA | National Telecommunications and Information Administration |
| OIG | Office of Inspector General |
| OMB | Office of Management and Budget |
| PE2E | Patent End-to-End |
| STAR | Center for Satellite Applications and Research |
| TIC | Trusted Internet Connections |
| TPCC | Trade Promotion Coordinating Committee |
| USPTO | U.S. Patent and Trademark Office |

# Appendix A: Related OIG Publications

This list presents OIG's past and current work related to FY 2012's top management challenges. Challenges 3, 4, and 5 are ongoing challenges that were also featured in FY 2011's *Top Management Challenges Facing the Department of Commerce* (OIG-11-015, December 20, 2010). These products can be viewed at www.oig.doc.gov. If the product contains information that cannot be released publicly, a redacted version or an abstract will be available on the website.

### Challenge 1: Trade and Export Promotion

*BUREAU OF ECONOMIC ANALYSIS (BEA)*

- FY 2008 FISMA Assessment of BEA Estimation Information Technology System (BEA-015) (OSE-19001, September 22, 2008)

*INTERNATIONAL TRADE ADMINISTRATION (ITA)*

- Greater Interagency Involvement and More Effective Strategic Planning Would Enhance National Export Strategy (IPE-18589, September 25, 2007)
- Commerce Can Further Assist U.S. Exporters by Enhancing Its Trade Coordination Efforts (IPE-18322, March 30, 2007)
- CS Brazil Is Operating Well Overall but Needs Management Attention in Some Areas (IPE-18114, March 30, 2007)
- Commercial Service Operations in Argentina and Uruguay Are Mostly Sound but Financial Processes Need Attention (IPE-18111, September 29, 2006)
- CS China Generally Performs Well but Opportunities Exist for Commerce to Better Coordinate Its Multiple China Operations (IPE-17546, March 31, 2006)

*ECONOMIC DEVELOPMENT ADMINISTRATION (EDA)*

- Aggressive EDA Leadership and Oversight Needed to Correct Persistent Problems in RLF Program (OA-18200, March 30, 2007)
- EDC Fund, Inc. Revolving Loan Fund EDA Grant No. 01-39-01829 (ATL-17285, January 11, 2006)

*BUREAU OF INDUSTRY AND SERCURITY (BIS)*

- Briefing on Issues Related to BIS Budget and Responsibilities for International Treaty Implementation and Compliance (October 7, 2008)

- U.S. Dual-Use Export Controls for India Should Continue to Be Closely Monitored (IPE-18144, March 30, 2007)
- U.S. Dual-Use Export Controls for China Need to Be Strengthened (IPE-17500, March 30, 2006)
- Export Licensing Process for Chemical and Biological Commodities Is Generally Working Well, but Some Issues Need Resolution (IPE-16946, March 31, 2005)

*U.S. PATENT AND TRADEMARK OFFICE (USPTO)*

- Status of USPTO Initiatives to Improve Patent Timeliness and Quality (OIG-11-032-I, September 29, 2011)
- Stronger Management Controls Needed over USPTO's Projection of Patent Fee Collections (OIG-11-014-A, December 14, 2010)
- USPTO Patent Quality Assurance Process (OIG-11-006-I, November 5, 2010)
- Overseas Intellectual Property Rights Attaché Program Is Generally Working Well, but Comprehensive Operating Plan Is Needed (IPE-19044, July 17, 2008)

*The following reviews are in progress:*

- USPTO's Largest Telework Program—Patent Hoteling Program

**Challenge 2: Operating Effectively in a Constrained Budget Environment**

- Census 2010: Final Report to Congress (OIG-11-030-I, June 27, 2011)
- Commerce Has Procedures in Place for Recovery Act Recipient Reporting, but Improvements Should Be Made (OIG-11-031-A, July 29, 2011)
- Commerce Needs to Strengthen Its Improper Payment Practices and Reporting (OIG-11-021-A, March 25, 2011)
- IG's Testimony on Recovery Act Broadband Spending: House Committee on Energy and Commerce (OIG-11-019-T, February 10, 2011)
- Commerce Should Strengthen Accountability and Internal Controls in Its Motor Pool Operations, OIG-11-004-A (October 27, 2010)
- Inspector General's Semiannual Reports to Congress (September 2010 and March 2011)
- Management of the Herbert C. Hoover Building Renovation (OAE-19885, August 5, 2010)

*The following reviews are in progress:*

- Review of 2020 Census Planning Efforts
- Review of the Effectiveness of NTIA's Monitoring of BTOP Grant Awards
- Review of NTIA BTOP Grantees' Match

### Challenge 3: IT Security

- Improvements Are Needed For Effective Web Security Management (OIG-12-002-A, October 21, 2011)
- Federal Information Security Management Act Audit Identified Significant Issues Requiring Management Attention (OIG-11-012-A, November 15, 2010)
- Respondent Data Safeguards in the Decennial Response Integration System (DRIS) (OAE-19888, September 24, 2010)
- FY 2009 FISMA Assessment of the Environmental Satellite Processing Center (OAE-19730, January 11, 2010) [abstract only]
- FY 2009 FISMA Assessment of the Enterprise UNIX Services System (OAE-19729, November 20, 2009)
- FY 2009 FISMA Assessment of the Patent Cooperation Treaty Search Recordation System (OAE-19731, November 20, 2009)
- FY 2009 FISMA Assessment of the Field Data Collection Automation System (OAE-19728, November 20, 2009)
- FY 2009 FISMA Assessment of BIS Information Technology Infrastructure (OSE-19574, September 30, 2009)
- FY 2009 FISMA Assessment of Bureau Export Control Cyber Infrastructure, Version 2 (OSE-19575, September 30, 2009)

*The following reviews are in progress:*

- Effectiveness of IT Security Controls Implemented in Department Systems

### Challenge 4: Contracts and Acquisitions

- Commerce's Office of Acquisition Management Must Continue to Improve Its Ongoing Oversight of Acquisition Savings Initiatives (OIG-12-001-A, October 6, 2011)
- Patent End-to-End Planning and Oversight Need to Be Strengthened to Reduce Development Risk (OIG-11-033-A, September 29, 2011)

