

Departmental Management and Reimbursable Support Activities

Departmental Management includes Departmental Offices that provide the executive leadership, policy, guidance, independent program evaluation, and coordination needed to manage the diverse, complex, and nationally significant programs that are Interior’s responsibilities. These offices also guide and coordinate all of Interior’s administrative activities such as finance, information resources, procurement and acquisition, human resources, and budgeting. Departmental Management also includes legal services through the Solicitor’s Office, the audits and investigations of the Inspector General, environmental damage coordination, and administrative hearings and appeals.

Within the Departmental Offices are several other significant programs. These include the Office of Insular Affairs (OIA), which provides assistance to insular areas; the Office of the Special Trustee for American Indians (OST), which manages and discharges the Secretary’s responsibilities for about \$3.1 billion in trust assets of American Indians; the Natural Resources Damage Assessment and Restoration program, which coordinates the Department’s natural resources damage assessment and restoration effort; and the National Indian Gaming Commission, which regulates certain Indian gaming activities.

Interior also provides support services used by the bureaus to accomplish their work through a variety of reimbursable operations and interagency agreements. These include the National Business Center; specific working capital funds at the Bureau of Reclamation, the U.S. Geological Survey, and the Bureau of Land Management; and reimbursable activities by selected Departmental Offices. Activities include administrative support services such as accounting, property management and purchasing, drug testing, training, security, printing, communications, and computer systems operations and maintenance. In addition, several commissions, other federal agencies, state governments, and cooperators are also customers.

Interior is one of six executive branch agencies authorized to establish a franchise fund pilot under the Government Management Reform Act. The Interior Franchise Fund (IFF) provides commonly required administrative systems and systems support, administrative operations, and information technology services on a competitive, fee-for-service basis to other federal agencies with the goal of reducing administrative costs to the taxpayer.

The resources expended for Departmental Management and Reimbursable Support Activities are shown in *Figure 10*.

Figure 10

Departmental Management and Reimbursable Support Activities	
<i>Program Activity</i>	<i>2000 Expenses (\$ in millions)</i>
A. Departmental Management *	\$155
B. Reimbursable Support Activities	
B1. National Business Center	272
B2. Interior Franchise Funds	122
B3. Other Reimbursable Activities **	585
<i>Subtotal B</i>	979
Total Departmental Management and Reimbursable Support Activities	\$1,135

* Includes Inspector General, Solicitor, and other Departmental Offices.

** Includes Bureau Working Capital Funds.

“Through various policy offices, the Department achieves significant benefits through improved management, problem avoidance, evaluation of alternative approaches to problem solving, and oversight and monitoring.”

Departmental Management Activities

Desired Results: Provide overall policy guidance and direction for the Department of the Interior in a broad range of management areas that affect nearly all aspects of Interior operations.

Interior has taken great strides in recent years to becoming a more mission-focused, efficient organization. A recent review of the management structure at Interior indicated that, when compared to the Departments of Agriculture, Justice, Commerce, Energy, State, Treasury, and other agencies, Interior had the fewest number of executives at the Assistant Secretariat and above level. Similarly, when the management and coordination offices in the Office of the Secretary were benchmarked against other federal agencies of similar size and scope, the results confirmed that Interior Departmental Offices accomplish their management responsibilities with fewer staff.

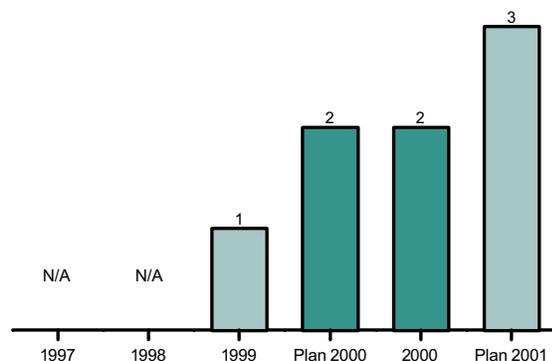
Lead People to Succeed

Interior requires a dedicated, diverse, highly qualified workforce to accomplish its mission and achieve its goals. To ensure that a quality workforce is in place, the long-range goal is to create a work environment in which employees are valued, motivated, developed, and rewarded for excellent, customer-focused performance. To accomplish this goal, the Department strives to develop and implement a comprehensive, integrated approach that addresses all levels of career management.

