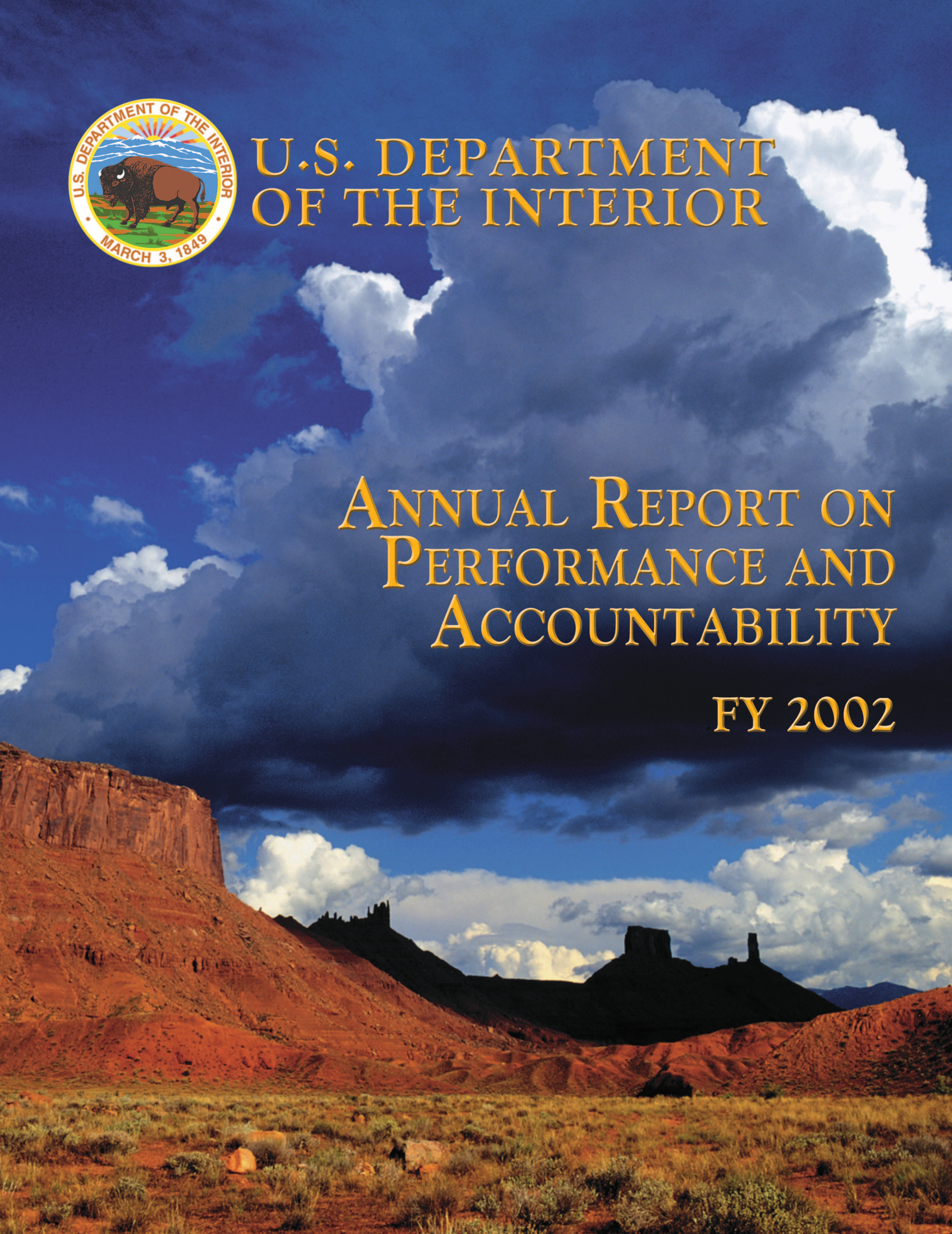


U.S. DEPARTMENT OF THE INTERIOR

ANNUAL REPORT ON PERFORMANCE AND ACCOUNTABILITY

FY 2002

"Walk away quietly in any direction and taste the freedom of the mountaineer... Camp out among the grasses and gentians of glacial meadows, in craggy garden nooks full of nature's darlings. Climb the mountains and get their good tidings. Nature's peace flows into you as sunshine flows into trees. The winds will blow their own freshness into you and the storms their energy, while cares will drip off like autumn leaves. As age comes on, one source of enjoyment after another is closed, but nature's sources never fail."

John Muir

Cover and above photo: The Priest and Nuns rock formation towers above public lands managed by the U.S. Department of the Interior. The formation is located near Castle Rock near Moab, Utah.

U.S. Department of the Interior

Fiscal Year 2002 Annual Report on Performance and Accountability

January 30, 2003

Table of Contents

*An electronic version of this document is available on the Internet at **www.doi.gov/pfm/par2002**. The Department of the Interior's strategic and performance plans are available at **www.doi.gov/ppp/gpra**.*

Message from the Secretary

The Department of the Interior touches Americans' lives every day, from the family taking a vacation in one of our national parks or on our public lands to the children studying arithmetic in one of our Indian Schools.

We manage more than one of every five acres of land in the nation, including some of the most beautiful and pristine places on earth. We are entrusted with some of the most evocative symbols of our nationhood, from the Statue of Liberty to Independence Hall. From our lands, society reaps approximately one-third of America's domestic energy. We supply water to make the arid West bloom, and satisfy the thirst of millions of city-dwellers. We serve visitors from around the world who take delight in our lands, parks, and refuges through nearly half a billion visits each year.

Meeting our mission goals is an awesome task—and an increasingly complex challenge—as documented in our fiscal year 2002 Annual Performance and Accountability Report. The financial and performance data presented in this report are fundamentally complete and reliable as outlined in the guidance available from the Office of Management and Budget. This report also presents the status of the Department's compliance with certain legal and regulatory requirements. The annual assurance statement required by the Federal Managers' Financial Integrity Act (FMFIA) concludes that with the exception of the Department's concerns regarding the controls over Indian Trust Fund and other material weaknesses reported herein, the Department can provide qualified assurance that its systems of management, accounting, and administrative controls, taken as a whole, meet the objectives specified in Section 2 of the FMFIA. It also concludes that the Department is not in substantial compliance with applicable federal financial management systems and accounting standards or U.S. Standard General Ledger reporting requirements as specified in Section 4 of the FMFIA.

The year 2002 was one of significant advances for the Department of the Interior. We launched a new Landowner Incentive Program to help America's citizen-stewards preserve wildlife and habitat, taking advantage of the knowledge and energy of the people who live on, work, and love the land. We made important headway in addressing the long-term deterioration of our park and school facilities, repairing facilities at 87 different sites, and establishing working partnerships with local, regional, and state leaders to guide our management of America's lands .

Faced with one of the worst wildland fire seasons in 50 years, we strengthened an innovative partnership that unified federal, state, and local firefighting. To enhance energy security, we began refilling the National Strategic Petroleum Reserves. In fiscal year 2002, we implemented the President's Energy Plan and generated approximately $9.4 billion in revenue from programs we administer. We shared millions of dollars of revenue from the mineral leasing program with the states. We increased the educational opportunities for 48,000 students in Bureau of Indian Affairs' schools, improved the coordination and effectiveness of our 4,300 law enforcement professionals, and built one of the largest volunteer teams in America, some 200,000 strong, nearly three times our number of full-time employees.

What unites all these accomplishments is our proposed new Government Performance Results Act (GPRA) Plan engendered by a more unified and integrated Interior planning approach. This approach is shifting attitudes and organizational culture to emphasize results, inter-bureau cooperation, and accountability in the service of our citizens. This citizen-centered focus means we are listening more—and listening more effectively—to the views and perspectives of the Americans whose lives are affected by our decisions.

Our vision for effective stewardship is centered on the "4 C's"—***consultation, cooperation, and communication, all in the service of conservation***. The better we communicate, consult, and cooperate with the American people, the better we can serve our shared conservation mission. Working together, Americans can conserve our environment and benefit from it at the same time; we can preserve our wild places while maintaining healthy communities and helping ensure America's prosperity and security.

The Department's enhanced citizen-focus is also reflected in our governance and our ongoing commitments to become more responsive and cost-effective. Starting with improving our performance plan, we have charted a course for achieving results and devised an organizational and workforce plan to align our resources to meet our goals. Taken together, these tools create a blueprint for more effective and efficient mission performance, greater benefit for the communities we serve, and strengthened transparency and accountability.

No matter how the Department touches your life, I invite you to read this report. It will show you how we use the resources entrusted to us; explain the connections between our mission, strategies, and programs; and describe how we are working to serve you better. It will introduce you to the work of our 70,000 employees and let you hear from Department leaders on such critical issues as Alternative Dispute Resolution, Budget and Performance Integration, and Homeland Security. It details how we measure our successes, where we are falling short, and how we are working to improve.

Most of all, it will show you a Department in the midst of fundamental change, with significant accomplishments to celebrate and significant challenges yet to overcome. We welcome our continuing opportunity to meet those challenges in service to the American people.

Gale A. Norton

Gale A. Norton
Secretary of the Interior

January 30, 2003

Message from the Chief Financial Officer

This FY 2002 Performance and Accountability Report summarizes efforts of the Department of the Interior and its approximately 70,000 employees to protect and manage the Nation's natural and cultural heritage, provide scientific and other information about those resources, and honor special responsibilities and commitments to American Indians, Alaska Natives, and affiliated island communities. Through the publication of this report, we share with you our efforts to improve our accountability and performance consistent with the Department's GPRA Plan, provide a discussion of our accomplishments and most serious challenges, and present our audited financial statements.

The Department is committed to excellence in mission performance, efficiently using the resources entrusted to us in accordance with applicable laws and regulations. The Secretary's "Citizen-Centered Governance Plan" is the blueprint that links key elements of the Department's management reform agenda. The Plan advances the President's Management Agenda for improving the federal government's financial management and performance and provides an integrated approach for conducting our mission, improving delivery of programs and services, implementing new technologies, and maintaining accountability throughout the Department.

The Department has made significant progress in FY 2002. For a sixth straight year, we have achieved an unqualified ("clean") audit opinion on the Department's consolidated financial statements. This is the second year that our financial statements have been audited by an independent accounting firm selected by the Office of Inspector General. Furthermore, in FY 2002 the Department required that all bureaus prepare financial statements, which were also subject to audit. Of Interior's nine subunits preparing financial statements, six received an unqualified audit opinion. Sound financial management is a basic building block of good government. We plan a major initiative in 2003 and beyond to enable all of Interior's operations to meet high financial management standards.

