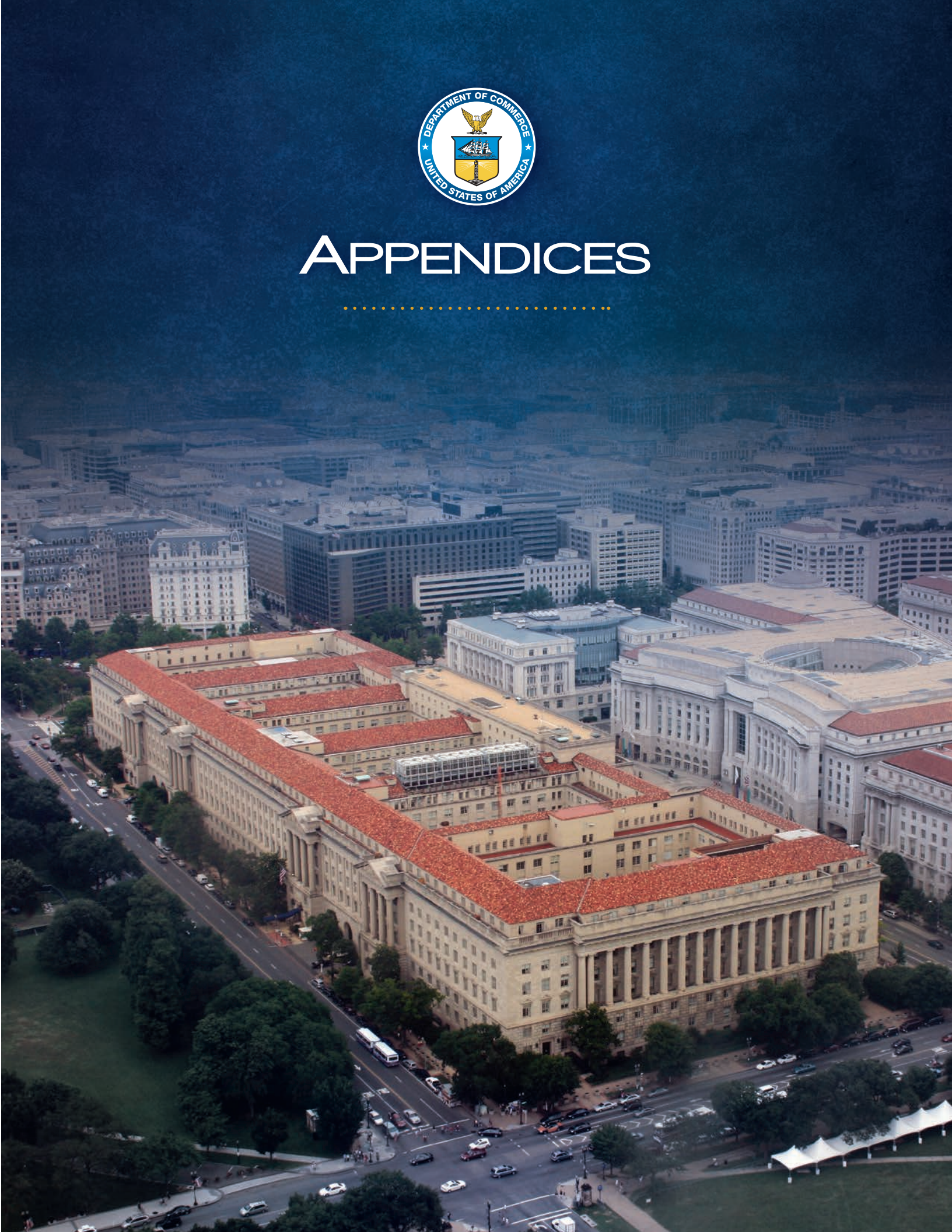
APPENDICES



PERFORMANCE AND RESOURCE TABLES

To make the report more useful, this FY 2012 Performance and Accountability Report (PAR) reports on targets and measures from the FY 2012 Annual Performance Plan (APP)—exhibit 3A of each bureau's budget. Measures have been modified to incorporate any changes made to the FY 2012 budget that appear in the FY 2013 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.

The following tables provide an array of financial and FTE information from FY 2007 to FY 2012, covering a period of five fiscal years where the information is available. It also covers performance information as far back as FY 2000 where the information is available. 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 can't be quantified.

The information in the tables will follow the following format:

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

Note: Unless otherwise indicated, measures that do not have FY 2012 targets are not included in any count in this document. FY 2012 resources for each performance objective may be estimates and may be updated in the budget for FY 2014. FY 2011 resources may have been updated since the FY 2011 PAR.

Target and performance data are tracked back to FY 2000 where available. If a measure was developed after FY 2003, actual performance data is shown back to the year that the measure first appeared. In FY 2012, there are a few rare cases where measures are new for FY 2012 (i.e., this is the first time they appear in the PAR), and thus targets for only FY 2012 data; however, the bureau may have actual data for prior years. In these cases, the status for these measures for the prior years is listed as "N/A"—Not applicable.

Below the table of data for each measure is a note concerning the historical trend for that measure from when it first appeared to FY 2012. Historical trends are noted only for those measures which have at least three years of actual data. Trends are given scores on a scale of +2 (positive) to -2 (negative). A score of zero reflects a stable trend and is often an indicator of a standard/maintenance measure, i.e., a measure that has an annual target/standard that the bureau seeks to achieve each year that doesn't change. Since a zero usually reflects a maintain standards measure, a zero score for a trend should be considered a good score, i.e., the dividing line between good and bad in determining trends is between zero and -1.

These trends come with some caveats:

First, for the EDA measures, Jobs created/retained, and Investment leveraged, the targets are dependent on the financing for that particular year which can vary widely. If the funding went down from one year to the next, the target went down to reflect the decrease in funding. While results or targets may appear to reflect trends (either positive or negative), because they are dependent on the funding of a given year, any perceived trends are not reliable and not an indicator or either increased or decreased performance. Furthermore, because investments are provided to different projects, the results of these investments may vary considerably from year to year. Therefore, these measures are designated as those that have no trend due to volatility of funding.

Second, while an actual may exceed a target for a given year, that improvement might not be reflected in the following year's target. Through the course of the budget process, once a bureau knows the result of a given year, the next fiscal year has already started with (hopefully), the enacted amount for that year already established. Since the Department has a policy not to allow bureaus to change targets once a given year has started (unless the enacted level is significantly different from the President's budget level), the target for the subsequent year (e.g., 2010 – 2011) might not reflect any improvement in the prior year. Any changes in targets resulting from improved performance would be reflected in the subsequent year (i.e., actual = 2010, change in target reflected in 2012). The Department implemented this so as to prevent a bureau from changing any targets during the current year if it discovered during the year it wasn't going to meet a given target.

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	FY 2012 Actual
Funding	$4,581.5	$4,607.2	$4,973.0	$8,295.6	$4,159.0	$4,271.5
FTE	14,002	14,390	15,044	14,959	15,700	16,010

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	FY 2012 Actual
Funding	$3,766.3	$3,799.7	$4,055.3	$7,388.1	$3,249.8	**$3,283.8**
FTE	11,398	11,925	12,610	12,517	13,180	**13,531**

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	FY 2012 Actual
Funding	$1,698.0	$1,806.8	$1,813.2	$1,890.3	$2,111.7	**$2,329.6**
FTE	7,970	8,821	9,455	9,286	9,869	**10,342**

USPTO PERFORMANCE MEASURE			
MEASURE: Patent quality composite rate			
Year	Status	Actual	Target
FY 2012	Exceeded	72.4	48-56

Trend: This is a new measure and there is not enough data to establish a trend.

USPTO PERFORMANCE MEASURE			
MEASURE: Patent first action pendency (months)			
Year	Status	Actual	Target
FY 2012	Met	21.9	22.6
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
FY 2001	Not Met	14.4	13.9
FY 2002	Met	13.6	14.2

Trend: -2. Trends for targets and actuals are negative from FY 2000 to FY 2012. Patent pendency has increased over time in large part because of the increasing complexity and volume of patent applications that required more time to review. Note that in a most recent five-year analysis, the pendency trend line is becoming significantly more shallow.

USPTO PERFORMANCE MEASURE			
MEASURE: Patent total pendency (months)			
Year	Status	Actual	Target
FY 2012	Met	32.4	34.7
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
FY 2001	Met	24.7	26.2
FY 2000	Met	25.0	26.2

Trend: -2. Trends for targets and actuals are negative from FY 2000 to FY 2012. Patent pendency has increased over time in large part because of the increasing complexity and volume of patent applications that required more time to review. Note that in a most recent five-year analysis, the pendency trend line is becoming significantly more shallow.

USPTO PERFORMANCE MEASURE			
MEASURE: Patent applications filed electronically			
Year	Status	Actual	Target
FY 2012	Met	97.1%	96.0%
FY 2011	Met	93.1%	92.0%
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%

Trend: +2. Target and actual trends are significantly positive from FY 2003 to FY 2012.

USPTO PERFORMANCE MEASURE			
MEASURE: Trademark first action compliance rate			
Year	Status	Actual	Target
FY 2012	Met	96.2%	95.5%
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%

Trend: +2. Target and actual trends are positive from FY 2004 to FY 2012.

USPTO PERFORMANCE MEASURE			
MEASURE: Trademark final compliance rate			
Year	Status	Actual	Target
FY 2012	Met	97.1%	97.0%
FY 2011	Met	97.0%	97.0%
FY 2010	Slightly Below	96.8%	97.0%
FY 2009	Met	97.6%	97.0%

Trend: 0. The target trend has remained stable. The actual trend has a slight variance. Limited amount of data.

USPTO PERFORMANCE MEASURE			
MEASURE: Trademark first action pendency (months)			
Year	Status	Actual	Target
FY 2012	Met	3.2	2.5-3.5
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
FY 2001	Exceeded	2.7	6.6
FY 2000	Not Met	5.7	4.5

Trend: +2. Target and actual trends are positive from FY 2000 to FY 2012.

USPTO PERFORMANCE MEASURE			
MEASURE: Trademark average total pendency (months), excluding suspended and inter partes proceedings			
Year	Status	Actual	Target
FY 2012	Met	10.2	12.0
FY 2011	Met	10.5	12.5
FY 2010	Met	10.5	13.0
FY 2009	Met	11.2	13.0

Trend: +1. Target and actual trends are slightly positive. Limited amount of data.

USPTO PERFORMANCE MEASURE			
MEASURE: Trademark applications processed electronically			
Year	Status	Actual	Target
FY 2012	Met	77.0%	74.0%
FY 2011	Met	73.0%	68.0%
FY 2010	Met	68.1%	65.0%
FY 2009	Met	62.0%	62.0%

Trend: +2. Target and actual trends are positive from FY 2009 to FY 2012.

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	FY 2012 Actual
Funding	$68.4	$45.7	$43.2	$48.7	$49.2	**$45.1**
FTE	321	141	138	145	122	**127**

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: **1. Institutional improvements of IP office administration for advancing IPR** **2. Institutional improvements of IP enforcement entities** **3. Improvements in IP laws and regulations** **4. Establishment of government-to-government cooperative mechanisms**			
Year	**Status**	**Actual**	**Target**
FY 2012	**Met**	75%	75%
FY 2011	**Exceeded**	100%	75%
FY 2010	**Exceeded**	75%	50%
Trend: Not enough data to establish a trend.			

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, Objective 7 has separate measures that don't overlap with the other 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)
- 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)

EDA PERFORMANCE MEASURE			
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	✓		✓

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)

OBJECTIVE 3 TOTAL RESOURCES *(Dollars in Millions)*						
	FY 2007 Actual[1]	**FY 2008 Actual**	**FY 2009 Actual**	**FY 2010 Actual**	**FY 2011 Actual**	**FY 2012 Actual**
Funding	$215.5	$198.2	$248.6	$202.5	$198.6	**$57.1**
FTE	404	151	152	173	171	**53**

[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 2012 reflects amounts for the NIST Technology Innovation Program (TIP). The final FY 2012 enacted appropriations did not provide funding for TIP and the program is currently implementing a closeout using TIP carryover balances, a transfer of $600 thousand from NIST's Scientific and Technical Research and Services account approved by Congress, and deobligations. A complete closeout of the program using these funds is expected by the end of FY 2014. TIP's measures have been discontinued; however, the measures and targets for previous years appear in the FY 2011 PAR.

For the following six measures, nine year totals reflect the results of FY 2003 investments, six year totals equal results of FY 2006 investments, and three year totals equal results of FY 2009 investments.

EDA PERFORMANCE MEASURE			
MEASURE: Private investment leveraged – 9 year totals (in millions)			
Year	**Status**	**Actual**	**Target**
FY 2012	**Not Met**	$1,620[1]	$1,810
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

Trend: Annual targets are funding based which varies from year to year. Trends cannot be established based on data.

[1] Estimates as of November 15, 2012. EDA expects to meet the target with the release of final performance data.

EDA PERFORMANCE MEASURE			
MEASURE: Private investment leveraged – 6 year totals (in millions)			
Year	Status	Actual	Target
FY 2012	Met	$662[1]	$662
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

Trend: Annual targets are funding based which varies from year to year. Trends cannot be established based on data.

[1] Estimates as of November 15, 2012. EDA expects to meet the target with the release of final performance data.

EDA PERFORMANCE MEASURE			
MEASURE: Private investment leveraged – 3 year totals (in millions)			
Year	Status	Actual	Target
FY 2012	Not Met	$437[1]	$490
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
FY 2001	Exceeded	$971	$130
FY 2000	Exceeded	$199	$116

Trend: Annual targets are funding based which varies from year to year. Trends cannot be established based on data.

[1] Estimates as of November 15, 2012. EDA expects to meet the target with the release of final performance data.

EDA PERFORMANCE MEASURE			
MEASURE: Jobs created/retained – 9 year totals			
Year	Status	Actual	Target
FY 2012	Not Met	45,800[1]	52,700
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

Trend: Annual targets are funding based which varies from year to year. Trends cannot be established based on data.

[1] Estimates as of November 15, 2012. EDA expects to meet the target with the release of final performance data.

EDA PERFORMANCE MEASURE			
MEASURE: Jobs created/retained – 6 year totals			
Year	Status	Actual	Target
FY 2012	Slightly Below	17,458[1]	17,548
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

Trend: Annual targets are funding based which varies from year to year. Trends cannot be established based on data.

[1] Estimates as of November 15, 2012. EDA expects to meet the target with the release of final performance data.

EDA PERFORMANCE MEASURE			
MEASURE: Jobs created/retained – 3 year totals			
Year	Status	Actual	Target
FY 2012	Slightly Below	11,183[1]	11,269
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
FY 2001	Exceeded	12,898	5,400
FY 2000	Exceeded	12,056	5,040

Trend: Annual targets are funding based which varies from year to year. Trends cannot be established based on data.

[1] Estimates as of November 15, 2012. EDA expects to meet the target with the release of final performance data.

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 2012	Not Met	90%	95%
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%

Trend: -1. The actual trend varies slightly while the target trend is stable.

EDA PERFORMANCE MEASURE			
MEASURE: Percentage of sub-state jurisdiction members actively participating in the Economic Development District program			
Year	Status	Actual	Target
FY 2012	Slightly Below	87%	89%
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%
FY 2001	Met	92%	85%
FY 2000	Met	91%	75%

Trend: 0. The actual and target trends are stable, with a slight dip in actuals from 2010-2012.

EDA PERFORMANCE MEASURE			
MEASURE: Percentage of University Center clients taking action as a result of University Center assistance			
Year	Status	Actual	Target
FY 2012	Not Met	70%	75%
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%

Trend: -1. The target trend is stable. The actual trend was stable from 2003 to 2008 and negative from 2008 to 2012.

EDA PERFORMANCE MEASURE			
MEASURE: Percentage of those actions taken by University Center clients that achieve the expected results			
Year	**Status**	**Actual**	**Target**
FY 2012	**Met**	82%	80%
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%

Trend: 0. Actual and target trends are stable.

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**	**FY 2012 Actual**
Funding	$1,122.0	$989.7	$1,137.9	$4,396.3	$118.7	**$77.3**
FTE	137	141	144	179	168	**160**

All of the measures for this objective had only two years of data, so no trends could be detected.

NTIA PERFORMANCE MEASURE			
MEASURE: Update the spectrum inventory first established in FY 2010			
Year	**Status**	**Actual**	**Target**
FY 2012	**Met**	Completed	Spectrum inventory update
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 2012	**Exceeded**	85%	Meet 66% of milestones regarding the identification of 500 MHz for wireless broadband
FY 2011	**Met**	Completed	Complete identification

NTIA PERFORMANCE MEASURE			
MEASURE: Miles of broadband networks deployed (infrastructure projects)			
Year	Status	Actual	Target
FY 2012	Exceeded	72,152[1]	50,000
FY 2011	Exceeded	29,191	10,000

[1] As of June 30, 2012. NTIA anticipates exceeding the targets with fourth quarter data.

NTIA PERFORMANCE MEASURE			
MEASURE: Community anchor institutions connected (infrastructure projects)			
Year	Status	Actual	Target
FY 2012	Exceeded	10,045[1]	10,000
FY 2011	Exceeded	4,163	3,000

[1] As of June 30, 2012. NTIA anticipates exceeding the targets with fourth quarter data.

NTIA PERFORMANCE MEASURE			
MEASURE: New and upgraded computer workstations (public computer centers projects)			
Year	Status	Actual	Target
FY 2012	Exceeded	36,347[1]	35,000
FY 2011	Exceeded	24,512	10,000

[1] As of June 30, 2012. NTIA anticipates exceeding the targets with fourth quarter data.

NTIA PERFORMANCE MEASURE			
MEASURE: New household and business subscribers to broadband (sustainable broadband adoption projects)			
Year	Status	Actual	Target
FY 2012	Exceeded	388,679[1]	350,000
FY 2011	Exceeded	230,755	25,000

[1] As of June 30, 2012. NTIA anticipates exceeding the targets with fourth quarter data.

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[1]	FY 2012 Actual[1]
Funding	$662.4	$759.3	$812.4	$850.3	$771.6	**$774.7**
FTE	2,566	2,671	2,721	2,734	2,850	**2,849**

[1] Funding and FTE exclude no-year Health and Human Services (HHS) transfer for Health IT under the American Recovery and Reinvestment Act for FY 2011 and FY 2012.

NIST PERFORMANCE MEASURE			
MEASURE: Qualitative assessment and review of technical quality and merit using peer review			
Year	**Status**	**Actual**	**Target**
FY 2012	**Met**	Completed	Complete annual peer review
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
FY 2001	**Met**	Completed	Complete annual peer review
FY 2000	**Met**	Completed	Complete annual peer review

Trend: 0. This is a maintain standards measure. Actual and target trends are stable.

NIST PERFORMANCE MEASURE			
MEASURE: Citation impact of NIST-authored publications			
Year	**Status**	**Actual**	**Target**
FY 2012	**Met**	> 1.1[1]	> 1.1
FY 2011	**Met**	> 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

Trend: 0. This is a maintain standards measure. Actual and target trends are stable.

[1] Actual for this measure lags nine months. The actual shown here is based on FY 2011 data.

NIST PERFORMANCE MEASURE			
MEASURE: Peer-reviewed technical publications produced			
Year	**Status**	**Actual**	**Target**
FY 2012	Met	1,335	1,210
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

Trend: +1. The actual trend is slightly positive since 2004, while the target trend has remained somewhat stable.

NIST PERFORMANCE MEASURE			
MEASURE: Standard Reference Materials (SRM) sold			
Year	**Status**	**Actual**	**Target**
FY 2012	Met	33,441	31,000
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

Trend: +2. Both the target and actual trends are positive from FY 2004 to FY 2011.

NIST PERFORMANCE MEASURE			
MEASURE: NIST-maintained datasets downloaded			
Year	**Status**	**Actual**	**Target**
FY 2012	**Exceeded**	22,567,416	18,000,000[1]
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

Trend: +2. From FY 2004 to FY 2009 there was clear positive trends for both actuals and targets. While the target declined from FY 2011 to FY 2012, the aforementioned explanation states why. There is no reason not to expect a positive trend.

[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. The lower FY 2012 target reflected that beginning in FY 2011, NIST filtered out Web robot index searches from the count to more accurately reflect customer interest.

NIST PERFORMANCE MEASURE			
MEASURE: Number of calibration tests performed			
Year	**Status**	**Actual**	**Target**
FY 2012	**Met**	17,206	14,000
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

Trend: -1. While actuals declined from FY 2007 to FY 2011, the target trend remained relatively stable.

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**	**FY 2012 Actual**
Funding	$356.9	$334.1	$424.0	$382.5	$370.7	**$446.4**
FTE	486	457	449	502	483	**526**

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**	**FY 2012 Actual**
Funding	N/A	$10.4	$16.0	$28.9	$19.0	**$26.7**
FTE	N/A	6	6	15	14	**12**

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

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**	**FY 2012 Actual**
Funding	$189.9	$186.5	$242.4	$172.3	$170.8	**$234.4**
FTE	176	154	160	181	195	**229**

Several of the EDA measures associated with this objective also apply to Objectives 3 and 6. The histories of these measures appear under Objective 3. 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 2012	Not Met	85%	90%
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%

Trend: -1. This is a maintain standards measure. The target trend has been stable. However, the recent actual trend has been negative leading to a -1 rating.

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 2012	Met	100%	95%
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%

Trend: 0. This is a maintain standards measure. The target trend has remained stable while the actual trend has been slightly positive.

MBDA PERFORMANCE MEASURE			
MEASURE: Dollar value of contract awards obtained (billions)			
Year	Status	Actual	Target
FY 2012	Met	$1.16	$1.10
FY 2011	Exceeded	$2.14	$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
FY 2001	Exceeded	$1.60	$0.70
FY 2000	Exceeded	$1.20	$0.60

Trend: +2. Both the target and actual trends have increased.

MBDA PERFORMANCE MEASURE			
MEASURE: Dollar value of financial awards obtained (billions)			
Year	Status	Actual	Target
FY 2012	Exceeded	$1.56	$0.90
FY 2011	Exceeded	$1.82	$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
FY 2001	Not Met	$0.60	$1.00
FY 2000	Not Met	$0.20	$0.90

Trend: +2. Target trend has remained relatively stable, while the actual trend has increased.

MBDA PERFORMANCE MEASURE			
MEASURE: Number of new job opportunities created			
Year	**Status**	**Actual**	**Target**
FY 2012	**Met**	5,331	5,000
FY 2011	**Exceeded**	5,787	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

Trend: +2. Both the target and actual trends are positive.

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**	**FY 2012 Actual**
Funding	$167.0	$137.2	$165.6	$181.3	$180.9	**$185.3**
FTE	310	297	283	306	274	**285**

[1] NIST's performance actuals for the following three measures lag at least six months: Increased Sales, Capital Investment, and Cost Savings. Therefore, beginning with the FY 2005 PAR, NIST shifted to a format in which NIST reports actuals for these measures one year later. This date lag, coupled with the time line for producing the PAR, precludes the reporting of actual FY 2012 data for these three measures. 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: Exports generated annually from public/private partnerships			
Year	**Status**	**Actual**	**Target**
FY 2012	**Met**	$1.7B[1]	$1.9B
FY 2011	**Exceeded**	$2.4B	$86M
FY 2010	**N/A**	$86M	N/A
FY 2009	**N/A**	$74M	N/A
FY 2008	**N/A**	$132M	N/A
FY 2007	**N/A**	$208M	N/A

Trend: 0. This is a relatively new measure, however actuals are available to FY 2007. Actuals tended to decline in the first four years then rose substantially in the last two years.

[1] Results as of June 30, 2012. Once final numbers are in, ITA expects to meet or exceed the target.

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 2012	Not Met	$0	$250M
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

Trend: +2. The target trend has been stable while the actual trend is positive. FY 2012 is an anomaly with an explanation provided in the performance section.

NIST PERFORMANCE MEASURE			
MEASURE: Number of clients served by Hollings MEP centers receiving federal funding			
Year	Status	Actual	Target
FY 2012	Slightly Below	32,123	32,500
FY 2011	Met	33,838	30,000
FY 2010	Met	34,299	29,000
FY 2009	Exceeded	32,926	25,500
FY 2008	Exceeded	31,961	14,500
FY 2007	Exceeded	28,004	21,237
FY 2006	Exceeded	24,722	16,440
FY 2005	Slightly Below	16,448	16,640
FY 2004	Exceeded	16,090	6,517
FY 2003	Met	18,422	16,684

Trend: +2. The target and actual trends are both positive.

NIST PERFORMANCE MEASURE			
MEASURE: Increased sales attributed to Hollings MEP centers receiving federal funding			
Year	**Status**	**Actual**	**Target**
FY 2012	**Exceeded**	$2,700M from FY 2011 funding[1]	$2,000M from FY 2011 funding
FY 2011	**Exceeded**	$3,600M from FY 2010 funding	$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
FY 2001	**Met**	$698M from FY 2000 funding	$670M from FY 2000 funding
FY 2000	**Slightly Below**	$425M from FY 1999 funding	$443M from FY 1999 funding

Trend: +2. The FY 2012 estimate was lower than in the previous years, but it remained above the target. Overall, the target and actual trends are both positive.

[1] Estimate as of June 30, 2012.

NIST PERFORMANCE MEASURE			
MEASURE: Capital investment attributed to Hollings MEP centers receiving federal funding			
Year	**Status**	**Actual**	**Target**
FY 2012	**Exceeded**	$2,600M from FY 2011 funding[1]	$1,100M from FY 2011 funding
FY 2011	**Exceeded**	$1,900M from FY 2010 funding	$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
FY 2001	**Met**	$873M from FY 2000 funding	$864M from FY 2000 funding
FY 2000	**Exceeded**	$576M from FY 1999 funding	$359M from FY 1999 funding

Trend: +2. The target and actual trends are both positive.

[1] Estimate as of June 30, 2012.

NIST PERFORMANCE MEASURE			
MEASURE: Cost savings attributed to Hollings MEP centers receiving federal funding			
Year	**Status**	**Actual**	**Target**
FY 2012	**Not Met**	$966M from FY 2011 funding[1]	$1,100M from FY 2011 funding
FY 2011	**Met**	$1,300M from FY 2010 funding	$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
FY 2001	**Not Met**	$482M from FY 2000 funding	$545M from FY 2001 funding

Trend: +2. The FY 2012 estimate was lower than in previous years, and below the target. Overall, targets and actuals varied, but increased significantly from FY 2001.

[1] Estimate as of June 30, 2012.

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**	**FY 2012 Actual**
Funding	$458.3	$473.4	$493.7	$525.0	$535.5	**$541.3**
FTE	2,118	2,008	1,985	1,940	2,035	**1,953**

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**	**FY 2012 Actual**
Funding	$263.0	$273.4	$283.1	$296.3	$331.2	**$350.2**
FTE	1,202	1,151	1,120	1,051	1,176	**1,198**

ITA PERFORMANCE MEASURE			
MEASURE: Commercial diplomacy success (cases) (annual)			
Year	Status	Actual	Target
FY 2012	Exceeded	215	152
FY 2011	Exceeded	243	172
FY 2010	Not Met	112	166
FY 2009	Met	196	162
FY 2008	Met	181	160
Trend: +2. The target and actual trends are both positive.			

ITA PERFORMANCE MEASURE			
MEASURE: Ratio of US&FCS export value to US&FCS costs			
Year	Status	Actual	Target
FY 2012	Exceeded	$387	$140

ITA PERFORMANCE MEASURE			
MEASURE: Number of clients assisted by US&FCS			
Year	Status	Actual	Target
FY 2012	Not Met	18,945	20,709
FY 2011	Met	20,143	19,723
FY 2010	N/A	18,784	N/A

ITA PERFORMANCE MEASURE			
MEASURE: Dollar value of U.S. export content in advocacy cases won			
Year	Status	Actual	Target
FY 2012	Exceeded	$74B	$19B

ITA PERFORMANCE MEASURE			
MEASURE: Annual number of SMEs US&FCS assists exporting to a second or additional country			
Year	Status	Actual	Target
FY 2012	Met	3,444	3,307

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	FY 2012 Actual
Funding	$75.4	$74.9	$83.7	$100.3	$102.9	**$101.0**
FTE	364	353	329	322	349	**366**

BIS PERFORMANCE MEASURE			
MEASURE: Percent of licenses requiring interagency referral referred within 9 days			
Year	Status	Actual	Target
FY 2012	Slightly Below	97%	98%
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%

Trend: -1. This is a maintain standards measure. The target trend has remained stable while the actual trend was stable from 2000 to 2009 and then negative from 2009 to 2011, and then upward in FY 2012.