Performance Measure: The Department recognizes the need to train and develop employees for both mission and career advancement. As such, Interior's focus is on developing and implementing effective training and development programs that emphasize career management and lifelong learning throughout the Department.

2000 Results: The Department met its performance target for 2000 by developing a departmentwide policy and curriculum for a classroom- and technology-based supervisory training program. This new training program provides the human resources knowledge and competencies needed to carry out personnel management responsibilities; reduces personnel actions that result in complaints, grievances, settlements, and third-party finds; and improves employee morale, workforce productivity, and union relations.

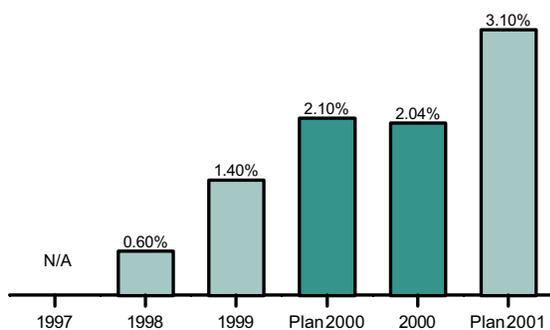
Cumulative Number of New Training Programs



Performance Measure: The Department strives to achieve diversity goals through increasing employees' awareness of diversity issues and by improving targeted recruitment to increase the diversity of the applicant pool. Selections are made solely on the basis of merit. The measurement focus is on increasing the general diversity of the workforce, not on quotas, numeric targets, or specific vacancies. Percentages are calculated as portions of the total workforce rather than the growth rate of specific groups; for example, if a group moves from five percent to six percent, it is reported as having increased one percent of the total workforce rather than as a 20 percent increase in the group. Thus an increase of one percent is significant progress, given the limited turnover rate.

2000 Results: The Department's diversity level for 2000 was 46.61 percent, an increase of 2.04 percent over the 1997 diversity level of 44.57%. This 2.04 percent increase was slightly below the 2000 target of 2.1 percent. The Department achieved relatively high diversity levels in professional and administrative areas but experienced some difficulties in retaining high demand technical and wage grade workers.

Increase in Workforce Diversity from 1997



Provide the Services and Technology to Manage

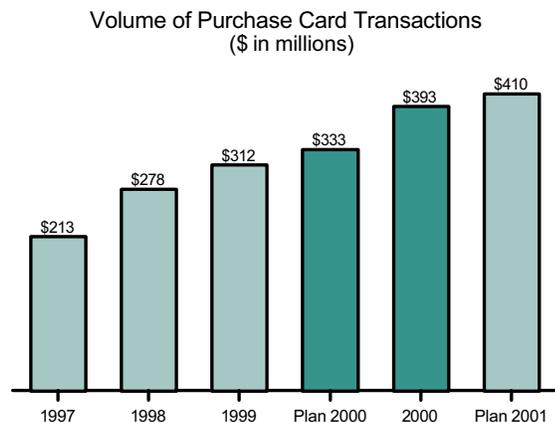
Procurement and property management play important roles in virtually all activities and programs of the Department. The procurement of goods and services is a critical support element in accomplishing mission objectives. By improving the quality and price of procured items, as well as the timeliness of procurement actions and productivity of our procurement staff, Interior saves resources and improves the Department's services to the American people.

The management of personal, real, and museum property is also critical to Interior's mission of protecting and preserving federal assets. As the largest landholder within the federal government, Interior has a unique responsibility to conserve approximately 117 million cultural artifacts, pieces of artwork, and other museum properties. Interior also manages personal property assets valued at more than \$1.7 billion, more than 57,000 buildings and facilities, and a fleet of more than 31,500 vehicles. Interior's property management community carries out a vital function by balancing public access to land and property against protection of those assets for the benefit of future generations.