During FY 2002, the Department met or exceeded 55% of the 351 performance measures monitored. Although the Department did not fully meet 35% of the goals in accordance with its stringent criteria for success (within 0.5% of the goal), we met an additional 18.5% at the 80% or greater level. Nine percent of our measures were not reportable because of insufficient data at this time. Performance information for these measures will be reported in the FY 2003 Annual Report on Performance and Accountability.

The Department is addressing the critical issue of workforce management. We are facing key challenges: an aging workforce; an insufficient number of employees with pivotal business and information technology skills; a growing need for enhanced law enforcement capability; and the depletion of senior management staff due to retirement. In FY 2002, the Department developed a Strategic Human Capital Management Plan that provides a framework for addressing these issues and guiding human capital management decisions throughout the Department.

The resolution of audit weaknesses is critical to maintain the integrity and accountability in the Department's programs and operations. Interior corrected or downgraded 8 of the 17 material weaknesses carried forward from FY 2001. The Department has 11 material weaknesses, including two material weaknesses identified in FY 2002. Our plans provide for correcting 7 of the 11 material weaknesses by the end of FY 2004 and the remaining four material weaknesses by the end of FY 2006.

We are also committed to ensuring the quality and accuracy of the Department's data. Our goal is to provide current and reliable information for better decisionmaking and improved financial performance. In pursuit of this goal, Interior plans to link all of the Department's financial systems electronically, migrating over time to a single, integrated accounting system. In addition, we have developed a remediation plan to correct the material weakness in information technology systems security and other controls as well as compliance with federal accounting standards. We plan to correct this material weakness by the end of FY 2004.

Management improvement is an ongoing, iterative process. We anticipate many leadership and technical challenges as well as opportunities. As we benefit from our financial system integration efforts and system security improvements, we plan to enhance our bureau practices, particularly through activity-based costing, and performance measurement. Such changes will enable the Department to better serve America's citizens more effectively and efficiently while sustaining our dedication to fulfilling our mission. Through continuous improvement, we can achieve the high performance necessary to fulfill our critical mission goals.

P. Lynn Scarlett
Chief Financial Officer

January 30, 2003

From Mission to Measurement: How to Read this Report

The Annual Report on Performance and Accountability will reach many people who have specific needs for the information it contains. We have designed our presentation to serve multiple audiences, with varied approaches, points of view, and levels of detail.

Our report contains four parts. Combined, these four elements provide an accurate and thorough accounting of the Department's stewardship of our critical resources and services to the American people.

The pressures on those resources have never been greater and will continue to grow in the years ahead. Our response must be a relentless focus on their efficient and careful use and management. Only by effectively measuring the results we achieve, as documented in this report, can we adjust the tactics and strategies we use to meet our goal of mission excellence, and deliver the best possible performance for our customers, the American people.

Part 1: Management's Discussion and Analysis is a high-level overview of the Department's performance in FY 2002. It is designed for interested citizens and customers, members of the public, and officials from federal, state, and local government—anyone who does not need the full detail of each individual bureau's performance results.

Starting with a discussion of the growing challenges of 21st century stewardship, section one then highlights accomplishments for each of the Department's six strategic goals identified in our 2002-2005 Strategic Plan. For each goal, we provide a brief narrative and a set of charts that summarize expense and performance results for the year. In addition, this section features a series of articles from senior Department officials on issues that they deemed particularly timely, including homeland security, wildfire protection and prevention, and volunteerism.

This section also discusses the Department's compliance with legal and regulatory requirements, including the Federal Managers' Financial Integrity Act (FMFIA), the Federal Financial Management Improvement Act (FFMIA), Inspector General Act

Amendments (Audit Follow-up), biennial review of user fees, and other key legal and regulatory requirements. An analysis of financial statement data concludes this part of the report.

Part 2: Financial Statements, along with Part 4, will interest anyone who is concerned with tracking the Department's financial performance. This section comprises consolidated financial statements, footnotes, deferred maintenance data, intra-governmental transaction disclosures, stewardship information, and other supplementary information.

Part 3: Independent Auditors' Report contains an assessment of the Department's consolidated financial statements by an independent certified public accounting firm. The objective of a financial statement audit is to determine whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by management, as well as an evaluation of the overall financial statement presentation.

This section also presents a summary of the most serious management challenges facing the Department. This assessment was prepared by the Office of Inspector General in accordance with the Reports Consolidation Act of 2000.

Part 4: Appendices presents the Department's performance in comprehensive detail. This section charts all bureau performance targets as tied to the Department's long-term and strategic goals. It compares FY 2002 targets with FY 2002 actual results, explaining in each case why performance exceeded or fell short of plans. This level of detail will be most useful to members and staff in the Congress, program examiners with the Office of Management and Budget, analysts with the Office of Inspector General and General Accounting Offices, and interested citizens and customers.

Part 4 also contains an organization chart for the Department, a glossary of acronyms, and a list of figures and charts.

This report was developed and prepared by Department of the Interior employees. The Department procured the services of a contractor to provide editorial assistance in drafting the GPRA discussion in the Management Discussion and Analysis section of the report.

We are interested in your feedback regarding the content of this report. Please feel free to email your comments to us at *www.doi.gov/ppp/feedback.html* or write to us at the address listed on the "Talk Back" page at the end of the report.

Part 1. Management's Discussion and Analysis

21st Century Stewardship: The Challenges Ahead

For more than 150 years, the Department of the Interior has been serving the public.

We are the stewards of the Nation's treasures, protecting the environment and preserving natural and cultural resources. We provide parks, refuges, and reserves for recreation. We manage natural resources, advance natural science, and administer America's trust responsibilities to native peoples and affiliated island communities.

Launched by Congress in 1849 as "The Home Department," we were initially the Nation's housekeeper, evolving into our larger stewardship responsibilities as new responsibilities were added to our mission.

Today, driven by necessity, we are evolving again. Our multi-dimensional mission challenges keep getting more complex, while our resources remain limited. To succeed in the 21st century, we must ensure accountability for results so that we work efficiently and well; find more means of leveraging available resources through mutually beneficial arrangements, volunteerism and other innovative resource enhancing strategies; and continue to tap into process and technological improvements that allow us to improve our productivity and maintain the quality of our products and services.

Today's Department is a complex organization serving a diverse customer and public base (see *Figure 1*). Operations are extremely decentralized, and although the nature of our responsibilities and functions are widely varied, our nearly 70,000 employees are dedicated to meeting our goal of management excellence and our five primary missions:

- Protecting the environment and preserving our Nation's natural and cultural resources;
- Providing quality recreational opportunities on public land;
- Managing resources for a healthy environment and a strong economy;
- Providing science for a changing world; and

FIGURE 1

Interior and Bureau Missions

U.S. Department of the Interior

"Protects and manages the Nation's natural and cultural heritage; provides scientific and other information about those resources; and honors special responsibilities and commitments to American Indians, Alaska Natives, and affiliated island communities."

BUREAU OF INDIAN AFFAIRS Enhance the quality of life and to promote economic opportunity in balance with meeting the responsibility to protect and improve the trust resources of American Indians, Indian tribes, and Alaska Natives.	**NATIONAL PARK SERVICE** Preserve unimpaired the natural and cultural resources and values of the National Park System for the enjoyment, education, and inspiration of this and future generations. The Park Service cooperates with partners to extend the benefits of natural and cultural resource conservation and outdoor recreation throughout this country and the world.	**U.S. FISH AND WILDLIFE SERVICE** Conserve, protect, and enhance fish and wildlife and their habitats for the continuing benefit of the American people.	**BUREAU OF LAND MANAGEMENT** Sustain the health, diversity, and productivity of the public lands for the use and enjoyment of present and future generations.
BUREAU OF RECLAMATION Manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public.	**U.S. GEOLOGICAL SURVEY** Provide the nation with reliable, impartial scientific information to describe and understand the earth.	**MINERALS MANAGEMENT SERVICE** Manage the mineral resources on the Outer Continental Shelf in an environmentally sound and safe manner and collect, verify, and distribute mineral revenues from federal lands and Indian lands in a timely manner.	**OFFICE OF SURFACE MINING** Ensure that coal mines are operated in a manner that protects citizens and the environment during mining; assure that land is restored to beneficial use following mining; and mitigate the effects of past mining by aggressively pursuing reclamation of abandoned mine lands.

- Meeting our trust responsibilities to Indian tribes and our commitments to island communities.

Some of our responsibilities are particularly well known and significant to America. The Department manages:

- 507 million acres of land, or about one in every five acres in the United States, and about 1.7 billion acres of the Outer Continental Shelf;
- Some of the most beautiful areas of our Nation, from the sandy beaches of the Cape Cod seashore to the meadows and valleys of Yosemite; and some of the most revered symbols of our Nation, such as the Statue of Liberty and Mount Rushmore;
- Nearly 900 dams and reservoirs that provide drinking water for more than 31 million people and their employers, which deliver irrigation water to one of every five western farmers, and supply 17% of America's hydropower;
- Energy resources on federal lands and offshore areas, which supply about 28% of the Nation's domestic energy production, including 35% of its natural gas, 29% of its oil, 40% of its coal, 20% of its wind power, and 40% of its geothermal energy;

- 56 million acres of land held in trust for American Indian tribes and individuals as well as educational services for 48,000 Indian children;
- Relationships with 562 American Indian tribes, including support for self-governance and self-determination of American Indians, Alaska Natives, and island communities;
- Threatened and endangered species and much of the habitat that allows them to prosper; and
- Scientific research, including monitoring, analyzing, interpreting, and disseminating scientific information to describe and understand the earth, minimize loss of life and property from natural disasters, and manage water, biological, energy, and mineral resources.

The Department fulfills these responsibilities with a $13 billion total annual budget. We generated more than $9.4 billion in revenues in FY 2002 from energy, mineral, grazing, timber, recreation, land sales, and other programs. Most of these revenues are paid to state, Indian, county, local, and other federal agency accounts.

Our responsibilities are becoming ever more complex, reflecting broader forces of social change that shape and reshape the Nation as a whole.