- 2010 Census: Contract Modifications and Award-Fee Actions on the Decennial Response Integration System (DRIS) Demonstrate Need for Improved Contracting Practices (OIG-11-020-A, February 15, 2011)
- Census 2010: Revised Field Data Collection Automation Contract Incorporated OIG Recommendations, but Concerns Remain Over Fee Awarded During Negotiations (CAR-18702, March 3, 2009)

*The following reviews are in progress:*

- Department of Commerce's Acquisition Workforce
- NOAA's Management of Cost-Plus-Award-Fee Contracts
- NIST Oversight of Recovery Act Construction Grants
- NIST's Oversight of Recovery Act Construction Contracts

### Challenge 5: Satellites

- Audit of JPSS: Challenges Must Be Met to Minimize Gaps in Polar Environmental Satellite Data (OIG-11-034-A, September 30, 2011)
- IG Memorandum, NOAA's Joint Polar Satellite System Audit Observations (OIG-11-029-M, June 10, 2011)
- IG Testimony before the Appropriations Subcommittee on Commerce, Justice, Science, and Related Agencies, United States House of Representatives (OIG-11-018-T, February 9, 1011)
- IG Testimony before the Subcommittee on Commerce, Justice, Science, and Related Agencies, Committee on Appropriations, United States Senate (March 4, 2010)
- Inspector General's Semiannual Reports to Congress (March 2009–September 2010)

# Appendix B: Comparison of FY 2011 Challenges to FY 2012

| FY 2012 Challenges | FY 2011 Challenges |
|---|---|
| 1. Effectively Promote Exports, Stimulate Economic Growth, and Create Jobs[a] | 5. Improving USPTO's Patent Processing Times, Reducing Its Pendency and Backlogs, and Mitigating Its Financial Vulnerabilities<br><br>6. Effectively Balancing NOAA's Goals of Protecting the Environment and Supporting the Fishing Industry |
| 2. Reduce Costs and Improve Operations to Optimize Resources for a Decade of Constrained Budgets[a] | 4. Enhancing Accountability and Transparency of the American Recovery and Reinvestment Act's Key Technology and Construction Programs<br><br>8. Effectively Planning the 2020 Decennial<br><br>7. Protecting Against Cost Overruns and Schedule Delays for the Commerce Headquarters Renovation |
| 3. Strengthen Department-Wide Information Security to Protect Critical Information Systems and Data | 1. Strengthening Department-Wide Information Security |
| 4. Manage Acquisition and Contract Operations More Effectively to Obtain Quality Goods and Services in a Manner Most Beneficial to Taxpayers | 3. Managing Acquisition and Contract Operations More Effectively to Obtain Quality Goods and Services at Reasonable Prices and on Schedule |
| 5. Effectively Manage the Development and Acquisition of NOAA's Environmental Satellite Systems to Avoid Launch Delays and Coverage Gaps | 2. Effectively Managing the Development and Acquisition of NOAA's Environmental Satellite Programs |

[a] The FY 2012 challenge is cross-cutting and broad-based. The FY 2011 challenge was bureau-specific and could be traced as a subset under the corresponding FY 2012 challenge.

# Appendix C: Management Response to OIG Draft Report

UNITED STATES DEPARTMENT OF COMMERCE
The Secretary of Commerce
Washington, D.C. 20230

OCT 20 2011

MEMORANDUM FOR Todd J. Zinser
Inspector General

FROM: Rebecca M. Blank
Acting Secretary of Commerce

SUBJECT: Response to OIG Report on Top Management Challenges

Thank you for the opportunity to review the Office of Inspector General's report, "Top Management Challenges Facing the Department of Commerce." Every day the Department's bureaus work with American businesses, communities, and private citizens to promote innovation, entrepreneurship, competitiveness, and stewardship—and we want to do that in the most effective and efficient way possible. As you stated in your report, one of our challenges, which we are working to meet head-on, is to reduce costs and improve operations to optimize resources for a decade of constrained budgets. In fact, having adequate resources is a common theme throughout the report.

We are aware that we have challenges in all of the areas discussed in your report, and we realize these areas require continued oversight, planning, and work. We look forward to working with you to address those challenges during fiscal year 2012.

We value your opinions and the hard work of your staff to provide audits and investigations that keep Departmental and bureau leadership apprised of both longstanding and emerging issues. Thank you for recognizing our hard work in many of our mission areas, including promoting exports and stimulating economic growth, and for acknowledging the tough decisions that went into finding cost-saving initiatives. As you mentioned in your memorandum, we are continuing to use the balanced scorecard approach to track performance and measure progress on the Department's priorities. This approach will help ease the transition to our new Secretary.

(011200000129)

# IMPROPER PAYMENTS INFORMATION ACT (IPIA) OF 2002, AS AMENDED, REPORTING DETAILS

IPIA of 2002, as amended by the Improper Payments Elimination and Recovery Act (IPERA) of 2010, was enacted to provide for estimates and reports of improper payments by federal agencies. The act, as amended, requires that federal agencies estimate improper payments, and report on actions to reduce them. A review of all programs and activities that the Department administers is required annually to assist in identifying and reporting improper payments. The Department has not identified any significant problems with improper payments; however, the Department recognizes the importance of maintaining adequate internal controls to ensure proper payments, and the Department's commitment to continuous improvement in the overall disbursement management process remains very strong. Each of the Department's payment offices has implemented procedures to detect and prevent improper payments. For FY 2012 and beyond, the Department will continue its efforts to ensure the integrity of its disbursements.

**I. Risk Assessment. Briefly describe the risk assessment(s) performed (including the risk factors examined, if appropriate) subsequent to completing a full program inventory. List the risk-susceptible programs (i.e., programs that have a significant risk of improper payments based on Office of Management and Budget (OMB) guidance thresholds) identified by the agency risk assessments. Include any programs previously identified in the former Section 57 of OMB Circular A-11, *Preparation, Submission, and Execution of the Budget* (now located in OMB Circular A-123, Appendix C, *Requirements for Effective Measurement and Remediation of Improper Payments*). Highlight any changes to the risk assessment methodology or results that occurred since the last report.**

The Department annually conducts an assessment of the effectiveness of internal control over financial reporting, in compliance with OMB Circular A-123, *Management's Responsibility for Internal Control*. Furthermore, the FY 2011 assessment included a review of internal controls over disbursement processes, which indicated that current internal controls over disbursement processes are sound.

