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**United States General Accounting Office**  
Washington, D.C. 20548

**Resources, Community, and  
Economic Development Division**

B-282416

July 20, 1999

The Honorable Dick Armey  
Majority Leader  
House of Representatives

The Honorable Dan Burton  
Chairman, Committee on Government Reform  
House of Representatives

The Honorable Fred Thompson  
Chairman, Committee on Governmental Affairs  
United States Senate

Subject: Observations on the Department of Energy's Fiscal Year 2000 Performance Plan

As you requested, we have reviewed and evaluated the fiscal year 2000 performance plans for the 24 Chief Financial Officers (CFO) Act agencies that were submitted to Congress as required by the Government Performance and Results Act of 1993 (Results Act). Enclosure I to this letter provides our observations on the fiscal year 2000 performance plan for the Department of Energy (DOE). Enclosure II lists the identified GAO management challenges and the DOE Inspector General's areas of concern that DOE faces and the applicable goals and measures in the fiscal year 2000 annual performance plan.

Our objectives were to (1) assess the usefulness of the agency's plan for decision making and (2) identify the degree of improvement the agency's fiscal year 2000 performance plan represents over the fiscal year 1999 plan. Our observations were generally based on the requirements of the Results Act, guidance to agencies from the Office of Management and Budget (OMB) for developing the plan (OMB Circular A-11, Part 2), our previous reports and knowledge of DOE's operations and programs, and our observations on DOE's fiscal year 1999 performance plan. Our summary report on the CFO Act agencies' fiscal year 2000 plans contains a complete discussion of our objectives, scope, and methodology.<sup>1</sup>

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<sup>1</sup> Managing for Results: Opportunities for Continued Improvements in Agencies' Performance Plans (GAO/GGD/AIMD-99-215, July 20, 1999).

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As agreed, unless you announce the contents of this letter earlier, we plan no further distribution until 30 days from the date of the letter. The major contributors to this report are Jeffrey E. Heil, Robert Antonio, and Michael J. Wargo. Please call me on (202) 512-3841 if you or your staff have any questions.

A handwritten signature in black ink, appearing to read "Victor S. Rezendes". The signature is fluid and cursive, with the first name being the most prominent.

Victor S. Rezendes  
Director, Energy, Resources and  
Science

Enclosures - 2

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# Observations on the Department of Energy's Annual Performance Plan for Fiscal Year 2000

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The Department of Energy's (DOE) fiscal year 2000 annual performance plan provides a limited picture of intended performance across the agency, a general discussion of strategies and resources the agency will use to achieve its goals, and limited confidence that agency performance information will be credible. First, while the plan is clearly linked to the strategic plan, the strategic plan does not always provide quantitative goals and objectives that show what DOE's plans to accomplish. As a result, it is difficult for the user to determine whether the annual goals are reasonable and to measure how the Department's annual performance compares with the strategic plan's goals and objectives. For example, under the Environmental Quality business line, DOE describes one of its long-term strategies as "Reducing Worker, Public, And Environmental Risks" and one of its goals is to "stabilize and safely store approximately 53 metric tons of heavy metal of spent nuclear fuel." However, the strategic goal or objective does not describe the total amount to be stabilized and stored to meet this long-term strategy. Second, while the plan links annual performance to the program activities in the President's budget request, the plan would be more informative if it also presented all annual goals by the individual office. Third, although DOE recognizes the importance of validating and verifying performance measures and information systems required to assess its accomplishments, the annual plan does not translate that general recognition into specific plans for assessing and improving performance. The following figure highlights the plan's major strengths and key weaknesses as DOE seeks to make additional improvements in its plan.

Figure I.1: Major Strengths and Key Weaknesses of Fiscal Year 2000 Annual Performance Plan

**Major Strengths**

- Clearly links annual performance to the strategic plan, and
- Shows how budgetary resources are related to performance goals.

**Key Weaknesses**

- Strategic goals and objectives do not provide a context for evaluating planned performance, and
- Details are not provided to show how performance will be verified and validated.

DOE's fiscal year 2000 performance plan indicates moderate improvement in addressing the weaknesses we identified in our assessment of the fiscal year 1999 performance plan. In reviewing the fiscal year 1999 plan, we observed that the performance plan did not

- provide an overall context for the measurement of performance addressed in the annual goals,
- link all goals and measures to program activities in the budget request,
- identify annual performance goals with crosscutting issues,

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- explain how strategies would contribute to achieving performance goals, and
  - provide details of the procedures to be used to verify and validate its performance.