With the growth of our population and the expansion of our economy, pressures have increased correspondingly on our undeveloped land, water resources, and wildlife. America's population is moving west, slowly but surely, creating new demands on the natural landscape. Newcomers look for more and more varied recreational opportunities on our public lands. Demand builds for energy and water. Natural habit for wildlife and wildfowl is fragmented, increasing the risks to their survival. At the same time, the global nature of our economy brings new invasive species into our natural domain, challenging the native species and sometimes exacerbating fire potential.

Meeting this increased complexity requires the Department to develop new skills and attitudes. We are working to craft a "new environmentalism"—a model that empowers people to become citizen-conservationists, giving landowners, land-user groups, environmental organizations, communities, local and state governments, and industries the resources and technical support to undertake conservation projects that advance the health of the land, benefitting all of us.

Our goal is citizen-centered governance, responsiveness, and cost-efficiency, helping to ensure a future for America that includes a healthy environment and a dynamic economy. We want to emphasize performance, progress, and partnership. We seek common ground by using local information about the best way to solve problems, providing incentives to create a Nation of self-motivated stewards in a climate of environmental innovation and imagination.

The Department will need to tap new mediation skills and partnership capacity to succeed in this environment. We must listen better to our customers and interested citizens, working with diverse interests towards solutions, implementing what Secretary Norton calls the "4 C's:" consultation, communication, and cooperation, all in the service of conservation.

The historic evolution of the Department as a composite of compartmentalized bureaus complicates efforts to address today's mission challenges. Increasingly, the management of lands and resources under our stewardship involves ecological, scientific, economic, and social factors that extend well beyond any single bureau's boundaries. An endangered species does not know the difference between private land, refuge land, trust land, or parkland. Wildfire knows no boundaries. To succeed, the Department must effectively bridge its internal boundaries, too.

The organization of the Department as eight bureaus and the Office of the Secretary both complicates and enhances opportunities to address our management challenges. As the Office of Management and Budget (OMB) noted in its mid-session review of the FY 2002 Budget: "Interior is making progress in addressing the President's Management Agenda (PMA), but is struggling to approach the agenda from a departmentwide perspective." The report further stated, "Some of the struggle is due to Interior's complex, multi-mission organization and structure, with everything from vast lands and national parks and island trust territories within its areas of responsibility. Interior recognizes the challenges it faces, and is putting substantial time and resources into improving performance."

Several trends have demonstrated that a continued "stove-pipe" orientation is not optimal. First, the activities of most bureaus have expanded in response to congressional and Administration initiatives, resulting in increased mission overlap or conflict. Second, advances in science have enhanced our understanding of how policy decisions in one area may produce consequences in another.

From a programmatic perspective, an introspective approach limits opportunities for greater effectiveness and efficiency. From an administrative perspective, a combination of relatively flat budgets and greater workloads creates almost irresistible pressures on the Department and its bureaus to forge an integrated enterprise approach to pursuing its mission.

Simply put, we can accomplish more by working together than we can by working apart.

The change to an integrated Department is underway, driven by new business practices, new technology, and new ways of looking at people, budget, performance measurement, and strategic planning. Here, too, elements of the Secretary's 4 C's are at work: cooperation, communication, and consultation, the building blocks of successful conservation, are also helping us build a more integrated Department.

The Department has already developed integrated Government Performance Results Act (GPRA), workforce, technology investment, and performance management plans. These will allow us to set consistent multi-agency goals, with a common agenda that reflects the Administration's and the Secretary's priorities. They will give us the means to increase our focus on performance results, help make our managers more accountable, and create a springboard for communication, collaboration, and coordination with interested citizens, organizations, and constituents on our future direction.

No one can predict exactly what shape the Department and its bureaus will take in the future, but our programs and our service to the American people will be increasingly integrated, transparent, and effective.

We look forward to the challenges of the future, determined to ensure that public and partner expectations are met with the highest standards of stewardship and service. We look forward to creating a legacy of citizen-centered governance within a more integrated Department.

Strategic and Long-Term Goals

The Department of the Interior works continuously to improve performance, to provide the public with responsive service, and to produce solid results. Regardless of where or for which bureau or office we work, we are joined in our common pursuit of the Department's mission, as spelled out in our 2002-2005 Strategic Plan.

In its 2002-2005 Strategic Plan, Interior established six overarching strategic goals that support our core mission of protecting the Nation's natural environmental and cultural heritage and honoring our trust responsibilities to Indian tribes and island communities (see *Figure 2*). Under these goals, we have established 18 long-term goals that guide the varied programs and activities of Interior's bureaus and offices. Each of the long-term goals describes a specific, desired outcome, with progress toward that outcome being measured annually using quantitative performance indicators.

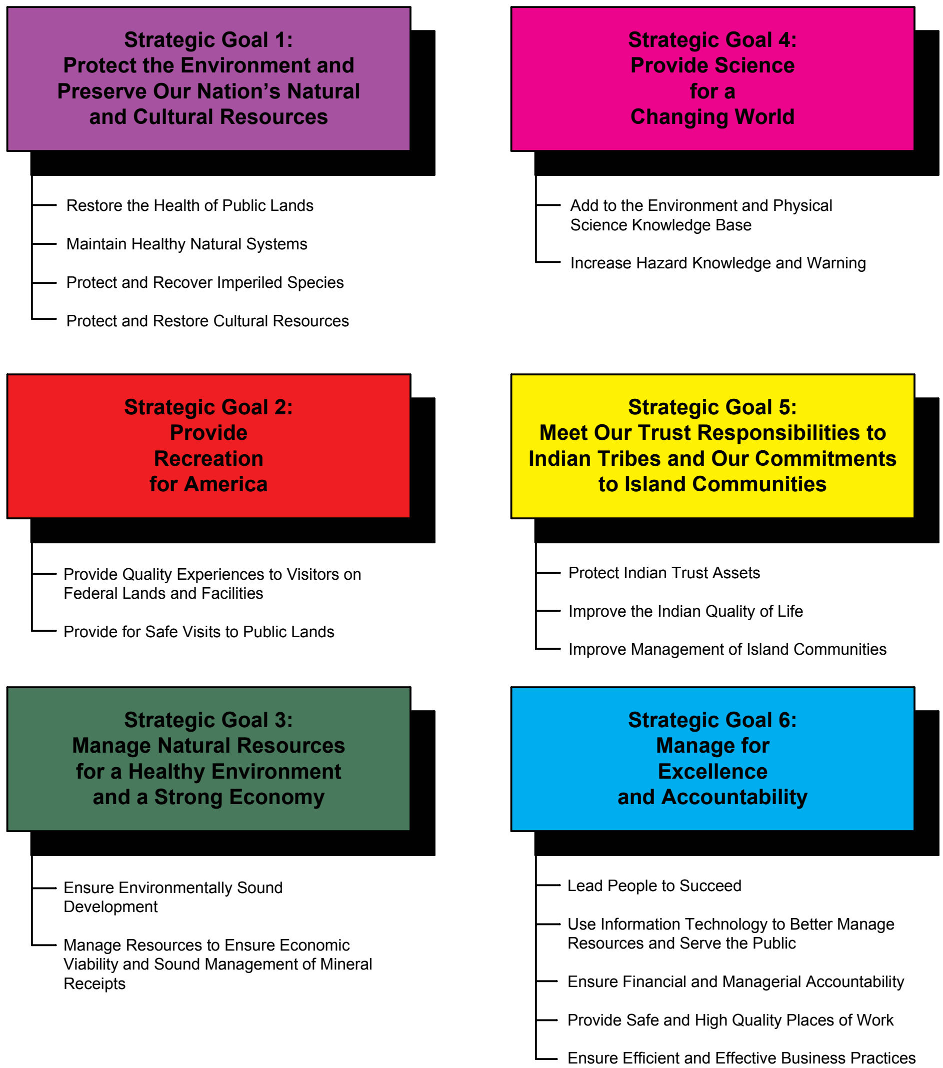
This report describes in detail why these goals are important, what they mean to American citizens, and how we have progressed in meeting the goals. Specific discussions can be found in chapters related to specific goals. FY 2002 Annual Performance Results can be found in the appendix.

Strategic Goal 1: Protect the Environment and Preserve Our Nation's Natural and Cultural Resources

Because people and their environment are interdependent, we must ensure that our lands, waters, and other resources remain healthy. Only lands that are in healthy condition can sustain communities that rely upon them. Our natural and cultural resources are more than national treasures—they

FIGURE 2

Overarching Strategic Goals



are an inheritance that we must and can conserve to ensure future generations will enjoy the benefits of these resources.

Our long-term goals for Strategic Goal 1 are to:

Restore the Health of Public Lands. Public lands, whether parklands, rangeland, refuges, or recreation sites, need more than protection. Conservation today means repairing and healing the land where it has been damaged through prior use and development, including non-public lands affected by coal mining.

Maintain Healthy Natural Systems. There is a tendency to view the environment as a collection of components—land, water, and air—inhabited by plants, animals, and people. Even as we understand these components in habitats and ecosystems, we are looking beyond these components to broader landscapes to capture the full sense of functioning natural systems. It is at this level that we seek to maintain and restore these systems.

Protect and Recover Imperiled Species. Protection and recovery of threatened and endangered fish, wildlife, and plants is central to the Department's mission. The condition of individual species is often a gauge of the overall health of our environment. The success of restoration efforts associated with this strategic goal is sometimes measured using indicator species.

Protect and Restore Cultural Resources. In addition to natural landscapes, our Nation's treasures include historic and prehistoric sites that link us to our past. These resources include landscapes associated with historical events, structures such as historical homes, and sites that provide clues to prehistoric life.

Strategic Goal 2: Provide Recreation for America

Federal lands provide outstanding recreational opportunities, including hunting, fishing, camping, hiking, boating, biking, bird-watching, and more. Interior continues to promote and provide recreational opportunities consistent with other land uses while maintaining the health of the land. We are committed to providing access to federal lands and enhancing opportunities for everyone to enjoy the benefits of our Nation's heritage. We want our visitors to leave satisfied and re-energized by their recreation experience, and we want them to come back in the future. We also want their visit to be safe.

Our long-term goals for Strategic Goal 2 are to:

Provide Quality Experiences to Visitors on Federal Lands and Facilities. Americans visit their public lands and historic and cultural resources for adventure, relaxation, and the opportunity to sample the rich diversity of our natural and cultural treasures. Interior is committed to providing opportunities for everyone to enjoy our Nation's heritage.

Provide for Safe Visits to Public Lands. Interior is committed to providing safe, enjoyable experiences for the millions of people who visit our lands and facilities each year.