Each of the Department's bureaus/reporting entities periodically completes or updates, over a one to three-year period (depending on the size of the entity), improper payments risk assessments covering all of its programs/activities as required by OMB Circular A-123, Appendix C. These improper payments risk assessments of the entity's programs/activities also include assessments of the corporate control, procurement, and grants management environments. The improper payments program/activity risk assessments performed thus far revealed no program or activity susceptible to significant improper payments.

The results of Departmental assessments revealed no risk-susceptible programs/activities, and demonstrated that, overall, the Department has strong internal controls over disbursement processes, the amount of improper payments by the Department is immaterial, and the risk of improper payments is low.

**II. Statistical Sampling. Any agency that has programs or activities that are susceptible to significant improper payments shall briefly describe the statistical sampling process conducted to estimate the improper payment rate for each program identified with a significant risk of improper payments. Please highlight any changes to the statistical sampling process that have occurred since the last report.**

Not applicable, as the Department does not have any risk-susceptible programs/activities.

**III. Corrective Actions. Any agency that has programs or activities that are susceptible to significant improper payments shall describe the Corrective Action Plans (CAPs) for reducing the estimated improper payment rate and amount for each type of root cause identified. Agencies shall report root cause information (including error rate and error amount) based on the following three categories: Administrative and Documentation errors; Authentication and Medical Necessity errors; and Verification errors. This discussion must include the corrective action(s), planned or taken, most likely to significantly reduce future improper payments due to each type of error an agency identifies, the planned or actual completion date of these actions, and the results of the actions taken to address these root causes. If efforts are ongoing, it is appropriate to include that information in this section, and to highlight current efforts, including key milestones. Agencies may also report root cause information based on additional categories, or sub-categories of the three categories listed above, if available.**

Not applicable, as the Department does not have any risk-susceptible programs/activities. While the Department, accordingly, does not have a need for CAPs for improper payments, the Department has, nevertheless, further enhanced its processes and is actively working with each of the Department's payment offices to identify and implement additional procedures to prevent and detect improper payments. In FY 2011, the Department continued with the bureaus' quarterly reporting of any improper payments to the Deputy Chief Financial Officer (CFO), along with identifying the nature and magnitude of any improper payments and identifying any necessary control enhancements. The Department has additionally reviewed all financial statement audit findings/comments, and results of any other payment reviews, for indications of breaches of disbursement controls or for areas of improvement. None of these audit findings/comments or reviews have uncovered any significant problems with improper payments or the internal controls that surround disbursements.

In FY 2011, the Department conducted a sampling process to draw and review random samples of disbursements greater than $100 thousand from a Department-wide universe of disbursements. Grants and other cooperative agreements, travel payments, bankcards/purchase cards, all procurement vehicles with other federal agencies, government bills of lading, and gifts and bequests were excluded from review. Each selected sample item was then subjected to a review of original invoices and supporting documentation to determine that the disbursement was accurate, made only once, and that the correct vendor was compensated. The results of the Department's review did not reveal any significant improper payments. The same results were achieved following a similar review in FY 2010. An estimated improper payment rate, accordingly, was deemed not necessary.

**IV. Recapture of Improper Payments Reporting.**

**a. An agency shall discuss payment recapture audit efforts, if applicable. The discussion should describe: the agency's payment recapture audit program; the actions and methods used by the agency to recoup overpayments; a justification of any overpayments that have been determined not to be collectable; and any conditions giving rise to improper payments and how those conditions are being resolved (e.g., the business process changes and internal controls instituted and/or strengthened to prevent further occurrences). If the agency has excluded any programs or activities from review under its payment recapture auditing program (including any programs or activities where the agency has determined a payment recapture audit program is not cost-effective), the agency should list those programs and activities excluded from the review, as well as and the justification for doing so. Include in your discussion the dollar amount of cumulative payment recaptures collected beginning with FY 2004.**

In conformity with IPIA of 2002, the Department has been performing, since 2005, payment recapture audits of closed contracts/obligations for many Department bureaus/reporting entities, on a rotational basis. The payment recapture audits were performed by a contractor or by the Department's Office of Financial Management. Payment recapture audits of closed contracts/obligations on a rotational basis will continue to be performed. Since 2005, cumulative recaptures of improper payments is $96 thousand.

As a result of the Department's implementation of additional requirements under IPERA of 2010, payment recapture auditing will additionally be performed, effective FY 2011, for the Department's grants and other cooperative agreements (i.e., financial assistance). Per OMB's IPERA implementation guidance, intragovernmental transactions, and payments to employees, are not required to be reviewed. With regard to loan disbursements, the National Oceanic and Atmospheric Administration (NOAA) is currently the only bureau with loan disbursements. As part of NOAA's internally-conducted reviews and testing processes, NOAA's loan disbursements will be significantly tested every three years for both internal controls and improper payments, and the disbursements testing for improper payments is considered to be essentially equivalent to a payment recapture audit. With regard to the NOAA Corps Retirement System and the NOAA Corps Health Benefits benefit programs, these programs are cross-serviced for disbursements by the Department of Defense, and therefore are not subject to payment recapture auditing by the Department.

For payment recapture audits performed of closed contracts/obligations, and of grants and other cooperative agreements, the auditor will analyze the reasons why any payment errors occurred, and shall develop, present, and document any recommendations for cost-effective controls to prevent improper payment in the future; and for enhancing the applicable bureau processes.

In November 2011, a payment recapture audit of closed contracts/obligations was completed for the National Telecommunications and Information Administration (NTIA). Contracts/obligations closed after September 30, 2008 greater than $100 thousand were reviewed. Intragovernmental transactions, and payments to employees, were excluded from review in conformity with OMB's IPERA implementation guidance. Travel payments, bankcards/purchase cards, government bills of lading, and gifts and bequests were excluded from review. The Department determined that, for these categories of closed contracts/obligations that were excluded from review, the Department's costs for the payment recapture audit activities would likely exceed the benefits of a payment recapture audit. Vendor inquiries were performed for a sample of vendors to determine if the reporting entities had any open credits or debts with vendors. Of the $30.0 million reviewed, no amounts were identified for payment recapture.