Among improvements in the fiscal year 2000 plan are better linkage between annual performance and program activities in the budget request and strategies that are linked through strategic objectives to annual performance goals. However, the annual performance plan could be improved by providing quantifiable strategic goals and objectives. These strategic goals and objectives would serve as a context for evaluating the Department's planned annual performance, identifying crosscutting issues with annual performance goals, and providing details showing how performance will be verified and validated.

## The Agency's Performance Plan Provides a Limited Picture of Intended Performance Across the Agency

Although the annual performance is linked directly to the strategic plan, the description of expected annual performance is incomplete because the strategic plan does not provide an overall context for the user to determine whether the annual goals are reasonable and to measure how the Department's annual performance compares with the strategic plan's goals and objectives. Additionally, while DOE assists the users by presenting 3 fiscal years of performance goals in the annual plan, the method used to classify the performance is not precise.

For fiscal year 2000, DOE has clearly linked the goals and measures in its annual performance plan to the goals, objectives, and long-term strategies in its strategic plan. First, the annual plan begins with the mission statement from the strategic plan. Second, the annual plan, like the strategic plan, is divided into five sections corresponding to DOE's four business lines (Energy Resources, National Security, Environmental Quality, and Science and Technology) and Corporate Management. Within these sections, the annual plan lists the strategic goals, strategic objectives, and long-term strategies for achieving the objectives identified in the strategic plan. Finally, the annual plan links its goals and measures to the strategic plan's long-term strategies in a matrix that covers fiscal years 1998, 1999, and 2000. This presentation allows the user of the plan to examine the Department's actual and intended performance towards the strategic goals and objectives over a 3-year period.

Many of the annual plan's goals and measures are stated in quantifiable terms, but the annual plan's description of expected performance is often incomplete because the strategic plan's goals and objectives are not quantifiable. As a result, the strategic and annual plans do not provide an overall context to determine whether the annual goals are reasonable and appropriate and to measure how the Department's annual performance compares with the strategic plan's goals and objectives. For example, under the Environmental Quality business line, DOE restates a long-term strategy as "Reducing Worker, Public, And Environmental

Risks.” It supports this strategy with three annual goals and measures: (1) “stabilize and safely store approximately 53 metric tons of heavy metal of spent nuclear fuel,” (2) “stabilize approximately 38,000 kilograms bulk of plutonium residues, approximately 160 liters of plutonium solution, and 238 containers of plutonium metals/oxides,” and (3) “make disposition ready 910 containers of plutonium metals/oxides.” These goals and measures clearly quantify DOE’s planned performance for fiscal year 2000; however, without quantifiable strategic goals, objectives, and strategies that define the total work to be accomplished, it will be impossible to determine how much progress DOE has made during the year toward fulfilling its strategic goal, objective, and strategy.

While many of DOE’s annual goals and measures are output-oriented and quantifiable, others are vague. As a result, they may not provide clear standards for evaluating DOE’s performance. For example, to accomplish one of its long-term strategies—“Improve Existing Nuclear Power Plants”—DOE plans to “Implement a cooperative R&D program to address technical questions that could prevent continued operation of current nuclear power plants by working with industry, universities, and national laboratories.” The word “Implement” could mean, “organize,” “conduct,” or “initiate.” It does not clearly indicate what DOE is to accomplish in fiscal year 2000. The term “could prevent” is also undefined and unclear as a measure of performance.

DOE’s annual plan provides performance goals and measures for 3 fiscal years—1998, 1999, and 2000—allowing users of the plan to see what the Department has done or is planning to do over several years to achieve its strategic goals, objectives, and long-term strategies. Although not required by the Results Act, for fiscal year 1998, DOE reports on its fiscal year 1998 performance goals using four categories—fully successful, successful, partially successful, and unsuccessful. Fully successful equates to meeting or exceeding the goal; successful equates to meeting 80 to 100 percent of the goal, partially successful equates to meeting 50 to 80 percent of the goal, and unsuccessful equates to meeting less than 50 percent of the goal. This classification system is flawed, we believe, because it allows DOE to identify incomplete performance as “successful.” For example, if DOE completes 80 percent of the work defined under one measure, it can claim that it has been “successful” even though 20 percent of the work was not done. Table I.1 summarizes the results of DOE’s scoring for fiscal year 1998.