BIS PERFORMANCE MEASURE			
MEASURE: Median processing time for new regime regulations (months)			
Year	Status	Actual	Target
FY 2012	Met	2.0	2.0
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

Trend: 0. This is a maintain standards measure. Both the target and actual trends have remained stable.

BIS PERFORMANCE MEASURE			
MEASURE: Percent of attendees rating seminars highly			
Year	Status	Actual	Target
FY 2012	Met	93%	93%
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%

Trend: +2. This appeared to be initially a maintain standards measure because the target trend remained stable from 2006 to 2010. However, the actual trend is positive leading to an increase in the target in 2011.

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 2012	Met	100%	100%
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%

Trend: 0. This is a maintain standards measure. The target and actual trends have remained stable.

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 2012	Exceeded	1,162	850
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
FY 2001	Met	81	70
FY 2000	Met	93	80

Trend: +2. Both the target and actual trends are positive.

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 2012	Met	99%	99%
FY 2011	Met	99%	99%
FY 2010	Met	98%	97%
FY 2009	Met	96%	95%
FY 2008	Met	87%	87%

Trend: +2. Both the target and actual trends are positive.

BIS PERFORMANCE MEASURE			
MEASURE: Percentage of post-shipment verifications completed and categorized above the "unfavorable" classification			
Year	Status	Actual	Target
FY 2012	Slightly Below	343 PSVs/87%	315 PSVs/90%
FY 2011	Met	382 PSVs/92%	315 PSVs/90%
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%

Trend: 0. This is a maintain standards measure. The target and actual trends have remained stable with the actuals consistently meeting the targets.

BIS PERFORMANCE MEASURE			
MEASURE: Number of end-use checks completed			
Year	Status	Actual	Target
FY 2012	Met	983	850
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

Trend: 0. The target trend remained stable with the actual not having a trend, varying from year to year.

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 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%

Trend: 0. This is a maintain standards measure. Both the target and actual trends have remained stable.

[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	FY 2012 Actual
Funding	$1.7	$1.6	$1.7	$1.9	$2.3	**$2.2**
FTE	8	8	8	8	9	**8**

NTIA PERFORMANCE MEASURE			
MEASURE: Percent of NTIA positions substantially adopted or successful at international meetings			
Year	**Status**	**Actual**	**Target**
FY 2012	**Met**	>80%	75% adoption or success
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	FY 2012 Actual
Funding	$118.2	$123.5	$125.2	$126.5	$99.1	**$87.9**
FTE	544	496	528	559	501	**381**

ITA PERFORMANCE MEASURE			
MEASURE: Percent of identified unfair trade practices affecting U.S. parties addressed through informal/formal intervention of dispute settlement			
Year	**Status**	**Actual**	**Target**
FY 2012	**Met**	27%	20%
FY 2011	**Met**	20%	20%
FY 2010	**N/A**	27%	N/A
FY 2009	**N/A**	20%	N/A
FY 2008	**N/A**	27%	N/A
FY 2007	**N/A**	60%	N/A

Trend: 0. Actuals have tended to be stable other than the first year.

ITA PERFORMANCE MEASURE			
MEASURE: Number of new antidumping/countervailing duty petitioners counseled			
Year	Status	Actual	Target
FY 2012	Exceeded	77	50
FY 2011	N/A	153	N/A
FY 2010	N/A	44	N/A
FY 2009	N/A	71	N/A
FY 2008	N/A	52	N/A
FY 2007	N/A	78	N/A

Trend: 0. Since ITA did not include this as a PAR measure until FY 2012, ITA did not have targets prior to FY 2012. However, ITA did track actuals back to FY 2007. Actuals have varied widely with an average of 79, close to both the first and last years of data.

ITA PERFORMANCE MEASURE			
MEASURE: Percent of industry-specific trade barriers addressed that were removed or prevented			
Year	Status	Actual	Target
FY 2012	Exceeded	37%	20%
FY 2011	Met	35%	30%
FY 2010	Met	35%	30%
FY 2009	Exceeded	30%	20%
FY 2008	Exceeded	29%	15%

Trend: +1. The target trend is stable. The actual trend is slightly positive.

ITA PERFORMANCE MEASURE			
MEASURE: Percent of industry-specific trade barrier milestones completed			
Year	Status	Actual	Target
FY 2012	Exceeded	72%	55%
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%

Trend: 0. Difficult to determine a trend for both actuals and targets since variance occurs. Actual average is 72%, fairly close to most of the actuals, and the same as FY 2012. Target average is 66%.

ITA PERFORMANCE MEASURE			
MEASURE: Number of compliance and market cases initiated			
Year	**Status**	**Actual**	**Target**
FY 2012	**Met**	227	210
FY 2011	**N/A**	246	N/A
FY 2010	**N/A**	221	N/A
FY 2009	**N/A**	215	N/A
FY 2008	**N/A**	227	N/A
FY 2007	**N/A**	187	N/A

Trend: 0. Since ITA did not include this as a PAR measure until FY 2012, ITA did not have targets prior to FY 2012. However, ITA did track actuals back to FY 2007. Actuals tended to be stable with an average of 221.

ITA PERFORMANCE MEASURE			
MEASURE: Number of compliance and market access cases resolved successfully[1]			
Year	**Status**	**Actual**	**Target**
FY 2012	**Met**	89	80
FY 2011	**Met**	51% (91)	50%
FY 2010	**Met**	58% (98)	50%
FY 2009	**Exceeded**	61% (112)	35%
FY 2008	**Met**	39% (38)	35%
FY 2007	**Exceeded**	54% (82)	25%

Trend: +1. The target trend is positive. The actual trend is somewhat stable–an average of 51%.

[1] Prior to FY 2012, ITA showed this measure as a percentage while tracking the number of cases. For comparative purposes to the FY 2012 target and actual, those numbers are included in parenthesis for the years prior to FY 2012.

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	FY 2012 Actual
Funding	$3,775.0	$4,081.4	$6,420.4	$9,683.0	$4,670.4	**$4,635.2**
FTE	14,264	14,924	33,962	101,419	18,787	**17,056**

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)

OBJECTIVE 13 TOTAL RESOURCES *(Dollars in Millions)*						
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual
Funding	$419.2	$288.2	$316.0	$364.3	$313.0	**$89.3**
FTE	238	235	642	636	666	**205**

NTIS PERFORMANCE MEASURE			
MEASURE: Number of updated items available (annual)			
Year	Status	Actual	Target
FY 2012	Met	978,871	875,000
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

Trend: +2. The target and actual trends are both positive.

NTIS PERFORMANCE MEASURE			
MEASURE: Number of information products disseminated (annual)			
Year	**Status**	**Actual**	**Target**
FY 2012	Met	54,592,481	49,878,000
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

Trend: +2. The target and actual trends are both positive.

NTIS PERFORMANCE MEASURE			
MEASURE: Customer satisfaction			
Year	**Status**	**Actual**	**Target**
FY 2012	Met	98.4%	95-98%
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%

Trend: 0. This is a maintain standards measure. The target and actual trends are both stable.

NTIA PERFORMANCE MEASURE			
MEASURE: Annual progress report on the Test-Bed program			
Year	**Status**	**Actual**	**Target**
FY 2012	Met	Published report	Publish annual report
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	FY 2012 Actual
Funding	$2,380.9	$2,800.8	$5,053.9	$8,225.5	$3,272.2	**$3,447.6**
FTE	8,954	9,575	28,282	95,689	13,050	**11,797**

[1] NOAA had funding for this objective beginning in FY 2007 and FTE beginning in FY 2009.

ESA/CENSUS PERFORMANCE MEASURE			
MEASURE: Produce timely, relevant, and accurate measures showing the dynamics of local job markets and identifying the changing structure of the U.S. economy and its effect on jobs			
Year	**Status**	**Actual**	**Target**
FY 2012	**Met**	For states that provide wage records on schedule, Census Bureau produced Quarterly Workforce Indicators for at least 90% of those states on time every quarter	For states that provide wage records on schedule, Census Bureau will produce Quarterly Workforce Indicators for at least 90% of those states on time every quarter

ESA/CENSUS PERFORMANCE MEASURE			
MEASURE: Release monthly export statistics on schedule			
Year	**Status**	**Actual**	**Target**
FY 2012	**Met**	100%	100%

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 2012	**Not Met**	At least 80% of key censuses and surveys meet/exceed collection rates/levels of reliability	At least 90% of key censuses and surveys meet/exceed collection rates/levels of reliability
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
FY 2002	**Met**	100%	100%
FY 2001	**Met**	100%	100%
FY 2000	**Met**	100%	100%

Trend: 0. This is a maintain standards measure. The target and the actual trends have remained stable.

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 2012	**Met**	• 100% of Economic Indicators released on time • At least 90% of key prep activities completed on time	• 100% of Economic Indicators released on time • At least 90% of key prep activities completed on time
FY 2011	**Met**	• 100% of Economic Indicators released on time • At least 90% of key prep activities completed on time	• 100% of Economic Indicators released on time • At least 90% of key prep activities completed on time
FY 2010	**Met**	• 100% of Economic Indicators released on time • At least 90% of key prep activities completed on time	• 100% of Economic Indicators released on time • At least 90% of key prep activities completed on time
FY 2009	**Met**	• 100% of Economic Indicators released on time • At least 90% of key prep activities completed on time	• 100% of Economic Indicators released on time • At least 90% of key prep activities completed on time
FY 2008	**Met**	• 100% of Economic Indicators released on time • At least 90% of key prep activities completed on time	• 100% of Economic Indicators released on time • At least 90% of key prep activities completed on time
FY 2007	**Met**	• 100% of Economic Indicators released on time • At least 90% of other key censuses and surveys data released on time	• 100% of Economic Indicators released on time • At least 90% of other key censuses and surveys data released on time
FY 2006	**Met**	• 100% of Economic Indicators • 100% of other products	• 100% of Economic Indicators released on time • 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 1999 time	Maintain FY 1999 time
FY 2001	**Met**	Maintained FY 1999 time	Maintain FY 1999 time
FY 2000	**Met**	Maintained FY 1999 time	Maintain FY 1999 time

Trend: 0. This is a maintain standards measure. The target and the actual trends have remained stable.

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 2012	**Met**	At least 90% of key prep activities completed on time	At least 90% of key prep activities completed on time
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

Trend: 0. This is a maintain standards measure. The target and the actual trends have remained stable.

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 2012	**N/A**	N/A	N/A
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/BEA PERFORMANCE MEASURE			
MEASURE: Timeliness: Reliability of delivery of economic data statistics (number of scheduled releases issued on time)			
Year	**Status**	**Actual**	**Target**
FY 2012	**Met**	62	62
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

Trend: +1. Trends were largely stable with slight increases beginning in FY 2008.

[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 2012	Met	4.3	> 4.0
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
FY 2001	N/A	N/A[1]	> 4.0
FY 2000	Met	4.3	> 4.0

Trend: 0. This is a maintain standards measure. The target and the actual trends have remained stable.

[1] Due to budget constraints, the FY 2001 survey was postponed until FY 2002.

ESA/BEA PERFORMANCE MEASURE			
MEASURE: Accuracy: Percent of GDP estimates correct			
Year	Status	Actual	Target
FY 2012	Met	87%	> 85%
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%

Trend: 0. This is a maintain standards measure. The target and the actual trends have remained stable.

ESA/BEA PERFORMANCE MEASURE			
MEASURE: Complete all major strategic plan milestones related to improving the economic accounts[1]			
Year	**Status**	**Actual**	**Target**
FY 2012	**Met**	Completed all major milestones	Completion of strategic plan milestones
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

Trend: 0. This is a maintain standards measure. The target and the actual trends have remained stable.

[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**	**FY 2012 Actual**
Funding	$974.9	$992.4	$1,050.5	$1,093.2	$1,085.2	**1,098.3**
FTE	5,072	5,114	5,038	5,094	5,071	**5,054**

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 area coverage of tornado and 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 and slightly lower scores for tornadoes. Performance data using this new verification methodology was computed beginning in FY 2008 with tornado actuals and targets being reported from FY 2008 onward and flash flood actuals and targets being reported from FY 2010 onward.

NOAA PERFORMANCE MEASURE			
MEASURE: Severe weather warnings for tornadoes (storm-based) – Lead time (minutes)[1]			
Year	Status	Actual	Target
FY 2012	Slightly Below	12[2]	13
FY 2011	Exceeded	15	12
FY 2010	Met	14	12
FY 2009	Slightly Below	11	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
FY 2001	Not Met	10	13
FY 2000	Not Met	10	12

Trend: +1. The target trend has tended to be stable, while the actual trend varies, tending to be positive.

[1] Prior to FY 2008, these warnings were county-based rather than storm-based. Under the county-based system, targets and actuals tended to be slightly higher.
[2] Estimate

NOAA PERFORMANCE MEASURE			
MEASURE: Severe weather warnings for tornadoes (storm-based) – Accuracy (%)[1]			
Year	Status	Actual	Target
FY 2012	Slightly Below	71%[2]	72%
FY 2011	Met	75%	70%
FY 2010	Met	71%	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%
FY 2001	Slightly Below	67%	68%
FY 2000	Not Met	63%	70%

Trend: +2. The target trend has been stable, while the actual trend is positive.

[1] Prior to FY 2008, these warnings were county-based rather than storm-based. Under the county-based system, targets and actuals tended to be slightly higher.
[2] Estimate

NOAA PERFORMANCE MEASURE			
MEASURE: Severe weather warnings for tornadoes (storm-based) – False alarm rate (%)[1]			
Year	Status	Actual	Target
FY 2012	Met	70%[2]	72%
FY 2011	Slightly Below	73%	72%
FY 2010	Slightly Below	74%	72%
FY 2009	Not Met	77%	72%
FY 2008	Met	74%	74%
FY 2007	Not 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%
FY 2001	Met	73%	73%
FY 2000	Not Met	76%	65%

Trend: +1. The target trend has been stable, while the actual trend is positive (for this measure, declining numbers reflect an upward trend).

[1] Prior to FY 2008, these warnings were county-based rather than storm-based. Under the county-based system, targets and actuals tended to be slightly higher.
[2] Estimate

NOAA PERFORMANCE MEASURE			
MEASURE: Severe weather warnings for flash floods (storm-based) – Lead time (minutes)[1]			
Year	Status	Actual	Target
FY 2012	Exceeded	57[2]	42
FY 2011	Exceeded	73	38
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
FY 2001	Met	46	45
FY 2000	Not Met	43	55

Trend: +2. Target trend tends to be stable, while the actual trend has been upward (for this measure), though dipping in FY 2012.

[1] Prior to FY 2010, these warnings were county-based rather than storm-based. Under the county-based system, targets tended to be slightly higher.
[2] Estimate

NOAA PERFORMANCE MEASURE			
MEASURE: Severe weather warnings for flash floods (storm-based) – Accuracy (%)[1]			
Year	Status	Actual	Target
FY 2012	Met	77%	74%
FY 2011	Met	79%	72%
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%
FY 2001	Met	86%	86%
FY 2000	Met	86%	86%

Trend: +2. While it appears that trends are negative, this is due to the change in methodology. In fact, the target trend has been stable, while the actual trend has been positive.

[1] Prior to FY 2010, these warnings were county-based rather than storm-based. Under the county-based system, targets tended to be slightly higher.

NOAA PERFORMANCE MEASURE			
MEASURE: Hurricane forecast track error (48 hours) (nautical miles)[1]			
Year	Status	Actual	Target
FY 2012	Exceeded	70[1]	84
FY 2011	Exceeded	71	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

Trend: +2. Both the target and actual trends have been positive (for this measure, declining numbers reflect improved performance).

[1] Beginning in FY 2007, NOAA reported the previous year's results because data isn't available until February.

NOAA PERFORMANCE MEASURE			
MEASURE: Hurricane forecast intensity error (48 hours) (difference in knots)			
Year	Status	Actual	Target
FY 2012	Not Met	14.4	13
FY 2011	Not Met	14	13
FY 2010	Not Met	15	13
FY 2009	Not Met	18	13
FY 2008	Met	14	14

Trend: 0. Both the target and actual trends have been stable (even if the target hasn't been met).

NOAA PERFORMANCE MEASURE			
MEASURE: Accuracy (%) (threat score) of day 1 precipitation forecasts			
Year	Status	Actual	Target
FY 2012	Met	32%	31%
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%
FY 2001	Not Met	19%	22%
FY 2000	Not Met	16%	20%

Trend: +2. Both target and actual trends are positive.

NOAA PERFORMANCE MEASURE			
MEASURE: Winter storm warnings – Lead time (hours)			
Year	Status	Actual	Target
FY 2012	Not Met	18	19
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
FY 2001	Met	13	13
FY 2000	Not Met	9	12

Trend: +2. Both target and actual trends are positive.

NOAA PERFORMANCE MEASURE			
MEASURE: Winter storm warnings – Accuracy (%)			
Year	Status	Actual	Target
FY 2012	Not Met	83%	90%
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%
FY 2001	Met	90%	86%
FY 2000	Met	85%	85%

Trend: 0. Target trend has been positive while the actuals have varied.

NOAA PERFORMANCE MEASURE			
MEASURE: Marine wind speed accuracy (%)			
Year	Status	Actual	Target
FY 2012	Exceeded	76%[1]	71%
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%
FY 2002	Met	53%	53%
FY 2001	Slightly Below	52%	53%
FY 2000	Met	51%	51%

Trend: +2. Both the target and actual trends are positive.

[1] Estimate

NOAA PERFORMANCE MEASURE			
MEASURE: Marine wave height accuracy (%)			
Year	Status	Actual	Target
FY 2012	Met	77%[1]	75%
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%

Trend: +2. Both the target and actual trends are positive.

[1] Estimate

NOAA PERFORMANCE MEASURE			
MEASURE: Aviation forecast accuracy for ceiling/visibility (3 mile/1,000 feet or less) (%)[1]			
Year	Status	Actual	Target
FY 2012	Not Met	61%[1]	65%
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%

Trend: +1. Both target and actual trends are slightly positive (even if the target hasn't been met).

[1] Estimate

NOAA PERFORMANCE MEASURE			
MEASURE: Aviation forecast FAR for ceiling/visibility (3 mile/1,000 feet or less) (%)[1]			
Year	Status	Actual	Target
FY 2012	Met	39%	40%
FY 2011	Met	39%	41%
FY 2010	Met	36%	42%
FY 2009	Met	38%	43%
FY 2008	Met	39%	44%
FY 2007	Met	40%	45%

Trend: 0. The target trend is positive while the actual trend has been stable (for this measure, declining numbers reflect a positive trend).

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	FY 2012 Actual
Funding	$1,761.0	$1,880.4	$2,479.4	$2,249.3	$1,962.4	**$1,788.5**
FTE	4,924	4,920	5,169	5,260	5,209	**5,167**

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	FY 2012 Actual
Funding	$160.2	$297.7	$395.6	$436.6	$324.1	**$281.4**
FTE	650	580	744	796	672	**693**

NOAA PERFORMANCE MEASURE			
MEASURE: U.S. temperature forecasts (cumulative skill score computed over the regions where predictions are made)			
Year	Status	Actual	Target
FY 2012	Exceeded	28[1]	21
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
FY 2001	Met	20	20
FY 2000	Exceeded	25	20

Trend: 0. The target trend has been stable. Because of the influence of climate patterns, actuals tend to vary from year to year, not indicating a trend.

[1] Estimate

NOAA PERFORMANCE MEASURE			
MEASURE: Uncertainty in the magnitude of the North American (NA) carbon uptake			
Year	Status	Actual	Target
FY 2012	Met	0.40 GtC/year[1]	0.40 GtC/year
FY 2011	Met	0.40 GtC/year	0.40 GtC/year
FY 2010	Met	0.40 GtC/year	0.40 GtC/year
FY 2009	Met	0.40 GtC/year	0.40 GtC/year
FY 2008	Met	0.40 GtC/year	0.40 GtC/year
FY 2007	Met	0.40 GtC/year	0.40 GtC/year
FY 2006	Met	0.40 GtC/year	0.40 GtC/year
FY 2005	Not Met	0.40 GtC/year	0.48 GtC/year
FY 2004	Met	0.50 GtC/year	0.70 GtC/year
Trend: 0. This is a maintain standards measure. The target and the actual trends have remained stable.			
[1] Estimate			

NOAA PERFORMANCE MEASURE			
MEASURE: Error in global measurement of sea surface temperature			
Year	Status	Actual	Target
FY 2012	Not Met	0.56°C	0.50°C
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
Trend: 0. The target trend has been stable, the actual has varied.			

NOAA PERFORMANCE MEASURE			
MEASURE: Annual percentage of U.S. states and territories that use NOAA climate information and services to improve decision-making in the face of a changing climate			
Year	Status	Actual	Target
FY 2012	Met	22%	22%

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	FY 2012 Actual
Funding	$986.0	$973.6	$1,245.4	$1,125.8	$1,043.1	**$976.1**
FTE	2,983	2,994	3,058	3,105	3,164	**3,122**

NOAA PERFORMANCE MEASURE			
MEASURE: Fish stock sustainability index (FSSI)			
Year	Status	Actual	Target
FY 2012	Met	606	603.5
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

Trend: +2. Both the target and actual trends are positive.

NOAA PERFORMANCE MEASURE			
MEASURE: Percentage of fish stocks with adequate population assessments and forecasts			
Year	Status	Actual	Target
FY 2012	Slightly Below	56.1% (129/230)	57.4% (132/230)
FY 2011	Not Met	57.4% (132/230)	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)

Trend: 0. Both the target and actual trends are stable.

NOAA PERFORMANCE MEASURE			
MEASURE: Number of protected species with adequate population assessments and forecasts			
Year	Status	Actual	Target
FY 2012	Met	20.9% (79/378)	20.6% (78/378)
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)

Trend: 0. Both the target and actual percentage trends are negative, whereas the number (as opposed to percentage) of species with assessments trend is positive.

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 2012	Met	29	28
FY 2011	Met	29	28
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

Trend: +1. Both the target and actual trends are slightly positive.

NOAA PERFORMANCE MEASURE			
MEASURE: Number of habitat acres restored (annual)[1]			
Year	Status	Actual	Target
FY 2012	Exceeded	8,242[2]	80,007
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

Trend: +2. Both the target and actual trends are positive.

[1] In FY 2012, NOAA began including the Pacific Coast Salmon Recovery Fund, hence the large increase in the target between FY 2011 and FY 2012.
[2] Acres restored with funding from the Pacific Coastal Salmon Recovery Fund were not available at the time of publication. The acres shown were restored from Habitat Program funding, which exceeded the target of 6,007.

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	FY 2012 Actual
Funding	$614.8	$609.1	$838.4	$686.9	$595.2	**$531.0**
FTE	1,291	1,346	1,367	1,359	1,373	**1,352**

NOAA PERFORMANCE MEASURE			
MEASURE: Annual number of coastal, marine, and Great Lakes ecological characterizations that meet management needs			
Year	Status	Actual	Target
FY 2012	Met	51	51
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

Trend: 0. With the exception of FY 2007, both the target and actual trends tended to be stable.

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 2012	Met	58	55
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

Trend: 0. While it appears that the trends are positive, these numbers are cumulative. The differences between each year tend to be the same from year to year.

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 2012	Met	88%	88%
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%

Trend: 0. This is a maintain standards measure. The target and the actual trends have remained stable.

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 2012	Exceeded	8,694,070[1]	69,550
FY 2011	Not Met	17,274	19,219
FY 2010	Exceeded	21,341	2,000
FY 2009	Met	2,247	2,000
FY 2008	Exceeded	6,219	2,000
FY 2007	Met	2,000	2,000
FY 2006	Exceeded	> 86,000,000[1]	200,137

Trend: 0. No trends appear to exist for this measure since the numbers vary largely from year to year.

[1] The large FY 2006 actual reflects the new Northwest Hawaiian Islands Marine National Monument. The large FY 2012 actual reflects the expansion of the Fagatele Bay National Marine Sanctuary in American Samoa.

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 2012	Exceeded	46%	34%
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 2012	Met	2,947	2,200
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

Trend: 0. With the exception of one year (FY 2010), it appears that the trends for both the actuals and targets are relatively stable.

NOAA PERFORMANCE MEASURE			
MEASURE: Percent of U.S. and territories enabled to benefit from a new national vertical reference system for improved inundation management[1]			
Year	Status	Actual	Target
FY 2012	Met	23.9%	20%
FY 2011	N/A	14.7%	N/A
FY 2010	N/A	7.83%	N/A

[1] This measure replaced "Percentage of U.S. counties rated as fully enabled or substantially enabled with accurate positioning capacity." NOAA has actuals for FY 2010-2011, but did not have targets.

While the themes of **Customer Service**, **Organizational Excellence**, and **Workforce Excellence** apply to a certain degree to all the Departmental bureaus, for performance, FTE and funding presentation purposes, only the administrative bureaus—**Departmental Management** (DM) and the **Office of the Inspector General** (OIG)—are reflected in these themes. Furthermore, the FTE has been consolidated and appear only in the Organizational Excellence theme.

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	FY 2012 Actual
Funding	$8.6	$6.1	$7.7	$7.0	$9.3	**$9.2**
FTE	N/A	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. The following three objectives apply to this theme with only Objectives 19 and 21 receiving funding. The three measures that follow the funding tables apply to all three objectives.

- 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 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 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 19 TOTAL RESOURCES *(Dollars in Millions)*						
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual
Funding	N/A	N/A	N/A	N/A	$0.9	**$2.4**
FTE	N/A	N/A	N/A	N/A	N/A	**N/A**

OBJECTIVE 21 TOTAL RESOURCES *(Dollars in Millions)*						
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual
Funding	$8.6	$6.1	$7.7	$7.0	$8.4	**$6.8**
FTE	N/A	N/A	N/A	N/A	N/A	**N/A**

DM PERFORMANCE MEASURE			
MEASURE: Number of referrals made			
Year	Status	Actual	Target
FY 2012	Not Met	703	1,100

DM PERFORMANCE MEASURE			
MEASURE: Number of companies engaged – field operations			
Year	Status	Actual	Target
FY 2012	Met	401	400

DM PERFORMANCE MEASURE			
MEASURE: Number of existing Commerce field locations			
Year	Status	Actual	Target
FY 2012	Not Met	19	30

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	FY 2012 Actual
Funding	$58.5	$56.6	$67.2	$81.7	$76.4	**$73.2**
FTE	302	286	278	349	333	**297**

This theme has only one goal. Therefore the Funding and FTE resources for the theme and the strategic goal are the same. All the FTE appear in Objective 22.

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	FY 2012 Actual
Funding	$49.1	$48.4	$53.9	$66.2	$58.8	**$55.7**
FTE	302	286	278	349	333	**297**

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 2012	**Not Met**	• Did not eliminate significant deficiency • Completed A-123 assessment	• Eliminate any significant deficiency within 1 year of determination that there is a significant deficiency • Complete FY 2012 A-123 assessment of internal controls
FY 2011	**Met**	• Eliminated significant deficiency • Completed A-123 assessment	• Eliminate any significant deficiency within 1 year of determination that there is a significant deficiency • Complete FY 2011 A-123 assessment of internal controls
FY 2010	**Not Met**	• One significant deficiency was not eliminated • 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 • Complete FY 2010 A-123 assessment of internal controls
FY 2009	**Not Met**	• One significant deficiency was not eliminated • 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 • Complete FY 2009 A-123 assessment of internal controls
FY 2008	**Not Met**	• The Department closed 70% of prior year financial systems audit findings • Completed FY 2008 A-123 assessment of internal controls for financial reporting • Significant deficiency was not eliminated	• Eliminate any significant deficiency within 1 year of determination • Complete FY 2008 A-123 assessment of internal controls

(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 2007	**Not Met**	• Completed migration of Commerce Business System • Completed assessment of internal controls • Significant deficiency was not eliminated	• Eliminate any significant deficiency within 1 year of determination • Complete internal control and document review • Complete FY 2007 A-123 assessment of internal controls • Migrate Commerce Business System to an all Web-base architecture
FY 2006	**Not Met**	• Reportable condition not eliminated	• Eliminate any reportable condition within 1year of determination • 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 • Reportable condition not eliminated	• Eliminate any reportable condition within 1 year of the determination that there is a reportable condition • 90% of management with access to the Consolidated Reporting System (CRS) have financial data/reports by the 15th of month

Trend: +2. From FY 2010 to FY 2011 and FY 2012, DM made a significant accomplishment/change in eliminating the significant deficiency. This reflects a positive trend.

