

**U. S. DEPARTMENT OF THE INTERIOR  
BEST PRACTICES PROJECT**

In response to the National Performance Review (NPR) Team recommendation that all Department of the Interior (DOI) administrative activities be reviewed for possible streamlining, the Assistant Secretary for Policy, Management and Budget and the Departmental CFO in November 1993 initiated a comprehensive review of the financial component of the Department's administrative activities. This systematic and unprecedented initiative to document 102 accounting processes was carried out under a project called "Financial Management Best Practices."

The Best Practices Project was structured to identify those financial management policies, practices, processes, and procedures which could be standardized, improved, or eliminated and thereby produce savings and/or increase efficiency. The opportunities for improvement were expected to arise from additional automation, greater standardization of processes, procedures, and systems, possible functional consolidations, and activities such as business process re-engineering. The objective of the project was to obtain cost and FTE savings of at least 20 percent for each of the DOI Finance Offices.

Seven bureaus provided staff to the project. The U.S. Geological Survey's WASC led the project team. Project oversight was provided by PFM, and the project included the participation of several outside consultants. Further, to assure that the team had access to the best experience of the corporate world, the Private Sector Council (PSC) provided three senior executives who served in an important advisory capacity throughout the project.

The project team identified 102 accounting processes in 19 major functional areas as candidates for business process re-engineering. For each process, data elements were identified including information on workload volumes, detailed workflow steps, level of contractual support, degree of computer utilization costs, FTE information, and observed opportunities for improvement. Each bureau identified best practices. Program managers were surveyed to acquire and maintain a customer service perspective in this effort. Input from the program managers identified the services and functions which they considered most important and which required the most improvement. During the project, 39 bureau program managers provided customer input.

In order to reinvent the Financial Program, new working relationships had to be forged. At a conference held in Hershey, Pennsylvania on June 9 and 10, 1994, Interior's CFOs, Deputy CFOs, Finance Officers, and three members of the Private Sector Council established this new working relationship. To implement change rapidly under the new relationship, the CFOs chartered the FOP. The FOP is a self-directed management team, made up of bureau Finance Officers and a representative from PFM. Other FOP (non-voting) participants include a Senior Systems Analyst from OMB, and a representative from each of the ASCs. The FOP is provided functional support by the Software Advisory Board (SAB) and SACAT.

## FINANCIAL MANAGEMENT STATUS REPORT AND STRATEGIC PLAN

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In accordance with the NPR guidelines for a quality improvement program, the FOP prioritized 67 recommendations that were made during the Hershey conference. The FOP then identified 15 projects for immediate action. The criteria used to prioritize the recommendations were: (1) projects that would yield the greatest reduction in FTEs and cost in the central finance office; and (2) could be implemented in the short term. Each of the 15 projects was undertaken by a Project Action Team (PAT), consisting of financial management personnel from the bureaus, the ASCs, and the Office of the Secretary. Information concerning the original 15 projects is provided in Appendix C.

### **Goals and Results**

The primary goal of the FOP is to improve the delivery of service, strengthen financial operations, and ensure the integrity of the financial accounting process while making significant reductions as called for in the Department's streamlining plan. A Management Action Plan (MAP) was developed which included a goal of reducing overall FTEs in the Department's financial management program by 25 percent by FY 1999. This will be achieved by bureau initiatives and the PATs operating under the FOP. This Plan was approved by the Interior CFO Council and the Interior Management Council.

The FTE reduction goal in the MAP represents a major component of the reductions Interior will show in the 500 job classification series in the Department's streamlining plan. The estimated FTE reduction and savings resulting from the implementation of the PAT recommendations and bureau initiatives are also estimated to reduce the financial management budget by approximately 20 percent by FY 1999.

The Department has made significant progress in achieving its FTE and budget reduction goals. Through FY 1995, the FTE utilization has been reduced by an average of 19 percent, and costs reduced by an average of 7 percent.

Although the significant savings from these FTE and budget reductions are readily apparent, the near and long term consequences in the Department's financial management program of such significant reductions is uncertain. As stated in the Department's 1995 Financial Management Status Report and Strategic Plan: "it may impact the integrity of the financial accounting process, which in turn may undermine CFO reporting, internal management reporting, and the successful implementation of the GPRA". A strategy to ensure that an adequate skill mix is maintained for employees involved in the Department's future financial management program is critical if financial integrity is to be preserved, implementation of GPRA is to remain on track, and the needs of internal and external customers are to be met. During times of major downsizing and streamlining, a special emphasis to ensure adequate internal controls are in place is also required to minimize vulnerability to fraud, waste, and abuse.