**Table I.1: DOE’s Measurement of the Fiscal Year 1998 Annual Performance**

Category	Number or measures	Percent of total <sup>a</sup>
Fully Successful	113	59
Successful	57	30
Partially successful	19	10
Unsuccessful	3	2

<sup>a</sup>Column does not equal 100 percent due to rounding.

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DOE's mission and strategic goals overlap those of other agencies, such as the National Science Foundation, Department of Commerce, and the Environmental Protection Agency. However, the annual plan continues to provide little information about coordination with these agencies. While DOE's strategic plan states that DOE is committed to working closely with other federal agencies, its annual plan does not show other agencies' programs that contribute to their results and complementary goals. For example, DOE's annual plan states that a discussion of specific coordination is included in the "means and strategies" section of its strategic objectives or in the performance measures themselves. However, under its business line of Science and Technology, DOE does not identify any federal agency in the "means and strategies" section for the objectives of the business line. Additionally, of the 48 specific goals and measures identified for this business line, only 2 identify a federal agency by name and this information is provided in vague terms. For example, one goal and measure states that DOE will "Continue collaborative efforts with NASA on space science and exploration," while the other states that DOE will "In cooperation with NASA, NSF, USDA/Forest Service, and the Smithsonian Institution, provide quantitative data on the annual exchange of carbon dioxide . . . ." In neither case does DOE explain how the agencies will work together to meet their common goals. We believe that DOE could improve its description of crosscutting issues by specifically identifying the crosscutting issues and addressing how it will contribute with the other federal agencies towards their common goals. For example, DOE could highlight crosscutting issues in the annual plan and show how its performance goals complement the goals of other agencies.

The plan also provides some goals covering mission critical problems and issues. For example, it has two goals addressing its need to improve contractor performance through use of performance-based contracts. The matrix at the end of this summary describes how DOE's performance goals address major management challenges including completing major projects, transitioning to external regulations, addressing organizational problems, improving contract management, and assuring that its workforce has the needed skills.

The fiscal year 2000 performance plan recognizes the weaknesses that we identified in our assessment of the fiscal year 1999 performance plan as it relates to providing a clear picture of intended performance across the agency and makes specific commitments to address those weaknesses. In reviewing the fiscal year 1999 plan, we observed that the plan did not (1) provide an overall context to allow performance goals to be measured and (2) show coordination with other agencies that have related strategic or performance goals. These weaknesses remain in the fiscal year 2000 plan.

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## DOE's Performance Plan Provides a General Discussion of the Strategies and Resources It Will Use to Achieve Its Goals

The plan provides a general discussion of the strategies and resources that DOE will use to achieve its performance goals. Annual performance can be linked through a system of matrixes to the program activities in the President's budget request. However, the annual plan is structured according to DOE's business lines—not its organization—and this structure makes it difficult to identify the planned performance for any specific DOE office. Additionally, while DOE describes the strategies it will use to achieve its performance goals, it does not identify the key external factors that may have a significant effect on its annual performance.

DOE uses two matrixes to link its annual performance to the program activities in the President's budget request. First, for each of its four business lines and corporate management, it uses a matrix to link its offices and programs to the program activities and the amounts requested in the budget. Second, DOE uses a matrix to show which office is to carry out each annual goal and measure and to show which strategic objectives each office supports. Although this linkage provides the information required by the Results Act, the total number of individual goals and measures for a specific DOE office may be located in various parts of the annual plan. As a result, it is difficult to associate this office's total planned performance with the funds requested—an association that congressional decisionmakers may wish to make during their deliberations on the budget request. For example, we identified 18 annual goals and measures for the Office of Nuclear Energy, Science and Technology. However, they were included under three different business lines in different sections of the annual plan. To weigh the planned performance with the budget request of the Office of Nuclear Energy, Science and Technology, it is necessary to review each goal and measure in the annual plan to see if the goal and measure is associated with that office. If DOE were to supplement its annual plan with information showing performance measures by office, annual goals and measures for each office could be provided in one matrix and associated with a specific resource level.