Performance Measure: The Department strives to provide better service and cost savings through use of the governmentwide purchase card. Interior has partnered with Bank of America as its new charge card provider for all purchase, travel, and fleet charge card transactions. The charge card program is integrated; up to three business lines—travel, fleet, and

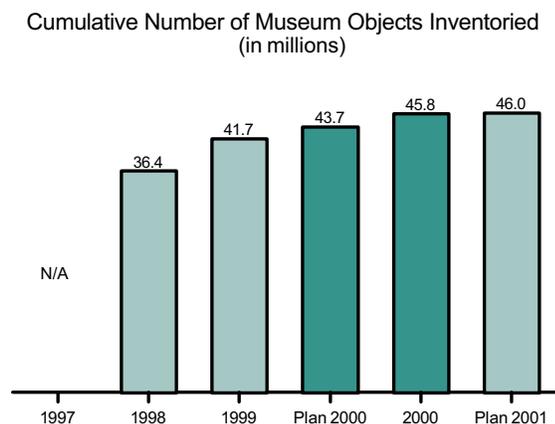
purchase—can be activated in one cardholder account and card. Integrated accounts are designed to streamline all agency purchase and payment processes. They not only reduce the number of plastic cards that a cardholder must carry; they also streamline program management into a single point of contact, thus reducing administrative costs and time. Major efficiencies are gained through the single accounting system interface permitted by the integrated card.

2000 Results: Preliminary data from Bank of America indicates that Interior spent approximately \$393 million via the SmartPay purchase card during 2000, exceeding its performance target of \$333 million by approximately 18 percent.



Performance Measure: Interior is responsible for 69 million artifacts and specimens and 44 million documents, a collection that is second in total size only to those managed by the Smithsonian Institution. The Department’s museum collections include important artifacts of the Nation’s cultural and natural heritage. Careful documentation of these museum collections establishes accountability for their management and use in preserving the Nation’s natural and cultural resources, supporting science activities, and providing heritage recreation and education for the public.

2000 Results: The Department inventoried 4.1 million museum objects in 2000 for a cumulative total of 45.8 million objects. This exceeded the performance target of two million objects (cumulative total of 43.7 million objects) by 105 percent. The Bureau of Reclamation and the National Park Service rendered exceptional museum inventorying performance in 2000.



Provide Safe, High-Quality Workplaces

Interior is committed to improving its infrastructure for the next century. In recent years, increasing deferred maintenance and capital improvement needs have threatened Interior's infrastructure and natural resource protection efforts. Additions to Interior's infrastructure inventory have further stretched maintenance and capital improvement dollars.

The Department recognizes that long-term improvement of the condition of Interior facilities requires better data on current conditions. To this end, in December 1999 Interior issued formal requirements for conducting facility condition assessment surveys across all the bureaus. These surveys will provide a continuous, systematic review program through which the bureaus can identify repair, rehabilitation, and replacement needs. These condition assessment surveys represent a more thorough and comprehensive examination of facilities than past efforts, and are therefore, more likely to uncover additional needs.

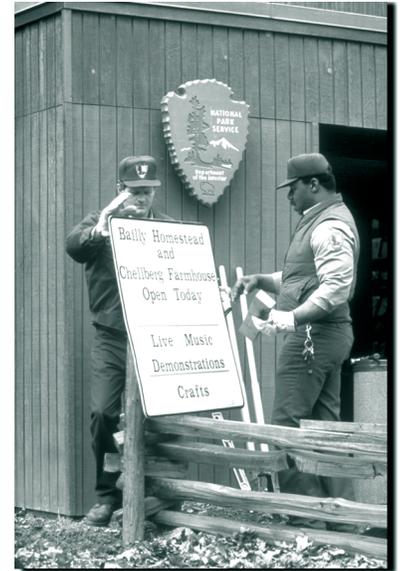
Performance Measure: A 1998 Interior study, "*Facilities Maintenance Assessment and Recommendations*," provided the basis for proposed increases in maintenance and capital improvement funding, development of a Five-Year Maintenance and Capital Improvement Plan, and a number of other improvements. The long-term goal by 2001 is to complete 30 percent of repair and construction projects funded through the Department's Five-Year Facilities Maintenance and Capital Improvement Plan by the end of the funding fiscal year, 70 percent by the end of the second year after funding, and 95 percent after the third year.

2000 Results: New computerized maintenance management systems to better manage the reporting of facilities data were implemented by the BIA and in 30 NPS units. Additionally, BLM, USGS, and FWS commenced initial assessments of automated systems for their bureaus. As part of the process, the bureaus are implementing the Department's new standard that in-depth condition assessments must be conducted to evaluate the real condition of the facilities. The improvements being made to the computerized maintenance management systems will facilitate reporting on the status and completion of projects in 2001 and subsequent years.