DM PERFORMANCE MEASURE			
MEASURE: Effectively use commercial services management[1]			
Year	**Status**	**Actual**	**Target**
FY 2012	**Slightly Below**	• 1% increase • 16% decrease	• Increase use of competition by 2% measured by procurement dollars awarded • Decrease procurement dollars awarded on cost-reimbursement, time and materials, and labor hour contracts by 10%
FY 2011	**Exceeded**	• 9.3% increase (from 75% in FY 2010 to 82% in FY 2011) • 22.8% decrease (from $175M in FY 2010 to $135M in FY 2011)	• Increase use of competition by 2% measured by procurement dollars awarded • 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 • 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. • 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

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DM PERFORMANCE MEASURE *(continued)*			
MEASURE: Effectively use commercial services management[1] *(continued)*			
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%
FY 2001	**Met**	• Commercial inventory – submitted 6/30/2001	• Commercial inventory – complete by 6/30/2001
FY 2000	**Met**	• Commercial inventory – submitted 6/30/2000	• Commercial inventory – complete by 6/30/2000

Trend: 0. Target and actual trends are stable.

[1] Prior to FY 2005, this was stated as "Expand A-76 competitions and more accurate FAIR Act inventories."

OIG PERFORMANCE MEASURE			
MEASURE: Percent of OIG recommendations accepted by Departmental and bureau management			
Year	**Status**	**Actual**	**Target**
FY 2012	**Slightly Below**	90%[1]	95%
FY 2011	**Met**	100%	95%
FY 2010	**Met**	99%	95%
FY 2009	**Met**	97%	95%
FY 2008	**Met**	99%	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%

Trend: +1. The target trend has been stable though it increased in 2006 in response to better performance. The actual trend was slightly positive from FY 2003 - FY 2011.

[1] Estimate.

OIG PERFORMANCE MEASURE			
MEASURE: Dollar value of financial benefits identified by the OIG			
Year	Status	Actual	Target
FY 2012	Exceeded	$175.8M	$39.0M
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	$113.9M	$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

Trend: +1. The target trend has been positive while the actual trend has varied.

OIG PERFORMANCE MEASURE			
MEASURE: Percent of criminal and civil matters that are accepted for prosecution			
Year	Status	Actual	Target
FY 2012	Not Met	40%	75%
FY 2011	Slightly Below	73%	75%
FY 2010	Not Met	38%	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%

Trend: 0. With the exception of FY 2010 and FY 2012, the trend for actuals has been positive from FY 2003 onward. The targets trend has been positive from FY 2003 onward, while the actual trend has varied widely.

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	FY 2012 Actual
Funding	$3.2	$3.0	$4.0	$3.6	$3.9	**$3.8**
FTE	N/A	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 2012	Not Met	45%	50%
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%
FY 2001	Met	25%	10%

Trend: +2. Both the target and actual trends have been slightly positive even if the targets were rarely met.

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	FY 2012 Actual
Funding	$6.2	$5.2	$9.3	$11.9	$13.7	**$13.7**
FTE	N/A	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 2012	Met	• 75% of major IT investments have cost/schedule overruns and performance shortfalls averaging less than 10% • Completed 29 IT security assessments. Conducted IT security compliance checks of all Department operating units and in-depth internal control review meetings with five selected operating units as part of the Department's IT internal control review program. • Trained Authorizing Officials and System Owners throughout the Department with quarterly workshops. Achieved greater than 85% of required security training for privileged users (role-based). • The Department is currently at 50%. Required equipment and systems are installed at the Herbert C. Hoover Building. Deploying classified connectivity to all outside bureau components.	• IT investments have cost/schedule overruns and performance shortfalls averaging less than 10% • Perform IT security compliance review of all operating units, and 10 FISMA systems in CSAM. • Increase security training completion rate to 80% for privileged users (role-based) • Deploy 80% of the required NCSD 3-10 communications capabilities. Expand cyber intelligence communications channel to all operating unit Computer Incident Response Teams.

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DM PERFORMANCE MEASURE *(continued)*			
MEASURE: Improve the management of information technology *(continued)*			
FY 2011	**Met**	• All IT investments within 10% of cost and schedule • Reviews completed • 89% completion rate • NCSD 3-10 did not receive funding	• IT investments have cost/schedule overruns and performance shortfalls averaging less than 10% • Perform IT security compliance review of all operating units, and 10 FISMA systems in CSAM • Increase security training completion rate to 80% for privileged users (role-based) • 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 investments had cost/schedule overruns and performance shortfalls averaging less than 10% • Completed security and vulnerability assessments for all operating units. Submitted findings and recommendations to operating units and OCIO for review. • 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. • 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% • Perform IT security compliance review of all operating units, and 10 FISMA systems in CSAM • Deploy an enterprise-wide role-based cybersecurity training program • Deploy national security and emergency initial operating capability
FY 2009	**Met**	• Cost/schedule overruns/performance shortfalls averaged under 10% • CSAM C&A enhancements were deployed • IT security compliance in all operating unites and five FISMA systems in CSAM were reviewed	• Cost/schedule overruns/performance shortfalls less than 10% • 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% • All national-critical and mission-critical systems certified and accredited with acceptable, quality documentation in place	• Cost/schedule overruns/performance shortfalls less than 10% • 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% • All national-critical and mission-critical systems certified and accredited	• Cost/schedule overruns/performance shortfalls less than 10% • All national-critical and mission-critical systems certified and accredited
FY 2006	**Met**	• Cost overruns and performance shortfalls less than 10% • All national-critical and mission-critical systems certified and accredited	• Cost/schedule overruns/performance shortfalls less than 10% • 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%

Trend: 0. Both the target and actual trends tended to be stable from year to year.

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	FY 2012 Actual
Funding	$5.1	$4.9	$6.0	$5.4	$5.4	**$4.9**
FTE	N/A	N/A	N/A	N/A	N/A	**N/A**

This theme has only one goal with the following three objectives.

- 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 26: Create an optimally-led Department by focusing on leadership development, accountability, and succession planning (DM)
- OBJECTIVE 27: Provide an environment that empowers employees and creates a productive and safe workplace (DM)

Since only Objective 25 has funding, separate funding tables for Objectives 26 and 27 do not appear. In addition, only Objective 25 has performance measures with targets in FY 2012. That measure appears below.

DM PERFORMANCE MEASURE			
MEASURE: Acquire and maintain diverse and highly qualified staff in mission-critical occupations			
Year	**Status**	**Actual**	**Target**
FY 2012	**Met**	• 84 calendar days • 122 Department participants in leadership development programs • 711 participants in Careers in Motion	• Meet or exceed the 80-day hiring goals mandated by OPM • Train 100-200 Department participants on leadership development programs via ALDP, ELDP, APCP, and SES CDP • Train 180-200 participants via Careers in Motion
FY 2011	**Exceeded**	• Four mission-critical occupations • 83 calendar days • 103 participants in leadership development • 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 • Meet or exceed the 80-day hiring goals mandated by OPM • Train 100-200 participants on leadership development programs via ALDP, ELDP, and APCP • Train 180-200 participants via Careers in Motion
FY 2010	**Met**	• Produced competency models for four mission-critical occupations • Established a hiring process baseline at 133 days for 2009. Then 105 calendar day average in FY 2010. • Trained 98 ALDP, ELDP, and APCP participants via leadership programs and 181 employees via the Careers in Motion Program • 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 • Meet or exceed the 80-day hiring goals mandated by OPM • Train up to 50-70 participants on leadership development programs via ALDP, ELDP, and APCP, and 180-200 participants via Careers in Motion • 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 • Average time to fill of 31 days for non-SES candidates • 100 trainees graduated from leadership development programs • 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 • Meet or exceed the 45-day hiring goals mandated by OPM • Train up to 50-60 participants on leadership development programs via ALDP, ELDP, and APCP • 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 • 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 • Meet or exceed the 45-day hiring goals mandated by OPM
FY 2007	**Met**	• Trained post-secondary internship program applicants to increase applicant pools • Trained managers to make better hiring decisions • Trained employees in project management to close skill gaps	• Improve recruitment strategies via targeted activities • Assist managers in making better selections • Close skill gaps
FY 2006	**Met**	• Marketed job vacancies to organizations via automated hiring system • Participated in career fairs and special programs • Conducted training of managers and employees	• Improve recruitment strategies via targeted activities • Assist managers in making better selections • Close skill gaps
FY 2005	**Met**	• Improved from 28% to 29% • Maintained 30 day fill-time	• Improve representation in underrepresented groups • Maintain 30 day fill-time
Trend: +1. Both the target and actual trends tend to be positive.			

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

Advanced manufacturing
Chemical Weapons Convention compliance
Defense industrial base activities
Economic development
Economic distress and recovery efforts
Environmental programs
Export controls
Homeland security
Improve the environment
Information Technology
Market access improvements
Measurements and standards
Minority-owned business development
Patents, trademarks and intellectual property
Research
Smart Grid (or energy)
Telecommunications
Technology transfer
Tracking the U.S. economy through GDP and other statistics
Trade policies

OTHER FEDERAL AGENCIES AND ORGANIZATIONS

Agency for Health Care Research and Quality
Agency for International Development
Appalachian Regional Commission
Bureau of Justice Statistics
Bureau of Transportation Statistics
Central Intelligence Agency
Customs/Border and Transportation Security
Delta Regional Authority
Department of Agriculture
Department of Defense
Department of Education
Department of Energy
Department of Homeland Security
Department of Housing and Urban Development
Department of Justice
Department of Labor
Department of State
Department of Transportation
Department of the Treasury
Environmental Protection Agency
European Patent Office
Federal Aviation Administration
Federal Bureau of Investigation
Federal Communications Commission
Food and Drug Administration
Indian tribes
National Aeronautics and Space Administration
National Institutes of Health
National Science Foundation
Small Business Administration
U.S. Coast Guard
U.S. Postal Service
U.S. States
Other Countries and Organizations

FY 2012 MANAGEMENT CHALLENGES AND ACTIONS TAKEN

Top Management Challenges Facing the Department

The Reports Consolidation Act of 2000 requires inspectors general to identify the top management challenges facing their departments. In October 2011, the Department of Commerce OIG identified five challenges that require significant departmental attention in FY 2012 and beyond.

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 regulating imports and exports, marine fisheries, and patents and trademarks. Effective implementation of these initiatives requires the Secretary to work closely with interagency partners and integrate Department resources in order to:

Implement Administration Initiatives with Effective Interagency Partnerships. More than 20 federal agencies perform trade-related functions. The Department plays a critical role in working with these partners to implement 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 Department reported that, as of August 2011, the joint efforts by Export Promotion Cabinet agencies have resulted in a 17 percent increase in exports since 2009. However, ongoing management attention will be necessary to promote continued progress in these areas.

Enhance Commerce Unit Operations to Help Promote Trade and Job Creation. Various bureaus within the Department engage in trade-related functions. The Department began improving coordination among these units by launching "CommerceConnect" in 2009—a website providing a portfolio of government assistance to businesses. The Department continues facing challenges:

- repatriating manufacturing jobs in America;
- allocating resources to support the President's National Export Initiative;
- reducing patent backlog, improving processing times, and implementing patent reform;
- improving technical and financial assistance to promote domestic job growth; and
- ensuring the elimination of social and economic surveys does not adversely affect vital national indicators.

Correct Unfair Trade Practices and Protect Our National Security Through Enforcement Activities. While trade promotion is an essential part of its mission, the Department must also maintain strong trade enforcement programs, so that the United States can thrive in the global marketplace. Among the bureaus, BIS faces the greatest challenge as it helps to implement the long-term goals of the Export Control Reform initiatives.

Improve Regulatory Reviews to Protect and Promote Public Interests. In addition to imports and exports, the Department is also responsible for regulating marine fisheries (to protect ocean resources) and patents and trademarks (to protect intellectual property). The Department should conduct adequate cost–benefit analyses and identify meaningful performance measures for regulatory activities to avoid overburdening affected industries. This is especially important for balancing NOAA's goals of protecting the environment and supporting the fishing industry.

Bureau Responses:

Implement Administration Initiatives with Effective Interagency Partnerships.

ITA

The Department plays an important leadership function among the more than 20 agencies performing trade-related functions as (1) the statutory Chair of the Trade Promotion Coordinating Committee (TPCC); (2) the home of interagency coordinating bodies such as the Advocacy Center, the Trade Compliance Center, and Export.Gov; and (3) the primary backbone of the U.S. Government's (USG) domestic and overseas export promotion field operations.

The Department's TPCC Secretariat provides critical support to the Export Promotion Cabinet's (EPC) National Export Initiative (NEI). TPCC working groups developed the NEI's baseline 70 recommendations, and the TPCC Secretariat drafted the EPC's NEI Report to the President in September 2010. The TPCC has since dedicated the annual National Export Strategy Report to reporting on the progress of the NEI and on new government-wide performance metrics. TPCC working groups (e.g. The TPCC Renewable Energy/Energy Efficiency Working Group) remain actively engaged in implementing NEI recommendations. In 2012, the White House National Security Staff (NSS) called for a renewed NEI effort to increase the national base of small business exporters. Along with the Commerce Department hosting and chairing joint TPCC Principals/EPC meetings, new NSS working groups and the TPCC Small Business Working Group met weekly to develop aggressive new recommendations, timeframes, and metrics. Consecutive increases of U.S. goods and services exports of 17 percent in 2010 and 14 percent in 2011 (the last year of available data) supported 1.2 million more jobs than in 2009, and resulted in exports surpassing $2 trillion for the first time (to $2.1 trillion). In 2012, U.S. exports have grown less rapidly due to economic downturns in markets like Europe and China – factors adding to the Administration's emphasis on the renewed export push described above toward the NEI's five year goal of doubling exports and supporting 2 million jobs.

In 2012, Commerce and the TPCC Secretariat played a major role in developing new initiatives, including: a coordinated national marketing campaign, outreach to large and small U.S. banks to support exports, a national training program for federal trade counselors and partners, clarification of interagency client intake and referral procedures domestically, and a new interagency consultations process to address resource alignment and alternative service delivery models in overseas markets. Many of these new initiatives will now be implemented in the next six months, with timeframes, milestones, and metrics in place to track progress.

Enhance Commerce Unit Operations to Help Promote Trade and Job Creation.

Repatriating manufacturing jobs in America

ITA

SelectUSA: Established by Executive Order on June 15, 2011, SelectUSA is the first coordinated federal effort to pursue and win business investment in the United States. It was created to showcase the United States as the world's premier business location and to make accessible federal government programs and services related to business investment. SelectUSA is designed to complement the activities of states—the primary drivers of economic development—and spur economic growth, job creation and

repatriation. As competitor nations develop aggressive inward investment programs, SelectUSA is designed to be a key component to strengthening the U.S. image and competitiveness in this area.

Foreign direct investment contributes significantly to U.S. economic growth and prosperity. Output from U.S. affiliates accounted for almost 6 percent of total U.S. private sector output in 2008, 42 percent of which was in the manufacturing sector. FDI plays a vital role in supporting U.S. jobs and helping to bolster U.S. export competitiveness. For example, U.S. subsidiaries of foreign-owned firms accounted for 19 percent of all U.S. goods exports in 2007. In addition, U.S. subsidiaries of foreign-owned firms employed approximately 5.7 million U.S. workers in 2008, which accounted for 5 percent of the private workforce employment.

SelectUSA has used its 2012 pilot year to develop a robust outreach strategy focused on leveraging the Department of Commerce's foreign and domestic fields. Internationally, SelectUSA identified 25 target markets for focused outreach and engagement. Those markets - which include Belgium, Brazil, Canada, China & Hong Kong, Finland, France, Germany, India, Ireland, Israel, Italy, Japan, Mexico, Netherlands, Russia, Saudi Arabia, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, United Arab Emirates, and United Kingdom – comprise 90 percent of current foreign direct investment (FDI) in the United States. SelectUSA provided training to commercial officers in 23 of these 25 target markets. Domestically, SelectUSA is increasing awareness of its services among U.S. economic development organizations and other key stakeholders by leveraging intra-agency partners, including the National Institute of Science and Technology's Manufacturing Extension Partnership (NIST-MEP), the Economic Development Administration (EDA), the Minority Business Development Agency (MBDA), and the U.S. Patent and Trademark Office (USPTO).

Allocating Resources to Support the President's National Export Initiative

ITA

The US&FCS (United States and Foreign Commercial Service) is the USG's front facing exporter support unit, focusing on "export generating trade promotion" activities in an increasingly global marketplace, all priories of the President's National Export Initiative. US&FCS is presently in 72 markets comprising 94 percent of the global market for American exports. US&FCS will continue to align its resources to help U.S. firms to become more globally competitive, including increased staff support to Export.Gov, continuing with the regionalization of US&FCS posts overseas, and repositioning staff based on a regularly updated resource allocation model. These initiatives will focus on increasing our expertise and involvement in priority markets and sectors that offer the greatest opportunity for U.S. companies. The Export 2.0 program delivers customized export content to U.S. companies, particularly SMEs, through a personalized web experience. The program consists of a knowledge center staffed by content and web experts that assess web content needs and develop content tailored for the web; a modern technology platform with cutting edge features; and a Customer Relationship Management (CRM) system. In addition, the program integrates all export-related content and contacts across the Federal Government's Trade Promotion Coordinating Committee (TPCC) agencies into a single web platform. The Export.gov 2.0 web portal and its content are seamlessly integrated to the larger BusinessUSA.gov platform. The US&FCS is also working to leverage partnerships and technology via the Export.Gov web-based platform to assist U.S. companies entering more markets. The US&FCS core competencies of export promotion, advocacy and commercial diplomacy will continue to be sustained.

Reducing patent backlog, improving processing times, and implementing patent reform

USPTO

The following initiatives will be implemented to meet the OIG management challenges 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. In addition, a new Docket Management element was implemented at the beginning of FY 2012.

- 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.

- 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.

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

- The USPTO has begun an effort to reengineer the entire patent examination process from the time an application is filed all the way through to the granting of a patent. This effort is paramount in order 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 utilize 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, it is expected 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.

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 (AIA). 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.

USPTO also faces 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.

The provisions in the AIA can be categorized into three areas: (i) promulgating new rules to implement statutory provisions; (ii) conducting studies into congressionally-mandated areas of intellectual property law; and (iii) establishing new programs to facilitate the public's access to the patent system. The agency is progressing well and on-time for each of these categories.

Improving technical and financial assistance to promote domestic job growth

NIST

NIST promotes U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in a range of strategic areas and Administration initiatives critical to the nation's economy. As a non-regulatory agency in the Department, an experienced partner of industry, and the federal research agency specifically focused on promoting U.S. economic competitiveness, NIST is well-positioned to improve technical and financial assistance to promote trade and job growth through its Laboratory Programs and its Innovation and Industry Services Programs.

In FY 2012, NIST Laboratories have addressed increasingly complex measurement challenges, ranging from the very small (nanoscale devices) to the very large (vehicles and buildings), and from the physical (renewable energy sources) to the virtual (cybersecurity and cloud computing). Solving these measurement challenges builds an infrastructure that U.S. companies will leverage to create more efficient and effective manufacturing processes increasing global competitiveness. Highlights for FY 2012 include:

- Development of new measurement methods, protocols, and standards to facilitate improved manufacturing and regulatory approval of biologic drug products.
- Working on the revision of the International System of Units (SI), which includes research and development to support international efforts for a redefinition of the unit of mass – the kilogram.
- Development of single photon technologies for quantum information science and technology and quantum-based communication which is pushing the boundaries of advanced, cutting-edge metrologies that can be applied to problems of national significance in such areas as communications, defense, electronics, energy, health, lighting, and manufacturing.
- Conducted the research, development and outreach necessary to provide standards and guidelines, tools, metrics and practices in the information technology areas of Smart Grid, Cloud Computing, Cybersecurity and Next-generation Robotics and Automation.

- Supporting the Food and Drug Administration's regulatory reform through development of standards to assess the measurement validity of data from new technologies, such as ultra high throughput DNA sequencing as used for whole genome sequencing.

NIST ensures the efficient commercialization and exchange of goods and services and enables a fair global marketplace by providing the scientific underpinnings for basic and derived measurement units in the international standards community, calibration services, and certified reference materials; impartial expertise and leadership in basic and applied research to enable development of test methods and verified data; and support for the development of and conformity to open, consensus-based standards and specifications that define technical and performance requirements for goods and services.

In support of the Administration's emphasis on serving industry through outreach services, NIST provided two externally-focused services through FY 2012: The Hollings Manufacturing Extension Partnership (MEP) and the Baldrige Performance Excellence Program (BPEP). Highlights of the MEP program include:

- **Accelerating technology transfer** by assisting manufacturers in adopting technology and inventions from federal laboratories and by scouting for technical solutions to current needs.

- Developing the **National Innovation Marketplace**, in partnership with other organizations, which facilitates connections between original equipment manufacturers and potential suppliers.

- **Deploying ExporTech** nationally as collaboration between MEP, U.S. Export Assistance Centers, and other partners including District Export Councils, State Trade Offices, Export-Import Bank and the Small Business Administration. **ExporTech** leads companies through a facilitated process that prepares them for profitable growth in global markets.

- Supporting the **Economy, Energy, and Environment** (E3), a coordinated federal and local technical assistance initiative that is helping manufacturers across the nation adapt and thrive in a new business era focused on sustainability, leveraging the resources of the Department of Commerce, the Department of Labor, the Department of Energy and the Environmental Protection Agency.

- Focusing on the "**Make It In America**" agenda. The national MEP system scouts for U.S. manufacturing capabilities and capacities in an effort to solve difficult supply chain and procurement issues by connecting potential suppliers with federal procurement sources, assisting manufacturers with product expansion and/or alteration for additional uses, and securing the engineering necessary to produce technical data needed for manufacturing.

In the future, NIST will align its programs with the following strategic priorities to ensure that targeted program investments meet its mission of advancing U.S. innovation and industrial competitiveness.

In order to strengthening U.S. advanced manufacturing capabilities, NIST will continue to develop and deliver the measurement science tools that will support advanced manufacturing technologies; support technologies and practices that increase the competitiveness and resiliency of our nation's small and medium manufacturing base, through the MEP; host the interagency Advanced Manufacturing National Program Office; and launch the Advanced Manufacturing Technology Consortia (AMTech) initiative.

In order to enable strong and reliable trade programs, NIST will advance the state of the art in cybersecurity solutions by encouraging the rapid adoption of advanced security technology through the National Cybersecurity Center of Excellence that will bridge the gap between the public and private sectors and provide U.S. companies with technical resources for developing, evaluating, and transferring the technology needed to secure their intellectual property and data; and support the Administration's National Strategy for Trusted Identities in Cyberspace (NSTIC) initiative by facilitating the creation of an Identity Ecosystem that gives participants access to secure credentials and increases the opportunities for trusted on-line transactions.

To accelerate technology transfer and commercialization in support of the October 2011 Presidential Memorandum, "Accelerating Technology Transfer and Commercialization of Federal Research in Support of High-Growth Businesses," NIST efforts will include:

- Establishing and implementing a plan to increase technology transfer activities with external partners;
- Developing a comprehensive definition of the full range of NIST's technology transfer mechanisms and executing a coordinated effort to track the outcomes and impacts of such activities; and
- Establishing new competitive Centers of Excellence in measurement science areas defined by NIST, which will provide an interdisciplinary environment for NIST, academia and industry to enable innovation and technology transfer.

Ensuring the elimination of social and economic surveys does not adversely affect vital national indicators

ESA / BEA

BEA strives to provide the most timely, relevant, and accurate measures of economic activity possible in order to inform the decisions of policymakers, business leaders, and every American household. BEA's national, industry, regional, and international economic accounts present statistics—including GDP (for the nation, by state, by metropolitan area, and by industry), personal income and outlays, corporate profits, and the balance of payments—that are critical indicators of overall economic growth, growth in U.S. jobs, and growth in exports of U.S. goods and services.

In FY2012, BEA achieved several milestones that advanced efforts to improve its statistics and to keep its statistics in pace with the rapidly changing economy. For example, BEA developed prototype quarterly GDP by industry statistics that provide a more detailed and precise view of how U.S. industries—including the U.S. manufacturing sector—contribute to overall economic growth. The recent recession and recovery highlighted the need for data on a quarter-by-quarter basis to track industry performance and to gauge industry response to various stimulus programs and other key factors. In addition, BEA developed a new linked dataset that combines data on cross-border trade in services with data on operations of multinational companies to answer key questions such as: What are the characteristics of firms that engage in international services trade? What are the patterns of international trade in research and development? BEA also developed an alternate approach to detailing household expenditures on health care by classifying spending on a disease-by-disease basis. This new classification facilitates cost-benefit assessments and provides a better understanding of the factors that drive growth in health care spending. Finally, BEA made progress on developing new statistics on the distribution of household income and consumption that provide decision-makers with a better understanding of how changes in the economic environment can have very different impacts across households, industries, and regions.

Correct Unfair Trade Practices and Protect Our National Security

ITA

When Commerce and the U.S. International Trade Commission make affirmative final determinations in an antidumping (AD) or countervailing duty (CVD) investigation, Commerce issues an "Order" which specifies the estimated duty liability importers will incur when importing merchandise subject to a trade

remedy proceeding. Increasingly, Commerce has observed numerous schemes on the part of exporters and importers to evade the payment of AD and/or CVD duties. These include, for example, the circumvention of our orders through the minor alteration of subject merchandise in a third country. Further, under the statutory provisions allowing for "new shipper reviews," certain exporters may be able to receive a very low, or no, AD duty rate on its exports. Subsequently, these companies may increase their dumping activity significantly but when efforts are made to assess the proper amount of duty, the importer of record may have disappeared resulting in the revenue going uncollected. Issues of duty evasion and transshipment also exist. While many of these issues properly fall within the jurisdiction of Customs and Border Protection, IA often works with CBP as it sorts through these issues. The activities identified above, when combined with an already extremely heavy AD/CVD caseload and limited resources, present significant challenges for IA as it attempts to enforce the trade laws and provide relief to domestic industries that suffer material injury as a result of dumped and subsidized imports.

Improve Regulatory Reviews to Protect and Promote Public Interests

NOAA

The Department continues to prepare a Regulatory Impact Review (RIR) to assess regulatory impact and select the regulatory alternative that maximizes net benefits to the Nation. This review is based on the best available science and accounts for potential economic, environmental, public health and safety, and other effects. It also includes distributional impacts and equity considerations, unless a statute requires another regulatory approach. This is consistent with E.O. 12866, which includes an analysis of the regulatory alternatives' expected costs and benefits. Further, the Department also prepares a Regulatory Flexibility Act Analysis (RFAA), which is necessary to satisfy the requirements of the Regulatory Flexibility Act (RFA). The RFAA assesses the impacts of rules on small entities and describes the steps taken by the Department to minimize any significant economic impact on small entities while achieving regulatory goals. The general intent of the RIR and RFAA is to make the regulatory process open and transparent so that everyone can understand the decision-making process and agree that the required steps of that process were followed. The Department uses performance measures to track the effectiveness of fisheries regulations in achieving outcomes associated with sustainable fisheries. We will continue to work on developing new performance measures based on improved data and analytical methods.

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

As the government prepares for an extended period of tighter budgets and decreased spending, it is most important to target waste, reduce inefficiency, and ensure that taxpayers' dollars are spent wisely. It will be difficult, but possible, to leverage savings to support investments in economic growth. Agencies should:

Implement and Expand Initiatives to Improve Operational Efficiency and Economy. The Department has an initiative in place to save $143 million in administrative costs in FYs 2011 and 2012. About 60 percent of the target savings would derive from reduction in facilities, information technology (IT), and workforce. The remaining 40 percent would derive from more strategic sourcing and reducing the use of high-risk acquisition contracts. Relentless management attention and oversight of reported savings are critical to achieving the Department's goal.