Strategic Goal 3: Manage Natural Resources for a Healthy Environment and a Strong Economy

Interior manages a wide variety of natural resources for commercial activities in ways consistent with assuring environmental protection. These resources, produced from public lands—including energy and non-energy minerals, water, timber, grazing land, and electricity—contribute substantially to virtually all sectors of the American economy. In FY 2002, Interior generated $9.4 billion in revenue from the lands and waters we manage. The Department's stewardship responsibility is to manage America's natural, as well as cultural, resources, while ensuring environmentally sound development and economic vitality.

Interior's long-term goals for Strategic Goal 3 are:

Ensure Environmentally Sound Development. The Department achieves an outcome that provides for necessary development while maintaining the integrity of the environment through a combination of strong environmental assessment, critical public input, strict regulation, and inspection requirements.

Manage Resources to Ensure Economic Viability and Sound Management of Mineral Receipts. When that access to resources on public lands for development purposes is environmentally and economically prudent, the responsibility of the government is to realize fair market value for those resources consistent with federal statutes. Once revenues accrue from industry exploration and development efforts, it is essential that an accurate accounting of the revenue occur, and that disbursements of payments to the U.S. Treasury and royalty recipients be done effectively and in a timely manner. In the case of water for power generation or use by the many non-power users, we must deliver this critical resource economically and efficiently.

Strategic Goal 4: Provide Science for a Changing World

Scientific principles and research adds to our knowledge and understanding of the physical and natural environment. Collecting, analyzing, and disseminating the scientific information needed to answer these questions, and providing the critical science for resource management decisions, are major responsibilities of the Department.

Our long-term goals for Strategic Goal 4 are to:

Add to the Environmental and Physical Science Knowledge Base. Sound decisionmaking depends on having scientific information and an understanding of the natural environment. The Department is acquiring and synthesizing data that add to the quality of our knowledge base and is providing this scientific information to appropriate natural resource decisionmaking authorities.

Increase Hazard Knowledge and Warning. The ability to understand processes that produce natural disasters, to use that information to create more reliable predictive models, and to deal more effectively with the aftermath of a disaster can mean saving untold lives and costs. For Interior, research and predictive model development for hazards focuses primarily on U.S. Geological Survey (USGS) work on earthquakes, flooding, volcanic events, and coastal storm damage.

Strategic Goal 5: Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities

America's 1.5 million native people are committed to revitalized communities that are spiritually strong and economically vibrant—places where people are secure in their culture, heritage, and government, and are hopeful for the future of their children. The Department of the Interior shares this commitment. Today, there are 562 federally recognized American Indian and Alaska Native tribal governments in the United States. Each possesses inherent governmental authority deriving from its original sovereignty. The federal Indian trust responsibility is a legal duty on the part of the United States to protect Indian land and resources, fulfill treaty obligations, and carry out the mandates of federal law for the benefit of American Indians and Alaska Natives. Interior has administrative responsibility for coordinating federal policy in the territories of American Samoa, Guam, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands, and oversight of federal programs and funds in the freely associated states of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. Our objective is to foster more efficient and effective government in the insular areas by recommending policies, providing financial and technical assistance, and strengthening federal-insular relationships.

Our long-term goals for Strategic Goal 5 are to:

Protect Indian Trust Assets. Trust assets are the fiscal resources maintained for tribes and Indians, including land and heirship records; natural resources on nearly 56 million acres of trust lands, including forests, minerals, water, fisheries, and farmland; and infrastructure, including maintenance of roads, bridges, irrigation and power systems, and housing.

Improve the Indian Quality of Life. Quality of life includes a range of human services, such as social service programs for children, families, the elderly, and the disabled; economic development programs and business loans; elementary and secondary education for more than 48,000 students, as well as post-secondary education through 25 tribally controlled community colleges; and tribal government support, law enforcement, judicial courts, and adult and juvenile detention facilities.

Improve Management of Island Communities. The Department provides financial and technical assistance to meet a variety of needs, including assistance for basic services like education, health care, and public safety. We also help build critical infrastructure like wastewater systems, hospitals, and schools.

Strategic Goal 6: Manage for Excellence and Accountability

The Secretary is committed to customer service and management excellence. She encourages senior managers to seek creative approaches to make the Department a more responsive, dynamic, and citizen-centered agency. In support of the President's Management Agenda and the Secretary's vision for management excellence, the Department now has an integrated strategy to improve performance and reduce inefficiency and duplication. Interior's management improvement strategy closely follows the President's Management Agenda, tailoring it to the unique mission of the Department. As we implement change, we will seek additional opportunities to better advance our mission, identify roadblocks to their achievement, and build accountability for results.

Our long-term goals for Strategic Goal 6 are to:

Lead People to Succeed. Reaching our resource protection, recreation, science, resource management, and trust-related goals requires the support of a competent and effectively managed workforce. The Department has developed specific programs to meet its workforce challenges of increasing workforce diversity, facilitating effective workforce planning, and providing the training and development needed to fulfill our mission.

Use Information Technology to Better Manage Resources and Serve the Public. We are using information technology to improve our operational efficiency, improve transactional services, and transform our relationship with the public. To improve the delivery of our services and products to internal and external customers, We are expanding our efforts to align information technology with our organization, business lines, and strategic direction, and develop a departmentwide body of information technology policies, standards, and requirements.

Ensure Financial and Managerial Accountability. We need accurate and timely financial information to ensure the best performance and highest measure of accountability. Our specific goals for improving financial performance include replacing outdated technology, linking critical transaction systems and budget formulation systems with core financial system, and implementing activity-based cost management to improve the management of the Department at all levels.

Provide Safe and High Quality Places of Work. Interior is responsible for a large number and variety of capital assets. We have one of the largest inventories of facilities in the federal government. As steward of these assets, we are committed to the safety and efficiency of these facilities, particularly in improving our maintenance of existing facilities and making capital investments in new facilities that are essential to our mission.

Ensure Efficient and Effective Business Practices. As part of strategically managing our workforce, we must restructure our administrative functions and improve our organizational structures, while making better use of technology and automation tools to manage our resources—human, physical, and natural—and carry out our mission.

FY 2002 Performance Results

The Department of the Interior met or exceeded 55% of the 351 performance measures monitored during FY 2002 (see Appendix D). Although the Department did not fully meet 35% of the goals in accordance with its stringent criterion for success (within 0.5% of the goal), it met an additional 18.5% at the 80% or greater level. Nine percent of our measures were not reportable because of insufficient data at this time. Performance information for these measures will be reported in the FY 2003 Annual Report on Performance and Accountability.

This year, for better accountability, the Department separated goals that previously included clustered measures. Other than separating clustered measures into individual goals, only 14 new goals were added.

A significant number of goals that were not achieved can be attributed to factors outside of the Department's span of control. These include:

- *Procedural delays.* Procedural items include court cases and orders, administrative procedures processing, days pending, legal collection requirements, and states' fiscal year cycles. From December 2001 through May 2002, Interior's Internet access was shut down by court order due to a pending case. The ramifications of this action were far-reaching and significantly impacted the continuity of our operations.

- *Drought and wildfire.* One of the worst wildfire seasons, compounded by severe drought conditions across the country, required the Department to readjust many of its priorities and redistribute some of its resources to address these threats to public safety.

- *Impact of external events on our customers.* In 2002, visitation to DOI parks and recreation areas was down due in part to the events of 9/11, a large number of wildfires in and around federal lands, and a sluggish economy both domestically and internationally. Additionally, requests for some services, such as offshore lease actions, decreased in 2002 in part because of continuing economic concerns.

The performance results indicate the need for Interior to continue working to achieve superior results. Accordingly, we are taking the following actions that should result in improved performance:

- *Improve Accountability.* We plan to hold Senior Executive Service (SES) members responsible for achieving the GPRA performance goals; all goals will have a "goal owner" from the SES and senior manager corps. All of the FY 2003 performance measures will be incorporated into SES/senior managers' performance agreements.

- *Enhance Senior Management Oversight.* We are initiating quarterly reviews of progress toward departmental goals to monitor progress and take action in areas of low performance.

- *Intensify Program Reviews.* We plan to initiate more program reviews, factoring in OMB's Program Assessment Rating Tool (PART) information to identify and close gaps in program planning and performance.

- *Conduct Self-Assessments.* Interior will continue using an internal scorecard approach, modeled after the OMB scorecards, to monitor our progress toward achieving the President's Management Agenda and the Secretary's goals for citizen-centered governance. As part of the DOI scorecard process, Interior bureaus and offices conduct a self-assessment of their status and progress every six months. Based on the self-assessment, the Department and its bureaus identify the next actions that need to be taken by specific bureaus and offices to "get to green."

During FY 2003, the Department will reassess our performance "success" criteria. We will perform comparisons and benchmark performance measures of other federal agencies to determine if our standard of "within 0.5% of the goal" is comparable to that of other federal agencies.

Our new GPRA Strategic Plan should also contribute to improved performance. We began revising our five-year strategic plan ahead of the statutory requirement for revision in order to align our planning process with the FY 2004 budget formulation process. The early revision has brought us closer to realizing our vision of a more integrated Department, migrating eight separate bureau planning documents and a departmental overview into a single, cohesive, departmentwide strategic plan. The proposed new Strategic Plan is a more effective, outcome-oriented, and organizationally unified planning framework. Our Strategic Plan, along with other business practice enhancements such as the application of activity based costing/management, are laying a solid groundwork for enabling the Department's offices and bureaus to coordinate financially and programmatically in unprecedented ways. These management tools make it possible to conduct meaningful analyses and discussions about performance data and improvements.

Strategic Goal 1: Protect the Environment and Preserve Our Nation's Natural and Cultural Resources

Supporting Citizen Conservation

The ranch wasn't much when Kimberly de Castro bought it in the mid-1990s: 50 windswept acres outside San Jose, New Mexico, over grazed, eroded, and barren.

But de Castro knew what the land needed, and she wasn't afraid of hard work. With the help of a small grant from the U.S. Fish and Wildlife Service's Partners for Fish and Wildlife Program, she planted over 5,000 trees and shrubs. She drilled in grass seed, placing tons of straw bales with seed and fertilizer where erosion had become most severe, and then developed and installed a five-mile drip irrigation system to provide water for her new plants.