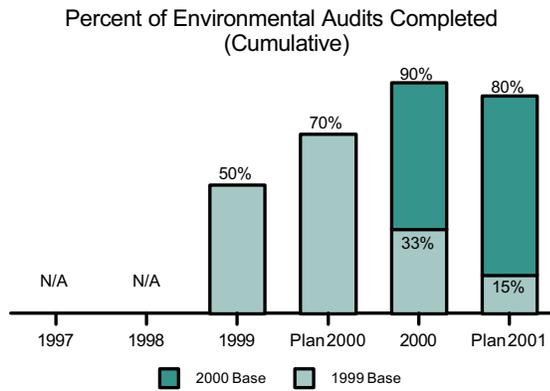
Performance Measure: Environmental auditing is the systematic, documented, periodic, and objective review of facility operations and practices related to meeting environmental compliance standards. Each Interior bureau is responsible for developing and implementing its own environmental auditing program.

2000 Results: Interior bureaus reported that they had performed 412 audits for a cumulative total of 1,426 audits (89.6 percent) of the 1,589 Interior-owned and operated facilities reported in 1999. There was an increase in the number of bureau-owned and operated facilities reported in 2000 (2,509) as compared to the 1999 total (1,589). The Department expects that the base number of facilities will continue to change over the years which affect both projections and reported outcomes.

The 2000 target of 70 percent was exceeded using 1999 data as the base. However, since the number of facilities change, it is approximately 57 percent when adjusted using 2000 data as the base. The Department intends to work with bureaus to continue to improve overall environmental compliance.



The National Park Service began a pilot implementation of a robust, comprehensive maintenance management system in September 1999 (photo by NPS).



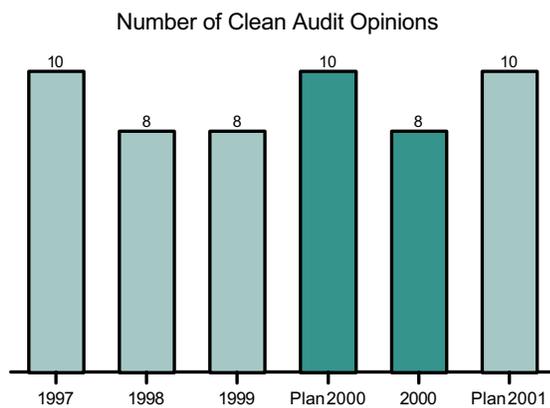
“For a fourth year in a row, the Department achieved an unqualified audit opinion on its consolidated financial statements.”

Ensure Financial and Managerial Accountability

Key laws such as the Chief Financial Officers Act, the Government Management Reform Act, the Government Performance and Results Act, the Debt Collection Improvement Act, and the Federal Financial Management Improvement Act have established new standards and high expectations for government operations. In response to these new laws and other initiatives, such as implementation of Federal Accounting Standards Advisory Board pronouncements, the Department continues to reshape the way it conducts business. To comply with the new standards and meet increasingly high expectations, Interior will provide timely and reliable financial and performance information that will permit stakeholders and decisionmakers to track progress and evaluate the results of Interior’s programs.

Performance Measure: To strengthen the integrity of financial operations and ensure the accuracy of financial data, the Department produces audited consolidated financial statements for the Department as well as audited financial statements for each of the bureaus. The goal is to achieve unqualified (clean) audit opinions on all financial statements as well as internal controls and Federal Financial Management Improvement Act requirements.

2000 Results: The Department attained a total of eight unqualified audit opinions on consolidated and bureau financial statements in 2000, falling just short of the target of ten unqualified audit opinions. The Fish and Wildlife Service received a qualified audit opinion while the Minerals Management Service, with the exception of the Statement of Custodial Activity, received a disclaimer. MMS’s Statement of Custodial Activity achieved an unqualified audit opinion in 2000. Fiscal year 2000 represents the fourth year in a row that Interior’s consolidated financial statements have achieved an unqualified audit opinion.



Performance Measure: Timely implementation of Office of Inspector General and General Accounting Office audit recommendations and timely correction of material weaknesses are essential to improving the efficiency and effectiveness of the Department's programs and operations and to achieving integrity and accountability goals.