In November 2011, a payment recapture audit of Department-wide grants and other cooperative agreements was completed. The applicable bureaus/entities are: Departmental Management, Economic Development Administration (EDA), International Trade Administration (ITA), Minority Business Development Agency (MBDA), National Institute of Standards and Technology (NIST), NOAA, and NTIA. The audit consisted of two different populations: a) sustained disallowed costs of $10 thousand or more for grants and other cooperative agreements per Single Audit Act audit reports, grant/cooperative agreement-specific audits, and OIG audits or reviews issued after September 30, 2008 and through April 30, 2011; and b) grants and other cooperative agreements closed after September 30, 2008 and through April 30, 2011, and greater than $100 thousand, and which were not subjected to any of the types of audits or reviews indicated in item a) above. Of the $604.1 million reviewed, no amounts were identified for payment recapture.

**b. Payment Recapture Audit Reporting Data.**

The following table presents a summary of the results of the Department's current year (CY) and prior years (PY) payment recapture audits.

***(In Thousands)***

| Reporting Entity(s) | Amount Subject to Review for CY Reporting | Actual Amount Reviewed for CY Reporting | Amounts Identified for Payment Recapture for CY Reporting | Amounts Recaptured for CY Reporting | Amounts Identified for Recapture in PYs Reporting | Amounts Recaptured in PYs Reporting | Cumulative Amounts Identified for Recapture (CY and PYs Reporting) | Cumulative Amounts Recaptured (CY and PYs Reporting) |
|---|---|---|---|---|---|---|---|---|
| Payment Recapture Audit of Department-wide Grants and Other Cooperative Agreements: | | | | | | | | |
| Department-wide | $2,994,194 | $604,077 | $ - | N/A | N/A | N/A | N/A | N/A |
| Payment Recapture Audits of Closed Contracts/Obligations: | | | | | | | | |
| NTIA | $ 127,552 | $ 29,997 | $ - | N/A | N/A | N/A | N/A | N/A |
| BIS, and NTIS | N/A | N/A | N/A | N/A | $ 6 | $ - | $ 6 | $ - |
| EDA/S&E, and ITA | N/A | N/A | N/A | N/A | $ - | $ - | $ - | $ - |
| DM/S&E, DM/WCF, and ESA/BEA | N/A | N/A | N/A | N/A | $ - | $ - | $ - | $ - |
| Census Bureau, NIST, NOAA, and USPTO | N/A | N/A | N/A | N/A | $ 96 | $ 96 | $ 96 | $ 96 |

**c. Payment Recapture Audit Targets. If an agency has a payment recapture audit program in place, then the agency is required to establish annual targets to drive their annual performance. The targets shall be based on the rate of recapture.**

The Department's target recapture rate is 100 percent of amounts identified for recapture. Since 2005, the Department has recaptured $96 thousand of the $102 thousand identified for recapture, and is pursuing the $6 thousand of overpayments not yet recaptured.

**d. Aging of Outstanding Overpayments. In addition, agencies shall report the following information on their payment recapture audit programs, if applicable: An aging schedule of the amount of overpayments identified through the payment recapture audit program that are outstanding (i.e., overpayments that have been identified but not recaptured).**

The Department currently has $6 thousand of identified overpayments that have not yet been recaptured, resulting from the NTIS payment recapture audit completed in October 2010.

**e. Disposition of Recaptured Funds. A summary of how recaptured amounts have been disposed of.**

There has not yet been any recapture of overpayments that fall under the new IPERA requirements for disposition of recaptured funds.

**f. Overpayments Recaptured Outside of Payment Recapture Audits. As applicable, agencies should also report on improper payments identified and recaptured through sources other than payment recapture audits. For example, agencies could report on improper payments identified through statistical samples conducted under IPIA; agency post-payment reviews or audits; OIG reviews; Single Audit reports; self-reported overpayments; or reports from the public. Specific information on additional required reporting for contracts is included in Section 7 of OMB memorandum M-11-04, issued in November 2010.**

The Department has extensive improper payments monitoring and minimization efforts in place, including the identification of improper payments through bureau post-payment reviews, Departmental annual sampling of disbursements, OIG audits or reviews, Single Audit Act audits of grants/cooperative agreements, other grants/cooperative agreements audits, contract closeout reviews, grants/cooperative agreements closeout reviews, and other audits or reviews.

The following table summarizes overpayments identified and overpayments recaptured through sources other than payment recapture audits.

***(In Thousands)***

| Source of Overpayments | Amounts Identified | Amounts Recaptured |
|---|---|---|
| Post-payment Reviews | $ 2,184 | $ 2,079 |
| Audits and Other Reviews | 141 | 141 |
| Grant Closeout Reviews | 509 | 509 |
| Settlement with Contractor | 600 | 600 |
| Restitution from Grantee | 100 | 100 |
| Total | $ 3,534 | $ 3,429 |

**V. Any agency that has programs or activities that are susceptible to significant improper payments shall describe the steps the agency has taken and plans to take (including timeline) to ensure that agency managers, accountable officers (including the agency head), programs, and States and localities (where appropriate), are held accountable for reducing and recapturing improper payments. Specifically, they should be held accountable for meeting applicable improper payments reduction targets and establishing and maintaining sufficient internal controls (including an appropriate control environment) that effectively prevents improper payments from being made and promptly detects and recaptures any improper payments that are made.**

The Department has not identified any significant problems with improper payments; however, the Department recognizes the importance of maintaining adequate internal controls to ensure proper payments, and its commitment to continuous improvement in disbursement management processes remains very strong. The Department's CFO has responsibility for establishing policies and procedures for assessing Departmental and program risks of improper payments, taking actions to reduce those payments, and reporting the results of the actions to Departmental management for oversight and other actions as deemed appropriate. The CFO has designated the Deputy CFO to oversee initiatives related to reducing improper payments within the Department, and to work closely with the bureau CFOs in this area.

In FY 2011, the Department continued its reporting procedures that required quarterly reporting to the Department by its bureaus on any improper payments, identifying the nature and magnitude of any improper payments along with any necessary control enhancements to prevent further occurrences of the types of improper payments identified. The Department's analysis of the data collected from the bureaus shows that Department-wide improper payments were at or below three-tenths of one percent in FY 2011 and FY 2010. The bureau CFOs are accountable for internal controls over improper payments, and for monitoring and minimizing improper payments.