Although not required by the Results Act, DOE could make its annual plan more informative if it identified the key external factors that may have a significant effect on its planned performance. For example, in its strategic plan, DOE notes that a "revised Environmental Protection Agency radiological protection standard specific to the Yucca Mountain site is a prerequisite to getting a Nuclear Regulatory Commission license for permanent storage of civilian radioactive waste." However, for its annual goals that deal with Yucca Mountain, there is no discussion of EPA's part in the license applications. Additionally, there is no mention of any actions that the Nuclear Regulatory Commission may take during the licensing process. DOE could improve the information presented by adding explanatory footnotes to annual goals that may be affected by key external factors and explaining the potential effect of the external factors.

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DOE provides a brief description of its strategies after each of its strategic objectives in the annual plan. Since the annual goals and measures are linked to each strategic objective, this brief description of the strategies can be associated with the performance goals and measures listed for each strategic objective. Additionally, DOE's annual plan partially discusses needed human resources and technical skills for its federal and contractor workforce. However, it does not show clearly how these resources and skills will help to achieve the annual goals. As far back as 1990, we raised concerns over problems that related to the insufficient technical staff that DOE had to accomplish its programs and oversight functions.<sup>1</sup> In October 1997, DOE reported that it faced challenges in getting needed skilled employees to manage its contracts.<sup>2</sup>

The fiscal year 2000 performance plan represents a moderate improvement in addressing the weaknesses identified in our assessment of the fiscal year 1999 performance plan as it relates to providing a specific discussion of strategies and resources the agency will use to achieve performance goals. In reviewing the fiscal year 1999 plan, we observed that the annual plan did not (1) link all annual performance goals to program activities in the budget request, (2) show how strategies contributed to achieving annual goals, (3) identify external factors that might affect the annual goals, and (4) show how human resources and skills would help achieve the annual goals. Among improvements in the fiscal year 2000 plan are (1) linkages of all performance goals to program activities in the budget request and (2) strategies that are linked to strategic objectives and their annual goals.

## The Agency's Performance Plan Provides Limited Confidence That Agency Performance Information Will Be Credible

The plan provides limited confidence that DOE's performance information will be credible. Although DOE recognizes the importance of verifying and validating the performance measures and the information systems used to assess DOE's accomplishments, the plan does not provide details to show how this verification and validation will be performed.

In its annual plan, DOE recognizes the importance of valid and reliable data and reporting systems for assessing its annual performance. The "validation and verification" and "demonstrating credible performance" sections of the plan provide an overview of the information sources (program offices, national laboratories, and contractors), the primary information system, and the general procedures followed to ensure that performance data

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<sup>1</sup> DOE's Management and Oversight of the Nuclear Weapons Complex (GAO/T-RCED-90-52, Mar. 1990)

<sup>2</sup> Assessment of the Use of Performance-Based Incentives in Performance-Based Management and Management and Integration Contracts, Office of Procurement and Assistance Management, DOE (Oct. 1997).



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and reports are reliable and accurate. DOE states that it provides periodic guidance and training to information providers, requires the heads of organizational elements to certify the accuracy of data and reports, and conducts its own reviews of the reporting system and management controls.

DOE's Inspector General also independently audits the Department's financial statements and the performance data reported in the statements. Finally, the annual plan recognizes the need to assess and improve procedures for collecting and validating the data that will be used to evaluate DOE's performance.

Although DOE recognizes the importance of validation and verification, the annual plan could better translate that general recognition into specific plans for assessing DOE's performance. More specifically, the plan could better (1) describe credible procedures to verify and validate the performance measures and information systems required to assess DOE's accomplishments for fiscal year 2000, and (2) identify any significant data and/or information system limitations, discuss their implications for assessing progress toward performance goals, and identify any actions needed to correct recognized problems.

The fiscal year 2000 performance plan does not completely address the weaknesses that we identified in our assessment of the fiscal year 1999 performance plan as it relates to providing sufficient confidence that the agency's performance information will be credible. In reviewing the fiscal year 1999 plan, we observed that the plan did not discuss the details of the procedures that DOE planned to use to help ensure the quality of data nor did it identify significant data limitations. These weaknesses continue in the fiscal year 2000 annual plan.

## Other Observations on DOE's Implementation of Performance-Based Management

DOE's strategic and annual plans are structured according to business lines, but DOE's organizational structure is quite different. Because the business lines are not aligned with the organizational structure, more than one DOE organization contributes to the same business line. For example, DOE's headquarters offices contribute to the goals of more than one business line. The relationship among programs and business lines becomes more complicated when the field-level structure is considered, DOE's field structure includes 10 major operations and field offices and several area offices. Each of these offices may contribute to the business lines through several headquarters offices. For example, the Oak Ridge Operations Office performs work for the major headquarters offices as well as for smaller headquarters offices, and in doing so, performs work for all four business lines. We believe DOE will need to continually review its organizational structure to better align the organization with its strategic and annual plans.