2000 Results: In 2000, the Department implemented 77 percent of the audit recommendations reported in financial statement audits, OIG program audits, and GAO reports within one year, exceeding the performance target of 65 percent. The Department also completed corrective actions on 33 percent of all reported material weaknesses by the original targeted correction date, falling short of the performance target of 70 percent. Two weaknesses scheduled for completion in 2000 slipped due to (1) additional corrective actions being added as a result of a GAO audit report, and (2) an expansion of the scope for corrective actions.

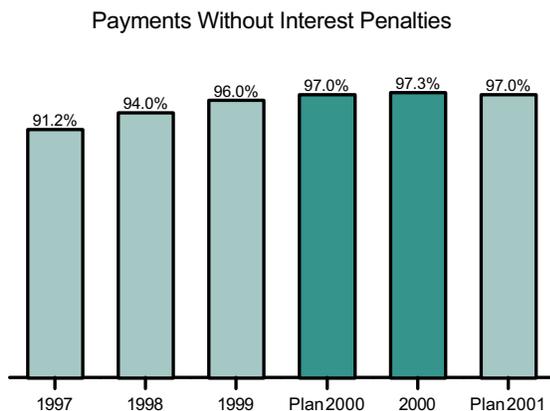
	1997	1998	1999	Plan 2000	2000	Plan 2001
Correction of audit recommendations	N/A	N/A	61%	65%	77%	75%
Correction of material weaknesses	N/A	N/A	50%	70%	33%	80%

Improve Financial Management Performance

The Department monitors financial management performance through the periodic collection and reporting of data for the Prompt Payment Act, Electronic Funds Transfers, and the Debt Collection Improvement Act.

Performance Measure: The Prompt Payment Act requires that payments be made within 30 days of receipt of invoice; otherwise, the federal government is required to pay interest. The Department's objective is to have the percentage of payments without interest penalties meet or exceed the governmentwide goal of 97 percent.

2000 Results: The Department achieved its performance target in 2000 by paying 97.3 percent of invoices without interest penalties. Increased use of electronic fund transfers enabled the Department to meet its goal.



Performance Measure: The Debt Collection Improvement Act of 1996 (DCIA) requires that all payments be made by Electronic Funds Transfer (EFT) unless covered by waiver. The Department's goal is to use EFT to the maximum extent possible, except for payments covered by waivers.

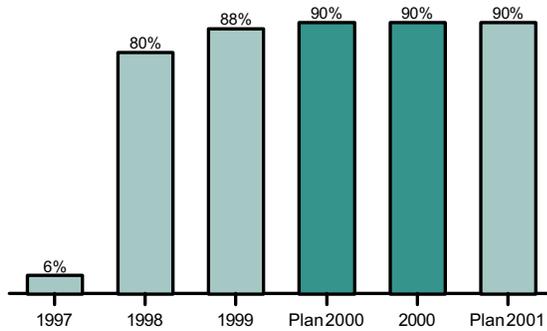
2000 Results: The Department achieved most of its performance targets for 2000 as a result of increasing the use of the governmentwide purchase card, minimizing the use of imprest funds and third-party drafts, and requiring new vendors and employees to enroll for EFT payments.

	1997	1998	1999	Plan 2000	2000	Plan 2001
Salary EFT Payments	85.8%	90.2%	97.9%	98.0%	98.4%	98.0%
Vendor EFT Payments	14.4%	25.3%	61.1%	95.0%	76.5%	80.0%
Miscellaneous EFT Payments	34.6%	54.6%	83.5%	85.0%	91.6%	92.0%
Charge Card (\$25,000 or less)	N/A	N/A	88.2%	90.0%	94.0%	91.0%

Performance Measure: The collection of delinquent debt due from the public is a major goal of the Debt Collection Improvement Act. The Department's goal is to refer all 180-day and older eligible debt to the U.S. Treasury for cross-servicing and to refer delinquent debts to the Treasury Offset Program as required by law.

2000 Results: The Department achieved its 2000 performance target by referring 90 percent of eligible debt to the Department of the Treasury. The Bureau of Indian Affairs' intensive efforts to improve the performance on debts related to irrigation services was a significant factor in allowing the Department to meet its 2000 annual goal.

Referral of Eligible Debt



Note - eligible debt excludes amounts in litigation and amounts being considered by Interior for compromise.