For FY 2012 and beyond, the Department will continue its efforts to ensure the integrity of its disbursements.

**VI. Agency Information Systems and Other Infrastructure. Describe whether the agency has the internal controls, human capital, and information systems and other infrastructure it needs to reduce improper payments to the levels the agency has targeted.**

The Department has ensured that internal controls, manual, as well as financial system, relating to payments are in place throughout the Department, and has reviewed all financial statement audit findings/comments and results of any other payment reviews for indications of breaches of disbursement controls. None of these audit findings/comments or reviews have uncovered any significant problems with improper payments or the internal controls that surround disbursements.

**VII. Describe any statutory or regulatory barriers which may limit agency corrective actions in reducing improper payments and actions taken by the agency to mitigate the barriers' effects.**

The Department has not identified any significant barriers to-date, but will notify OMB and Congress of any barriers that inhibit actions to reduce improper payments if they occur.

**VIII. Additional Comments. Discuss any additional comments on overall agency efforts, specific programs, best practices, or common challenges identified, as a result of IPIA implementation.**

The Department's Disbursement Best Practices. The following are some examples of internal control procedures used by the Department's payment offices:

- Limited/controlled access to vendor files—access to basic vendor information (e.g., name, address, business size, etc.) is available to financial system users; access to banking information, however, is strictly limited by system security to certain Office of Finance staff.
- Controlled access to financial system accounts payable screens—authority to create, edit, approve, process, and amend payment records is limited to certain Office of Finance financial system users. Also, authority to add or revise records in the vendor database is limited to separate Office of Finance system users.
- Segregation of duties for financial system data entry and review prior to transmitting disbursement files to Treasury—data entry duties are assigned to technicians in the Office of Finance who do not have authority to review and process payments. Authority to approve and process payments is assigned to accountants in the Office of Finance. Both data entry and approval/processing of payments are separate functions from transmitting disbursement files to Treasury.

- Financial system edit reports highlight potential items that may result in improper payments (e.g., invoice amount and accrual amount are not the same). There is a daily Invoice Workload Report that displays open amounts (not closed by a payment) on all invoices. This report is reviewed and action is taken to resolve partially open invoices. Furthermore, system settings prevent a payment in excess of the amount of the invoice.
- Daily pre-payment audit of invoices for accuracy, and corrective actions prior to disbursement, thereby preventing improper payments from occurring.
- Financial system edit checks if the vendor's name on the payment does not agree with that on the obligation, or if the payment amount is greater than the obligation or accrual amount.
- The monthly vendor statement for purchase cards is interfaced into the financial system, thereby reducing data entry error.
- An accountant or supervisor reviews individual payments before releasing for payment, to help ensure that the correct banking information or payment addresses are used, and that the correct amount will be paid.
- Monthly post-payment random sample audits are performed for detection purposes.
- Contracts include a clause requiring the contractor to notify the contracting officer if the government overpays when making an invoice payment or a contract financing payment.

# SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

Presented below is a summary of financial statement audit and management assurances for FY 2011. Table 1 relates to the Department's FY 2011 financial statement audit, which resulted in an unqualified opinion with no material weaknesses. Table 2 presents the number of material weaknesses reported by the Department under Section 2 of the Federal Managers' Financial Integrity Act (FMFIA)—either with regard to internal controls over operations or financial reporting—and Section 4, which relates to internal controls over financial management systems; as well as the Department's compliance with the Federal Financial Management Improvement Act (FFMIA).

### Table 1. Summary of Financial Statement Audit

- **Audit Opinion:** Unqualified
- **Restatement:** No

| Material Weaknesses | Beginning Balance | New | Resolved | Consolidated | Ending Balance |
|---|---|---|---|---|---|
| No Material Weaknesses | 0 | 0 | 0 | 0 | 0 |
| **Total Material Weaknesses** | 0 | 0 | 0 | 0 | 0 |

### Table 2. Summary of Management Assurances

| EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING (FMFIA § 2) | | | | | | |
|---|---|---|---|---|---|---|
| **Statement of Assurance:** | Unqualified | | | | | |
| **Material Weaknesses** | **Beginning Balance** | **New** | **Resolved** | **Consolidated** | **Reassessed** | **Ending Balance** |
| No Material Weaknesses | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Material Weaknesses** | 0 | 0 | 0 | 0 | 0 | 0 |
| **EFFECTIVENESS OF INTERNAL CONTROL OVER OPERATIONS (FMFIA § 2)** | | | | | | |
| **Statement of Assurance:** | Unqualified | | | | | |
| **Material Weaknesses** | **Beginning Balance** | **New** | **Resolved** | **Consolidated** | **Reassessed** | **Ending Balance** |
| No Material Weaknesses | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Material Weaknesses** | 0 | 0 | 0 | 0 | 0 | 0 |
| **CONFORMANCE WITH FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS (FMFIA § 4)** | | | | | | |
| **Statement of Assurance:** | Systems conform with financial management system requirements | | | | | |
| **Non-Conformances** | **Beginning Balance** | **New** | **Resolved** | **Consolidated** | **Reassessed** | **Ending Balance** |
| No Non-Conformance Issues | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Non-Conformances** | 0 | 0 | 0 | 0 | 0 | 0 |
| **COMPLIANCE WITH FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT (FFMIA)** | | | | | | |
| | **Agency** | | | **Auditor** | | |
| Overall Substantial Compliance | Yes | | | Yes | | |
| 1. System Requirements | Yes | | | | | |
| 2. Accounting Standards | Yes | | | | | |
| 3. USSGL at Transaction Level | Yes | | | | | |

## UNDISBURSED BALANCES IN EXPIRED GRANT ACCOUNTS

Undisbursed balances in expired grant accounts include budget authority that is no longer available for new obligations but is still available for disbursement. The period of disbursement lasts for five years after the last unexpired year unless the expiration period has been lengthened by legislation. Specifically, you may not incur new obligations against expired budget authority, but you may liquidate existing obligations by making disbursements.(Section 20.4(c) of the Office of Management and Budget (OMB) Circular A-11, *Preparation, Submission and Execution of the Budget*) For FY 2011, the following information is required to be reported in this FY 2011 Performance and Accountability Report as well as the annual performance plans/budgets:.