Strengthen Oversight of Improper Payments for Additional Recoveries. The Department can increase efforts to implement the Improper Payments Elimination and Recovery Act of 2010—and

maximize the dollars it recovers from improper payments. Adjusting payment testing practices and focusing on highest risk programs are key.

Reduce the Risk of Misuse, Abuse, or Waste of Federal Funds Awarded to Grantees. In June 2011, the Department reported about $10 billion accumulative outstanding obligations, more than half of which were for grants. The diversity and duration of the Department's grant programs further highlight the need to examine ways to standardize and streamline its management processes, such as consolidation of the Department's three separate grants management systems and better use of OIG and single audit reports to detect emerging issues.

With $4 billion in funding, the Broadband Technology Opportunities Program (BTOP) represents a significant investment of Recovery Act funds to develop and deploy broadband services nationwide. The success of BTOP depends on the coordinated efforts of NTIA and its grant management partners, NOAA and NIST. However, the uncertain funding for BTOP oversight in FY 2013 and beyond (i.e., to oversee the closeout of projects and the completion of projects that receive extensions) raises concerns about NTIA's ability to adequately oversee the program's future.

Apply Lessons Learned from 2010 Decennial to Planning for the 2020 Census to Avoid Cost Overruns. Given projections of increasing life-cycle cost estimates to $22–30 billion, Census has to fundamentally change the design, implementation, and management of the 2020 decennial census. The decade's early years are critical for deciding on a design and implementing changes to decennial operations. 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.

Bureau Responses:

Implement and Expand Initiatives to Improve Operational Efficiency and Economy.

DM

For FY 2012, the Department sought to save $143 million in administrative costs. By the end of FY 2012 (currently projected), the Department saved $177 million in administrative costs, or 24 percent above the FY 2012 target. In particular, the areas of Logistics and General Administration had significant savings. DM will continue to seek administrative savings in FY 2013. See the table below for a breakout of specific areas:

	Target	Actual*	Difference	% Difference
Acquisition Reform	**46,283**	**36,852**	**-9,431**	**-20**
Human Capital	**61,159**	**55,892**	**-5,267**	**-9**
Logistics	**18,538**	**47,545**	**29,007**	**156**
General Administrative	**7,042**	**29,497**	**22,455**	**319**
Information Technology	**3,351**	**2,365**	**-986**	**-29**
Working Capital Fund Efficiencies	**6,357**	**6,042**	**-315**	**-5**

Total	**142,730**	**178,193**	**35,463**	**25**
*** Actual reflects reported data through July 2012 and projected amounts for August and September, 2012.**				

ITA

Administrative Savings

ITA is contributing to the administrative savings efforts through the reutilization of surplus IT equipment received from Census, and by renegotiating overseas contracts for telecommunications services to achieve cost savings and improve bandwidth at selected foreign posts. We also continue to benefit from the savings achieved by moving from a commercial data center to Census' Bowie Computer Center (BCC) in FY 11.

Strategic Sourcing

ITA is has taken maximum advantage of the new DOC PC and Accessories contract, by withholding major computer purchasing until this contract was in place, midway through the fiscal year. Because the award of the contract coincided with our equipment refresh point for the majority of ITA end-user computers, ITA expects to achieve savings in the range of $280 thousand. ITA is also planning to renew annual maintenance for Adobe software products using the recently awarded DOC BPA, and expects to save 30-40% (or approximately $15-$20 thousand) in comparison to last year's purchase.

Although the DOC PC and Accessories contract offers advantageous pricing, there was a significant negative business impact as a result of an almost six-month delay due to administrative issues associated with procurement procedures and product configurations. The administrative complexity associated with getting large shared-use contracts up and running smoothly should not be underestimated. Hopefully, lessons learned with this contract can be applied to additional DOC-wide contract vehicles that are in the process of being implemented.

NIST

As of May 31, 2012, NIST has contributed approximately $16 million towards the overall Commerce Department goal of $143 million in administrative cost savings, to include:

- Approximately $11 million in human capital and position control initiatives.
- Approximately $5 million in acquisition reforms and strategic sourcing initiatives.

In addition, NIST has identified another $3.2 million in savings expected to be realized by the end of FY 2012, to include:

- $1.5 million in human capital and position control initiatives.
- $1.3 million in logistics related initiatives.
- $0.4 million in acquisition reforms and strategic sourcing initiatives.

In FY 2013, the Commerce Department plans to save another $33 million in administrative costs. NIST's share of these administrative cost savings are anticipated to be approximately $2.7 million and are expected to be realized through additional acquisition, human capital, and logistical reforms.

Strengthen Oversight of Improper Payments for Additional Recoveries.

DM

The Department has in place a cost-effective program of internal control to prevent, detect, and recover overpayments. The Department's program of internal control includes activities such as reviews of disbursements cycles, prepayment reviews, improper payment risk assessments, improper payments reporting and monitoring, and payment recapture audits. Results of Departmental improper payments risk assessments as well as reviews of internal controls over disbursement processes have not revealed a program or activity susceptible to significant improper payments. The risk assessments have indicated current internal controls over disbursement processes are sound, the amount of improper payments is immaterial, and the risk of significant improper payments is low. Along with its recapture audit of contracts, as a result of the Improper Payments Elimination and Recovery Act (IPERA) of 2010, the Department also implemented payment recapture audits of grants and other cooperative agreements. The FY 2011 Department-wide payment recapture audit of grants and other cooperative agreements as well as the FY 2011 payment recapture audit of NTIA closed contracts/obligations, did not identify any improper payments. The Department is continuing in FY 2012 with new payment recapture audits of Department-wide grants and other cooperative agreements and closed contracts/obligations for selected bureaus. Effective FY 2012, the scope of payment recapture audits of contracts/obligations has been expanded to additionally include contracts/obligations for which the period of performance ended and last payment was made, but for which the closeout process has not yet been completed.

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

DM

The Office of Acquisition Management (OAM) has worked to improve the oversight, compliance and policies for grants management in DOC. OAM has pursued a plan of action to provide better insight into the Bureau grants information systems; track various audit findings (Single Audit Act, OIG, GAO and Internal Controls) and resolution; and ensure that policies are updated to deal with recurring audit findings.

In addition, the Department has initiated an analysis of the Grants functional area to assess the effectiveness of internal controls. The purpose of the analysis is to assess the level of risk associated with each Financial Assistance Program, identify existing internal controls, and evaluate the effectiveness of the existing internal controls with the level of inherent risk. The recommendations provided in the results of the study will be considered and appropriate risk mitigation measures implemented.

OAM has collaborated with the Office of Inspector General to more closely track the audit resolution process to insure that audit findings are successfully resolved. Additionally, OAM is now on the distribution list for Government Accounting Office reports pertaining to grants processes including waste, fraud and abuse.

NTIA

NTIA's FY 2013 Congressional Budget Request includes a proposed increase of $996,000 to the Broadband Programs' FY 2013 base budget. Additional funding will enable NTIA to avoid a gap in oversight necessary to mitigate the risk of waste, fraud, and abuse of public funds. NTIA will be able to continue to work with recipients to close their grants and ensure that recipients properly account for the Federal funds spent under the grants. The additional $996,000 will enable NTIA to continue contract services through the end of FY 2013 to ensure that NTIA conducts adequate grants oversight and technical assistance to recipients as their projects near completion. The contract support also will help fill resource gaps, as NTIA expects Federal staff attrition under the limited remaining term of these Broadband programs.

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

CENSUS

The Bureau has completed the Decision Making Roadmap for FY12-14 including identification of key program and project deliverables, and linked projects to budgets. We also completed analysis of FY12-14 coverage of decennial census functions along with recommendations for disposition of functions not covered in the first planning phase. Future work includes integrating roadmap and key products into the integrated schedule, ensuring decisions, projects, and budgets are integrated so that the full breadth of change can be understood. We are expanding on the initial 2020 Decision Making Roadmap and developing a governance strategy, laying out roles and responsibilities, decision-making processes, and aligning program controls.

Census has created interdivisional teams that have begun research. Some of this research includes exploring alternative approaches to responding to the 2020 census such as Internet and web-based response options, and utilizing administrative records. They have constructed their initial Concept of Operations (CONOPS). The purpose of the CONOPS is to break operations down into manageable projects, and articulate goals, dependencies, and timing for each of the FY12 projects. CONOPS are now being developed for each of the tests, and a detailed schedule of all research and testing operations will be finalized in August 2012. The Lifecycle Budget Planning team will use this schedule to develop the key decision points for the research program to ensure evidence is in place to inform conclusions about the operational design for the census. This work also is critical to help census management, oversight, and stakeholders understand when and how those decisions will be made.

In June 2012, senior management continued their discussions of exploring the options and opportunities of using the American Community Survey (ACS), such as the ACS Content Test in FY 2015, for the 2020 Census. By September 2012, we will document which of the planned research and testing field tests can be conducted by leveraging the ACS.

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

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. As this trend continues, cyberattacks on Internet commerce, vital business sectors, and government agencies have grown exponentially. To address such threats, the Department plays a

leading role in developing public policies and private-sector standards and practices. But the Department's own IT systems are constantly exposed to increasingly numerous and sophisticated cyberattacks. We have recommended that the Department:

Continue Working to Improve IT Security by Addressing Ongoing Security Weaknesses. For our FY 2010 Federal Information Security Management Act of 2002 report to the Department, we evaluated 18 Department IT systems and concluded that the Department's information security program and practices have not adequately secured Department systems. In response to our recommendations, the Department developed an action plan to address the security weaknesses we identified—and, in the past year, the Department has taken several steps toward improving IT security. However, until the Department successfully implements the items in its action plan, we can expect to find recurring security weaknesses. Our FY 2012 work continues to find significant security weaknesses in Department and contractor systems that put the systems at risk of cyberattack.

Implement Security Policy Effectively Through Consistent, Proactive Management. Our audits reaffirm the need for increased senior management attention to ensure security policy and practices are applied consistently and effectively across the Department. For example, we reviewed a sample of FY 2010 and FY 2011 performance plans for individuals holding critical IT security roles—and found that requirements for these roles are not consistently incorporated in some of the performance plans. Additional cyberinfrastructure challenges the Department faces include securing hundreds of Internet connection points on Departmental networks and establishing enterprise monitoring capability and a cybersecurity center.

Bureau Responses

Continue Working to Improve IT Security by Addressing Ongoing Security Weaknesses

DM

The Department continues its ongoing efforts to improve and elevate IT security programs for Commerce information systems. The Department's accomplishments in FY 2012 include addressing the recommendations outlined by the OIG in the FY 2010 and FY 2011 Federal Information Security Management Act Audits and in the OIG's FY 2011 Web Security Management Audit report.

The Department implemented several new policies to address deficiencies within IT security programs across the Department including vulnerability scanning and patch management; secure configuration checklist program; plans of action and milestones (POA&M) management; risk management framework (RMF); password management, and safeguarding information while on foreign travel. The Department also issued Commerce-wide guidance on secure implementation, use, and management of mobile technology.

The Department is pursuing Enterprise initiatives to promote best practices for IT security. Commerce implemented Managed Trust Internet Protocol Service to support operating units (OUs) within the HCHB campus to comply with OMB's Trusted Internet Connection (TIC) initiative. The Department has awarded a contract for Enterprise Cybersecurity Monitoring and Operations (ECMO), which will allow continuous monitoring of security related information across Commerce systems. The Department also launched a Security Shared Services effort and working group to leverage common controls and services throughout the HCHB campus.

Despite its progress on remediation of deficiencies, one of the Department's smaller bureaus experienced an IT security incident in FY 2012. As a result, the Department engaged two independent assessments of the Office of Secretary performed by the Department of Homeland Security (DHS) and National Security Agency (NSA). The preliminary results of the assessments cited while IT security improvements could be made, there were no impacts from the security incident on Office of the Secretary critical information systems.

ITA

ITA has addressed security weaknesses identified in audits and reviews by (a) increasing our contractor-based operational IT security staff to ramp up our monitoring and response capabilities, (b) implementing a new highly sophisticated security tool that has dramatically improved our ability to resist, detect and contain intrusions, and (c) focusing our improvement efforts in key areas, such as those addressed in the Top-5 Security Controls monitoring as part of the DOC Balanced Scorecard.

Implement Security Policy Effectively Through Consistent Proactive Management

DM

The Department has developed several IT security metrics tracked monthly and quarterly including system authorization status; POA&M management and delays; progress on implementation of critical configuration management and vulnerability management controls; and progress on remediation of FISMA and FISCAM IT audit findings. Several of these are being tracked through the Department's Balanced Scorecard process, providing visibility of cybersecurity metrics at senior levels of Department leadership. The Department also performed more than 25 IT security assessments throughout FY 2012 including IT Compliance checks of all of the Commerce operating units.

Strengthening the Cybersecurity workforce within Commerce continues to be a top priority. The Department implemented a role-based training policy for employees with significant IT security roles and responsibilities and tracks progress on completion of annual requirements on a quarterly basis. The Department also re-issued a joint memorandum, incorporating IT security critical elements into performance plans of personnel with significant IT security roles and responsibilities, from the Chief Information Officer and the Deputy Chief Human Capital Officer and Director of Human Resources Management in June 2012. The Department continues to be proactive in the area of IT training by offering workshops, vendor expos and webinars for IT information systems owners and authorizing officials throughout Commerce quarterly.

ITA

During the past year, ITA has strengthened the IT security workforce by recruiting additional government staff with professional security certifications to serve in key roles such as Information System Security Officers (ISSO), and who are now making significant contributions to security policy oversight and implementation.

To focus senior management attention on IT security, the CIO routinely briefs ITA senior executives who are members of ITA's Management Council, meets frequently with ITA's Deputy Under Secretary to apprise her of key security events and issues, and chairs a weekly meeting led by ITA's Chief Information Security Officer (CISO). The CIO also organized special security briefings this year for ITA senior staff engaged sensitive work, to apprise them of emerging security threats and appropriate defensive measures.

ITA also achieved compliance in June of this year with OMB's Trusted Internet Connection (TIC) mandate, which significantly reduces ITA's exposure to Internet threats by minimizing the number of Internet access points and implementing monitoring services provided by US-CERT/DHS.

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

In FY 2010, the Department obligated nearly $4 billion through more than 26,000 contract actions to acquire a wide range of goods and services to support mission-critical programs. While the Department has made some progress in this important area, it should continue to:

Develop and Retain a Qualified Acquisition Workforce. Recruitment, training, and retention pose risks to the Department's ability to meet its increasing acquisition workload. In FY 2010, the Department experienced a 15 percent attrition rate among contracting officers. Further, between FYs 2009 and 2019, 54 percent of the senior-level acquisition employees in the Department will be eligible to retire. The Department lacks a sufficient pipeline of entry- to mid-level professionals to sustain operations during the projected retirement wave.

Ensure High Ethical Standards in the Acquisition Workforce and in Procurement Practices. Government contracting is risky by nature. Department employees in contract-related positions represent the front line of defense by promptly recognizing and reporting ethics violations and fraud indicators. The Department needs to take actions to prevent recurrence of OIG investigative findings—questionable sole sourcing practices against advice of counsel, steering contracts to acquaintances, splitting purchase card transactions to circumvent spending limits, and improper communications with unsuccessful contract bidders. The Department also needs to strengthen its suspension and debarment program, which would help to ensure it awards contracts and grants only to responsible parties. The Department'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. 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. High-risk contracts—including contracts awarded noncompetitively or in which only one bid was received, cost-reimbursement contracts, and time-and-materials and labor-hour contracts—comprised almost 40 percent of the total value of new contract awards in FY 2010. The Department needs to reduce high-risk contract awards and exercise strong oversight of performance-based contracts such as cost-plus-award-fee. Although designed to motivate excellence in contractor performance, without strong oversight, performance-based contracts can represent an additional risk to the Department.

Achieve Efficiency and Savings in Acquiring Goods and Services, and Improve Oversight and Tracking of Contract Savings. The Office of Management and Budget (OMB) requires agencies to focus on cutting contract costs by using smarter buying practices. The Department has taken steps to improve its monitoring and verification of the cost savings reported by the bureaus' procurement offices. While these efforts to improve reporting represent real progress, continued attention will be needed to meet the level of accountability called for by OMB.

Deliver Cost Savings and Efficiency on Major IT Investments. The Department spends about 25 percent of its annual budget on IT investments—one of the highest percentages among federal agencies. Accordingly, the Department must watch for any opportunity to save money, improve efficiency, and prevent setbacks to these important investments. For instance, the Department reported serious cost and schedule problems concerning four NOAA IT investment projects, totaling $265 million. In addition, we have identified challenges and offered recommendations to improve USPTO's Patent End-to-End acquisition initiative with an estimated cost of $130 million.

Bureau Responses

DM / OAM

The Office of Acquisition Management, in conjunction with its partners in oversight and management of acquisition programs, is implementing a comprehensive Scalable Acquisition Project Management Framework within which systematic program management control, oversight and skills development can be accomplished within the Department.

The Office of the CFO/ASA, in conjunction with the Office of the Chief Information Officer, facilities, program management, the CFO community, and the bureaus have collaboratively developed a unified, centralized approach to program and project management within the Department. The acquisition milestone Framework guidance and policy comprehensively defines the processes and requirements for high-profiles programs/projects. Using the Framework model, senior level Departmental management has assisted in initial reviews of high-profile programs, to include the satellite programs. The draft interim policy is in the Commerce Secretary's office awaiting final signature to transition from a year long development process to implementation.

Develop and Retain a Qualified Acquisition Workforce

OAM continues to work with the Office of Human Resource Management (OHRM) to maximize incentives and recruitment strategies. The acquisition-specific marketing campaign has succeeded in yielding a larger pool of applicants from academic institutions and associations.

The Department has taken several steps to ensure the capacity and capability of the acquisition workforce to effectively manage the Department's resources. Using the Direct Hire authority, the Department successfully hired eight contracting professionals and the number of entry-level contracting staff was increased by 14% to help ensure an adequate entry-level pipeline to address the projected retirement wave. To ensure the development of a capable and competent acquisition workforce, the Department has ensured that all Program/Project Managers assigned to projects considered major investments, Contracting Officers, and Contracting Officer Representatives have the requisite education, training and experience for Federal Acquisition Certification (FAC) and provided targeted training to close identified competency gaps. In addition, the Department's FAC-COR program was enhanced to include experience requirements and training in small business programs and green procurement.

Additional steps taken to develop and retain a qualified acquisition workforce include:

- The Department reduced the average time to hire 1102s from 105 calendar days in FY12 Q1 to 68 days in FY12 Q3, for a cumulative FY12 average of 76 days, which is below the 80-day target. By reducing the average number of days in the recruitment process, any lost productivity due to vacancies and its impact on the acquisition workload is also reduced.
- Approximately 26% of 1102s engage in telework. Telework is widely used by the Department to position itself as an "employer of choice" in attracting qualified employees, facilitating employee work/life balance, increasing employee satisfaction and engagement, and ultimately increasing employee productivity.
- The Commerce Learning Center (CLC), the Department's Learning Management System, provides all Commerce employees with access to basic online acquisition courses such as: IT Acquisition Development, and Implementation; Fundamentals of Purchasing and Vendor Management; Government Contracting Essentials; Proper Use of Government Charge Cards; and Finding Sources of Supply.
- Employees throughout the Department completed several classroom training courses including: Performance-Based Acquisition; Green Procurement; Contracting Overview; Commercial Item Pricing; Contract Source Selection; Contract Terminations; COR with a Mission Focus; Cost

Estimating; Ethics Training for Acquisitions; Improved Statement of Work; Market Research; Past Performance Information; Acquisition Planning; and Purchase Card Training.

- Throughout the Department, 219 employees were trained in the Project Management (PM) discipline through Commerce's formal PM Master's Certificate Program and IT PM Master's Certificate Program, which are administered in conjunction with The George Washington University. Employees have two years to complete the 7 required core courses, by successfully passing each course's final examination, to earn their certificates.

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

High ethical standards are critical to the acquisition process and maintaining public trust. The Department's acquisition leadership routinely demonstrates and emphasizes high ethical standards to the acquisition workforce through policies, procedures, and training. Awareness and training of ethical practices is integrated into the training curriculum for all members of the acquisition workforce and is reinforced at the Department's annual acquisition conference. Additionally, the acquisition community works closely with the Office of General Counsel to provide guidance and assistance throughout the acquisition process to ensure integrity of the acquisition process.

The Department has taken steps to protect the Government's interest by ensuring that awards are made to responsible sources by strengthening its Suspension and Debarment Program. The Department consulted with other agency officials, collaborated with the Office of Inspector General (OIG) and Office of General Counsel (OGC) in the development of a strong program that effectively leverages DOC's resources. These advances include the implementation of a case referral process in addition to the creation of the Suspension and Debarment Coordinator function to ensure that processes and procedures are followed in a timely manner. As a result, the Department has taken prompt action on all suspension/debarment referrals and increased the number of actions by 314%. The Department will continue to enhance the Suspension and Debarment Program through the issuance of policies, procedures and internal controls.

Strengthen Processes to Govern the Appropriate Use of High-Risk contracts and to Maximize Competition

The Office of Acquisition Management has implemented policies and processes to govern the appropriate use and strengthen the management and oversight of high-risk contracts and to maximize competition. OAM in conjunction with acquisition managers in the operating units, developed comprehensive acquisition measures with specific targets. The measures include reduction in high-risk contracting and increasing competition. The Senior Procurement Executive conducts monthly reviews of acquisition measures to allow for adjustments during the course of the year to ensure progress is being made toward achieving targets and to leverage best practices among the contracting offices. Monthly reports on high-risk and competitive acquisition achievement are provided to members of the Department's Acquisition Council.

In addition, the department has increased the focus on acquisition planning which provides the opportunity to identify requirements early in the acquisition phase in order to allow for adequate market research that will help maximize competition and create more effective, less risky acquisition strategies.

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

Commerce has launched a Department-wide Strategic Sourcing/Cost Reduction program, built upon a strong foundation of rigorous tracking, managing and reporting of savings. The project was built upon a strong body of data and measures gathered during an "opportunity analysis" phase. The opportunity assessment was conducted across over $4 billion spent on goods and services in late 2010 to identify cost reduction opportunities, and a range of initiatives were uncovered. The initiatives spanned a number of categories (Cellular Services, Office Supplies, PCs & Accessories, Print Management & Energy, and Small Package Delivery) and included both demand management and acquisition related strategies. The

successful implementation of these strategies resulted in $5.4M in cost savings in FY11 – surpassing original targets by more than double. The project has captured $9.6M in savings as of August 2012 and is expected to achieve $14.9M in savings by the end of the fiscal year. In addition, a second wave with two new initiatives was launched in September, 2011: Onsite Professional & Technical Support Services and Software & Maintenance. The project team continues to analyze the Department's spending and patterns for new initiatives to ensure there is a healthy pipeline of savings opportunities.

As each of the initiatives is launched, additional detailed data is gathered across the Department to ensure an accurate baseline with actual historical data, by Bureau and by initiative, from which to measure future savings. OAM has implemented a robust and formal process to validate and document savings that includes multiple levels of review and control with emphasis on appropriate visibility at all organizational levels.

To institutionalize the knowledge gained and sustain the results in the long-term, a Procurement Performance Excellence Office was established under the Office of Acquisition Management. The organization currently has a Director and is looking to expand with additional resources to monitor and track savings from implemented initiatives and build upon the momentum with new cost reduction strategies.

Deliver Cost Savings and Efficiency on Major IT Investments

The Department has instituted a systemic approach to enhancing collaboration on major investments. Communication of and coordinated responses to major IT investments is routinely practiced between all Departmental stakeholders including the acquisition, information technology, budget, financial management, and risk management communities. This collaboration has resulted in a more effective environment for integrating cost savings and efficiencies on major IT investments.

In addition, the Department conducted a comprehensive study of its acquisition function to examine the full spectrum of DOC's acquisition operations and processes. The study recognized that there exist a prevailing need for a more systematic approach to overseeing and managing acquisitions, particularly with regard to requirements definition/development and managing project requirements. Toward that end, a Department-wide team worked collaboratively on the development of a Scalable Acquisition Project Management Framework (Framework) to serve as the infrastructure to an integrated acquisition project management system. The Framework is designed to provide a life-cycle approach to managing acquisition projects from concept initiation to project delivery, and retirement that is scalable dependent on the project's size, complexity, and level of risk with a special focus on high-profile and/or highly-complex acquisitions such as high-risk IT projects.

The Framework encompasses three distinctly defined early phases of the acquisition life-cycle (the conceptual phase; the project definition phase; and the project development phase), each requiring assessment of the project readiness and risk prior to formal authorization to proceed to the subsequent phase.

NOAA

NOAA TechStat Reviews

NOAA has conducted numerous TechStats since FY2010. A TechStat is a face-to-face, evidence-based review of an IT investment. A TechStat is triggered when the NOAA CIO determines that a project is underperforming or at risk, using data from the Federal IT Dashboard and other sources. During the session, the investment's Project Manager briefs the NOAA CIO, NOAA Risk Management Officer, and NOAA Acquisitions and Grants Office Director. The review highlights the management of the investment, examines program performance data, and explores opportunities for corrective action. TechStat sessions conclude with clear next steps formalized in a memo and tracked to completion. The following represent the TechStat reviews performed on NOAA investments:

- NWS, National Air Quality Forecast Capability (NAQFC), 02-19-2010
- NESDIS, Environmental Satellite Processing Center (ESPC), 03-01-2010
- NWS, Next Generation Weather Radar System Product Improvement (NEXRAD PI), 03-22-2010 and 03-25-2011
- NWS, Weather Radio Improvement Project (WRIP), 06-08-2011, 02-10-2012, 06-22-2012
- NWS, National Weather Service Telecommunications Gateway (NWSTG), 07-08-2011
- NMFS, Office of Law Enforcement (OLE) Wide-Area Network (WAN), 12-16-2011

NOAA IT Oversight Structure for IT Acquisitions and Contracts

The NOAA CIO is Chair of the NOAA CIO Council (with 51% vote) and the Senior IT member of the NOAA Executive Panel (NEP). The NOAA CIO Council is empowered to make corporate decisions involving IT policy, resources, and acquisitions, and uses specialized committees and working groups as advisory bodies to its deliberations. CIO Council Committees include:

- Infrastructure Operations Coordination Committee
- IT Security Committee
- Enterprise Messaging Committee
- Network Committee
- Enterprise Architecture Committee
- Geospatial Information Systems (GIS) Committee
- Web Committee

Cost Savings and Efficiency Opportunities

NOAA has identified a number of opportunities to save money, improve efficiency, and prevent setbacks to these important investments in FY12 and beyond.

FY12 Focus Areas:

- Consolidated requirements from existing IT HelpDesk and IT Infrastructure Support expiring contracts under one NOAALink Task Order
- Consolidated requirements for IT Security System Assessment & Accreditation (A&A) testing under one NOAALink Task Order and develop standards for use across NOAA
- Developed and implemented a more efficient enterprise approach to acquiring desktop and laptop computers
- Implemented a NOAA-wide Unified Messaging Service (UMS)
- Developed NOAA-wide data center consolidation targets and execution plan

FY13-18 Planning Areas:

- Develop and implement executable plans for cost-reduction initiatives to include impact on NOAA's workforce and facilities
- Develop long-term solutions for high performance computing and data storage
- Sustain and advance NOAA’s IT infrastructure by implementing cost-effective enterprise IT solutions

NOAA Implementation of DOC IT Portfolio Management Policy

NOAA will implement the DOC IT Portfolio Management to realize cost savings and improve customer

service by removing barriers to improving efficiency, eliminating redundancy, promoting standardization, creating common services, and improving NOAA's security posture to meet increasing threats. NOAA's objectives include:

- Improve IT Services – Develop and leverage enterprise-wide performance-based IT processes and services
- IT Cost Reductions – Plan and execute enterprise-wide cost savings initiatives
- Strategic Sourcing – Consolidate contracts and purchasing to more strategically and effectively achieve economies of scale
- Infrastructure Consolidation – Standardize and consolidate NOAA's IT infrastructure
- Shared Services and Cloud Computing – Advance migration toward shared services and cloud computing
- Enhance Cyber Security – Employ enterprise-wide approaches to improve NOAA's security posture to meet increasing threats

USPTO

USTPO has created a schedule of Patents End-to-End (PE2E) releases based on prioritized, high-level requirements, as well as the documented design and architecture necessary to support the implementation of these requirements and meet or exceed best practices.