De Castro's small ranch bloomed, once again supporting sustainable grazing, the ranch's traditional use. But that was just her first step. Next she rallied her neighbors, convincing them to develop similar small-scale projects on their land, spreading conservation across another 5,000 acres. Those acres, in turn, became a living classroom, as de Castro brought teachers and students from neighborhood schools into the partnership, teaching environmental and habitat protection to hundreds of children.

There are scores of stories like de Castro's in America today. But they rarely get noticed. Americans like to think big. Fifty acres, or even 5,000, doesn't sound like much in the context of the country as a whole, and de Castro's effort is not as visible as landmark laws as the Clean Water or Clean Air Acts.

But the measure of conservation success isn't in laws or litigation. Success comes from achieving real conservation on the ground, one acre at a time, driven by the sweat and vision of people like de Castro, who live on, work on, and love the land.

People and their environment are interdependent. So we must ensure that our lands, waters, and other resources remain healthy if our communities are to thrive.

That challenge defines the Department's first strategic goal, protecting the environment and preserving our Nation's natural and cultural resources. It is a mission with many elements—protecting lands of national significance and helping communities

For twenty-five years, the Office of Surface Mining has been making America's coal country a safer place to work and live—and a more attractive one, restoring worked out mines like this pit in Kentucky to their former natural beauty.

tackle the future; healing damaged public lands and restoring natural systems and habitats; helping native species; and protecting cultural resources.

The Department is directly responsible for 507 million surface acres of public lands, including 386 parks and 540 wildlife refuges, and for 700 million subsurface acres, as well as 1.76 billion acres on the Outer Continental Shelf. Rich in natural heritage, representing diverse and complex ecosystems, these lands contain exceptional geological formations, rare and vulnerable plant and animal communities, wild and scenic rivers, and numerous historical, paleontological, and archeological sites.

The Department's responsibilities stretch far beyond these public lands, however. We focus every day on preserving the natural habitat in America's backyards, protecting local green space, improving water and air quality, sustaining wildlife, and providing families with places to play and relax. The decisions we make on land management, wildlife, invasive species, and other resources will help shape the America our children inherit.

Successful conservation by its very nature must be a partnership between the American people and their government. The more the Department can empower people as stewards of the land we share, the more effective we can be in our conservation mission. We emphasize environmental performance and progress through partnership and cooperation. We seek common ground by using local information about the best way to solve problems, providing incentives to create a Nation of self-motivated stewards, and creating a climate of environmental innovation and imagination.

Conservation presents new challenges to 21st Century America. We have dealt with many of the most dramatic and visible problems: the bald eagle on the verge of extinction, rivers so polluted that one even caught on fire, smokestacks belching fumes in our cities. Now we are facing the more subtle and difficult problems of meeting the increasing demands on the land while also conserving the land. We need a new approach to environmentalism, an approach more productive and less contentious than the old command-and-control punitive framework of the past.

The Department is committed to developing this new approach, built around what Secretary Norton calls "the 4 C's: consultation, cooperation, and communication, all in the service of conservation." And consultation, cooperation, and communication must work at all levels: between landowners and environmentalists, between all levels of government and federal officials, between government leaders and the media, and between all people of goodwill who share the common goal of protecting our wild places and the habitat that surrounds them.

The best examples of this new era of environmentalism are two innovative grant programs, the

Landowner Incentive Program and the Private Stewardship Grants Program.

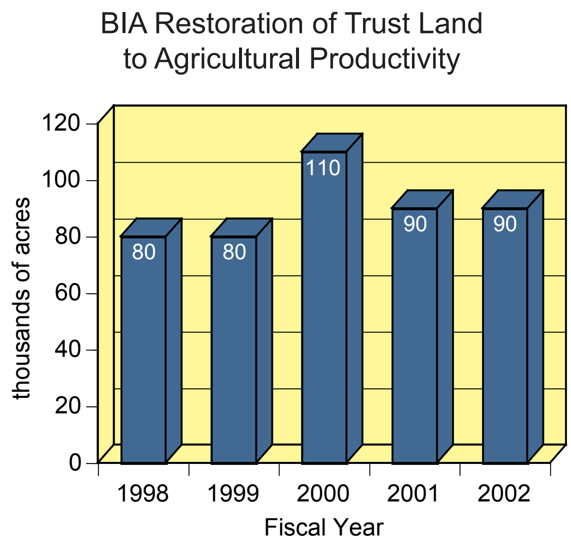
Launched in FY 2002, the Landowner Incentive Program authorized $40 million in competitive matching grants to states, territories, the District of Columbia, and tribes to help private landowners interested in conserving natural habitat while they continue to engage in traditional land uses. The Private Stewardship Grants program provides $10 million in federal grants and other assistance on a competitive basis to individuals and groups engaged in voluntary conservation efforts that benefit at-risk species on private lands.

Both programs are works in progress. FY 2002 was spent consulting with potential program participants and other interested citizens, soliciting input, and developing implementation plans. Initial awards funding was scheduled for January 2003, to be distributed to private landowners in the form of technical assistance and material support. Projects will likely involve the restoration of marginal farmland to wetlands, the removal of invasive plants to restore natural prairies, a change in grazing practices and fencing to maintain important habitats, in-stream structural improvements to benefit aquatic species, and road closures to protect habitats and reduce disturbances.

In another example of consultation, cooperation, and communication in the service of conservation, the Department planned to use "4 C's" tools to manage 11 of the 13 new monuments created in 2000 and 2001. These monuments are under the purview of the Bureau of Land Management.

The national monument designations were controversial when announced by former President Clinton. The areas involved were huge, mostly in the West, covering an area roughly the size of Connecticut. Many designations were made without input on the potential impact from state or local elected officials, and over the objections of many local residents. Nor had the Administration made plans to assure the monuments receive proper care. No money had been set aside for rangers or visitors' centers, or even for signs.

FIGURE 3



Last year, the Department began to correct that. In April 2001, Secretary Norton wrote more than 350 letters to state and local elected officials, asking for their advice and written suggestions on how best to use the newly set-aside lands. Then she invited each local community involved to help develop the specific plans. The process should be "open, inclusive, and comprehensive," she insisted, challenging the Bureau of Land Management and the National Park Service "to make the planning process a model of how to involve the people who live and work closest to these monuments."

It was an auspicious beginning. Interested citizens were invited to participate in planning directly through citizen advisory panels. Land exchanges were developed to resolve access and resource issues with state lands, mineral and grazing interests, and wildlife habitat, subject to the Monument Proclamation and applicable local laws. To provide monument services, the Department will rely on local governments, volunteer groups, and businesses, with partnership arrangements to manage on-going traditional activities like recreation and grazing. Transportation plans will be developed using environmentally sound best management practices, with input from the people who use the roads, trails, and waterways.

Citizen-centered planning is "the only way management of the monuments can be effective," Bureau of Land Management Director Kathleen Clarke commented. "Our door is open. We must ensure that local communities have a true stake in these national monuments to guarantee that generations of future Americans can enjoy them, too."

The Power of Partnership

The Department is using several tools to maximize the value of its conservation dollars, including land exchanges, conservation easements, and the purchase of development rights, and more flexible funding for state and tribal programs.

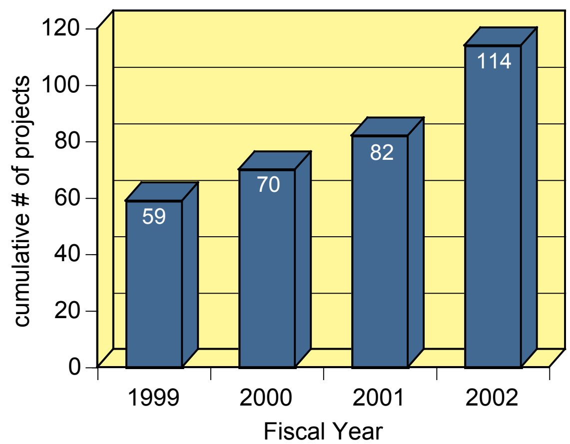
The Landowner Incentive Program is based on the model of the 15-year-old U.S. Fish and Wildlife Service's (FWS) Partners for Fish and Wildlife Program that today links more than 25,000 individual landowners into conservation partnerships. Together they have restored more than a half million acres of wetlands, a half million acres of uplands, and more than 4,200 miles of riparian and in-stream aquatic habitat.

Thousands of different cooperative projects and partnerships are ongoing today across virtually all of the Department's bureaus. Consider the work to preserve the beauty and habitat in the Upper Snake/South Fork Snake River north of Idaho Falls. Groves of cottonwood trees line the river, which is a blue ribbon fishery for cutthroat trout, habitat for 17 bald eagle nesting territories, and primary habitat for 126 bird species. Credit for the cleanup and preservation is spread among the combined stewardship of the Bureau of Land Management, Ducks Unlimited, Trout Unlimited, the Shoshone-Bannock Tribe, and private river corridor landholders. Initial funding came from a $6 million grant from the Bonneville Power Administration, while private landowners donated $6.9 million in conservation easements.

In Muddy Creek, Wyoming, ranchers, miners, and environmental groups are among the 35 partners working together to protect streams and eliminate invasive species on 500,000 acres of land, an area equal to one-quarter the size of Yellowstone. In Arizona, volunteers donated $2 million in labor to help rebuild game and nongame fisheries in Lake Havasu, including restoring endangered bonytail chubs and razorback suckers. In North Carolina

FIGURE 4

Partnerships at Work—Cumulative Number of DOI Restoration Projects



and Tennessee, 2,200 volunteers ranging from schoolchildren to professional scientists are working to inventory nearly 1,500 species as part of conservation efforts at Great Smokey Mountains National Park.

Not all partnerships work so smoothly. The larger and more complex the project, and the greater the number of interested stakeholders, the more difficult it can be to reconcile multiple varied interests. Consider work in the South Florida ecosystem that stretches from Lake Okeechobee through the Everglades to the coral reefs off Key West, an 18,000 square-mile restoration effort that is one of the Department's largest projects, for example. Despite significant progress by multiple partners over the last decade, perplexing and delaying challenges remain.

A key goal of the project is to restore more natural water flows and improve habitat for endangered species, which requires a balance between the need to provide continued flood protection and the need to minimize impacts to private property and tribal interests. This challenge is exemplified by the implementation of a "Combined Structural and Operational Plan" (CSOP) for the modified water deliveries.