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Additionally, the fiscal year 1998 and 1999 annual plans established goals for implementing "Year 2000" repairs of mission-critical systems. However, Energy did not establish year 2000 goals for fiscal year 2000. While the Department has made significant strides in repairing mission - critical systems, some of its most essential and complex systems will not be compliant until October 31, 1999. As a result, independent testing of these systems will not be completed until November 1999 and testing of core processes that involve these systems will be delayed as well. Also, DOE is still in the early stages of continuity and contingency planning with final plans due at the end of August 1999. It will be critical that agencies use the first quarter of fiscal year 2000 to make sure that all possible measures have been identified and implemented to ensure that mission performance remains uninterrupted at the turn of the century.

Additionally, the fiscal year 2000 annual plan did not address how DOE will ensure that the data it receives from external sources will be year 2000 compliant. Even if an agency has made its own systems compliant, incorrect data entering from external sources can still contaminate the systems. DOE will be unable to meet many of its performance goals if systems external, but critical to the Energy's mission, fail on the Year 2000 issue.

## Agency Comments

On April 13, 1999, we obtained comments from the Director, Strategic Planning, Budget & Program Evaluation and members of his office, on a draft of our analysis of DOE's fiscal year 2000 annual performance plan. These officials generally agreed with our observations but pointed out several areas they felt needed clarification.

DOE believes that its annual plan provides a context for evaluating whether the annual goals are reasonable because it presents annual goals for three fiscal years. However, they acknowledge that the strategic plan's goals and objectives need to be revised to show the overall goals and objectives that the annual goals seek to fulfill. We agree with DOE that its strategic plan's goals and objectives need to be quantifiable to provide a context in which to evaluate the annual goals and we revised the language in our report to clarify that the strategic plan's goals and objectives need to be quantifiable to provide a context in which to evaluate annual performance goals. DOE also believes that, in our verification and validation section, we improperly used a material weakness in DOE's estimating environmental liabilities as an example. DOE does not believe this is a performance plan issue because it deals with cost estimating and not performance. We agree with DOE and we have deleted the example from our report.

In regard to DOE's efforts to implement "Year 2000" repairs of mission-critical systems, DOE said that they did not include goals for this effort in its fiscal year 2000 annual plan because it intends to complete all of its Year 2000 activities by September 30, 1999. This includes its repairs of mission-critical systems by August 31, 1999 and its final business continuity and

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contingency plans by August 30, 1999. Nevertheless, we believe that DOE should include Year 2000 goals for fiscal year 2000 for several reasons.

First, while DOE has made significant strides in repairing mission-critical systems, some of its most essential and complex systems are not yet compliant. Further, independent verification and validation of these systems is not expected to be completed until September 1999—leaving little time to address unanticipated concerns. Our reviews of other agencies' Year 2000 activities have shown instances where mission-critical systems deemed as compliant were later classified as not compliant because of problems identified during verification and validation of the systems.

Second, achieving individual system compliance, although important, does not necessarily ensure that core business processes will continue to operate through the end of the century. Key actions, such as testing interrelated systems within a business process to ensure that they will function as intended and conducting business continuity and contingency planning, are vital to ensuring that this goal is met. Any slippage in the Department's already tight schedule could delay the critical testing needed to ensure that core processes will continue to function through the century date change.

Further, another key element of business continuity and contingency planning is the development of a zero-day or day-one risk reduction strategy, and procedures for the period between late December 1999 and early January 2000. While Energy has not addressed this issue in its Year 2000 quarterly reports or in its performance plan, several agencies have reported that they will be developing and testing day-one strategies through the end of 1999. It will be critical that agencies use the first quarter of fiscal year 2000 to make sure that all possible measures have been identified and implemented to ensure that mission performance remains uninterrupted at the turn of the century.

DOE also offered several technical corrections that we incorporated in our report.

# Management Challenges

The following table provides management challenges that we identified and areas of concern that the DOE Inspector General identified in comparison to the annual performance plan. As noted in its performance plan, the included measures are only an overview of the comprehensive set of performance measures and goals set forth in the Department's full performance-based budget.