To facilitate USPTO's execution of PE2E according to its schedule, USPTO has identified its procurement needs, matched them to appropriate procurement vehicles, and identified procurement lead-times to ensure that projects are able to obtain procured resources according to a well-known and predictable schedule.

USPTO has continued to conduct its regular key milestone reviews of PE2E with its ITIRB and CRB bodies to allow ongoing assessment of PE2E's viability, risk, feasibility, and ability to meet strategic goals. Based on these regular reviews, the ITIRB and CRB recommend continuing the PE2E investment.

In 2012 USPTO retained an industry leading expert on legacy systems migration and operational integration to provide independent oversight through four reports delivered quarterly.

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

NOAA's environmental satellite operations and weather forecasting are designated primary mission-essential functions of the Department of Commerce. 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. In February 2010, the White House directed NOAA, in partnership with NASA, to establish the Joint Polar Satellite System (JPSS) program—after experiencing significant cost overruns and schedule delays with an earlier joint development effort among NOAA, NASA, and the Department of Defense. Given their histories, these critical satellite programs require strong management and close oversight to:

Prevent a Near-Term Polar Satellite Coverage Gap Between NOAA-19 and NPP. Since the first JPSS satellite (JPSS-1) is not scheduled for launch until 2017, NOAA will use an interim satellite—the Suomi National Polar-orbiting Partnership (NPP), launched in October 2011, to bridge the gap between JPSS-1 and its current polar-orbiting operational environmental satellite (NOAA-19). NOAA projects NPP will reach operational readiness 18 to 24 months after launch because of delays in completing activities to provide data for operational use. This extension could lead to a coverage gap in

some data if NOAA-19 (or other satellite data sources) stops functioning at the end of its design life—approximately March 2013. NOAA needs to take effective steps to reduce the risk of such a data gap.

Ensure Solid Program Management and Systems Engineering Principles Are Applied to Mitigate the Coverage Gap Between NPP and JPSS-1. Due to program and funding issues, NOAA expects a gap in weather and climate observations between NPP and JPSS-1. We project the gap could range from 9 to 21 months, or even longer, if NPP experiences a shorter-than-expected life. NOAA 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. NOAA—in coordination with its line officers and in concert with Departmental and congressional decision-makers—must minimize the potential impact of this gap.

Maintain Robust Program Management and Systems Engineering Disciplines to Prevent Geostationary Coverage Gaps. NOAA relies on another satellite system—the Geostationary Operational Environmental Satellite-R Series (GOES-R)—for uninterrupted short-range severe weather warning. This development program also experienced problems of cost changes and reduced capabilities. According to March 2012 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 also revising the ground segment's schedule to allow more flexibility. In light of these developments, NOAA needs to control costs, keep schedules on track, and maintain required technical performance.

NOAA RESPONSE

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

Minimizing the risk of a gap in the afternoon orbit between NOAA-19 and NPP is one of NOAA's top priorities. NPP was successfully launched in October 2011 and commissioned in March 2012. NOAA plans to continue to rely on the Polar-orbiting Operational Environmental Satellite (POES) series of satellites (i.e., NOAA-19, NOAA-18, NOAA-16) and NASA's Earth Observing System (EOS) data to meet operational requirements for as long as possible. While the POES satellites are operating beyond their design life, the key instruments providing input to Numerical Weather Prediction and imagery are performing well. The other risk to a gap between NOAA-19 and NPP is a delay in completing the validation of the NPP data products – in this regard, validation activities are on schedule and data from the ATMS (used for Numerical Weather Predication) is already being used operationally by the National Weather Service. In order to address deficiencies in the ground system which could lead to a gap in coverage, JPSS is in the process of upgrading the ground system, which should be operational in July 2012. The upgrade will improve the reliability of the system. JPSS is planning on deploying a stop-gap Mission Management Center by Q4 of CY2012 based at the Raytheon Ground Systems facility in Aurora CO, and has selected a site to host a permanent Alternate Mission Management Center in Fairmont, WV. To ensure flow of mission data JPSS has already implemented a backup downlink site in Fairbanks, AK to mitigate the risk of a failure of the primary Svalbard site or a break in communications from Svalbard to the NOAA Satellite Operations Facility. The Center for Satellite Applications and Research (STAR) has been fully engaged as part of the JPSS team in calibration and validation activities and the transition to operations has not been affected by science transition activities. JPSS has implemented a Coordination Group to facilitate information exchange with the Center for Satellite Applications and Research (STAR) and has implemented routine meetings to develop plans to transition science related activities to STAR. These activities will clarify roles and responsibilities and ensure that there is no impact to the calibration and validation activities necessary to use the NPP data operationally. The coordination challenges have not impacted JPSS' ability to upgrade the system - as noted above, a major upgrade is currently underway.

Ensure Solid Program Management and Systems Engineering Principles Are Applied to Mitigate the Coverage Gap Between NPP and JPSS-1.

NOAA is employing sound systems engineering principles in managing the risk associated with a gap in polar observations between NPP and JPSS-1. NOAA's first priority is to maintain NPP operations and ensure data products are successfully processed and distributed. This includes resolving anomalies and implementing upgrades necessary to ensure successful flight operations and continued evolution of the ground system to reach a robust, operational state. NOAA's second priority is to ready JPSS-1 for launch as soon as possible by employing a robust risk and schedule mitigation approach.

Program cost, schedule and requirements have been established and briefed within NOAA, the Department of Commerce, the Office of Management and Budget and to the appropriations and authorization Congressional committees. JPSS reports progress against the plan to senior agency leadership on a monthly basis. Congressional baselines required by law (Section 112 of P.L. 110-161 as amended by section 105 of P.L. 112-55) will be submitted after JPSS completes the rigorous systems engineering, program planning, and independent review processes against well-established best practices and comprehensive decision milestone criteria for Key Decision Point-1.

JPSS is approaching the risk of a potential gap between NPP and JPSS-1 in two ways: i) taking steps to reduce the likelihood of a gap; and ii) taking steps to reduce the consequence of a gap JPSS has initiated a study to identify further actions that would reduce the likelihood of a gap in critical data products while meeting the Administration's budget profile and life-cycle cost constraints. JPSS expects to complete the first version of this study, which will include a plan to reduce the consequences of a gap, by August 31, 2012. This plan, developed in coordination with the National Weather Service, and in response to GAO's "*Polar-Orbiting Environmental Satellites: Changing Requirements, Technical Issues, and Looming Data Gaps Require Focused Attention"* report will look at alternate domestic and foreign data sources. Supporting both these activities is an effort by NOAA to prioritize all its requirements (both the requirements for environmental observations as well as functional and performance requirements). A tiered approach to prioritizing the requirements has been developed and the draft priorities are currently under review by the Low-Earth Observing Requirements Working Group and the NOAA Observing Systems Council. These will be incorporated into the planned updates to the Level-1 Requirements Document to be submitted for approval in the fall of 2012.

NOAA's National Weather Service is exploring ways to use DMSP data as input into its operational numerical weather models. Preliminary work is underway, but a final product is not expected until mid-2013. However, these data are available in the early morning and mid-morning orbit, not the afternoon orbit and will not be a replacement for Suomi NPP. This may help during the gap, but there will still be forecast degradation. An Observing System Experiment (OSE) is currently underway to evaluate the extent to which this type of data will be helpful to the models.

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

The GOES-R Program has taken prudent measures to control costs and keep its schedule on track. Impacts to the Program's costs have largely been driven by reductions in funding to the GOES-R Program. In particular, a $70M reduction in FY11 by Congress necessitated GOES-R having to postpone the implementation of a number of products. Nevertheless, because GOES-R had already developed the algorithms to produce these products it is working with the National Weather Service to define alternative means for implementation.

GOES-R has also taken the tact to re-plan the development schedule for the Ground Segment to allow more flexibility and less risk to the program than the original waterfall schedule approach. GOES-R chose a replan path that achieved better alignment between deliveries from the Flight Project (from both instrument and spacecraft contractors) and Ground software design and development while providing increased flexibility through an improved software implementation approach. This approach was independently reviewed by the program's Standing Review Board, who also concluded that the approach was robust.

Additional Detail Regarding USPTO's responses to the OIG Management Challenges

Challenge 1: 1. Effectively Promote Exports, Stimulate Economic Growth, and Create Jobs

Subchallenge: Enhance Commerce Unit Operations to Help Promote Trade and Job Creation.

USPTO Issue: Reduce the Patent Backlog, Improve Processing Times, and Effectively Implement Patent Reform

Patent Pendency. The Priority Goal (PG) of the USPTO is to optimize patent quality and timeliness while simultaneously reducing the backlog of unexamined patent applications. By the end of FY 2012, the USPTO anticipates reducing the average time to first action and final action on patent applications to 22.5 months and 34.7 months respectively. More importantly, the USPTO expects to reduce the backlog of unexamined patents to approximately 621,800 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 application filings which may be largely driven by the economy; improvements in process efficiencies, the ability to outsource applications filed under the Patent Cooperation Treaty (PCT) and hiring new examiners.

In the short term, first action pendency may increase slightly and overall pendency is expected to maintain at around 34 months. Two major factors contribute to this result: *first*, inability to gain access to our 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. Clearing the oldest patent applications is imperative to the USPTO's long-term success in reducing pendency and the backlog of unexamined patent applications.

The following initiatives will be implemented 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. In addition, a new Docket Management element was implemented at the beginning of FY 2012. The changes have resulted in the following:
    - As of May 2012, the number of actions per disposal was approximately 2.5. This is down from over 2.9 in FY 2008-2009, which represents a significant increase in efficiency.
    - The new system changed the examiner docket management policy to provide a more "first-in, first-out" (FIFO) inventory management system that aligns with applicants expectations that examination should be done in the order applications are received.
    - Changes were also made to incentivize resolution of oldest cases in the backlog.
    - Further changes were made to incentivize interviews, which are strongly correlated with early identification and closure of issues. The Office has increased the number and time spent on

interviews. Interview time in FY 2011 was up 341.7% over FY 2009. Examiners are more proactive in working with applicants to advance prosecution and identify allowable subject matter earlier, and through May of 2012, FY 2012 interview time is up 18.7% over FY 2011.
  - Average first action pendency on May 31, 2012 was 22.6 months, down significantly from 25.8 months at the end of FY 2009.
  - Average total pendency on May 31, 2012 was 33.8 months, down from 34.6 months at the end of FY 2009.
  - As of June 18, 2012, the UPR backlog had been reduced to 627,770. This is down from the end of the FY 2009 total of 718,835.
  - The growth rate of RCE filings has slowed from 29.1% in FY 2008 to 23.1% in FY 2009. This decline in RCE filings continued in FY 2010 which saw a 10.7% growth rate and for FY 2011 RCE filings actually declined by 0.4%. Through May 2012, FY 2012 RCE filings are projected to increase only 3.4% over FY 2011.
  - As of May 2012, the patent application allowance rate was 50.2%, up from 41.3% in FY 2009.

- 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.

    After first testing the pilot by permitting its use only by qualifying independent inventors and small entities, the pilot was expanded to permit use by all patent applicants in May 2010. This program was started on November 27, 2009 and was terminated on December 31, 2011.

    - In total, 209 requests were received under the Project Exchange Pilot.
    - 174 requests have been granted and 35 have been dismissed.
    - The time from the filing of the petition to the petition being granted was 20 days.
    - As of June 21, 2012, 79 applications examined under this program have been issued.
  - **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.

    In June 2011, the 350th patent issued through the pilot and in October 2011 the 500th patent under the pilot issued. The program started December 8, 2009 and the pilot closed on February 21, 2012. The Agency is still processing pending petitions, but is no longer accepting new ones for this program.

    - The Agency received 5,523 Green Technology petitions. As of June 2012, 3,524 petitions were granted.
    - 1479 petitions were dismissed; the large majority of these dismissals occurred before the program expansion described above.
    - 507 petitions were denied (defect was not correctable).
    - 1224 applications received in the Green Technology program have issued as patents.

- The average time from filing of the Green Technology petition to the petition being granted was 33.5 days.

- **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 "Three-Track" patent examination program, first published for public comment in June 2010.

  The USPTO published a final rule to implement Track I of the "Three-Track" initiative on April 4, 2011, and began accepting applications under Track I on September 26, 2011.A total of 4,127 Track 1 applications have been filed through June 18, 2012

  - 97% of Track I requests are granted.
  - As of June 18, 2012, Track I applications received a first action in an average of 3.0 months after filing, and averaged 6.28 months of total pendency.
  - 522 Track I applications have been allowed.

- 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. This program has been expanded 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 regard to procedures needed for examination, but it has also has contributed dramatically to improving patent application quality.

    The USPTO launched the Full First Action Interview Pilot Program on May 16, 2011. This program expands on the First Action Interview Pilot Program by including all utility applications in all technology areas and filing dates. As with the previous First Action Interview pilot programs, the applicant is entitled to a first action interview, upon request, prior to the first Office action on the merits. This pilot has been extended to run through August 16, 2012.

    - A total of 3353 applicants have joined the programs since April 2008.
    - 868 interviews have been conducted, and 1033 of the applications have been allowed.
    - The program has an overall first action allowance rate of 27.5% as compared with 17.7% for all original non-continuing applications so far in FY 2012.

  - **Clearing the Oldest Patent Applications ("COPA")**: In February 2011, the USPTO launched a new initiative known as "Clearing the Oldest Patent Applications" (or "COPA") 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. The goal for FY 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 FY 2011 budget that would provide sufficient resources for hiring and examiner overtime.

In FY 2011, the COPA initiative was a great success that allowed us, not only, to reach our original target of COPA first actions but exceed both stretch goals by completing an additional 22,642 COPA applications.

COPA 2.0 is a continuation of the FY 2011 program. For COPA 2.0, the tail is considered to be applications that are 13 months and older, as of October 1, 2011, and have not received a first office action. The goal for FY 2012 is to complete a first office action on 260,000 applications. As of June 18, 2012, we have completed 209,111 COPA 2.0 applications, or 80% of the goal.

- The USPTO has begun an effort to reengineer the entire patent examination process from the time an application is filed all the way through to the granting of a patent. This effort is paramount in order 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 utilize the functionality of the reengineered process.
  - The Patent Process Reengineering (PPR) team was organized in June 2010 to focus on aspects of pre-examination, examination, and post-examination processes to supply redesigned and streamlined processes and improvements to Bureau senior leadership and the Patents End-To-End (PE2E) Team. These improved processes would be incorporated into the Patents End-To-End (PE2E) project to support development of new system architecture. The PPR effort also serves to meet the United States Patent Office (USPTO) 2010-2015 strategic goal to optimize patent quality and timeliness to facilitate achieving organizational excellence. The PPR team organized internal stakeholder outreach focus groups by leveraging affinity groups and open space technology facilitation. The outreach initiatives continued throughout the summer of 2010. Based on this input, the team organized working groups tasked to investigate specific areas. The working groups followed a process improvement methodology based on LEAN Six Sigma that included documenting the current processes, identifying issues at both the process and step levels, assessing the impact of those issues, identifying the root cause of each issue, identifying solutions to address the root causes, prioritizing those solutions, and reporting and validating their results. These working groups worked in 6-10 week time frames staggered over the Fall of 2010, and the winter and spring of 2011. Phase I ended June 30, 2011, Phase II ended September 30, 2011, and Phase III continue to date in a similar staggered fashion as Phases I and II.
  - Phases I and II working groups produced more than 200 individual process improvement recommendations. If all of the recommendations are implemented, results will include:
    - Increased electronic filing, revenue collection, processing efficiency, standardization, ability to accurately and easily measure core metrics and progress toward goals, examination quality; and
    - Reductions in pendency measures, examiner search time for related applications and prior art, applicant filing time, Office and applicant errors and management time for quality reviews and administrative tasks, grievances
- The USPTO plans to hire, train and retain highly skilled and diverse examiners. While continuing to draw candidates from our traditional sources, it is expected 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.
  - A total of 836 patent examiners were hired in FY 2011, including 57 IP experienced hires.

- A total of 1500 hires including 200 IP experienced hires are planned for FY 2012.
- A total of 873 new examiners are already on-board as of June 18, 2012, with another 224 offers having been accepted.

In addition, in response to the President's call to hire veterans, the USPTO launched an intensive recruitment effort to increase veteran hiring in its patent examiner corps. The program features broad outreach and support to attract veterans interested in pursuing careers in patent examination. To achieve this goal, USPTO is implementing a comprehensive recruitment plan aimed at attracting veterans and their family members to job opportunities through sources including job postings, resource sites, career centers, and career fairs. The USPTO has engaged military career placement offices on the local and national level and the agency will hold special information sessions at veteran career centers and veteran career fairs to attract veterans. Job announcements have to be posted on websites specializing in veterans, and USPTO will partner with veteran organizations to market the agency.

- 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 (UPR) applications, which will reduce the backlog by an estimated 9,000 applications.
- In FY 2012 the USPTO will outsource approximately 20,000 PCT applications which equates to an estimated 10,000 application reduction in the backlog. In total, over 100,000 PCT applications have been outsourced for an estimated 50,000 application backlog reduction.

Challenge 2: Reduce Costs and Improve Operations to Optimize Resources for a Decade of Constrained Budgets

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.

AIA Implementation. The provisions in the America Invents Act can be categorized into three areas: (i) promulgating new rules to implement statutory provisions; (ii) conducting studies into congressionally-mandated areas of intellectual property law; and (iii) establishing new programs to facilitate the public's access to the patent system. The agency is progressing well and on-time for each of these categories.

Rulemaking: The USPTO is required to implement 20 new provisions of law under the AIA. The agency already has timely implemented seven provisions that were required to be effective within 60 days of enactment of the AIA (i.e., by November 16, 2011), including prioritized examination, 15% surcharge, and the electronic filing incentive. The agency either issued a guidance document or new rules to accomplish this implementation.

Presently, the USPTO is in the process of implementing nine additional provisions with effective dates of one year after AIA enactment (i.e., by September 16, 2012). These provisions include inventor's oath or declaration, supplemental examination, preissuance submissions, citation of patent owner statements, and the new administrative trials of inter partes review, post grant review, and covered business method review. For these 9 provisions, the agency published proposed rules, collected public input, prepared final rules, and submitted those final rules for Federal Register publication. These final rules will publish several weeks before their September 16th effective date.

Finally, the agency has four remaining provisions to implement by March 16, 2013, such as fee setting, micro-entity, first-inventor-to-file, and derivation. The agency has already prepared proposed rules for these provisions, published some, and submitted the remaining ones to the Federal Register for publication soon. The agency is on track to complete its rulemaking for these four remaining provisions on time, just as it has done for all other AIA provisions.

Studies: The USPTO is charged with completing three studies within one year after AIA enactment—Prior User Rights, International Patent Protection for Small Businesses, and Genetic Testing. The agency has completed the Prior User Rights and International Patent Protection Studies and timely delivered its reports to Congress. For those two studies, the agency collaborated with other government agencies as specified in the AIA, published requests for information, and conducted public hearings where members of the public provided testimony about the study topics. The agency compiled all of the collected information, made findings of fact, and offered recommendations to Congress as required by the AIA.

For the Genetic Testing Study, the agency followed the same study protocol as for the two previous studies and circulated a report containing findings of fact and recommendations for inter-agency clearance. Because the report is currently still undergoing inter-agency clearance, the agency missed its statutory due date for delivery of the report to Congress. The agency currently is continuing the inter-agency clearance process to release the report as soon as possible.

Programs: The USPTO must establish 4 programs by the one-year anniversary of the AIA and has already completed this work.

First, the agency has worked with intellectual property law organizations to help set up pro bono programs for under-resourced independent inventors and small businesses. There are currently two such programs running in Minneapolis and Denver and discussions are under way to expand the programs to California, Texas, and the DC metro area by the end of the calendar year 2012.

Second, the USPTO opened the first satellite office in Detroit on July 13, 2012, and announced the locations for three additional offices in Denver, Dallas, and San Jose on July 2, 2012. The agency now is planning for the opening of these additional offices.

Third, the USPTO established a methodology to collect diversity information for patent applicants and published its methodology in a white paper. The USPTO is in the process of affecting its methodology to collect that diversity information. As one component, the agency has established a Memorandum of Understanding with the Census Bureau to collect diversity information for past U.S. patent applicants based on Census records. As a second component, the agency is preparing a Request for Information to

inquire with the public about ways to collect diversity information for foreign applications as well as future patent applicants.

Finally, to fulfill the Patent Ombudsman Program, the USPTO offers several services to help small businesses and independent inventors with their patent filings, including the Inventors Assistance Center and an Ombudsman Program. The Inventors Assistance Center helps to guide independent inventors and small business in filing patent applications with the USPTO. The Ombudsman Program assists applicants and their representatives with concerns about their patent applications and issues that arise during prosecution. Currently, the USPTO is preparing a white paper to alert the public to services.

FY 2013 MANAGEMENT CHALLENGES

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

November 9, 2012

MEMORANDUM TO THE ACTING SECRETARY

FROM: Todd J. Zinser

SUBJECT: Top Management Challenges Facing the Department of Commerce in Fiscal Year 2013

Enclosed is our final report on the Department of Commerce's top management challenges for fiscal year (FY) 2013. The Department plays a pivotal role in implementing the President's initiatives for economic recovery and job creation and, like other federal agencies, faces significant financial uncertainties in the upcoming year. The report identifies what we consider, from our oversight perspective, to be the most significant management and performance challenges facing the Department.

The five top challenges we reported last year have been updated for FY 2013, to reflect progress made as well as current events.

- ***Stimulate economic growth in key industries, increase exports, and enhance stewardship of marine fisheries.*** The Department has engaged in multiple government-wide initiatives to implement the President's priorities. Successful implementation of these initiatives could have a profound impact on the nation's economy; however, it requires focused attention by senior management, close coordination with the private sector and other federal agencies, and sustained congressional support.

- ***Increase oversight of resources entrusted by the public and invest for long-term benefits.*** In an era of constrained budgets, there is a greater risk that management will take shortcuts, loosen internal controls, and deemphasize oversight, in order to devote resources to other requirements. Recent concerns over conference spending and unauthorized reprogramming of funds have highlighted the need for more effective oversight. Also, several planned modernization efforts, including redesign of the 2020 decennial, could provide significant long-term benefits but require increased management attention.

- ***Strengthen security and investments in information technology.*** Recent cyberattacks on bureau systems confirm the urgent need to fix the Department's persistent security weaknesses. While we support senior management's recent actions to strengthen the departmental Chief Information Officer's governance, it is too early to judge their effectiveness.

- ***Implement framework for acquisition project management and improve contracts oversight.*** The Department has recently issued an Acquisition Project Management Framework/Guidebook in response to a special study mandated by former secretary Locke. The new guidance provides more comprehensive coverage of acquisition life-cycle activities and, if implemented consistently, should help mitigate risks of cost overruns and schedule delays. Incorporating the new framework into the Department's acquisition policy and exercising relentless departmental oversight will be critical to the implementation's success.

- ***Reduce risks of cost overruns, schedule delays, and coverage gaps for NOAA's satellite programs.*** Satellite programs remain the largest investment in the Department, comprising nearly 20 percent of the Commerce budget. Preventing significant cost overruns and minimizing the impact of satellite coverage gaps will continue to require top-level management attention.

Over the past several years, the Department has experienced many problems—such as inappropriate acquisition and contracting practices, improper accounting of millions of dollars in reimbursable agreement services, and unjustified use of forfeited assets—due to lapsed internal controls. Recent incidents involving unauthorized reprogramming of funds and cyberattacks on bureau systems are the latest in a series of wake-up calls. To its credit, Department top-level management has issued directives requiring immediate and across-the-board corrective actions when becoming aware of these deficiencies. The Offices of the Chief Financial Officer and Chief Information Officer also took actions to strengthen Department oversight and promulgate consistent practices among bureaus. Commerce leadership must continue showing the way forward to establish an accountability culture with increased transparency, readily available support, and independent validation. This is perhaps the Department's biggest challenge of all.

We remain committed to keeping the Department's decision makers informed of long-standing, 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.

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: Cameron Kerry, General Counsel
Scott Quehl, Chief Financial Officer and Assistant Secretary for Administration
Simon Szykman, Chief Information Officer
Bruce Andrews, Chief of Staff to the Secretary
Justin Ehrenwerth, Chief of Staff to the Deputy Secretary
Ellen Herbst, Senior Advisor to the Deputy Secretary
Operating Unit Heads
Operating Unit Audit Liaisons

[1] 31 U.S.C. §3516(d).

U.S. DEPARTMENT OF COMMERCE OFFICE OF INSPECTOR GENERAL

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FINAL REPORT NO. OIG-13-003

Challenge 1:

Stimulate Economic Growth in Key Industries, Increase Exports, and Enhance Stewardship of Marine Fisheries

The Department is at the center of the federal government's efforts to stimulate economic and job growth in key industries and promote exports, while at the same time regulating exports and maintaining the delicate balance between promoting and regulating the commercial use of marine fisheries. These efforts require the Department to work effectively with interagency partners and the private sector as well as to marshal and integrate Commerce resources. We have identified three areas for management attention:

- Stimulate economic growth in manufacturing, intellectual property, and wireless industries
- Promote and regulate exports
- Protect and promote marine fisheries

Stimulate Economic Growth in Manufacturing, Intellectual Property, and Wireless Industries

In early FY 2011, the Department laid out its vision to support manufacturing jobs in America by implementing the President's Advanced Manufacturing Partnership—a nationwide effort that brings together industry, universities, and the federal government to invest in the emerging technologies and strengthen intellectual property protection. Further, to support the explosive growth in wireless industries and foster job creation, the President has tasked the Department to make more spectrum available for commercial use. Successful implementation of these initiatives could have a profound impact on the nation's economy; however, it will require focused attention by senior management, close coordination with the private sector and other federal agencies, and sustained congressional support.

Support Job Insourcing and Manufacturing Initiatives

Recent reports[1] emphasize the role of manufacturing in creating high-paying jobs, providing U.S. exports, and spurring innovation. The President's Council of Advisors on Science and Technology's July 2012 report cites three keys to strengthening U.S. manufacturing: innovation, a skilled workforce, and a business climate that "spurs investment and fosters partnerships between government, academia, and industry" through the development of policies in the areas of tax, regulation, trade, and energy. Many offices, task forces, and councils are involved with

[1] U.S. Department of Commerce, in consultation with the National Economic Council, January 2012. *The Competitiveness and Innovative Capacity of the United States.* http://www.commerce.gov/sites/default/files/documents/2012/january/competes_010511_0.pdf; President's Council of Advisors on Science and Technology, July 2012. *Report to the President on Capturing Domestic Competitive Advantage in Advanced Manufacturing.* Washington, D.C.: Executive Office of the President.

Figure 1. Sample of Groups Focused on Manufacturing

Source: OIG analysis of departmental data

studying and establishing manufacturing initiatives. A sample of these groups is presented in figure 1.

The two dark circles represent recent initiatives led by the Department of Commerce. Last year, in response to a requirement in its FY 2012 appropriation, the Department established the Repatriation Task Force—chaired by a representative of the Secretary's Office of Policy and Strategic Planning and including officials from the International Trade Administration, the Economic Development Administration, the Minority Business Development Agency, and the National Institute of Standards and Technology—and issued a report that identified incentives to repatriate jobs that had moved abroad back to America (job insourcing).

A second departmental program, the Advanced Manufacturing Technology Consortia (AMTech) program, is supported in NIST's FY 2013 budget. AMTech will provide cost-shared funding to consortia focused on developing advanced technologies to spur manufacturing in the United States. In addition, the President's FY 2013 budget proposed $1 billion of mandatory spending to establish a National Network for Manufacturing Innovation grants program—which requires collaboration among the Department of Commerce, Defense, Energy, and the National Science Foundation. Since this program requires congressional authorization, the administration needs to work with Congress to develop a legislative solution.