Over the last several years, the Army Corps of Engineers has worked with the National Park Service,

The National Park Service's Student Conservation Association (SCA) serves as a liaison between young people and conservation organizations. Each year, the SCA recruits hundreds of interns and volunteers to work at national parks. The Resource Assistant Program connects young people with internship and research assistant opportunities in areas such as ecological restoration, endangered species protection, and interpretive services.

the U.S. Fish and Wildlife Service, and the South Florida Water Management District to develop a series of interim water management operations to avoid placing the endangered Cape Sable seaside sparrow in further jeopardy. The most recent of these, the "Interim Operational Plan" (IOP), is now in place. Although the IOP helps protect the sparrow and avoids impacts to private property, it causes negative impacts to natural resources within the state-managed water conservation areas, which is of great concern to the Miccosukee Tribe.

To manage the challenge of achieving more natural water flows and improving habitat for endangered species while also maintaining flood protection, the Army Corps of Engineers, the National Park Service, the Fish and Wildlife Service and the South Florida Water Management District are working collaboratively to implement the IOP. Using principles of adaptive management, these agencies are monitoring and evaluating actual IOP operations and incorporating the results into the development of the CSOP. Additionally, the agencies are working together to increase citizen input into the decisionmaking process for CSOP.

A key element to increased citizen input for CSOP is an "avian summit." The Department plans to hold the avian summit early in 2003, under the auspices of the Task Force, to review all scientific information on federally listed and key indicator avian species in South Florida, including the Cape Sable seaside sparrow, wood stork, snail kite, and roseate spoonbill. This forum is anticipated to improve interagency coordination and decisionmaking on Endangered Species Act (ESA) issues during implementation of the CSOP and other future Everglades restoration projects.

Endangered and Invasive Species

We need to involve private landowners in conservation to preserve the Nation's endangered species: half of all endangered species have at least 80% of their habitat on private lands. Farmers, ranchers, and loggers are often the best stewards of their land. We can achieve more by working with them, capitalizing on their intimate knowledge of the land.

Responsibility for the administration of the ESA is shared by Interior's U.S. Fish and Wildlife Service and the Department of Commerce's National Marine Fisheries Service. FWS works with state, local, and tribal governments to develop large-area, multiple-species habitat conservation plans. It also facilitates the implementation of recovery actions by partners such as conservation organizations and private landowners. Interior measures annual performance by three gauges: the number of endangered or threatened species listed for over a decade that are stable or improving, the number of species de-listed due to recovery, and the number of species for which listing is made unnecessary due to conservation agreements. In FY 2002, the Department met its target for using conservation agreements to eliminate the need to list three species, but it fell short of its goals for de-listing and stabilizing existing endangered and threatened species.

Beyond this year's targets, however, it is clear that change is needed in the way the Department addresses the issue of endangered and threatened species. Today, there are over 1,200 listed species, yet de-listing species is far too rare. After massive efforts, we have fully recovered only 10 species since the ESA was enacted in 1973. Seven more—the Santa Barbara sparrow, the Blue Pike, and five other species—were de-listed because they no longer exist.

At the same time, more and more private landowners have found themselves caught in a regulatory web, a web that makes adversaries of the very people with whom we should be working to preserve habitat for species.

One step forward would be to invest in species that have the greatest biological need, prioritizing our limited funds left over after compliance with existing court-ordered critical habitat designations. But this, too, is difficult, given current circumstances. The ESA might be compared to a metaphorical emergency room for imperiled plants and animals. In this emergency room, some species need immediate help. Unfortunately, they often can't get it, because attorneys and court dates, not biologists and habitat needs, are deciding what species get attention. The Department currently faces 35 active listing and critical habitat lawsuits, and has received an additional 22 notices of intent to sue. Such suits drain precious resources, resources that could otherwise be used to provide more species with the basic protections of the ESA.

The Department hopes to change the emphasis and dynamic of ESA efforts. We believe the program could have greater success if it were supplemented with incentive-based programs involving private landowners, conservation partnerships, and other innovative programs.

Recent experience demonstrates how well such programs work. Consider the aggressive conservation initiative launched by International Paper, a winner of 2002's Conservation Service Award for Private Partners.

International Paper is an active participant in the FWS's Habitat Conservation Plan and Safe Harbor Agreement programs for species like the endangered red-cockaded woodpecker and the threatened Red Hills salamander. The company protects more than 20% of the remaining Red Hills salamander habitat and has established the first mitigation bank for red-cockaded woodpeckers. It provided a land donation of 49,000 conservation acres that became the core of the Great Dismal Swamp National Wildlife Refuge. At the same time, it played a key part in restoring longleaf pine and the last remaining habitat for the Louisiana pine snake, helped develop a program to focus on species management on private lands, and helped teach at the FWS's National Conservation Training Center.

The most severe challenge to endangered species—and one of the most serious ecological problems

Protecting America's Coastal Environments

Few areas are as treasured, or so often at risk, as America's coasts. They provide habitat for 85% of all waterfowl and migratory birds, and more than 70% of commercial and recreational fish and shellfish. They are also home to some of the country's fastest growing communities and draw millions of visitors each year.

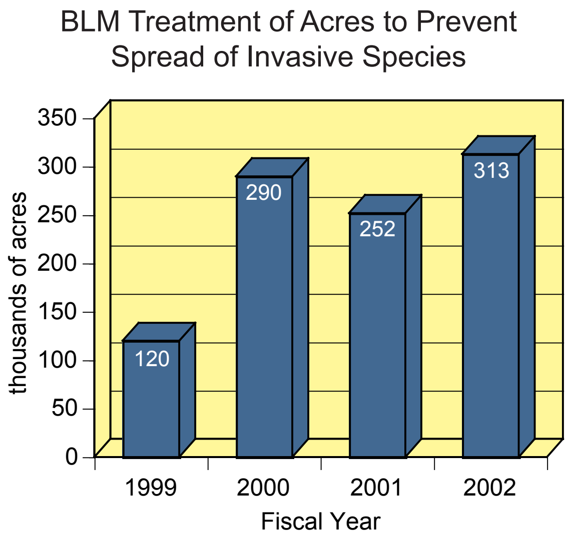
Protecting and restoring them is the challenge facing the Coastal Program of the U.S. Fish and Wildlife Service.

Currently at work in 15 high-priority coastal watersheds, the program develops action-oriented partnerships that directly enhance coastal communities by conserving pristine habitat, restoring damaged habitat, and providing local governments with the information and planning assistance they need to make good land use decisions.

The results have been impressive. In FY 2002, the program and its partners protected or restored 57,100 acres of wetlands, 21,400 acres of coastal upland habitat, and 248 miles of coastal riparian habitat. Since 1994, the program has protected nearly 1,132,500 acres of coastal habitat through conservation easements and acquisitions and reopened nearly 3,600 miles of coastal streams for anadromous fish passage.

The program's ability to stretch budget dollars is equally impressive, historically leveraging non-federal to federal funds at nearly a 4:1 ratio.

FIGURE 5



facing our Nation—is the spread of invasive non-native plants and animals.

It is a silent invasion, spread at the expense of native plants and animals, and sometimes destroying entire ecosystems, with huge losses for agriculture, livestock, fisheries, and other systems as a result. Often, dangerous plants are like purple loosestrife, with attractive purple flowers that lead people to underestimate their threat. For all its beauty, loosestrife is deadly to wetlands. It grows tall and fast, crowding out desirable native plants and grasses, with each loosestrife producing several million seeds a year.

There are signs of progress, however (*Figure 5*). A program launched by the Bureau of Reclamation involves releasing a tiny native beetle that feeds on loosestrife leaves. Turned loose over a 5,000-acre tract of loosestrife at the Winchester Waterway in Washington State, they munched through nearly half those acres in five years, helping to keep irrigation waters flowing. Likewise, the BLM has had success through its participation in cooperative Weed Management Areas throughout the western states.

Programs that harness the energy and enthusiasm of America's younger conservationists are particularly encouraging. Cody, Wyoming, for example, enlisted student interns through a partnership with the Student Conservation Association, placing young people with degrees in natural resources and communication at BLM field sites with weed problems. In Milard County, Utah, 200 junior and senior high school students came from a radius of 175 miles to learn about plant ecology and dig out invasive weeds.

Such cooperative efforts are the new environmentalism at its best: stewardship based on good will and common ground, thanks to the next generation of Americans, a new generation of self-motivated citizen-conservationists.

Performance and Costs at a Glance

Tables 1 and 2 summarize FY 2002 performance and cost data for Strategic Goal 1.

Interior incurred costs of over $4.2 billion for Strategic Goal 1, an increase of 14.5% over FY 2001. The Department established 129 performance measures for Strategic Goal 1. Of the 129 performance measures, the Department achieved or exceeded the goals for 74 measures (57%), did not meet the goal for 47 performance measures (36%), and is unable to report performance information at this time on 8 performance measures (6%) because performance data is not available.

Three GPRA program activities, "Sustainability of Fish and Wildlife Populations," "Habitat Conservation—A Network of Lands and Waters," and "Preserve Park Resources," accounted for 62% or about $2.6 billion of the $4.2 billion cost incurred for Strategic Goal 1. There were 43 measures related to these three program activities. Of the 43 performance measures, 32 performance measures (74%) were accomplished or exceeded. Of the 11 performance measures that were not accomplished, progress was made but the goals were not achieved. The reasons for not meeting the goals include the impact of changing environmental conditions, delays in required regulations, increased species control and habitat management needs, a shift in focus of volunteer assistance from restoring upland habitat to wetlands, and the impact of conditions outside of Interior control such as air pollution affecting park air quality.

More detailed information concerning performance results is available in Appendix D.