1. Details on future action the Department/bureau will take to resolve the undisbursed balances in expired grant accounts;
2. The method the Department/bureau uses to track undisbursed balances in expired grant accounts;
3. Identification of undisbursed balances in expired grant accounts that may be returned to the Treasury of the United States; and
4. In the preceding three fiscal years, details on the total number of expired grant accounts with undisbursed balances (on the first day of each fiscal year) for the Department/bureau and the total finances that have not been obligated to a specific project remaining in the accounts

Six bureaus report information under this guidance: the Economic Development Administration (EDA), the International Trade Administration (ITA), the Minority Business Development Agency (MBDA), the National Oceanic and Atmospheric Administration (NOAA), the National Institute of Standards and Technology (NIST), and the National Telecommunications Administration (NTIA).

The EDA Budget and Finance Division will send a monthly report identifying undisbursed balances to EDA's regional offices, and request the status of these grants on a quarterly basis. The Assistant Secretary has, and will continue, to discuss the importance of monitoring and closing our grants in a timely manner in various EDA meetings.

The EDA Budget and Finance Division prepares a monthly Open Grants report using data in the NOAA Commerce Financial System Data Warehouse and distributes it to appropriate staff on a monthly basis. The report will be monitored slightly to more easily identify grants in expired grant accounts.

The NOAA Grants Management Division (GMD) has an Oversight and Compliance team that is responsible for reviewing, closing out, and deobligation of un-disbursed balances identified. On a monthly basis, the expired awards report will be reviewed for unobligated balances of funds based on data downloads from the Commerce Business System (CBS). GMD will initiate contact (email, phone calls, etc.) with those indentified recipients to inform them that based on either their final financial status report submission or our CBS data warehouse information, that there are funds to be returned to NOAA or deobligated from CBS by NOAA Finance. If the recipient does not request an extension to the closeout period within 14 days of notification, GMD will take action to request deobligation of the remaining funds.

On a monthly basis, the Grants Online Production Unit provides a report which identities the recipient, award number and the amount of unobligated balances.

The NIST Grants and Agreements Management Division had created an in-house report that combines the data from its Grants Management system with the Core Financial System so they will have the most accurate information on the undisbursed funds under our grants. In order to tackle the deobligations of these funds, NIST will be running this report on a monthly basis and

deobligate the largest balances first in order to have the largest effect on the total undisbursed NIST grant funds. These same actions apply to NTIA as well.

Below is a table summarizing the Department's bureaus, accounts, appropriate fiscal year, undisbursed balances, and amounts available to the Treasury.

| Bureau | Account | Fiscal Year | Undisbursed Balance | Amount Available to Treasury |
|---|---|---|---|---|
| **EDA** | ARRA | 2009 | $37,497,333 | $0 |
| **ITA** | Operations and Administration | 2009 | $34,296 | $33 |
| | | 2007 | $18,940 | $0 |
| **MBDA** | Minority Business Development | 2010 | $296,944 | $0 |
| **NIST** | Scientific and Technical Research and Services | 2011 | $2,671,591 | $0 |
| | | 2010 | $67,019 | $0 |
| | | 2009 | $332,492 | $0 |
| | | 2008 | $19,367 | $0 |
| | | 2007 | $9,100 | $0 |
| | Industrial Technology Services | 2011 | $1,865,507 | $0 |
| | | 2010 | $2,064,500 | $0 |
| | | 2009 | $820,216 | $0 |
| | | 2008 | $373,499 | $0 |
| | ARRA | 2011 | $31,307 | $0 |
| **NTIA** | Technology Opportunities Program - ARRA | 2010 | $257,771 | $0 |
| | Technology Opportunities Program | 2008 | $54,599 | $0 |
| | | 2007 | $0 | $0 |
| | Public Telecommunications Facilities, Planning and Construction | 2011 | $4,762,975 | $0 |
| | | 2010 | $29,519 | $0 |
| | | 2009 | $170,492 | $0 |
| | | 2008 | $9,535 | $0 |
| | | 2007 | $20,966 | $0 |
| | Broadband Technology Opportunities Program - ARRA | 2011 | $1,953 | $0 |
| **NOAA** | Operations, Research and Facilities | 2010 | $315,818 | $0 |
| | | 2009 | $1,561,574 | $0 |
| | | 2008 | $1,246,646 | $0 |
| | | 2007 | $647,688 | $0 |
| | Procurement, Acquisition and Construction | 2009 | $2,975,150 | $0 |
| | | 2008 | $1,987,800 | $0 |
| | Pacific Coastal Salmon Recovery Fund | 2008 | $2,761 | $0 |
| | | 2007 | $12,523 | $0 |
| | Promote and Develop Fishery Products | 2010 | $1 | $0 |
| | | 2009 | $124,728 | $0 |
| | | 2008 | $124,728 | $0 |
| | | 2007 | $2,275 | $0 |
| | Coastal Impact Assistance Fund | 2009 | $579,902 | $0 |
| | | 2008 | $669,357 | $0 |
| | | 2007 | $186 | $0 |
| | Coastal Zone Management Fund | 2007 | $6,296 | $0 |
| | Limited Access System Administration Fund | 2008 | $18,278 | $0 |
| | | 2007 | $18,278 | $0 |