Reimbursable Support Activities

The Department provides a number of support services through various reimbursable operations operated either by the Department or by individual bureaus. These include the National Business Center (a working capital fund in the Office of the Secretary) and working capital funds at the Bureau of Reclamation, the U.S. Geological Survey, and the Bureau of Land Management. In addition, Departmental Offices provide selected support services to bureaus on a reimbursable basis. In general, these operations provide efficient and cost-effective shared services that are critical to program operations.

The Department also provides services to non-Interior agencies on a reimbursable basis. As part of a pilot program authorized under the Government Management and Reform Act, the Department provides selected services to non-Interior agencies on a competitive basis, applying full cost concepts to the services provided.

The Department has established performance measures for the National Business Center and the Interior Franchise Fund. The other reimbursable activities operate to recover costs in accordance with rules established by their respective authorizing legislation.

National Business Center

Desired Result: *Provide quality services and innovative solutions efficiently and economically to meet customer business needs.*

Interior's National Business Center (NBC) was created from the merger of three administrative service centers in three different bureaus into one service provider located in the Office of the Secretary. The NBC is founded on a vision "to be recognized as the preferred business solution provider for the federal sector." In addition to providing administrative and system services to Interior bureaus and offices, the NBC plays an important role in the federal government sector as a fee-for-service organization providing these same services to agencies outside of Interior. The NBC provides competitive, state-of-the-art products and systems and incomparable customer service to the federal sector.

Performance Measure: The NBC improves the efficiency and effectiveness of federal government through cross-servicing of human resources, payroll, finance, accounting, government housing management, and performance support. The NBC also provides a full complement of payroll operations, data centers, procurement, organizational development, and fiscal and property services; offers classroom, video conference, videotaped, computer-based, and web-based training; and provides multimedia presentations.

2000 Results: The NBC is currently developing a Statement of Work to procure services from an outside vendor to conduct a customer satisfaction survey. The results of this survey will be used to establish a baseline for NBC customer service and identify/conduct employee training in order to enhance customer service. The NBC processed 99 percent of payroll transactions in a timely manner, meeting its performance target of 99 percent.

	1997	1998	1999	Plan 2000	2000	Plan 2001
Percent of customers satisfied with NBC business line	N/A	N/A	N/A	Establish baseline	*	**
Percent of payroll processed timely	N/A	N/A	N/A	99%	99%	99%

* Began developing Statement of Work

** Procure contractor services for customer satisfaction survey and establish baseline

Interior Franchise Fund

Desired Result: Provide commonly required administrative systems and systems support, administrative operations, and information technology services on a competitive, fee-for-service basis to other federal agencies.

In 1996, the Office of Management and Budget authorized the Department to establish a franchise fund pursuant to the Government Management Reform Act of 1994. The Interior Franchise Fund (IFF) carries out its responsibilities by relying upon a network of service provider organizations. The IFF's competitive strengths lie in its ability to attract and retain external customers and its ability to quickly garner the staff needed to meet customer needs. The creative concept of using Interior resources on a reimbursable basis allows the IFF to keep personnel and fixed costs to a minimum and precludes the need for maintaining permanent staff.



The Interior Franchise Fund's Karla McGovern assists Chip DiMuzio at Maritime Administration with the implementation of Interior's Electronic Acquisition System (photo by Interior).

The IFF's authorizing legislation is scheduled to expire on October 1, 2001. The ability of the IFF to continue as a going concern is dependent on the renewal of its authorizing legislation. The Department is currently exploring alternative plans to resolve this uncertainty.

Performance Measure: The current service provider organizations, the Office of the Secretary and the Minerals Management Service, strive to operate in an entrepreneurial manner, consistent with OMB's "Twelve Business Principles." They efficiently and effectively cross-service other agencies via interagency agreements. With the service providers' support, the IFF offers competitively priced administrative systems and related support services, administrative operations, and general administrative services that are responsive to customers' needs and budgetary constraints.

2000 Results: The Interior Franchise Fund achieved its performance targets for retained earnings and customer orders.

	1997	1998	1999	Plan 2000	2000	Plan 2001
Number of customer orders	9	230	334	>334	1,114	1,500
Amount of retained earnings (\$ in 000s)	(\$134)	(\$227)	(\$80)	>(\$80)	\$34	\$1,200