**Table II.1: Management Challenges in Energy's Fiscal Year 2000 Performance Plan**

GAO identified management challenge	Applicable references in the fiscal year 2000 annual performance plan
DOE has had difficulty completing large projects. From 1980 through 1996, DOE terminated 31 of 80 major system acquisitions (mission-critical projects costing over \$100 million) after expenditures of over \$10 billion.	<p>Objective 4 under DOE's corporate management strategic goal is to improve the delivery of products and services through contract reform and the use of business-like management practices. Strategy 5 is to strengthen the management of projects, materials, facilities, land, infrastructure, and other assets; to ensure safe, sound, and cost-effective operations, appropriate maintenance of sites; and to ensure intended project results. Two performance goals and measures are provided:</p> <ul style="list-style-type: none"> <li>•Complete the independent project management reviews and forward the applicable reports and Departmental position papers to the Congress.</li> <li>•Verify progress against established scope, schedule, and cost baselines on projects valued at \$5 million or more.</li> </ul>
DOE's transition to external regulations is slow. With few exceptions, DOE's facilities are not licensed or inspected by independent regulators.	<p>Objective 1 under DOE's corporate management strategic goal is to ensure the safety and health of the DOE workforce and members of the public, and the protection of the environment in all DOE activities. Strategy 4 is to work with the Nuclear Regulatory Commission and the Occupational Safety and Health Administration to evaluate the costs and benefits of independent external regulation of safety and health. DOE has one goal and measure under this strategy:</p> <ul style="list-style-type: none"> <li>•Support regulatory transition of legislatively designated sites, accomplish necessary planning for appropriate classes of DOE facilities to be regulated, and report to the Congress on the status of regulatory transition.</li> </ul>
DOE's organizational structure allows challenges to go uncorrected. For example, at its Brookhaven National laboratory, radioactive tritium leaked into groundwater for years because DOE's weak organizational structure discouraged effective oversight of the contractor's operations.	<p>Objective 3 under DOE's corporate management strategic goal is to use efficient and effective corporate management systems and approaches to guide decision making, streamline and improve operations, align resources and reduce costs, improve the delivery of products and services, and evaluate performance. Strategy 1 under this goal is to improve decision-making, ensure accountability, maximize departmental resources, and achieve results by corporately managing the Department's mission, functions, and activities. DOE has one goal and measure for this strategy:</p> <ul style="list-style-type: none"> <li>•Develop annual performance-based budgets by using</li> </ul>

**Enclosure II**  
**Management Challenges**

<b>GAO identified management challenge</b>	<b>Applicable references in the fiscal year 2000 annual performance plan</b>
<p>Contract management remains vulnerable to risk. DOE relies on its contractors to perform about 90 percent of its work.</p>	<p>DOE's corporate Strategic Management System to link resource requirements to 5-year plans, make independent project validations, and performing crosscutting program evaluations.</p> <p>Objective 4 under DOE's corporate management strategic goal is improve the delivery of products and services through contract reform and the use of business-like management practices. Strategy 2 under this objective is to use prudent contracting and business management approaches that emphasize results, accountability, and competition; improve timeliness; minimize costs; and ensure customer satisfaction. DOE's performance plan has three specific goals and measures addressing contract reform:</p> <ul style="list-style-type: none"> <li>•Converting one management and operating contract awarded in fiscal year 2000 to a performance based service contract (PBSC) using the governmentwide standards.</li> <li>•Convert one support services contract at each major site to PBSC using the governmentwide standards. Achieve 95 percent of contract professionals certified under DOE professional development standards.</li> </ul>
<p>DOE's staff lack technical and management skills. For example, at an Idaho facility, DOE turned to a private contractor, in part, because it lacked the in-house expertise needed to evaluate technical cleanup proposals.</p>	<p>Objective 1 under DOE's corporate management strategic goal is to ensure the safety and health of the DOE workforce and members of the public, and the protection of the environment in all DOE activities. DOE's Strategy 3 is to ensure that all DOE employees are appropriately trained and technically competent commensurate with their environment, safety &amp; health responsibilities. Objective 3 under DOE's corporate management strategic goal is to use efficient and effective corporate management systems and approaches to guide decision making, streamline and improve operations, align resources and reduce costs. DOE's Strategy 3 is to implement quality management principles, value diversity, and continue to improve human resources systems and practices. DOE's performance plan has two specific goals and measures addressing human resource skills.</p> <ul style="list-style-type: none"> <li>•Improve federal technical workforce capabilities at defense sites by implementing the fiscal year 2000 milestones of the Revised Implementation Plan for DNFSB Recommendation 93-3.</li> <li>•Improve workforce skills and reduce training costs by implementing the fiscal year 2000 milestones in the DOE Corporate Education, Training, and Development Plan.</li> </ul>