TABLE 1

Strategic Goal 1 FY 2002 Performance Measure Scorecard						
GPRA Program Activity	**Number of Measures**	**Exceeded Goal**	**Met Goal**	**Did Not Meet Goal**	**No Report**	**Percent Exceeding or Meeting Goal**
Resources Management	7	2	2	1	2	57%
Trust Services	13	8	0	5	0	62%
Preserve Natural and Cultural Heritage Resources	10	3	3	2	2	60%
Understand the Condition of Public Lands	6	0	1	5	0	17%
Restore At-Risk Resources and Maintain Functioning Systems	9	4	0	5	0	44%
Manage, Develop, and Protect Water and Related Resources	17	8	2	7	0	59%
Sustainability of Fish and Wildlife Populations	13	3	7	3	0	77%
Habitat Conservation—A Network of Lands and Waters	8	5	1	2	0	75%
Preserve Park Resources	22	9	7	6	0	73%
Strengthen and Preserve Natural and Cultural Resources	8	1	1	3	3	25%
Environmental Restoration	2	0	0	2	0	0%
Environmental Protection	2	0	0	2	0	0%
Overview	12	6	1	4	1	58%
TOTAL	129	49	25	47	8	57%

TABLE 2

Strategic Goal 1 Costs (in millions)		
GPRA Program Activity	**FY 2002**	**FY 2001**
Resources Management	$359	$286
Trust Services	206	161
Preserve Natural and Cultural Heritage Resources	175	152
Understand the Condition of Public Lands	157	138
Restore At-Risk Resources and Maintain Functioning Systems	214	187
Manage, Develop, and Protect Water and Related Resources	210	174
Sustainability of Fish and Wildlife Populations	608	590
Habitat Conservation—A Network of Lands and Waters	1,138	1,014
Preserve Park Resources and Strengthen and Preserve Natural and Cultural Resources	838	700
Environmental Restoration	194	162
Environmental Protection	56	62
Overview (Departmentwide Initiatives)	15	16
Total Gross Cost Prior to Eliminations	4,170	3,642
Less: Elimination of Intra-Department Activity	(45)	(52)
Total Gross Cost After Eliminations	$4,125	$3,590

Law Enforcement—Security in the Wake of 9/11

by Larry Parkinson, Deputy Assistant Secretary for Law Enforcement and Security

The push to make the Department's law enforcement capability a professional component of Interior began well before 9/11.

In March 2001, Secretary Norton asked the Inspector General to assess the Department's public safety organization, the third largest in the federal government. This review resulted in strategic realignment of functions, including the establishment of a senior-level position to provide overall Departmental leadership. The Inspector General's proposals for new supervisory and management structures, in turn, were analyzed by a Department Law Enforcement Review Panel, which suggested a wide range of new policies, procedures, and techniques that became Secretarial directives.

I joined the Department in July 2002, the day after the Secretary approved the review panel's recommendations, coming over from the Federal Bureau of Investigation (FBI) to serve as Deputy Assistant Secretary for Law Enforcement and Security.

The challenge we face today is how to balance and maintain our current law enforcement activities, while addressing increased homeland security issues. That means rethinking the nature of the threats to facilities and visitors for which the Department is responsible.

For a long time, security was in the background at most of our facilities, with good reason. We have a very open society, and we treasure that openness. We did not want to put barriers, metal detectors, and law enforcement personnel around our national parks and monuments any more than we thought was necessary.

The events of 9/11 showed us that everybody is vulnerable, however, and reminded us that the Interior Department is responsible for many prime targets of potential terrorists. That caused us to rethink how we look at and protect our assets, along with the millions of visitors who come to see them. We have to balance a reasonable assessment of the risks with the freedom of movement that we cherish.

We have taken a balanced approach to identifying potential targets, too. Although we have more than 2,400 facilities, most of our attention has been and will continue to be focused on a smaller group, structures that not only would be likely targets but, if attacked successfully, would have significant or severe consequences. Our efforts to enhance security are focusing on national icons, dams, reservoirs, and energy facilities on DOI-managed lands.

We have tightened up controls at the official points of entry on main highways that run across DOI-managed lands. With traditional points of entry under greater security, "bad guys" may, instead, seek to pass through Department lands, a national park or refuge, BLM lands, or an Indian reservation.

That is a problem we are trying to address. Today, the Department has law enforcement personnel along the entire southwest border. The border patrol has some 1,800 Border Patrol Agents for the Nation's borders. We have identified our most critical assets and put resources there, while coordinating our efforts with the Border Patrol.

The Department has been enormously effective since 9/11 in redirecting law enforcement and security resources between the various bureaus to those places that need them. The best example involves the Bureau of Reclamation (BOR), which had no law enforcement authority prior to 9/11 except for a small force at the Hoover Dam. We are building capability from scratch for the BOR, but until that is up to speed, BOR has asked the Bureau of Land Management, the Bureau of Indian Affairs, the National Park Service, and the U.S. Fish and Wildlife Service for help. And all of those bureaus have stepped up and lent a hand.

Security arrangements are one more indication of the need for a coordinated approach to issues in the post-9/11 Department. We are expanding our headquarters office to provide coordination, but that staff will remain small. The real work will have to be done in the field, with professionals from each of the bureaus working together to meet whatever threats arise.

Getting them to work together presents a challenge, given their long tradition of autonomy. They had different missions and operated in different worlds, without having to borrow from and coordinate with one another to the degree they now do.

Our challenges create an opportunity, as well. Departmentwide, we have significant resources; if we can learn to pool them in response to threats like the potential of terrorism, we can be far more effective than we have ever been as seven law enforcement entities working independently.

One way we are linking the different bureau capabilities together is through common programs. We are developing inter-bureau staffing models and methods, common training programs, standardized position descriptions, and inter-bureau cross-training. As law enforcement professionals work in other bureaus, they will bring new ideas to each bureau's programs, while gaining new experiences for their own bureaus. That cross-fertilization, combined with shared best practices, should make all of the Department's law enforcement teams more effective, both in their day-to-day work and with the new homeland security issues that are sure to arise in the years ahead.

Strategic Goal 2: Provide Recreation for America

Preserving Our National Treasures

America's national parks were starting to look a little frayed at the edges as the 21st Century began.

You could still feel a shiver of pride at Baltimore's Fort McHenry National Monument and Historic Shrine, where the original Star Spangled Banner once waved. But it helped to shut your eyes. Over 1,300 feet of the fort's historic seawall had started to crumble and tumble into the sea.

And you could still imagine the excitement the prospectors felt at the head of the famous Chilkoot trail in Klondike Gold Rush National Historic Park. But you couldn't hike the trail yourself. The support timbers beneath the bridges had rotted out and the decking was falling apart.

Providing Americans with recreational opportunities, consistent with other land uses and our stewardship responsibility, is the Department's second strategic goal. But the very popularity of the Nation's parks, refuges, and public lands, in a context of constrained resources , has made that goal especially challenging.

Consider the National Park Service (NPS). The mission of the NPS is the same today as when it was established in 1916: conserve park scenery, wildlife, and natural and historic objects, and provide for their enjoyment in a manner that will leave them unimpaired for future generations. But today's Park Service faces challenges that could never have been imagined by the Service's early leaders. The visitation last year at Yellowstone National Park alone exceeded the visitation to the entire national park system in 1916. The infrastructure is aging and stressed by increasing visitor use and years of inadequate maintenance funding. The magnificent natural resources are no longer remote sanctuaries. They face heavy use and invasion by non-native plants and animals.

With 386 different park units, each unique, the NPS faces massive facilities maintenance challenges. The infrastructure is extensive and varied, including over 26,000 historic structures and other buildings, 8,505 physical monuments and statues, 13,013 miles of trails, 1,804 bridges and tunnels, 4,389 housing units, 250 radio systems, 680 water and wastewater systems, over 400 dams, and more than 200 solid waste systems.

Over time, much of this infrastructure has deteriorated. Many park facilities are historic structures. Others were erected by the Civilian Conservation Corps in the 1930s, or constructed during the Mission 66 program in the 1950s and 1960s. Maintenance has not kept pace with their aging or the increasing number of visitors, while the addition of new units has stretched available funding over a larger infrastructure base.

Though Congress has increased the National Park Service budget in recent years, increasing visitation, aging public use facilities, unfunded mandates, visitor and employee safety concerns, and resource protection needs stretch available funds. Servicewide, the National Park Service has deferred maintenance needs totaling billions of dollars.

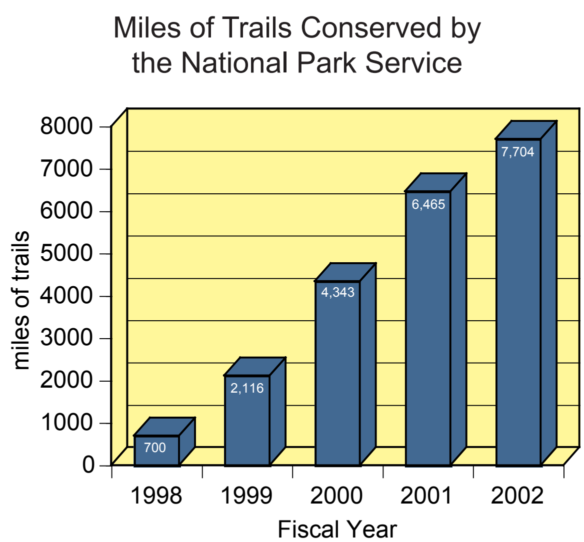
During his Presidential campaign, on September 13, 2000, President Bush announced that he would attack that problem, pledging a five-year $4.9 billion program to preserve the national parks.

In FY 2002, the President committed over $660 million to pay for nonroad deferred maintenance projects. This funding is part of the President's commitment to eliminate the NPS maintenance backlog in five years. Of that money, $75 million came from the recreation fee program.

The projects were as varied as the parks themselves, from small but critical repairs that increased visitor safety to complex restorations of sites that play an important role in the Nation's history. Among the completed projects were the replacement of deficient guard rails at the Blue Ridge Parkway, replacement of a failing water line in the Petrified Forest National Park, and restoration of the historic structures at the Ulysses S. Grant National Historic site, along with sea wall restoration at Ft. McHenry and the repair of rotten trail bridges at Klondike Park. In selecting projects, the NPS gave priority to actions that protect public health and safety, address environmental problems, or enhance the preservation of natural resources.

Deferred maintenance is not just an issue for the NPS. It affects the three other recreation providers as well, including the Bureau of Land Management, the U.S. Fish and Wildlife Service, and the Bureau of Reclamation. It is not enough merely to make repairs, either. The Department is responsible for a massive, and massively decentralized, infrastructure. To keep that infrastructure healthy requires a comprehensive departmentwide facilities and maintenance program.

FIGURE 6



Creating such a program represents a huge management challenge—and one of the Department's signal successes in FY 2002. Interior has begun a Facilities Condition Assessment Survey Program that will yield a complete inventory of constructed assets and identify deferred maintenance and the costs of correcting maintenance needs associated with these assets. The Facilities Condition Assessment Program establishes a systematic and effective method for monitoring the condition of Interior's constructed assets and measuring the accomplishments of the bureaus in bringing these assets to a "good" condition.