# GLOSSARY OF KEY ACRONYMS

| Abbreviation | Title |
|---|---|
| **A** | |
| ACS | American Community Survey |
| ACSI | American Customer Satisfaction Index |
| AD | Antidumping |
| ADP | Automated Data Processing |
| AHS | American Housing Survey |
| APP | Annual Performance Plan |
| ARRA | American Recovery and Reinvestment Act of 2009 |
| ASAP | Automated Standard Application for Payments |
| ATP | Advanced Technology Program (NIST) |
| ATS | Annual Trade Survey |
| AWIPS | Advanced Weather Interactive Processing System |
| **B** | |
| BAS | Boundary and Annexation Survey |
| BDC | Business Development Centers (MBDA) |
| BEA | Bureau of Economic Analysis |
| BEES | Building for Environmental and Economic Sustainability |
| BIS | Bureau of Industry and Security |
| BLS | Bureau of Labor Statistics |
| BNQP | Baldrige National Quality Program |
| BRL | Biometrics Research Lab |
| **C** | |
| CAMS | Commerce Administrative Management System |
| CBP | U.S. Customs and Border Protection |
| CCSPS | Climate Change Science Program Strategic Plan |
| CEDS | Comprehensive Economic Development Strategies |
| CEIP | Coastal Energy Impact Program (NOAA) |
| CFO | Chief Financial Officer |
| CFO/ASA | Chief Financial Officer and Assistant Secretary for Administration (OS) |
| CIO | Chief Information Officer |
| CIRT | Computer Incident Response Team |
| CNST | Center for Nanoscale Science and Technology (NIST) |
| COOL | Commerce Opportunities Online |
| COOP | Continuity of Operations Plan |
| COTR | Contracting Officer Technical Representative |
| CPD | Coastal Programs Division |
| CPI | Consumer Price Index |
| CPS | Current Population Survey |
| CRADA | Cooperative Research and Development Agreements |
| CPI | Consumer Price Index |
| CSRS | Civil Service Retirement System |
| CVD | Countervailing Duty |
| CWC | Chemical Weapons Convention |
| CWCIA | CWC Implementation Act |
| CZM | Coastal Zone Management (NOAA) |
| CZMA | CZM Act |

| Abbreviation | Title |
|---|---|
| **CZMP** | CZM Program |
| **DFI** | Digital Freedom Initiative |
| **DHS** | U.S. Department of Homeland Security |
| **DM** | Departmental Management |
| **DOJ** | U.S. Department of Justice |
| **DOL** | U.S. Department of Labor |
| **DOL/OLMS** | DOL Online Labor Management System |
| **DPAS** | Defense Priorities and Allocations System |
| **DSSR** | Demographic Surveys Sample Redesign |
| **EAA** | Export Administration Act |
| **EAR** | Export Administration Regulations |
| **ECASS** | Export Control Automated Support System |
| **EDA** | Economic Development Administration |
| **EDD** | Economic Development District |
| **EFT** | Electronic Funds Transfer |
| **ELGP** | Emergency Oil and Gas and Steel Loan Guarantee Program |
| **ENC** | Electronic Navigational Chart |
| **ENSO** | El Niño/Southern Oscillation |
| **EPO** | European Patent Office |
| **ESA** | Economics and Statistics Administration |
| **E3** | Economy, Energy, and Environment |
| **FAIR** | Federal Activities Inventory Reform |
| **FAR** | False Alarm Rate |
| **FCC** | Federal Communications Commission |
| **FECA** | Federal Employees Compensation Act |
| **FEGLI** | Federal Employees Group Life Insurance Program |
| **FEHB** | Federal Employees Health Benefit Program |
| **FEMA** | Federal Emergency Management Agency |
| **FERS** | Federal Employees Retirement System |
| **FFMIA** | Federal Financial Management Improvement Act of 1996 |
| **FICA** | Federal Insurance Contributions Act |
| **FISMA** | Federal Information Security Management Act |
| **FMFIA** | Federal Managers' Financial Integrity Act of 1982 |
| **FMP** | Fishery Management Plan |
| **FR** | Field Representative |
| **FTA** | Free Trade Agreement |
| **FTAA** | Free Trade Area of the Americas |
| **FTE** | Full-Time Equivalent |
| **FVOG** | Fishing Vessel Obligation Guarantee Program (NOAA) |
| **FWC** | Future Workers' Compensation |
| **FY** | Fiscal Year |
| **G&B** | Gifts and Bequests (a fund that is part of DM) |
| **GAAP** | Generally Accepted Accounting Principles |
| **GAO** | U.S. Government Accountability Office |
| **GDP** | Gross Domestic Product |
| **GFDL** | Geophysical Fluid Dynamics Laboratory (NOAA) |

| Abbreviation | Title |
|---|---|
| **GLERL** | Great Lakes Environmental Research Laboratory |
| **GPRA** | Government Performance and Results Act of 1993 |
| **GPS** | Global Positioning System |
| **GSA** | U.S. General Services Administration |
| **GSN** | Green Suppliers Network |
| **GSP** | Gross State Product |
| **GSS** | Geographic Support System |
| **H** | |
| **HHS** | U.S. Department of Health and Human Services |
| **HR** | Human Resources |
| **HSS** | Heidke Skill Scores |
| **I** | |
| **IA** | Import Administration (ITA) |
| **ICANN** | Internet Corporation for Assigned Names and Numbers |
| **ICEP** | International Catalog Exhibition Program (ITA) |
| **ICT** | Information and Communication Technology |
| **IDS** | Intrusion Detection Software |
| **IFQ** | Individual Fishing Quota Direct Loans (NOAA) |
| **IFW** | Image File Wrapper |
| **IP** | Intellectual Property |
| **IP** | Internet Protocol |
| **IRAC** | Interdepartmental Radio Advisory Committee |
| **IRC** | Investment Review Committees |
| **IRS** | Internal Revenue Service |
| **ISI** | Institute for Scientific Information |
| **IT** | Information Technology |
| **ITA** | International Trade Administration |
| **ITS** | Institute for Telecommunication Sciences (NTIA) |
| **ITU** | International Telecommunication Union |
| **K** | |
| **KSA** | Knowledge, Skills, and Abilities |
| **L** | |
| **LEED** | Leadership in Energy and Environmental Design |
| **LMS** | Learning Management System |
| **M** | |
| **MAF** | Master Address File |
| **MAMTC** | Mod-America Manufacturing Technology Center |
| **MBDA** | Minority Business Development Agency |
| **MBEC** | Minority Business Enterprise Centers (MBDA) |
| **MBE** | Minority Business Enterprise |
| **MBOC** | Minority Business Opportunity Center (MBDA) |
| **MDCP** | Market Development Cooperator Program (ITA) |
| **MED** | Minority Enterprise Development |
| **MEP** | Manufacturing Extension Partnership (NIST) |
| **MOU** | Memorandum of Understanding |
| **MTS** | U.S. Marine Transportation System |