**Enclosure II**  
**Management Challenges**

<b>Inspector General's areas of concern</b>	<b>Applicable goals and measures in the fiscal year 2000 performance plan</b>
Significant environmental compliance and waste management problems at the Department facilities.	All of DOE's environmental quality strategic objectives address this issue. These objectives contains many performance goals and measures.
Nuclear and occupational safety and deficiencies impair the Department's ability to ensure the health and welfare of workers and the public.	One of DOE's corporate management strategic objectives addresses this issue. This objective is to "Ensure the safety and health of the DOE workforce and members of the public, and the protection of environment in all Departmental activities. Under this objective, DOE lists eight individual performance goals and measures.
The Department's schedules for permanent disposal of radioactive waste generated by nuclear utilities and weapons complex experienced significant delays.	One of DOE's environmental quality strategic objectives addresses this issue. This objective is to "Safely and expeditiously dispose of waste generated by nuclear weapons and civilian nuclear research and development programs, and make defense high-level radioactive wastes disposal-ready. Under this objective, DOE list six individual performance goals and measures.
The Department experienced significant weaknesses in contract administration.	Measures addressing this concern were discussed above. See contract the management issue.
The Department lacks structure for controlling program and baseline changes to projects.	Measures addressing this concern were discussed above. See large projects issue.
The Department has extensive inventories of nuclear and nonnuclear materials that may no longer be necessary due to the end of the cold war or other mission changes.	<p>Objective 4 under DOE's national security strategic goal is to reduce nuclear weapons stockpiles and the proliferation threat caused by the possible diversion of nuclear materials. Under this objective, DOE has two strategies and several goals and measures including:</p> <ul style="list-style-type: none"> <li>•Adhere to schedules for the safe and secure dismantlement of approximately 375 nuclear warheads that have been removed form the U.S. nuclear weapons stockpile.</li> </ul> <p>Objective 4 under DOE's corporate management strategic goal is to improve the delivery of products and services through contract reform and the use of business-like management practices. Strategy 2 under this objective is applying business practices to management of DOE projects and assets. One goal and measure under this strategy is:</p> <ul style="list-style-type: none"> <li>•Define and pursue innovative strategies for promoting mortgage reductions through disposition of excess property, including real estate, facilities, and materials.</li> </ul>
Much of the Department's infrastructure is in poor condition.	<p>None, however objective 3 under DOE's national security strategic goal is to ensure the vitality of DOE's national security enterprise. Strategy 5 under this objective is to maintain readiness for nuclear or other emergencies. Two goals and measures under this strategy is:</p> <ul style="list-style-type: none"> <li>•Ensure that the capability to resume underground testing</li> </ul>

**Enclosure II**  
**Management Challenges**

<b>Inspector General's areas of concern</b>	<b>Applicable goals and measures in the fiscal year 2000 performance plan</b>
	<p>is maintained in accordance with the Presidential Decision Directive and Safeguard C of the CTBT.</p> <ul style="list-style-type: none"> <li>•Maintain robust emergency response assets in accordance with Presidential Decision Directive 39, The Atomic Energy Act, Executive Order 12656, and Federal Emergency Plans.</li> </ul>
<p>The Department has significant deficiencies in its control over Government personal property.</p>	<p>None identified.</p>
<p>Department officials and others have raised concerns about access to sensitive materials, areas, and information, and about physical security.</p>	<p>Although not identified in the annual plan, DOE plans to include an additional strategy, goal and measure in its performance agreement with the President to deal with counterintelligence activities.</p>
<p>The Department is not making satisfactory progress in dealing with the computer-related century date change issue according to the Office of Management and Budget.</p>	<p>Objective 5 under DOE's corporate management strategic goal is to implement information systems so employees can perform their jobs efficiently and effectively. Under this objective, DOE's strategy is ensuring department's information systems are based on cost effective technology solutions. Its performance goal and measure is to:</p> <ul style="list-style-type: none"> <li>•Complete all fiscal year 2000 milestones in its Corporate Management Information Program.</li> </ul>

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