In conclusion, while the goal is clear—support job creation by bringing manufacturing jobs back to the United States—the departmental challenge is to implement new initiatives with coordinated policy guidance while avoiding duplicative efforts with its partners.

Reduce the Patent Backlog, Improve Processing Times, and Effectively Implement Patent Reform

The U.S. Patent and Trademark Office (USPTO) fosters innovation and protects inventors' intellectual property rights by registering trademarks and granting patents, which support $5 trillion of the U.S. economy. Long waits for application decisions could adversely affect innovation, economic development, and job growth, inhibiting U.S. companies from exporting until they procure the appropriate patents for their products.

- Over the past decade, the patent backlog has almost doubled, and the completion of patent reviews takes almost 3 years. While USPTO has reduced the backlog from more than

700,000 in FY 2010, it remains above 600,000 at the end of FY 2012.[3] Initially, the Under Secretary of Commerce for Intellectual Property set forth the goals of reducing the backlog of applications awaiting examiner action to a 10-month inventory (approximately 350,000 applications[4]) through decreasing the total processing time for patent applications to 10 months for the first office action by FY 2014 and 20 months total by FY 2015. USPTO later postponed these target dates to FY 2015 and FY 2016, and again to FY 2016 and FY 2017.[5] To reduce the long waits for patent application decisions, it is imperative that USPTO maintain its focus and increase its efforts to address these challenges.

- USPTO also has the challenge of reducing a second backlog: ex parte appeals for rejected patent applications. As the number of patent examiners has grown, the number of new ex parte appeals has grown significantly. Although it is difficult to estimate the exact increase in the number of new appeals before FY 2010 because of inaccuracies in the appeal data, new ex parte appeals have averaged nearly 12,800 between FY 2010 and FY 2012. The time it takes an appellant to receive a decision on an ex parte appeal has doubled in the past 2 years. Although USPTO hired additional judges in FY 2012 and enhanced their performance benchmarks, continued management attention will be needed.[6]

In addition, USPTO faces new administrative and operational challenges in implementing the Leahy-Smith America Invents Act (Pub. L. No. 112-29). This act, signed into law in September 2011, contains many fundamental changes to patent laws and USPTO practices, such as moving the United States to a "first inventor-to-file" system from a "first-to-invent" system. These significant changes will require USPTO to issue new regulations. USPTO has successfully implemented new rules scheduled for September 2012 implementation and is addressing public rulemaking requirements to implement provisions scheduled to take effect next March. Significant planning, outreach, and communication with stakeholders will be needed to implement these fundamental changes.

The James Madison Building at USPTO Headquarters

Source: OIG

[3] Current indicators on patent pendency and quality are available on USPTO's Patent Dashboard: http://www.uspto.gov/dashboards/patents/main.dashxml.
[4] The exact number of applications that would comprise a 10 month inventory will vary based on the size of the patent examiner corps.
[5] Sources for USPTO target dates for decreasing patent application processing time: USPTO FYs 2010–2015 strategic plan (FYs 2014 and 2015), FY 2013 President's budget request (FYs 2015 and 2016), and USPTO's October 2012 proposal (FYs 2016 and 2017).
[6] U.S. Department of Commerce Office of Inspector General, August 2012. *USPTO's Other Backlog: Past Problems and Risks Ahead for the Board of Patent Appeals*, OIG-12-032-A. Washington, D.C.: Department of Commerce OIG.

Strengthen Spectrum Management and Public Safety

Radio frequency spectrum provides an array of wireless communications services critical to the US economy and supports a variety of government functions.[7] In June 2010, the President requested that 500 MHz of spectrum be freed up for commercial sale. The National Telecommunications and Information Administration (NTIA) announced in March 2012, that the federal government intends to repurpose 95 MHz of prime spectrum for commercial use, if certain challenges are met. However, the $18 billion price tag to relocate existing federal users could make this cost prohibitive. A July 2012 report by the President's Council of Advisors on Science and Technology recommended that up to 1000 MHz of federal spectrum be made available for a "shared use spectrum superhighway,"[8] between federal agencies and commercial providers. Recent technology advances make the shared-use architecture feasible in the near future; however, many challenges such as lack of incentive for commercial providers to bid for shared spectrum, revenue generation, and rights of use issues must be addressed to make this effort a possibility. A strong partnership between the federal government (NTIA and FCC) and commercial providers will be needed to make this program a reality.

On February 22, 2012, the President signed the Middle Class Tax Relief and Job Creation Act of 2012, which assigned the D-Block spectrum and provided $7 billion to NTIA to establish an interoperable nationwide Public Safety Broadband Network (PSBN). NTIA is required to establish an independent authority called First Responder Network Authority (FirstNet) to be the holder of the existing public safety spectrum and be responsible for the establishment and deployment of the PSBN. It is important for NTIA to take into consideration the lessons learned from earlier public safety network efforts when establishing FirstNet, such as establishing local/state governance structures in compressed timeframes.

Promote and Regulate Exports

The Department plays a critical role in the success of government-wide initiatives to promote U.S. exports and ensure an effective export control system—approximately 12 percent ($990 million) of its FY 2013 budget request is dedicated to funding international programs and activities.

Appropriately Allocate Resources and Increase Collaboration to Support the National Export Initiative

The Department's International Trade Administration (ITA) plays a leading role in supporting the National Export Initiative (NEI), which was formalized by executive order in March 2010. To support NEI, the Department proposed in its FY 2013 budget a reorganization of ITA to eliminate overlapping functions and streamline operations to enhance foreign market access and U.S. industry competitiveness. Also, in FY 2012, its U.S. and Foreign Commercial Service unit began shifting resources away from lower-priority markets to higher-priority markets, in accordance with a congressionally approved plan. According to ITA, 14 offices have been

[7] U.S. Government Accountability Office, April 2011. *Spectrum Management*, Washington, D.C.: GAO, 1

[8] President's Council of Advisors on Science and Technology, July 2012. *Realizing the Full Potential of Government-Held Spectrum to Spur Economic Growth*. Washington, D.C.: President's Council of Advisors on Science and Technology, 11.

closed, and 2 more will remain open only through FY 2014, pending State Department reviews to close them. To make this successful, the Department must continue to strategically reorganize its personnel and resources while providing seamless assistance to the public.

A secretarial-level body called the Export Promotion Cabinet is charged with implementing trade-related activities in coordination with the Trade Promotion Coordinating Committee,[9] chaired by the Secretary. The Department plays an instrumental role in carrying out these activities with external partners. As of December 2011, the value of exports had increased 33 percent in the 2 years since 2009, appearing to be on track to meet the NEI's target of doubling U.S. exports by 2014. However, U.S. export growth for the first 6 months of 2012 was only 6 percent rather than the 15 percent a year necessary to reach the doubling target. The Department reports it has responded to these economic conditions by ramping up its trade advocacy and export promotion efforts, as well as aggressively investigating unfair trade practices affecting U.S. exports or imports into the U.S. market. In addition, we have identified opportunities for ITA to improve training for trade specialists on enhancing collaboration and improving sharing with partner agencies.[10]

Combat Unfair Trade Practices and Continue Implementing the Export Control Reform Initiative

While trade promotion is an essential part of its mission, the Department must also maintain strong trade enforcement and export control programs, so that U.S. companies can thrive in the global marketplace. These key functions are carried out by both ITA and the Bureau of Industry and Security (BIS). Long-term, sustainable U.S. economic growth depends on the effective enforcement of trade agreements and export controls. Recently, for example, the Import Administration, another ITA business unit, issued a final determination that Chinese manufacturers sold at less than fair value (i.e., "dumped") solar panels in the United States and that the manufacturers received trade-distorting government subsidies. The Import Administration also issued a preliminary determination this summer that Chinese manufacturers dumped wind turbines in the U.S. market as well. These kinds of decisions are necessary to level the playing field for U.S. companies. In February 2012, the President signed Executive Order 13601, creating a new Interagency Trade Enforcement Center within the Office of the U.S. Trade Representative, co-led by the Department of Commerce. This center seeks to efficiently leverage existing federal government resources, including those within ITA, in challenging unfair trade practices and foreign trade barriers by trade partners. ITA reports it has been dedicating staff and resources to the new enforcement center since its inception in February 2012. ITA's FY 2013 budget request also contains dedicated staff and resources to support this center.

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[9] 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.

[10] U.S. Department of Commerce Office of Inspector General, September 2012. *U.S. Export Assistance Centers Could Improve Their Delivery of Client Services and Cost Recovery Efforts* [Draft report]. Washington, D.C.: Department of Commerce OIG.

The task of administering and enforcing dual-use export controls presently falls on BIS. In April 2010, the Administration proposed the Export Control Reform Initiative to streamline the country's export control system and facilitate U.S. export of high-tech goods while protecting U.S. national security interests. Over the past year, BIS has worked with its interagency partners to review the munitions and dual-use lists to assess whether changes to controls on certain products are warranted. Also in response to Executive Order 13558, BIS, along with other federal agencies, shall provide resources for a new export enforcement coordination center to collect and share information to help prosecute and deter export control violations. Commerce must ensure that it continues to support these important programs and initiatives as the effort to reorganize the Department's and the federal government's trade promotion and enforcement functions continues.

Protect and Promote Marine Fisheries

For several years, we have reported about NOAA's challenge in balancing two competing interests: promoting commercial and recreational fishing as vital elements of our national economy and preserving populations of fish and other marine life.[11] In recent years, members of the fishing industry and elected officials from the New England region have repeatedly questioned certain fishery regulations and whether NOAA has abandoned a core mission to develop the commercial fishing industry and increase industry participation.

An April 2011 independent review of the New England fishery management process[12] suggested many ways to strengthen fishery management rulemaking processes and specifically recommended increased "collection and use of socioeconomic data in fishery management plans in order to make socioeconomic analysis a more visible and meaningful part of the process." This type of analysis includes understanding the impact that fisheries management has on local economies.

As we noted last year, the Department submitted its *Plan for Retrospective Analysis of Existing Rules* in August 2011,[13] in response to Executive Order 13563, *Improving Regulation and Regulatory Review*.[14] In August 2012, the Department's General Counsel informed us that the Department had convened a "regulatory cost–benefit working group" with representatives from USPTO, BIS, and NOAA, since these bureaus engage in most of the Department's rulemaking activity. As a result of these working group meetings, the General Counsel reported that economists and social scientists from the National Marine Fisheries Service have engaged in long-term research to assess the U.S. public's willingness to pay the costs associated with conservation of protected species and marine protected areas. In its rulemaking, the

[11] The Marine Mammal Protection Act of 1972 and the Endangered Species Act of 1973 gave NOAA fisheries responsibility for preventing the extinction of marine fish and other species. The Magnuson-Stevens Fishery Conservation and Management Act of 1976 made the NOAA fisheries the primary federal agency for managing marine fisheries and established a regional fishery management system to help the agency carry out its mission.
[12] Preston Pate and SRA-Touchstone Consulting Group, April 2011. *A Review of the New England Fishery Management Process*. Washington, D.C.: Touchstone Consulting Group.
[13] U.S. Department of Commerce, August 2011. *Plan for Retrospective Analysis of Existing Rules*. Washington, D.C.: Department of Commerce.
[14] Exec. Order No. 13563, 76 Fed. Reg. 3821 (Jan. 21, 2011).

Department and NOAA will continue to be challenged in balancing the competing interests of promoting fishing and preserving populations of fish and other marine life.

We are currently reviewing NOAA's controls and processes surrounding fisheries rulemaking as the first phase of our assessment of transparency and the role of fishery management councils in rulemaking. An effective regulatory environment requires a fair and transparent rulemaking process. Our review will consider the interactions among federal officials, fishing industry members, and nongovernment organizations in the development of fishing regulations.

Challenge 2:

Increase Oversight of Resources Entrusted by the Public and Invest for Long-Term Benefits

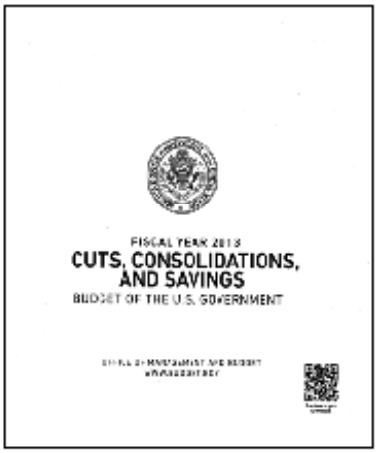
The Joint Select Committee on Deficit Reduction was tasked with seeking $1.5 trillion in government-wide savings over the next 10 years. The Committee did not agree on spending reductions, resulting in a potential sequestration that will trigger across-the-board budget cuts beginning in January 2013. Commerce programs will be deeply affected. As the Department prepares for this extended period of tighter budgets and decreased spending, it is more important than ever to understand the risks associated with making trade-offs in allocating resources between the implementation of programs and the oversight of those programs.

Also, after experiencing significant cost increases in the last decennial (from $8.2 billion to $12.8 billion between 2000 and 2010 decennials), the Census Bureau—a departmental component—has vowed to contain cost of the 2020 decennial by making critical design decisions by the end of FY 2014. However, it has already encountered significant challenges in achieving this goal. While the nation is facing significant financial hardship, the Department and Census Bureau simply cannot afford to repeat the cost growth experienced over prior decennials. We have identified three areas for management attention during a period of funding uncertainty:

- Increase internal controls and oversight of departmental operations under a constrained budget
- Invest for efficiencies and long-term benefits
- Implement bold design changes to contain 2020 decennial costs while maintaining enumeration quality

Increase Internal Controls and Oversight of Departmental Operations Under a Constrained Budget

Since FY 1999, the Department has received unqualified audit opinions on its financial statements. While this is a testimony of the health of departmental financial reporting systems, it is not an adequate benchmark for internal controls and management oversight of day-to-day operations, especially in today's constrained budget environment. In an era of constrained budgets, there is a greater risk that management will take shortcuts, loosen internal controls, and deemphasize oversight, in order to devote resources to other requirements.



Source: Office of Management and Budget

While management has increased departmental-level oversight in recent years, such as reviewing high-risk IT investments (challenge 3) and reducing use of high-risk contracts (challenge 4), more needs to be done. Recent concerns over conference spending and unauthorized reprogramming of funds have highlighted the importance of strong internal controls and the continued need for effective oversight.

National Weather Service Reprogramming

In June 2012, the Appropriations Subcommittee approved the Department's $35.6 million reprogramming request to support NOAA National Weather Service (NWS) operations. An internal inquiry report prepared by the Department highlighted mismanagement of budgetary resources and manipulation of accounting records deeply embedded in NWS. This highlights the need for increased oversight and transparency.

To its credit, the Department has issued directives requiring immediate and across-the-board corrective actions and expanded management's review of internal controls (per OMB Circular A-123[15]) in response to this incident. However, the 6-month-long investigation of this incident and subsequent development/implementation of corrective actions have diverted management attention/resources away from other critical functions. To get ahead of the curve, departmental management needs to instill an accountability culture enriched with increased transparency, readily available support, and independent validation.

Ethical Violations and Concerns of Mismanagement

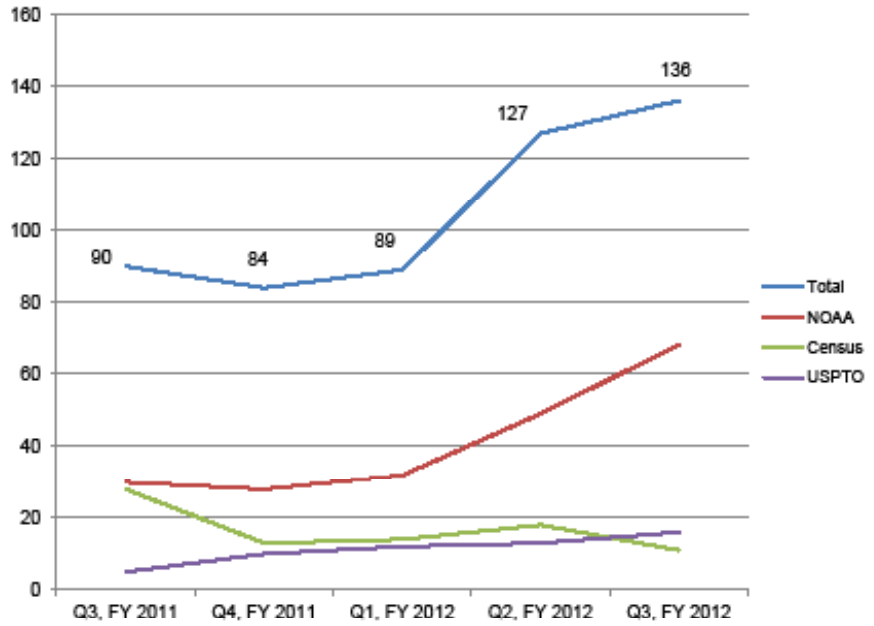
Loosened internal controls and relaxed oversight can increase the misuse of federal funds and lessen public confidence in the government. The following investigative case examples underscore the need for stronger controls and more vigilant oversight to prevent fraud, waste, and abuse within the Department and among its grant recipients and contractors:

- Former executive directors of a commission that received a NOAA grant misused $575,000 in grant funds and were indicted—and plead guilty—to charges of theft, bribery, and wire fraud.
- A NIST grantee diverted more than $100,000 from a $2 million NIST grant to a related company for non-grant-related expenses.
- Several recipients of Commerce funds committed price fixing, used defective merchandise, conducted money laundering, and made false statements.

[15] Office of Management and Budget, December 21, 2004. *Management's Responsibility for Internal Control*, OMB Circular A-123. Washington, D.C.: OMB.

Over the past several quarters, complaints made to the OIG Hotline have consistently increased, driven largely by growth in complaints related to NOAA (see figure 2). While some complaints may have been caused by misunderstanding or miscommunication, they all need to be reviewed individually. OIG provides complaints related to mismanagement and minor misconduct to the responsible bureaus for proper handling. However, many cases referred to bureaus for inquiries and actions have not been reviewed sufficiently or in a timely manner. To provide effective oversight, the Department must address complaints referred by OIG promptly and work to provide effective internal controls to help prevent issues before they occur. We will continue working with the Department to enhance handling of these complaints.

Figure 2. Complaints Received by Quarter for Agencies with Highest Complaint Volume, from Third Quarter, FY 2011, Through Third Quarter, FY 2012



Source: OIG

Oversight of Use of Federal Funds Awarded to Grantees

The Department has more than 70 programs authorized to award grants. Between FYs 2009 and 2011, these programs issued almost $10 billion in American Recovery and Reinvestment Act of 2009 (ARRA) and non-ARRA awards. Ensuring timely resolution of grant audit findings and corrective actions is an essential aspect of grant oversight. In June 2012, we reported to the Department that there were 25 unresolved audits, including 14 that were past due. More than

half of those that were past due were at NIST, which was experiencing a staffing shortage in its Grants and Agreements Management Division. While we are aware that NIST has begun addressing the backlog, timely grant audit resolutions need to be a priority.

With approximately $3.8 billion in grant awards, the Broadband Technology Opportunities Program (BTOP), funded by ARRA, represents the most significant investment of federal funds in the Department. As of June 30, 2012, about 50 percent of BTOP funds remain to be disbursed. As these projects near their required 3-year completion dates (between November 2012 and September 30, 2013), the potential for fraud, waste, and abuse associated with such large-dollar-amount awards will increase as recipient spending increases. However, the uncertain funding for BTOP oversight in FY 2013 and beyond raises significant concerns about the Department's ability to adequately oversee the program in the future (e.g., closeout of projects and oversight of projects that received extensions). Management needs to remain committed to monitoring BTOP recipient compliance with grant award terms and achievement of intended benefits.

Invest for Efficiencies and Long-Term Benefits

Smart investment for long-term benefits, when combined with responsible spending, is key to success in today's constrained budget environment. The Department has endorsed several efforts to modernize its mission-support functions; for example, it has made good progress in modernizing/standardizing Human Resources–related operations by adopting a government-wide system solution offered by the Treasury Department. We have identified the following modernization efforts as requiring management attention.

Modernization of Financial Management Systems

The Department and its bureaus use multiple legacy financial management systems to support day-to-day operations, including a core accounting system developed with aging technology and augmented with in-house software that is increasingly more difficult to maintain. The multiple legacy financial systems cannot provide timely and accurate data for management decision making. In addition, interfaces, reports, and data warehouses are duplicated, leading to high maintenance costs. These limitations impede the Department's ability to oversee Department-wide financial activities.

The Department plans to replace all legacy financial systems—core financial accounting, financial management, grants management, acquisition management, and property management—with commercially available software between FYs 2014 and 2018. While modernizing legacy financial systems has to be a priority for the Department, the planned implementation represents significant challenges to the Department.

- The proposed implementation timetable is very aggressive for modernization projects of such size. However, as pointed out by the project team, this aggressive timetable is in compliance with OMB requirements of not exceeding 24 months when developing/implementing financial systems. To meet this aggressive schedule, the project team plans to significantly limit the amount of software customization. Bureaus are expected to adjust their financial/accounting/business operations based on the functionalities established in

selected vendor software. With the diverse cultures in the Department, synchronizing bureau financial operations requires strong departmental governance.

- The Census Bureau is scheduled to be converted first by FY 2016. This timely conversion is critical to Census's 2020 decennial readiness. Any schedule slippage could complicate decennial planning and cost-containment efforts. Management needs to keep close oversight of this modernization effort.

Renovation of the Herbert C. Hoover Building

For the first time in its 79-year history, the Herbert C. Hoover Building (HCHB) was scheduled to undergo a comprehensive renovation between FYs 2008 and 2021. This project is led by the U.S. General Services Administration (GSA) with a projected cost of more than $900 million, and is to be completed in eight phases. However, this project is now at risk of not being funded beyond phase 3. As a result, the building will remain noncompliant with current fire and safety codes and regulations. If renovation is interrupted at phase 3, 62 percent of the building will still contain hazardous material, 75 percent of HCHB will not have permanent fire suppression systems, 55 percent of HCHB will lack blast window protection, and the majority of HCHB will not meet the American with Disabilities Act requirements. This places building occupants at risk. The Department needs to work with GSA and Congress to secure funding for continued safety improvement in the building.

Implement Bold Design Changes to Contain 2020 Decennial Costs While Maintaining Enumeration Quality

The Census Bureau has vowed to contain the costs of the 2020 decennial to an amount close to final costs of the 2010 census. To achieve cost savings, the bureau is exploring new and innovative design alternatives. While it seems that the 2010 decennial has just completed, the Bureau is in the initial stages of 2020 census research and testing and is already encountering challenges. In addition, the recent resignation of the director raises concerns. Because the Bureau operates on long planning cycles for the decennial census, it is difficult to maintain leadership with a consistent vision—and much easier to fall back on old ways and institutional habits. We identified the following issues requiring senior management attention.

U.S. Population Estimate from U.S. Census Bureau

Source: OIG

Planning Within Constrained Budgets

Like the rest of the federal government, the Census Bureau is operating in a constrained budget environment. As a result of a reduction in its budget request for FY 2012, the Bureau canceled 20 of 109 studies to measure its performance in the 2010 decennial. Another 25 studies, to be completed in FY 2013, are contingent on funding. Canceling these studies may jeopardize the identification of lessons learned, which is critical to planning the next decennial. The Bureau must be strategic

in how it spends its available funding. Also, it must provide the Secretary and Congress reliable and transparent budget requests.

Leadership Continuity and Departmental Oversight

Leadership continuity is essential to maintain momentum as planning progresses for the 2020 decennial. Absent stable, committed leadership, any organization tends to revert to its embedded culture. A leadership void on the top adds risk to the Bureau's management of critical issues (e.g., budget, operational design, and questionnaire content). Reverting to historical practices and limited design changes experienced in recent decennial censuses will result in unsupportable cost growth for the next census. To coordinate ongoing activities leading to a cost-effective design decision, which must be made by the end of FY 2014, the appointment of a new director must be a priority.

Departmental oversight should play a key role: early in the decennial development process, it can reveal whether the Census Bureau has considered all reasonable project alternatives or if it is assuming too much risk. In this way, the Department can work with the Bureau to address problems before unnecessary costs accumulate. For example, the Department Information Technology Review Board recently examined decennial IT planning efforts. It is critical that departmental management continues close oversight to help ensure decennial cost containment and quality.

Uncertainty Surrounding Funding for the American Community Survey

The American Community Survey (ACS) infrastructure allows for the creation and testing of enterprise-wide solutions to obstacles that face all survey and decennial operations. In our final 2010 Census report to Congress,[16] we suggested that the Census Bureau use ACS to explore areas such as questionnaire content and design, response options (such as the Internet), use of administrative records, and targeted field data collection procedures and methodologies. Census's preliminary 2020 decennial cost estimates were based on the assumption that the ACS program would continue. With Congress debating the elimination of funding for this survey, management needs to factor into 2020 decennial planning efforts the significant uncertainty this would create.

Ability to Use Administrative Records

Currently, one of the focal points of the 2020 Census research and testing agenda is to use administrative records to improve the address list and reduce the number of visits to housing units that do not return the questionnaire. The use of these records could potentially save billions of dollars over the life cycle of the next census. However, obtaining access to these records can be difficult because relevant statutes governing other federal agencies do not compel them to provide their records to the Bureau. In addition, as we recently reported,[17]

[16] U.S. Department of Commerce Office of Inspector General, June 27, 2011. *Census 2010: Final Report to Congress*, OIG-11-030-I. Washington, D.C.: Department of Commerce OIG.
[17] U.S. Department of Commerce Office of Inspector General, May 10, 2012. *High-Quality Maps and Accurate Addresses Are Needed to Achieve Census 2020 Cost-Saving Goals*, OIG-12-024-I. Washington, D.C.: Department of Commerce OIG.

although tribal, state, county, and local governments share address information with Census, Title 13 forbids Census from reciprocating with those partners and federal agencies—with a few, very narrow, exceptions, such as the once-a-decade address-updating program. According to the Bureau, it is trying to identify opportunities that will provide detailed feedback to local governments throughout the decade for address list improvements. However, to facilitate a wide-ranging use of administrative records—key to containing 2020 decennial costs—management needs to seek congressional guidance.

Challenge 3:

Strengthen Security and Investments in Information Technology

In FY 2012, the Department planned to invest $2.4 billion in IT. This is about 25 percent of its annual budget and one of the highest percentages devoted to IT among all civilian agencies. The Department and its constituent bureaus rely on IT to support major mission activities, such as producing the constitutionally mandated decennial census; releasing vital economic statistics (e.g., the gross domestic product and consumer spending); granting patents and trademarks; issuing severe weather alerts; and operating weather satellites. However, we have identified major concerns in the Department's IT security posture and fragmented IT governance. While the Department's Chief Information Officer (CIO) has taken steps to strengthen IT governance, we continue to find significant security vulnerabilities in bureau systems, which could lead, and already have led, to service disruptions and loss of sensitive information. We have identified four areas for management attention:

- Continue improving Commerce's IT security posture by addressing persistent security weaknesses
- Develop resilient incident response and recovery capabilities with increased monitoring of Internet traffic
- Manage Commerce's IT portfolio with enhanced governance structure
- Strengthen oversight of IT investments

Continue Improving Commerce's IT Security Posture by Addressing Persistent Security Weaknesses

Government agencies, Internet commerce, and vital business sectors are all affected by the rapid increase in the number of cyberattacks. The Department is under constant threat because of its reliance on Internet-based technologies, which interconnect its IT systems and facilitate business with the public. In fact, several of the Department's bureaus fell victim to significant cyber intrusions in recent years. For example, in January 2012, as a result of a malware infection, the Economic Development Administration (EDA) disconnected its systems from the Internet, greatly affecting its ability to maintain normal business operations. Also, hackers successfully penetrated two other bureaus' networks during FY 2012, resulting in exfiltration[18] of user account information. Hackers could have gained unauthorized access to the bureaus' sensitive information. These incidents resulted from a persistent lack of basic security controls.