| Abbreviation | Title |
|---|---|
| **NABEC** | Native American Business Enterprise Center (MBDA) |
| **NAICS** | North American Industry Classification System |
| **NAO** | North Atlantic Oscillation |
| **NAPA** | National Academy of Public Administration |
| **NASA** | National Aeronautics and Space Administration |
| **NBS** | National Bureau of Standards (former name of NIST) |
| **NCDC** | National Climatic Data Center (NOAA) |
| **NCNR** | NIST Center for Neutron Research (NIST) |
| **NERR** | National Estuarine Research Reserve |
| **NIH** | National Institutes for Health |
| **NIPA** | National Income and Product Accounts |
| **NIPC** | National Intellectual Property Law Enforcement Coordination Council |
| **NIST** | National Institute of Standards and Technology |
| **NM** | Nautical Miles |
| **NMFS** | National Marine Fisheries Service (NOAA) |
| **NOAA** | National Oceanic and Atmospheric Administration |
| **NOS** | National Ocean Service (NOAA) |
| **NPV** | Net Present Value |
| **NRC** | National Research Council |
| **NSRS** | National Spatial Reference System |
| **NTIA** | National Telecommunications and Information Administration |
| **NTIS** | National Technical Information Service |
| **NTTAA** | National Technology Transfer Advancement Act |
| **NWLON** | National Water Level Observation Network |
| **OA** | Office of Audits (OIG) |
| **OAM** | Office of Acquisition Management (OS) |
| **OCAD** | Office of Compliance and Administration (OIG) |
| **OCS** | Office of Computer Services (Franchise Fund) |
| **OECD** | Organization for Economic Cooperation and Development |
| **OFM** | Office of Financial Management (OS) |
| **OFPP** | Office of Federal Procurement Policy |
| **OHRM** | Office of Human Resources Management (OS) |
| **OI** | Office of Investigations (OIG) |
| **OIG** | Office of Inspector General (DM) |
| **OIPE** | Office of Inspections and Program Evaluations (OIG) |
| **OMB** | Office of Management and Budget |
| **OPEM** | Office of Planning, Evaluation and Management (BIS) |
| **OPM** | U.S. Office of Personnel Management |
| **OS** | Office of the Secretary (DM) |
| **OSDBU** | Office of Small and Disadvantaged Business Utilization (OS) |
| **OSE** | Office of Systems Evaluation (OIG) |

| Abbreviation | Title |
|---|---|
| **OSM** | Office of Spectrum Management (NTIA) |
| **OSY** | Office of Security (OS) |
| **OTE** | Office of Technology Evaluation |
| **OTP** | Office of Technology Policy (TA) |
| **PALM** | Patent Application Location and Monitoring System |
| **PAR** | Performance and Accountability Report |
| **PART** | Program Assessment Rating Tool |
| **PBSA** | Performance-based Service Acquisitions |
| **PBSC** | Performance-based Service Contracting |
| **PBViews** | Panorama Business Views |
| **PKI** | Public Key Infrastructure |
| **PMA** | President's Management Agenda |
| **PNA** | Pacific North America |
| **PORTS®** | Physical Oceanographic Real-time System |
| **PP&E** | Property, Plant, and Equipment, Net |
| **PRT** | Program Review Team (NOAA) |
| **PSV** | Post-shipment Verification |
| **PTFP** | Public Telecommunications Facilities Program (NTIA) |
| **QFR** | Quarterly Financial Report |
| **QPF** | Quantitative Precipitation Forecasts |
| **QSS** | Quarterly Services Survey |
| **R&D** | Research and Development |
| **RLF** | Revolving Loan Fund (EDA) |
| **ROP** | Reserve's Operations Plan (NOAA) |
| **S&E** | Salaries and Expenses |
| **S&T** | Science and Technology |
| **SAS** | Services Annual Survey |
| **SAV** | Site Assistance Visits |
| **SBA** | U.S. Small Business Administration |
| **SBR** | Combined Statement of Budgetary Resources |
| **SCNP** | Consolidated Statement of Changes in Net Position |
| **SDDS** | Special Data Dissemination Standards |
| **SES** | Senior Executive Service |
| **SIPP** | Survey of Income and Program Participation |
| **SME** | Small and Medium-sized Enterprise |
| **SNM** | Square Nautical Miles |
| **SPD** | Survey of Program Dynamics |
| **SRD** | Standard Reference Data |
| **SRM** | Standard Reference Materials |
| **STRS** | Scientific and Technical Research and Services |
| **3G** | Third Generation |
| **TA** | Technology Administration |
| **TAA** | Trade Adjustment Assistance Program (EDA) |
| **TAAC** | Trade Adjustment Assistance Center |
| **TABD** | Trans-Atlantic Business Dialogue |

| Abbreviation | Title |
|---|---|
| **TCC** | Trade Compliance Center (ITA) |
| **TECI** | Transshipment Country Export Control Initiative |
| **TIC** | Trade Information Center (ITA) |
| **TIGER** | Topologically Integrated Geographic Encoding and Referencing System |
| **TIP** | Technology Innovation Program (NIST) |
| **TIS** | Trademark Information System |
| **TPA** | Trade Promotion Authority |
| **TPC** | Tropical Prediction Center (NOAA) |
| **TPCC** | Trade Promotion Coordinating Committee |
| **TRAM** | Trademark Reporting and Monitoring System |
| **Treasury** | U.S. Department of the Treasury |
| **TROR** | Treasury Report on Receivables |
| **TRP** | Take Reduction Plan |
| **TRT** | Take Reduction Team |
| **TSP** | Thrift Savings Plan |
| **TVA** | Tennessee Valley Authority |

| Abbreviation | Title |
|---|---|
| **U** | |
| **UAE** | United Arab Emirates |
| **UC** | University Center |
| **US&FCS** | U.S. and Foreign Commercial Service |
| **US/OTP** | Office of the Under Secretary/Office of Technology Policy (TA) |
| **USCRN** | U.S. Climate Reference Network |
| **USDA** | U.S. Department of Agriculture |
| **USPTO** | U.S. Patent and Trademark Office |
| **USTR** | Office of the U.S. Trade Representative |
| **USWRP** | U.S. Weather Research Program |
| **UWB** | Ultra-wideband |
| **V** | |
| **VoIP** | Voice over Internet Protocol |
| **W** | |
| **WCF** | Working Capital Fund (DM) |
| **WMD** | Weapons of Mass Destruction |
| **WTO** | World Trade Organization |

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# STRATEGIC THEMES

## PROGRAMMATIC THEMES

Economic Growth

Science and Information

Environmental Stewardship

## MANAGEMENT THEMES

Customer Service

Organizational Excellence

Workforce Excellence