We conducted security assessments on a targeted selection of 18 systems from six bureaus in FY 2010 and 10 systems from three bureaus in FY 2011. We also assessed the security posture

[18] Exfiltration, in the context of this report, refers to the unauthorized transfer of information from an organization to external entities.

of 15 Web application systems from eight bureaus. In FY 2012, we assessed the effectiveness of four bureaus' information security programs by evaluating key security measures in place to protect mission-critical information that is processed, stored, or transmitted by 17 information systems within these bureaus.

Over the years, we have repeatedly identified significant flaws in basic security measures protecting IT systems and information. We have continually called for greater attention and stronger commitment from the Department's senior management to the basic security practices, which, if properly implemented, can effectively minimize or stop cyberattacks before a serious compromise occurs. In response to our FYs 2010 and 2011 recommendations, the Department has updated its IT security policy for vulnerability scanning, secure configurations, and management of plans of action and milestones. However, the Department needs to enforce these polices because we continue to find similar security weaknesses in department-wide and bureau systems. For example, we reported the following persistent security weaknesses in FYs 2010, 2011, and 2012:[9]

- High-risk vulnerabilities
- Deficient patch management
- Inadequate secure configuration settings
- Ineffective vulnerability scanning
- Security weaknesses not tracked or remediated expeditiously

Last year, we reported that the Department had taken the significant step of including information security measures in the Deputy Secretary's quarterly balanced scorecard review with bureau heads, to help institutionalize good security practices. However, we found that those measures were inconsistently reported across the Department. For example, bureaus chose different security controls as their reporting measures. Such reporting makes it harder to assess overall performance of the Department's IT security program. To correct this inconsistency, the Office of the Chief Information Officer, after collaborating with the bureaus, issued guidance in July 2012 to help bureaus consistently and accurately report their IT security performance in future balanced scorecards. With this renewed focus on using consistent and accurate security measures for balanced scorecard review, the Department should require bureaus to demonstrate progress in correcting persistent security weaknesses.

[9] U.S. Department of Commerce Office of Inspector General, November 2010. *Federal Information Security Management Audit Identified Significant Issues Requiring Management Attention*, OIG-11-012-A. Washington, D.C.: Department of Commerce OIG; U.S. Department of Commerce Office of Inspector General, November 2011. *FY 2011 Federal Information Security Management Act Audit: More Work Needed to Strengthen IT Security Department-Wide*, OIG-12-007-A. Washington, D.C.: Department of Commerce OIG.

Develop Resilient Incident Response and Recovery Capabilities with Increased Monitoring of Internet Traffic

EDA (at the time of the cyber incident) and several other bureaus located in the main Commerce building rely on the Department's Computer Incident Response Team (DOC CIRT) to provide forensic analysis when a cyber event occurs. However, while investigating EDA's cyber incident, DOC CIRT faced technical challenges and had to depend heavily on several internal and external groups, such as NIST, the Department of Energy, and other federal agencies for assistance. The Department needs to strengthen its incident response capabilities to effectively deal with ever-increasing cyber events.

In addition, this cyber incident exposed a weakness in EDA's continuity of operations planning. For example, due to malware infection on its systems, which may have existed on the systems for several years, EDA could not assure that information stored on its electronic backup media was not contaminated. As a result, EDA had to "clean" the information before using it to reconstitute its systems, which significantly extended the reconstitution time. As a lesson learned from the EDA incident, the Department should ensure that bureaus consider the potential effects of corrupted information from cyberattacks when planning continuity of operations.

The Department should ensure that bureaus consider the potential effects of corrupted information from cyberattacks when planning continuity of operations.

The Department has made a concerted effort to implement OMB's Trusted Internet Connection (TIC) initiative, which should better monitor cyber threats from the Internet. All bureaus, except the Census Bureau and NOAA, will acquire TIC service by December 2012. NOAA is planning to be its own TIC access provider by 2014. However, the Census Bureau raised concern over TIC's inspection process, which could allow third parties, such as the Department of Homeland Security, to access sensitive information that must be protected against disclosure by Title 13 of the United States Code.[20] As a result, the Census Bureau has no definite timeline for TIC implementation but continues to work with the Department of Homeland Security to achieve a mutually acceptable solution. The Department needs to assign a high priority to helping Census resolve the concern about potential violation of Title 13 requirements.

Manage Commerce's IT Portfolio with Enhanced Governance Structure

We previously attributed the Department's long-standing information security weaknesses to its fragmented CIO governance. In addition to the Department's CIO, there have been 18 CIOs in Commerce's bureaus, including 7 within NOAA. The Department's CIO had little oversight of bureau budget submission and performance evaluation of key bureau IT management. This weak central governance resulted in stovepipes in IT investments and difficulties in fixing persistent security weaknesses.

[20] Title 13 is the law under which the Census Bureau operates. The law guarantees the confidentiality of census information and establishes penalties for disclosing this information.

In June 2012, the Acting Secretary issued the "Department IT Portfolio Management Strategy,"[21] which expanded the role of the Commerce CIO. Previously limited to policymaking and infrastructure maintenance, the Commerce CIO now implements Department-wide IT shared commodity services, approves bureaus' IT investments, and provides at least 25 percent of performance appraisals of individuals responsible for IT commodity services. Under the new strategy, there will be only one CIO per bureau for better accountability.

This new strategy is an important step. However, it is too early to judge its effectiveness for two reasons. First, historically, bureaus have functioned independently on IT matters with little departmental direction. Second, the new strategy focused on increasing the Department CIO's influence on "IT shared commodity services," such as networks, data centers, and e-mails, which account for only about 25 percent of the Department's total IT investments. Senior management should consider further enhancing the IT governance structure to help ensure the Department's success with several major IT investments on the horizon—supporting 2020 Decennial operations, implementing patent reform, modernizing weather-related information in Next Generation Air Traffic Control Systems, and replacing all departmental legacy financial systems. Further, to meet OMB's directive to reduce FY 2014 IT spending by 10 percent (a reduction of $226 million for the Department), the CIO needs to leverage newly enhanced authority to turn around at-risk projects and to eliminate duplicative IT assets, contracts, and services.

Strengthen Oversight of IT Investments

The Department's IT review board, led by the CIO and Chief Financial Officer (CFO), reviews major IT investments for status updates and requests for additional spending authority[22] and conducts TechStat reviews, which focus on putting troubled investments back on track. In calendar years 2011 and 2012, the IT review board has held 20 major IT investment reviews, seven TechStat reviews, and two special risk reviews on NOAA's satellite programs and the Bureau of Industry and Security's USXPORTS Exporter Support System. Also, as part of the budget process, agencies are required to submit IT capital asset summaries, which specify the cost, schedule, and performance baselines for major IT investments. The Office of the CIO collects this information, as well as monthly updates; evaluates investment risk; and submits this information to the OMB Federal IT dashboard.

The Department's CIO has taken steps to improve the IT investment review process, such as having bureaus submit project information to the CIO's subject matter experts for analysis before the review meeting. Such improvements, in conjunction with TechStat reviews and the increased visibility provided by the federal IT dashboard, have contributed to improving the likelihood of investment success. However, three of six troubled IT investments have remained at high risk for more than 12 months (see table 1), and according to information on the OMB Federal IT dashboard, about 25 percent of Commerce's major IT investments are 30 percent or more behind schedule.

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[21] U.S. Department of Commerce, Acting Secretary. June 21, 2012. *Department IT Portfolio Management Strategy*. Washington, D.C.: Department of Commerce.

[22] Departmental officials also conduct reviews of non-IT acquisition projects. See challenge 4: Implement Framework for Acquisition Project Management and Improve Contract Oversight.

Table 1. High-Risk Commerce IT Investments

Bureau	Investment	Total FY 2012 Spending ($ Million)	Months at High Risk 2010 2012
Census	American Community Survey	39	2
	Decennial 2010 systems design, integration, and evaluation	24	9
	IT infrastructure	130	1
NOAA	Joint Polar Satellite System ground system	154	15
	National Weather Service telecommunication gateway	21	20
	Weather Radio Improvement Project	5	18

The CIO and CFO, in conjunction with bureau heads, need to ensure that program management is more aggressively addressing investments with a history of high risk. For example, bureaus should be required to bring in outside experts to quickly assess root causes and provide remedies for failing investments, as was done for the National Telecommunications and Information Administration's Federal Spectrum Management System. The CIO should terminate IT investments that cannot be turned around and find alternative approaches for acquiring needed services.

Challenge 4:

Implement Framework for Acquisition Project Management and Improve Contracts Oversight

In FY 2011, the Department obligated approximately $2.4 billion on contracts for goods and services, including satellite acquisitions, intellectual property protection, broadband technology opportunities, management of coastal and ocean resources, information technology, and construction and facilities management. Table 2 illustrates the dollar amounts that Commerce's operating units have obligated through contracts in recent years.

To maximize these funds, the Department needs to strengthen its acquisition and contract management practices. While it has made some progress—such as reorganizing the Office of Acquisition Management to more directly address major acquisition initiatives and implementing an Acquisition Center of Excellence, which will consolidate acquisition support for the Department's smaller bureaus, our audits continue to find weaknesses in how the Department plans, administers, and oversees its contracts and acquisition programs. We have identified four areas for management attention:

- Implement the planned framework for acquisition project management
- Oversee high-risk contracts
- Maintain an acquisition workforce that holds bureau officials accountable
- Implement an effective suspension and debarment program

Table 2. Dollar Amounts Obligated by Commerce's Operating Units

	FY 2009		FY 2010		FY 2011	
Commerce Acquisition Office	Contract Actions[23]	Dollars (in millions)	Contract Actions	Dollars (in millions)	Contract actions	Dollars (in millions)
NOAA	**16,831**	**$1,159**	**16,087**	**$1,624**	**14,159**	**$1,160**
Census	3,332	1,308	3,187	1,312	1,849	522
USPTO	**1,776**	**384**	**1,619**	**431**	**2,134**	**388**
NIST	4,768	286	4,992	505	5,224	253
Office of the Secretary	**768**	**63**	**870**	**53**	**1,161**	**44**
Total	27,475	$3,200	26,755	$3,925	24,527	$2,367

Source: Department of Commerce Office of Acquisition Management

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

Implement the Planned Framework for Acquisition Project Management

The Office of Acquisition Management developed a framework, which described the minimum standard of processes required of high-profile projects, including capital investments such as satellites, information technology, facilities, and ships and aircraft.

Because of challenges the Department encountered in earlier acquisitions, in June 2010, the former secretary mandated a study be conducted on ways to improve the acquisition process. The resulting study identified several problems with the system—including requirements, cost analysis, and oversight of major projects. To address these concerns, the Office of Acquisition Management developed an Acquisition Project Management Framework/Guidebook (see figure 3), which described the minimum standard of processes and major milestone reviews required of high-profile projects—including capital investments such as satellites, information technology,[24] facilities, and ships and aircraft—throughout multiple acquisition phases: conceptual development, project definition, and project development (including procurement/contracting).[25] The framework also highlights the importance of independent reviews and reliable cost estimation, among other things. This is a significant improvement when compared with the previous departmental framework, which focused largely on procurement/contracting–related activities.

Note: MS = milestone.
Source: Department of Commerce Office of Acquisition Management.

The new framework, if implemented consistently, should increase the transparency of bureau acquisition programs and help mitigate risks of cost overruns, schedule delays, and performance shortfalls commonly experienced by major acquisitions. Based on dollar thresholds, risks, and specific designation, Departmental management has selected a group of current bureau acquisition programs for review, in accordance with the new framework. Through programs such as NOAA's acquisition of new and improved satellites and Census's preparations for the 2020 decennial census, the Department will have many opportunities to practice the framework.

However, incorporating the framework into the Department's acquisition policy will require management attention. The Department has not used such a detailed process to program, plan,

[24] See also challenge 3: Strengthen Security and Investments in Information Technology.
[25] The Department also drafted an interim policy for applying the framework pending for signature.

and budget for new acquisitions. In addition, bureaus such as NOAA question its need because they use their own detailed acquisition policies. The Department needs to ensure that the departmental policy requiring the use of the acquisition framework is issued and followed by all bureau officials to timely achieve its mission requirements.

Implementing the Acquisition Project Management Framework (when expanded to cover the asset disposal process) could also help the Department ensure timely replacement of aging equipment. For example, aircraft used to conduct hurricane surveillance are all nearing the end of their useful life, and more modern versions are needed. However, planning efforts to replace aged aircraft have not yet started despite the bureau's knowledge of the need.

Oversee High-Risk Contracts

In FY 2011, the Department reported progress in reducing dollar amounts of high-risk contract awards. Despite this progress, overseeing existing high-risk contracts remains a challenge to management. We continue to find weaknesses in the use of cost-plus-award-fee (CPAF) and cost-plus-award-term (CPAT) contracts, which put the Department's contract dollars at risk. CPAF and CPAT contracts can encourage excellence by providing financial incentives based on performance, but they require effective monitoring to ensure contract dollars are spent wisely and award fees and terms are justified. In May 2012, we reported that NOAA did not use measurable evaluation criteria or payment structures to motivate exceptional performance. Ultimately, NOAA consistently gave contractors high ratings and substantial award fees and contract extensions, despite lacking adequate support for their actual performance, as measured by evaluation criteria and required by the Office of Management and Budget. Based on our audit, we found that more than $40 million was paid in award fees or approved for contract extensions without proper justification. Effective implementation of NOAA measures will be critical to ensuring it does not pay improper award fees and extend contract terms.

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Poor data systems could also undermine the Department's efforts in managing its high-risk contracts. Our audits have found that Commerce acquisition information reported in the Federal Procurement Data System–Next Generation (FPDS-NG) is incomplete and inaccurate. For example, in May 2012, we reported that the complete picture of NOAA's use of CPAF and CPAT contracts was unclear. Data reported in FPDS-NG and records maintained by NOAA on the use of CPAF and CPAT contracts were also inaccurate and incomplete. NOAA is the largest of all of the Department's procurement offices, obligating approximately 49 percent of the funding in FY 2011.

Management needs to focus on developing reliable information, and data management systems will position the Department to conduct more strategic acquisitions. This focus should begin with the Department implementing our May 2012 recommendation to adhere to Commerce policy to validate data to more accurately reflect the contract types.[26]

Maintain an Acquisition Workforce That Holds Bureau Officials Accountable

In a March 2009 memorandum, the President acknowledged that the government needs to ensure that it has the workforce needed to carry out robust and thorough oversight of contracts to help program management achieve goals, avoid significant overcharges, and curb wasteful spending.[27] However, the capacity and the capability of Commerce's acquisition workforce to oversee and manage contracts face major challenges due to high turnover and employee retirement, coupled with a significantly reduced budget, gaps in key competency areas, and expanded workload. Like many federal agencies, the Department is faced with the major challenge of replacing existing talent because of a large number of retirements expected over the next several years. Of the approximately 200 contracting officers and specialists that Commerce employs, more than half can retire within 10 years. In addition, 14 percent of them are already eligible for immediate retirement. Replacing these employees represents a significant challenge since many possess unique skills and institutional knowledge that will be difficult to replace.

Additionally, 36 contracting officers and specialists left the Department in FY 2011—an attrition rate of 18 percent compared with the Department's overall attrition rate of 3 percent.[28] While the DOC has taken some actions to improve its ability to recruit qualified candidates, such as increasing the number of entry-level contracting job series from 24 in FY 2010 to 28 in FY 2011, improving recruiting activities will require a long-term commitment and focus. The Department needs to continue its recruitment efforts at the entry levels and focus on retention of that staff to maintain corporate knowledge about the respective bureau processes within the Department. This knowledge will provide a long-term assurance that the Department's future missions can be accomplished.

Also, our investigations have continuously 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:

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[26] U.S. Department of Commerce Office of Inspector General, May 2012. *NOAA's Cost-Plus-Award-Fee and Award-Term Processes Need to Support Fees and Extensions*, OIG-12-027-A. Washington, D.C.: Department of Commerce OIG.

[27] President's Memorandum, March 4, 2009. *Government Contracting*.

[28] According to Commerce Office of Acquisition Management, the attrition rate of 18 percent was calculated based on 36 positions, NOAA: 16, NIST: 9, OS: 6, Census: 4, USPTO: 1, divided by 200 positions onboard at the end of FY 2011. The 3 percent was calculated based on the total of employees in any series that separated from Commerce in FY 2011 (1,536) divided by the number on board at the end of FY 2011 (47,626).

- Misuse of government credit cards, including falsification of purchase card records
- Conflicts of interest due to personal relationships between grant awarding officials and grant recipients, to include familial, marital (in-law) and former employer/employee relationships
- Misuse of public position for private gain—for instance, Commerce employees acquiring property or services through the Department's funds under the premise of fulfilling a bureau function but then diverting the property or service for their personal use
- Misuse of items purchased with Commerce funds, such as a NOAA boat that was used recreationally by NOAA officials

Finally, in the light of the known issues concerning GSA's misuse of resources for agency conferences, we have seen an increase in attention related to spending on conferences. The Department has implemented new procedures to review conference spending. Bureau heads should now be more sensitive to the public perception of conference spending and inclined to make better spending decisions related to conferences.

Implement an Effective Suspension and Debarment Program

We previously reported on the challenges facing the Department in ensuring that it contracts with and provides funding assistance only to responsible parties.[29] Since finalizing its first suspension or debarment action in over 15 years, in April 2011, the Department has made progress toward establishing an efficient and durable suspension and debarment program. OIG has referred nine matters, including five since September 2011, to the Department's Suspending and Debarring Official (SDO). Based on these referrals, the SDO has taken 37 total actions and declined one referral.

The SDO continues efforts toward establishing a strong program, including regular attendance at monthly meetings of the Interagency Suspension and Debarment Committee; designation of a Suspension and Debarment Coordinator, who serves as a focal point for the program; preliminary planning for routine intradepartmental training on suspension and debarment; and establishment of regular meetings with the Office of General Counsel and OIG's Office of Counsel. However, certain issues present ongoing challenges. Although the SDO's office has begun drafting policy documents to institutionalize processes and procedures regarding the referral, review, and issuance of suspension and debarment matters, the adoption process needs to be finalized. Also, even though the SDO's processing efficiency has increased over the past year, there is room for improvement regarding the prompt review of referrals; and the program lacks a clear delineation of roles and responsibilities in such important areas as revising and adapting draft documents prepared by OIG for possible use in suspension and debarment actions and appropriately following up on actions once taken.

[29] U.S. Department of Commerce Office of Inspector General, October 2011. *Top Management Challenges Facing the Department of Commerce*, OIG-12-003. Washington, D.C.: Department of Commerce OIG.

Challenge 5:

Reduce Risks of Cost Overruns, Schedule Delays, and Coverage Gaps for NOAA's Satellite Programs

Managing risks in the acquisition and development of the next generation of environmental satellites is a continuing challenge for the Department. The two most prominent programs,[30] the Joint Polar Satellite System (JPSS) and the Geostationary Operational Environmental Satellite-R series (GOES-R), together account for one-third of NOAA's FY 2013 budget request. They are also the largest investments in the Department, comprising nearly 20 percent of the Commerce budget. The satellites will provide data and imagery for weather forecasting—including severe-storm tracking and alerting—and the study of climate change. Operating environmental satellites and weather forecasting are designated as primary mission-essential functions of the Department because they help lead and sustain the nation in the event of a catastrophe. Yet, because of cost overruns, schedule delays, and the aging of NOAA's current constellation of satellites, NOAA is confronting coverage gaps for these critical assets.

Strong program management and close oversight of these programs are needed, to manage risks that inevitably lead to cost overruns, schedule delays, and coverage gaps for the critical capabilities these programs will provide. Based on our work with these programs, we have identified four areas for management attention:

- Communicate with stakeholders to define JPSS capabilities, schedule, and cost baselines
- Ensure adequate leadership and governance structure over JPSS development
- Develop a plan to support NOAA weather forecasting capabilities during coverage gaps
- Reduce program risks associated with GOES-R development

Communicate with Stakeholders to Define JPSS Capabilities, Schedule, and Cost Baselines

In our September 2011 audit report,[31] we recommended that NOAA develop a mechanism to provide executive and legislative decision makers, on a recurring basis, with complete, objective, and understandable information that illustrates the consequences of limiting satellite observational capabilities. This was driven, in part, from congressional concerns regarding NOAA's limited communication of plans for its satellite programs. Recently, the Senate Committee on Appropriations expressed frustration with NOAA's "inability to control

[30] Other satellite acquisitions include Jason-3, which will measure sea surface height, and Deep Space Climate Observatory, which will provide advance warnings of solar storms affecting earth.
[31] U.S. Department of Commerce, Office of Inspector General, September 30, 2011. *Audit of the Joint Polar Satellite System: Challenges Must Be Met to Minimize Gaps in Polar Environmental Satellite Data* (OIG-11-034-A). Washington, D.C.: Department of Commerce OIG.

procurement costs or articulate reliable funding profiles."[32] This resulted in the Senate Committee losing confidence in NOAA's ability to manage its portfolio of satellite acquisitions. The Committee's appropriations bill, if enacted, would transition NOAA's satellite acquisitions entirely to NASA. As such, it's clear that NOAA must do more to improve communication with stakeholders.

NOAA's JPSS program uses NASA as its acquisition agent, leveraging that agency's procurement and system engineering expertise—an arrangement based on previous partnerships between the two agencies. In its FY 2011 budget submission, NOAA reported that the two-satellite JPSS program, running through 2024, would cost $11.9 billion. Requirements changes and an extended life cycle through 2028 resulted in a revised cost estimate of $14.7 billion. In its FY 2013 budget submission, however, NOAA committed to capping the cost of the program at $12.9 billion and submitted a nearly flat-line annual budget estimate of $900 million, plus the cost of climate sensors previously budgeted under a different NOAA program, from FY 2013 to FY 2017. Although the program has since constructed a cost estimate to support the $12.9 billion cost cap, its high-level requirements were recently finalized in October 2012. Pending decisions on lower-level requirements, acquisition strategies, and system design—particularly for the ground system and "free-flyer" satellites (which will host search-and-rescue and data collection instruments, separate from the program's primary satellites)—could have ramifications for launch schedules and cost:

- The ground segment project recently completed its requirements review in August; it was originally scheduled to precede the program-level review in May. Program officials have told us that there is a need to rethink legacy requirements[33] in the light of current needs and technology options.

- There is a significant amount of uncertainty in requirements for free-flyer satellites. For the free flyers, information security requirements had to be analyzed and ground support options determined. This uncertainty in requirements translates to uncertainty in the program's life-cycle cost estimate.

During FY 2012, NOAA has made progress in prioritizing JPSS requirements to support its commitment to capping the life-cycle costs at $12.9 billion. While this approach shows serious management commitment, fitting requirements into a previously authorized budget increases the risk that requirements will be dropped or launches delayed in order to remain within the budget. NOAA needs to revisit the life-cycle cost estimates after finalizing JPSS requirements and work with the Department and congressional representatives in adjusting its budget estimates.

[32] Senate Report 112-158 (discussing Committee rationale for transfer to NASA); Commerce, Justice, Science, and Related Agencies Appropriations Act, 2013, S. 2323, 112th Cong. (2012).
[33] Requirements were transferred from JPSS' predecessor system, the tri-agency National Polar-orbiting Operational Environmental Satellite System, which undertook development of next-generation polar satellites from 1995 until early 2010, when the White House Office of Science and Technology Policy restructured it into separate military and civilian (JPSS) programs.

Ensure Adequate Leadership and Governance Structure over JPSS Development

More progress defining JPSS capabilities, schedule, and cost may have been possible if not for delays defining the program's governance structure and staffing key program and NOAA positions. NOAA and NASA finally agreed to a management control plan for JPSS in February 2012, nearly 2 years after the program was started. Further, NOAA and its JPSS program have had key staff in acting, rather than permanently filled, capacities for extended periods of time (see table 3). Only the Under Secretary of Commerce for Oceans and Atmosphere and the Assistant Administrator, National Environmental Satellite, Data, and Information Service (NESDIS), positions have been permanently filled since the program's inception.

Table 3. NOAA JPSS Program Authorities

Position	Status at Program Start (Feb 2010)	Current Status
Under Secretary of Commerce for Oceans and Atmosphere/ NOAA Administrator	Filled	Filled
Assistant Secretary for Environmental Observation and Prediction/Deputy Administrator	Vacant	Filled (May 2011)
Deputy Under Secretary for Operations	Filled	Acting (January–June 2012) Filled (July 2012)
Assistant Administrator, NESDIS	Filled	Filled
NESDIS Deputy Assistant Administrator for Systems	Filled	Acting (February 2010–May 2012) Currently vacant
JPSS Director	Acting	Filled (September 2011)

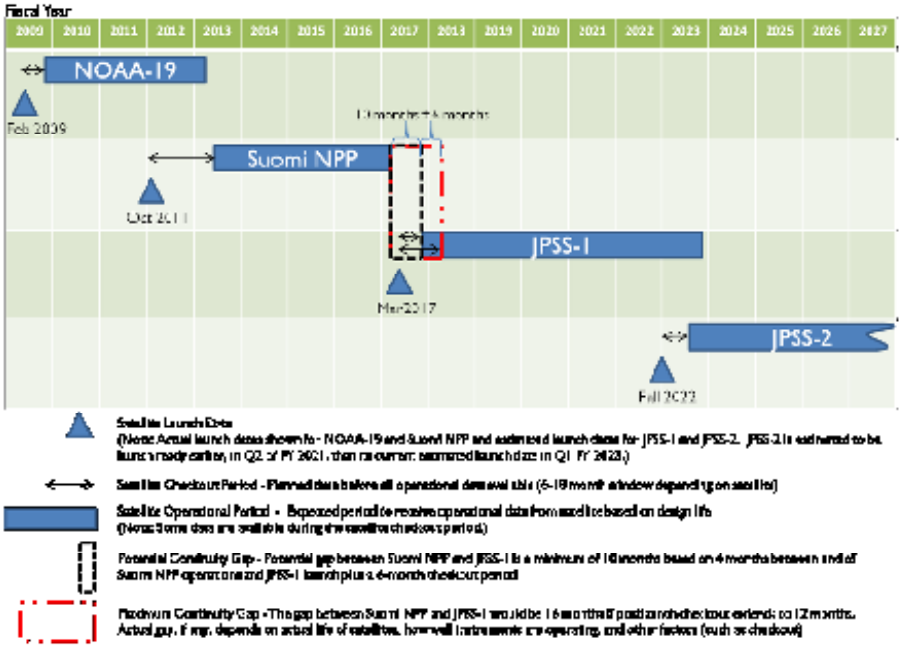
Source: OIG analysis of NOAA information

Qualified officials, who can make timely decisions and take management action, are essential to the success of JPSS development. For example, NOAA's Deputy Under Secretary for Operations is deemed the final authority for the program's high-level requirements, schedule, and budget submissions. The former official retired in January 2012 and was not permanently replaced until July 2012, even though the interim period included the FY 2013 President's Budget submission and other decisions on high-level requirements. Currently, the NESDIS Deputy Assistant Administrator for Systems position, which serves as NOAA's single source of programmatic direction and guidance to NASA for NOAA programs, is vacant. Previously, this position was staffed in an acting capacity. Detailed employees, in acting capacities, occupy several other key positions within NESDIS and the program. NOAA needs to fill open positions overseeing JPSS development and govern the program according to the management plan accepted by NASA.

Develop a Plan to Support NOAA Weather Forecasting Capabilities During Coverage Gaps

Over the course of the program to date, we have analyzed Suomi National Polar-orbiting Partnership (Suomi NPP, a recently launched, risk-reduction satellite that is flying the first versions of JPSS sensors) and JPSS schedules to assess expected gaps in weather forecast data. Currently, we project a 10–16-month gap between Suomi NPP's end of design life and when JPSS-1 data become available for operational use—a refinement from last year's estimate of 9–21 months (see figure 4). NOAA's medium-range weather forecasting (3–7 days) could still be significantly degraded during the period of time JPSS data are unavailable.

Figure 4. Potential Continuity Gaps for Polar-Satellite Operational Forecast Data



Source: OIG analysis of JPSS program data

In our September 2011 report, we reported on activities within NOAA to use other sources of data to mitigate gaps and recommended NOAA coordinate efforts from across its line offices to minimize the degradation of weather and climate forecasting. In response, NOAA indicated that it was looking at both foreign and commercial sources of data. However, NOAA has not fully developed a strategy for evaluating and selecting foreign data sources. Nor has it completed a comprehensive mitigation plan for polar satellite coverage gaps. Obtaining support from other reliable sources could be time consuming. NOAA needs to develop a timetable to measure its progress towards having a mitigation plan in place before Suomi NPP's end of design life: November 2016.

The risk of a near-term gap between NOAA-19 (NOAA's primary operational polar-orbiting satellite) and Suomi NPP has been largely mitigated. Suomi NPP launched October 28, 2011, and within 7 months, NOAA supercomputers began assimilating data from the Advanced Technology Microwave Sounder (ATMS) in numerical weather prediction models. Other issues will result in delaying the use of data from the Cross-track Infrared Sounder (CrIS), which complements those from ATMS, until December 2013—after NOAA-19's end of design life. However, NOAA forecast models currently use data from NASA's Aqua satellite, which are similar to CrIS data.[34]

Reduce Program Risks Associated with GOES-R Development

GOES-R (see figure 5) is also a NOAA/NASA partnership, with NOAA having overall program responsibility. Unlike JPSS, however, NOAA is solely managing the acquisition and development of the GOES-R ground system while NASA is primarily directing the flight segment (spacecraft, instruments, launch vehicle and services). The GOES-R series of satellites will provide uninterrupted short-range severe weather warning and "now-casting" capabilities through 2036. With four satellites (the GOES-R, -S, -T, and -U), the program is estimated to cost $10.9 billion over the course of its life cycle.

Source: NOAA

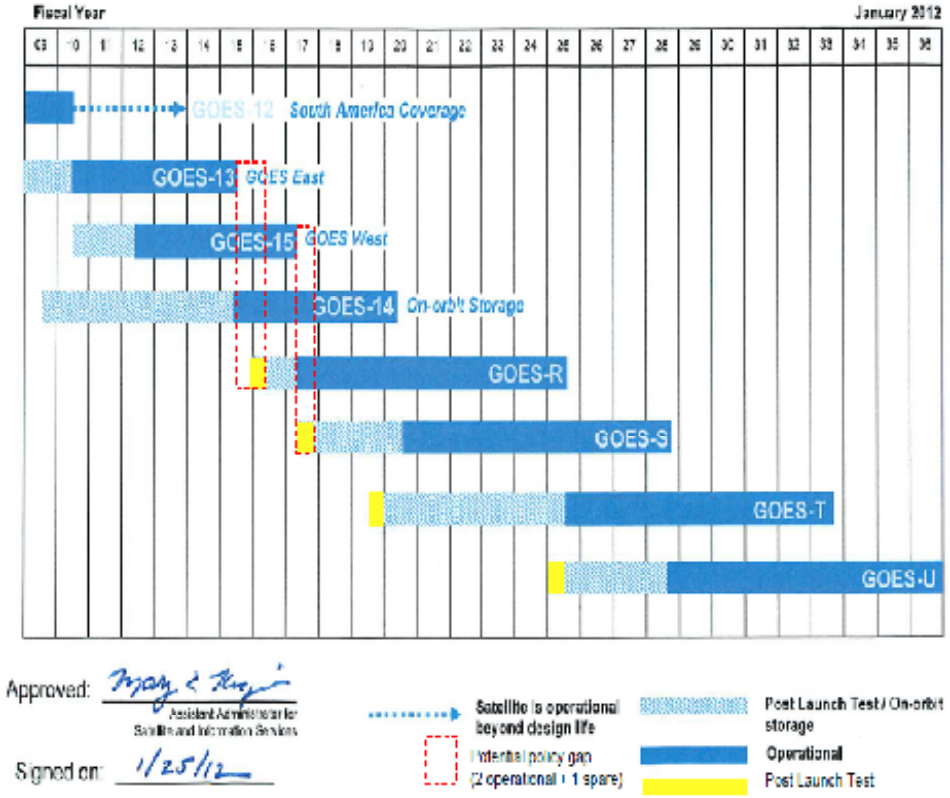
The GOES-R program recently held a key technical milestone review (critical design) in August 2012. Subsequently, the program downgraded, from green to yellow, its assessment of schedule and technical development because of various issues with the spacecraft and instruments and the need to aggressively manage dependencies with the ground project's development. The ground segment's schedule has become more incremental—which will increase schedule flexibility, as well as better align the delivery schedule for GOES-R spacecraft, instruments, and documentation. Despite progress made, there is less than a 50 percent chance the GOES-R satellite will be launched on schedule, in October 2015, based on the program's own models used to assess GOES-R development. NOAA must implement solid program management and system engineering principles to control costs, keep schedules on track, and maintain required technical performance.

The program's standing review board has also warned that should the program's request in the President's FY 2013 budget submission (an increase of nearly $200 million, or 30 percent, from FY 2012) not be realized, a launch delay is *nearly certain*, which could significantly limit NOAA's capability of providing short-range severe weather warning. NOAA's policy for its geostationary satellites is to have three satellites in orbit—two operational satellites with overlapping coverage and one spare for backup (see figure 6). As we reported last year, NOAA may not be able to meet its policy of having an on-orbit spare even without a GOES-R launch delay, because of retirement of current GOES series satellites. A launch delay beyond October 2015 increases the risk that just one geostationary imager will be on orbit, a scenario in which

[34] Aqua is an aging satellite. Launched in 2002, its original mission life was 6 years.

NOAA's capability to visualize and track severe weather events would be severely limited. NOAA needs to adequately communicate to decision makers its justification for the significant funding increase for FY 2013, citing such reasons as to order items that require long manufacturing lead times or to hire qualified engineers, technicians, and so on.

Figure 6. Continuity of Geostationary Operational Satellites



Source: OIG adapted from NOAA geostationary satellite schedules

Acronym List

ACS	American Community Survey
AMTech	Advanced Manufacturing Technology Consortia
ARRA	American Recovery and Reinvestment Act of 2009
ATMS	Advanced Technology Microwave Sounder
BIS	Bureau of Industry and Security
BTOP	Broadband Technology Opportunities Program
CFO	Chief Financial Officer
CIO	Chief Information Officer
CPAF	cost-plus-award-fee
CPAT	cost-plus-award-term
CrIS	Cross-track Infrared Sounder
DOC CIRT	Department's Computer Incident Response Team
EDA	Economic Development Administration
FirstNet	First Responder Network Authority
FPDS-NG	Federal Procurement Data System–Next Generation
FY	fiscal year
GAO	U.S. Government Accountability Office
GOES-R	Geostationary Operational Environmental Satellite-R series
GSA	U.S. General Services Administration
HCHB	Herbert C. Hoover Building
IT	information technology
ITA	International Trade Administration
JPSS	Joint Polar Satellite System
NEI	National Export Initiative
NESDIS	National Environmental Satellite, Data and Information Service
NIST	National Institute of Standards and Technology
NOAA	National Oceanic and Atmospheric Administration
NPP	National Polar-orbiting Partnership
NTIA	National Telecommunications and Information Administration

NWS	National Weather Service
OIG	Office of Inspector General
OMB	Office of Management and Budget
PSBN	Public Safety Broadband Network
SDO	Suspending and Debarring Official
TIC	Trusted Internet Connection
USPTO	U.S. Patent and Trademark Office

U.S. DEPARTMENT OF COMMERCE OFFICE OF INSPECTOR GENERAL

Appendix A: Related OIG Publications

This list presents OIG's past and current work related to FY 2013's top management challenges. 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

- USPTO's Other Backlog: Past Problems and Risks Ahead for the Board of Patent Appeals (OIG-12-032-A, August 10, 2012)
- More Actions Needed to Improve Controls in Asset Forfeiture Fund (OIG-12-019-I, February 8, 2012)
- The Patent Hoteling Program Is Succeeding as a Business Strategy (OIG-12-018-A, February 1, 2012)
- Follow-up Review of NOAA Fisheries Enforcement Programs and Operations (OIG-12-017-I, January 31, 2012)
- Letters to Congress re: Status of NOAA's Implementation of OIG's Asset Forfeiture Fund Recommendations (OIG-11-012-M, December 12, 2011)
- Patent End-to-End Planning and Oversight Need to Be Strengthened to Reduce Development Risk (OIG-11-033-A, September 29, 2011)
- Status of USPTO Initiatives to Improve Patent Timeliness and Quality (OIG-11-032-I, September 29, 2011)

Challenge 2: Oversight of Resources and Investment for Long-Term Benefits

- IG's Testimony on Mismanagement of Funds at the National Weather Service and the Impact on the Future of Weather Forecasting (OIG-12-036-T, September 12, 2012)
- Review of NTIA's Oversight of the Booz Allen Hamilton Contract Supporting the Broadband Technology Opportunities Program (OIG-12-031-M, August 9, 2012)
- IG's Testimony on Planning for the 2020 Census: Senate Homeland Security and Governmental Affairs Committee (OIG-12-030-T, July 18, 2012)
- NTIA Needs Stronger Monitoring of BTOP Grant Recipients' Match (OIG-12-029-A, June 18, 2012)
- IG's Testimony on Broadband Loans and Grants: House Energy and Commerce Committee (OIG-12-026-T, May 16, 2012)

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- High-Quality Maps and Accurate Addresses Are Needed to Achieve Census 2020 Cost-Savings Goals (OIG-12-024-I, May 10, 2012)
- 2020 Census Planning: Delays with 2010 Census Research Studies May Adversely Impact the 2020 Decennial Census (OIG-12-023-I, April 5, 2012)
- OIG-Census Letter to Law Enforcement Professionals Regarding Assaults on Census Workers (March 30, 2012)
- FY 2011 Compliance with Improper Payment Requirements (OIG-12-022-I, March 15, 2012)
- Oversight Activities of NIST's Recovery Act Construction Grant Awards Are Generally Effective but Need Improvements (OIG-12-020-A, February 14, 2012)
- Single Audit Results for the 12-Month Period Ending December 31, 2011 (OIG-12-021-M, February 13, 2012)
- Misrepresentations Regarding Project Readiness, Governance Structure Put at Risk the Success of the San Francisco Bay Area Wireless Enhanced Broadband (BayWEB) Project (OIG-12-016-M, January 10, 2012)
- IG's Testimony on Stimulus Oversight: House Committee on Science, Space, and Technology (OIG-12-012-T, November 30, 2011)
- NTIA Has an Established Foundation to Oversee BTOP Awards, but Better Execution Is Needed (OIG-12-013-A, November 17, 2011)

Challenge 3: IT Security

- Improvements Are Needed to Strengthen ITA's Information Technology Security Program (OIG-12-037-A, September27, 2012)
- Significant IT Security Program Improvements Are Needed to Adequately Security NTIA's Systems (OIG-12-035-A, September 7, 2012)
- FY 2011 Federal Information Security Management Act Audit: More Work Needed to Strengthen IT Security Department-Wide (OIG-12-017-A, November 10, 2011)
- Improvements Are Needed For Effective Web Security Management (OIG-12-002-A, October 21, 2011)
- Patent End-to-End Planning and Oversight Need to Be Strengthened to Reduce Development Risk (OIG-11-033-A, September 29, 2011)
- Federal Information Management Act Audit Identified Significant Issues Requiring Management Attention (OIG-11-012, November 15, 2010)
- Respondent Data Safeguards in the Decennial Response Integration System (DRIS) (OAE-19088, September 24, 2010)

- FY 2009 FISMA Assessment of the Environmental Satellite Processing Center (OAE-19730, January 11, 2010)
- FY 2009 FISMA Assessment of the Enterprise UNIX Services System (OAE-19729, November 20, 2009)
- FY 2009 FISMA Assessment of the Field Data Collection Automation System (OAE-19728, November 20, 2009)
- FY 2009 FISMA Assessment of the Patent Cooperation Treaty Search Recordation System (OAE-19731, November 20, 2009)

Challenge 4: Contracts and Acquisitions

- Quarterly Conference Reporting Processes Need Improvement (OIG-13-001-I, October 17, 2012)
- Oversight Activities of NIST's Recovery Act Construction Contracts Need Improvement (OIG-12-28-A, June 1, 2012)
- NOAA's Cost-Plus-Award-Fee and Award-Term Processes Need to Support Fees and Extensions (OIG-12-027-A, May 18, 2012)
- Further Actions Needed to Enhance Commerce's Acquisition Human Capital Plan (OIG-12-15-A, December 21, 2011)
- Commerce's Office of Acquisition Management Must Continue to Improve Its Ongoing Oversight of Acquisition Savings Initiatives (OIG-12-001-A, October 6, 2011)

Challenge 5: Satellites

- Audit of the Joint Polar Satellite System: Continuing Progress in Establishing Capabilities, Schedules, and Costs Is Needed to Mitigate Data Gaps (OIG-12-038-A, September 27, 2012)
- IG's Testimony on Need for Continued Innovation in Weather Forecasting and Prediction: Senate Committee on Commerce, Science, and Transportation (OIG-12-011-T, November 16, 2011)
- Audit of the Joint Polar Satellite System: Challenges Must Be Met to Minimize Gaps in Polar Environmental Satellite Data (OIG-11-034-A, September 30, 2011)
- Memorandum to the Under Secretary of Commerce for Oceans and Atmosphere and NOAA Administrator: NOAA's Joint Polar Satellite System Audit Observations (OIG-11-029-M, June 10, 2011)

Appendix B: Comparison Between FY 2012 and FY 2013 Challenges

FY 2013	FY 2012
Stimulate economic growth in key industries, increase exports, and enhance stewardship of marine fisheries: • *Growth in manufacturing, intellectual property, and wireless industries* • *Export promotion and regulation* • *Protection and promotion of marine fisheries*	Effectively promote exports, stimulate economic growth, and create jobs: • *Effective interagency partnerships* • *Enhancement of Commerce unit operations* • *Trade enforcement* • *Regulatory review improvement*
Increase oversight of resources entrusted by the public and invest for long-term benefits: ▪ ***Internal controls and oversight*** ▪ ***Investment for long-term benefits*** ▪ ***Design changes to contain 2020 decennial costs***	**Reduce costs and improve operations to optimize resources for a decade of constrained budgets:** ▪ ***Operational efficiency*** ▪ ***Oversight of improper payments*** ▪ ***Reduction of risks of misuse, abuse, or waste of federal grant funds awarded to grantees*** ▪ ***Oversight of the Broadband Technology Opportunities Program*** ▪ ***Application of lessons learned from 2010 decennial*** ▪ ***Headquarters renovation costs and schedule***
Strengthen security and investments in information technology (IT): • *Addressing persistent IT security weaknesses* • *Incident response and recovery capabilities* • *IT governance for portfolio management* • *Oversight of IT investments*	Strengthen department-wide information security to protect critical information systems and data: • *Reduce ongoing security weaknesses* • *Implement security policy*
Implement framework for acquisition project management and improve contract oversight: ▪ ***Planned framework for acquisition management*** ▪ ***Oversight of high-risk contracts*** ▪ ***Acquisition workforce maintenance*** ▪ ***Implementation of suspension and debarment program***	**Manage acquisition and contract operations more effectively to obtain quality goods and services in a manner most beneficial to taxpayers** ▪ ***Qualified acquisition workforce*** ▪ ***Ethical standards in procurement practices*** ▪ ***Use of high-risk contracts and maximizing competition*** ▪ ***Tracking of contract savings*** ▪ ***Delivery of major IT investments***
Reduce risks of cost overruns, schedule delays, and coverage gaps for NOAA's satellite programs: • *JPSS capabilities, schedule, and costs* • *Leadership and governance structure over JPSS* • *Weather forecasting during JPSS coverage gaps* • *Risks associated with GOES-R development*	Manage the development and acquisition of NOAA's environmental satellite systems to avoid launch delays and coverage gaps: • *Avoid near-term polar satellite coverage gaps* • *Manage polar satellites* • *Manage geostationary satellites*

U.S. DEPARTMENT OF COMMERCE OFFICE OF INSPECTOR GENERAL

Appendix C: Management Response to OIG Draft Report

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

November 9, 2012

MEMORANDUM FOR: Todd J. Zinser
Inspector General

FROM: Rebecca M. Blank
Acting Secretary of Commerce

SUBJECT: Response to the FY 2013 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 of Commerce's (Department) 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.

The Department is integrating key management functions to strengthen the alignment of resources to strategic objectives, mission priorities, risk management, internal controls, and acquisition management. For example, the Acquisition Improvement Framework, which I signed on November 6, 2012, addresses issues associated with Department acquisition management and oversight. The Department has also preserved resources for program delivery and stewardship by reducing administrative expenses. I have also directed a balanced scorecard approach to establish and maintain focus on the Department's top priorities, to develop data-driven metrics of success, and to emphasize that customer service in addition to organizational and workforce excellence are prerequisites to the achievement of the Department's programmatic goals.

We are aware that we have challenges in all of the areas discussed in your report, and we realize that these areas require continued oversight, planning, and work. In this budget-constrained environment, which is likely to continue, it is imperative that we continue improving our oversight processes and internal controls. I am focused on appropriate oversight at both the bureau and Department levels on those programs, projects, and management areas that either had issues brought to light in fiscal year 2012 or are critically vital to the success or failure of our mission goals.

We look forward to working with you to address the challenges mentioned in the report and will report progress made in our Performance and Accountability Report for fiscal year 2013.

FINAL REPORT NO. OIG-13-003 37

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, requires agencies to periodically review all programs and activities and identify programs and activities that may be susceptible to significant improper payments, take multiple actions when programs and activities are identified as susceptible to significant improper payments, and annually report information on their improper payments monitoring and minimization efforts. Office of Management and Budget (OMB) Circular A-123, Appendix C, *Requirements for Effective Measurement and Remediation of Improper Payments,* provides guidance to agencies to comply with IPIA, as amended, and for agency improper payments efforts. The Department has not identified any programs or activities susceptible to significant improper payments nor 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 2013 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 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. 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, every three years, the assessment includes a review of internal controls over disbursement processes. The most recent review performed indicated that internal controls over disbursement processes were 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 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 significant 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 for:

a. 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.

b. Grant-making agencies with risk-susceptible grant programs shall briefly discuss what the agency has accomplished in the area of funds stewardship past the primary recipient. Discussion shall include the status of projects and results of any reviews.

Not applicable, as the Department does not have any risk-susceptible programs/activities. While the Department does not have a need for corrective actions 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 2012, 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. 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 2012, the Department conducted a sampling process to draw and review random samples of disbursements 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 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 improper payments. The same results were achieved following a similar review in FY 2011.

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 (i.e., a discussion of the analysis conducted to determine that a payment recapture audit program would not be cost-effective). 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 of the Department's 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 contracts/obligations on a rotational basis will continue to be performed. Since 2005, cumulative recapture of improper payments is $96 thousand. Effective FY 2012, the scope of payment recapture audits of contracts/obligations has been expanded to additionally include contracts/obligations for which the period of performance ended and last payment was made, but for which the closeout process has not yet been completed.

As a result of the Department's implementation of additional requirements under IPERA of 2010, payment recapture auditing is additionally 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 loan disbursements are 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 of contracts/obligations, and of grants and other cooperative agreements, the auditor analyzes the reasons why any payment errors occurred, and develops, presents, and documents any recommendations for cost-effective controls to prevent improper payments in the future; and, for enhancing the applicable bureau processes.

In November 2012, payment recapture audits of contracts/obligations were completed by an independent contractor for the Minority Business Development Agency (MBDA), Office of Inspector General (OIG), and U.S. Patent and Trademark Office (USPTO). Contracts/obligations greater than $100 thousand which were closed out, or for which the period of performance ended and last payment was made but for which the closeout process has not yet been completed, after September 30, 2009 and through April 30, 2012, 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 also excluded from review. The Department determined that, for these categories of transactions, the Department's costs for the payment recapture audit activities would likely exceed the benefits of a payment recapture audit. As part of the 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 those vendors. Of the $27.7 million reviewed, no amounts were identified for payment recapture.

Payment recapture audits of contracts/obligations by an independent contractor for the Census Bureau and the Franchise Fund were still in progress as of November 15, 2012.

In November 2012, a payment recapture audit of Department-wide grants and other cooperative agreements was completed by an independent contractor. The applicable bureaus/entities are: Departmental Management, Economic Development Administration (EDA), International Trade Administration (ITA), MBDA, National Institute of Standards and Technology (NIST), NOAA, and National Telecommunications and Information Administration (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 May 1, 2011 and through April 30, 2012; and b) grants and other cooperative agreements for which the period of performance expired during the timeframe of May 1, 2011 through January 31, 2012, 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 $321.2 million reviewed, no amounts were identified for payment recapture.

b. Payment Recapture Audits Reporting Data.

The following table presents a summary of the results of the Department's current fiscal year (CY) and prior fiscal years (PYs) 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 Audits of Department-wide Grants and Other Cooperative Agreements:								
Department-wide 2012 Audit	$1,821,557	$ 321,249	$ –	$ N/A	N/A	N/A	N/A	N/A
Department-wide 2011 Audit	N/A	N/A	N/A	N/A	$ –	N/A	$ –	N/A
Payment Recapture Audits of Contracts/Obligations:								
USPTO	$ 578,153	$ 27,327	$ –	N/A	N/A	N/A	N/A	N/A
MBDA, and OIG	$ 868	$ 323	$ –	N/A	N/A	N/A	N/A	N/A
NTIA	N/A	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	$ –	N/A	$ –	N/A
DM/S&E, DM/WCF, and ESA/BEA	N/A	N/A	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 continues to pursue 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 of contracts/obligations 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 beyond payment recapture audits, including the identification of improper payments through bureau post-payment reviews, 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, other audits or reviews, and Departmental annual sampling of disbursements.

The following table summarizes the Department's overpayments identified and overpayments recaptured through sources other than payment recapture audits for the current fiscal year (CY) and prior fiscal years (PYs). PYs amounts represent amounts reported for FY 2011, the first fiscal year for this reporting requirement. The Department is also currently researching possible improper payments totalling 7.4 million under a vendor contract.

(In Thousands)

Source of Overpayments	Amounts Identified for CY Reporting	Amounts Recaptured for CY Reporting	Amounts Identified in PYs Reporting	Amounts Recaptured in PYs Reporting	Cumulative Amounts Identified (CY and PYs Reporting)	Cumulative Amounts Recaptured (CY and PYs Reporting)
Post-payment Reviews	$ 332	$ 172	$ 2,184	$ 2,079	$ 2,516	$ 2,251
Contract Closeout Reviews	102	102	–	–	102	102
Grant Closeout Reviews	–	–	509	509	509	509
Audits and Other Reviews	–	–	141	141	141	141
Reported by Vendor	742	742	–	–	742	742
Settlement with Contractor	–	–	600	600	600	600
Other	–	–	100	100	100	100
Total	$ 1,176	$ 1,016	$ 3,534	$ 3,429	$ 4,710	$ 4,445

V. Accountability. 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 2012, 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 below one-tenth of one percent in FY 2012 and FY 2011. The bureau CFOs are accountable for internal controls over improper payments, and for monitoring and minimizing improper payments.

For FY 2013 and beyond, the Department will continue its efforts to ensure the integrity of its disbursements.

VI. Agency Information Systems and Other Infrastructure.

a. 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.

b. If the agency does not have such internal controls, human capital, and information systems and other infrastructure, describe the resources the agency requested in its most recent budget submission to Congress to establish and maintain the necessary internal controls, human capital, and information systems and other infrastructure.

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. Barriers. 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 2012. Table 1 relates to the Department's FY 2012 financial statement audit, which resulted in an unqualified opinion with one material weakness. 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
NOAA Financial Management Oversight	0	1	0	0	1
Total Material Weaknesses	0	1	0	0	1

Table 2. Summary of Management Assurances

EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING (FMFIA § 2)						
Statement of Assurance:	Qualified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
NOAA Financial Management Oversight	0	1	0	0	0	1
Total Material Weaknesses	0	1	0	0	0	1
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, one may not incur new obligations against expired budget authority, but one 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 2012, 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 these 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 the 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 these 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
	Trade Adjustment Assistance for Communities (CTAA)	2010	$29,996,220	$0
MBDA	Minority Business Development	2007	$4,145	$0
		2008	$69,156	$0
		2010	$65,671	$0
NIST	Scientific and Technical Research and Services	2012	$74,109	$74,109
		2011	$241,252	$241,252
		2010	$144,341	$144,341
		2009	$1,101,022	$1,101,022
		2008	$24,373	$24,373
		2007	$992,977	$992,977
		2006	$36,610	$36,610
	Industrial Technology Services	2011	$843,653	$843,653
		2010	$3,173,904	$3,173,904
		2009	$81,851	$81,851
		2008	$211,159	$211,159
		2007	$1,911,241	$1,911,241
		2006	$8,073	$8,073
	ARRA	2010	$77,972	$77,972
NTIA	LPTV Upgrade	2012	$32,003	$32,003
	Public Telecommunications Facilities, Planning and Construction	2011	$738,480	$738,480
		2010	$198,841	$198,841
		2009	$94,081	$94,081
NOAA	Operations, Research and Facilities	2012	$551,369	$551,369
		2011	$299,676	$299,676
		2010	$299,267	$299,267
		2009	$1,561,574	$1,561,574
		2008	$1,220,736	$1,220,736
		2007	$647,688	$647,688
	Procurement, Acquisition and Construction	2012	$4,507	$4,507
		2009	$2,975,150	$2,975,150
		2008	$1,987,800	$1,987,800
	Pacific Coastal Salmon Recovery Fund	2008	$2,761	$2,761
		2007	$12,523	$12,523
	Promote and Develop Fishery Products	2012	$199,528	$199,528
		2011	$1	$1
		2010	$1	$1
		2009	$124,728	$124,728
		2008	$124,728	$124,728
		2007	$2,275	$2,275
	Coastal Impact Assistance Fund	2009	$579,902	$579,902
		2008	$669,357	$669,357
		2007	$186	$186
	Coastal Zone Management Fund	2008	$25,910	$25,910
		2007	$6,296	$6,296
	Limited Access System Administration Fund	2008	$18,278	$18,278
		2007	$18,278	$18,278

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
AIA	Leahy-Smith America Invents Act (PL 112-29)
AML	Advanced Measurement Laboratory (NIST)
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 Center (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
BTOP	Broadband Technology Opportunities Program
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
CSRS	Civil Service Retirement System
CSTL	Chemical Science and Technology Laboratory (NIST)
CVD	Countervailing Duty
CWC	Chemical Weapons Convention

Abbreviation	Title
CWCIA	CWC Implementation Act
CZM	Coastal Zone Management (NOAA)
CZMA	CZM Act
CZMP	CZM Program
DFI	Digital Freedom Initiative
DHS	U.S. Department of Homeland Security
DM	Departmental Management
DOI	U.S. Department of Interior
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
EEEL	Electronics and Electrical Engineering Laboratory (NIST)
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
ESA	Endangered Species Act
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

Abbreviation	Title
G	
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)
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
ITL	Information Technology Laboratory (NIST)
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	
MAC	Market Access and Compliance
MAF	Master Address File
MAMTC	Mod-America Manufacturing Technology Center
MAS	Manufacturing and Services
MBDA	Minority Business Development Agency
MBEC	Minority Business Enterprise Center (MBDA)
MBE	Minority Business Enterprise
MBOC	Minority Business Opportunity Center (MBDA)

Abbreviation	Title
MDCP	Market Development Cooperator Program (ITA)
MED	Minority Enterprise Development
MEP	Manufacturing Extension Partnership (NIST)
MMPA	Marine Mammal Protection Act
MOU	Memorandum of Understanding
MSA	Magnuson-Stevens Act
MTS	U.S. Marine Transportation System
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
NWS	National Weather Service
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

Abbreviation	Title
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)
OSM	Office of Spectrum Management (NTIA)
OSY	Office of Security (OS)
OTE	Office of Technology Evaluation
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
STEP	Standard for the Exchange of Product Model Data
STRS	Scientific and Technical Research and Services

Abbreviation	Title
3G	Third Generation
TAA	Trade Adjustment Assistance Program (EDA)
TAAC	Trade Adjustment Assistance Center
TABD	Trans-Atlantic Business Dialogue
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
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
UAE	United Arab Emirates
UC	University Center
US&FCS	U.S. and Foreign Commercial Service
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
VCAT	Visiting Committee on Advanced Technology
VoIP	Voice over Internet Protocol
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