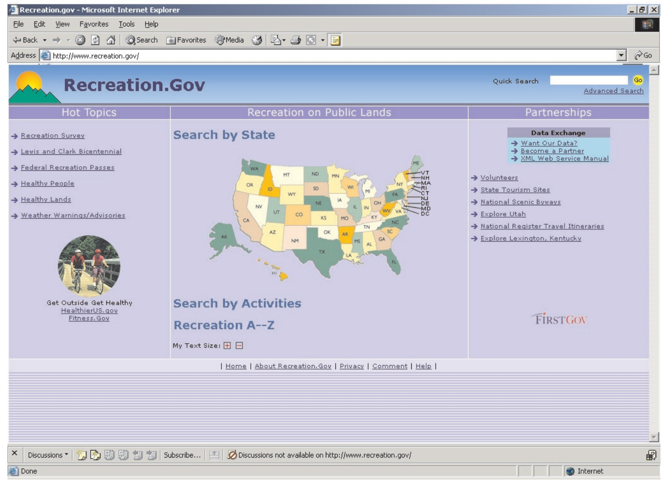
Happy Campers

Americans come to their national parks, refuges, and public lands for all kinds of reasons: to renew their sense of self, to experience adventure and relaxation, and to sample the rich diversity of our landscape and culture on water or land, at sea level or thousands of feet above, in scuba gear or on mountain bikes, and while hunting, fishing, camping, hiking, boating, white-water rafting, and birding.

Attendance at national parks and recreation sites was expected to soar in the wake of 9/11, as Americans searched for vacation options that let them stay closer to home. That projection turned out to be only partially correct, however. Overall attendance was down slightly from last year's historical high. The decline is due to a large decline in the number of visits to parks in the Washington, D.C. and New York areas, along with a decline in the number of foreign visitors to the United States for many reasons, including 9/11, a high incidence of wildfires, and economic issues.

In FY 2002, the National Park Service logged more than 286 million visits to its 386 national parks, battlefields, historic sites, monuments, and recreation areas. The Bureau of Land Management saw another 53 million visits to its 1,600 recreational sites, primarily in the 12 western states. The U.S. Fish and Wildlife Service's National Wildlife Refuge System welcomed 39 million visits to its 540 refuges, while the Bureau of Reclamation welcomed 90 million visits to its 308 water recreation areas. National Parks focus on preserving our natural treasures for generations to come. However, they also serve as economic engines in many communities. Visitors to National Parks, according to the Trust for Public Land, generate an estimated $10 billion in benefits to local economies. They also provide employment, directly and indirectly, for thousands of people, as well as serving as a catalyst for state, regional, and local programs at the same time.

FIGURE 7



The reintroduction of ***www.recreation.gov***—a one-stop easy-to-use portal for information about federal, state, and local recreational activities nationwide—made it even easier for people to access recreation information (*Figure 7*). Initially created in 1998, winner of a "Best of the Feds" award, the site was re-launched in late September 2002. Managed by the Department, it gives users new resources and tools, including new information about Smithsonian Museums and affiliates, National Park Service museum collections, the National Oceanic and Atmospheric Administration's National Marine Sanctuaries and Estuarine Reserves, and newly designated Department of Transportation National Scenic Byways and All-American Roads. The upgraded site also features an improved online mapping system and a redesigned interface, based on customer feedback and usability tests.

There is a link to President Bush's health initiative Web site, too. "If you're interested in doing something about your health, go to one of our parks—and take a hike," the President suggested when he launched his Healthier US initiative. Our *www.recreation.gov* is "just what the doctor ordered," Secretary Norton agreed.

Visitor satisfaction at NPS sites remains high. The NPS 2002 visitor survey found 95% of park visitors responding to the survey were satisfied with the overall quality of park facilities, services, and recreational opportunities.

In FY 2002, as part of the President's call for citizen-centered government, the Fish and Wildlife Service (FWS) launched its own survey at 45 National Wildlife Refuges across the country as well. Results showed that more than 90% of visitors surveyed were satisfied or very satisfied with their experience.

The Power of People

Public citizens aren't merely the Department's customers. They are also our most important partners, particularly the men and women who give their time to help maintain the Nation's parks, refuges, and public lands. (See "The Power of Volunteers," by Robert Lamb, at the end of this section.)

You can see them in almost every office and field location across the country, working as campground hosts or clearing trails, surveying bird activity, collecting information for maps, or monitoring water quality. Without them, it is unlikely our shared treasures could be protected, let alone so heavily used.

An estimated 200,000-plus volunteers came to work with the Department's bureaus last year, almost three times the number of employees in our paid workforce. Volunteerism has more than doubled over the past decade, an upward trend we expect to continue.

For the volunteers, the work represents the opportunity to share in the stewardship of their heritage. For the Department, volunteers are a source of dedicated high-quality help, who undertake work that leverages taxpayer money and offer more programs and services at the same time. In FY 2001, for example, volunteers with the BLM, FWS, USGS, BOR, and NPS provided help valued at over $90 million. In FY 2002, we estimate this value to be about $132 million (*Figure 8*). Their impact goes far beyond dollar estimates, however. They are model citizen conservationists, building partnerships in the communities we serve, and breathing life into the Secretary's 4 C's philosophy.

FIGURE 8

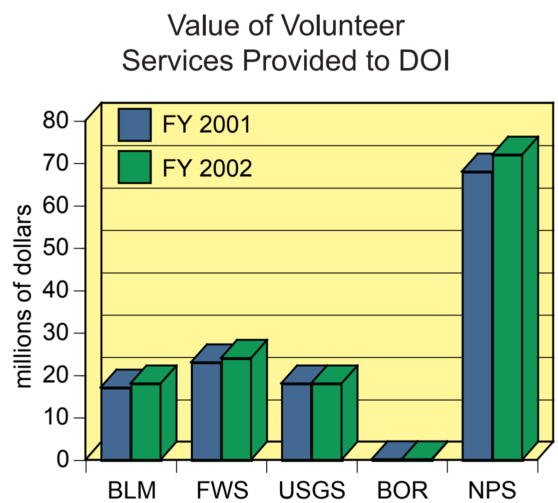
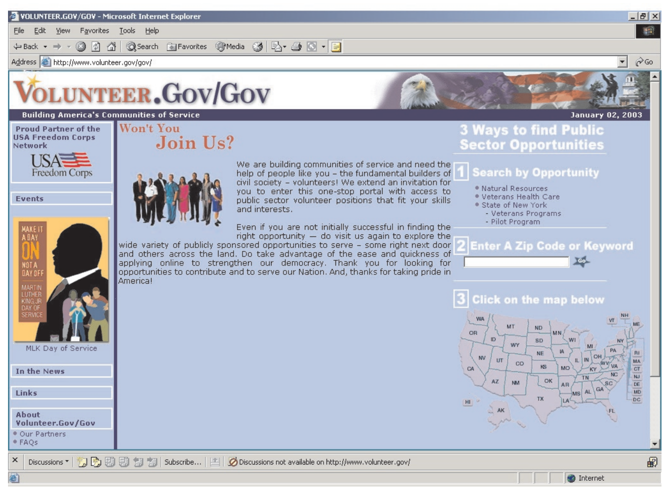


FIGURE 9



The energy and dedication they bring does not come entirely free, however. Regardless of where they work, all volunteers require orientation, appropriate skills or training, and supervision. They deserve recognition for their work, too.

Overseeing Interior's mix of career and volunteer staff provides a unique challenge to our field managers. Our new Human Capital Strategic Plan acknowledges that need, and will develop recruitment and training procedures to fill it.

The creation of ***www.volunteer.gov/gov*** is a way to spread the Department's successful model still farther afield (*Figure 9*). Led by Interior and built through a cooperative partnership including governmental partners at all levels, the site offers potential volunteers a one-step e-government portal for public sector volunteer recruitment and information sharing. Presently it provides access to opportunities in nine federal natural and cultural resource agencies, along with a pilot demonstration for the Department of Veteran's Affairs and the state of New York to include veteran-related volunteer opportunities.

This is merely a first step, however. The Department and its partners are currently working to expand the site's resources and links. Like ***www.recreation.gov***, the site is likely to expand rapidly, driven by ease of use and the logic of the Internet.

The Value of Volunteers

How much are volunteers Chuck and Pat Williams (front left and center in photo) worth to Nevada's Red Rock Canyon National Conservation area?

If you're counting dollars, the estimate is $271,000 in 2001 alone—money their innovations and hard work saved the Bureau of Land Management.

But the real value of their contributions goes far beyond dollars. Since starting as members of the Friends of Red Rock Canyon in 1999, Pat has become membership chair and works today for the Interpretive Association and as manager of the Visitor's Center bookstore. Chuck became president of the Friends in 2000, leading a volunteer workforce that numbers over 500. Together, the couple have increased financial support for the Canyon, coordinated community events like festivals and an art contest, issued grants to partner groups and scholarships to schools, developed school science kits and children's programs, and launched new projects to monitor, protect, and rehabilitate Red Rock's natural and cultural resources. Now they are helping spread the word to other sites, sharing their expertise with start up "friends" groups at other BLM sites.

Interested in trying to make a difference yourself? Just click on *www.volunteer/gov.gov* and see which of the thousands of possible opportunities is right for you.

The ability to nurture energetic volunteers in active partnership will determine what tomorrow holds for recreation on America's parks, refuges, and public lands. It will be a tomorrow of new ideas, new capabilities, and new challenges—if it is anything like what the NPS is accomplishing in the San Francisco Bay area today.

The Golden Gate National Recreation Area is the largest urban national park in the world. With 75,398 acres of land and water and 28 miles of coastline within its boundaries, it is nearly two and one-half times the size of San Francisco itself. It is one of the Nation's most highly visited parks, too, drawing throngs each year to attractions like Alcatraz, Marin Headlands, Fort Funston, Fort Mason, Muir Woods, Fort Point, and the Presidio, each with its own unique natural, cultural, and military history.

Like most large parks or park systems, Golden Gate has a general management plan and supporting strategic, resource management, and business plans that govern its work. But its approach to partnership serves as the focal point for all of the park's activities.

Realizing that it needed a solid foundation upon which to build its partnership efforts, the park established the Golden Gate National Park Association as its principal non-profit partner. The Association started modestly in 1981 as a cooperating bookstore. In 1985, a handful of members donated slightly under $9,000 to support the park. Today, the Association's cash contribution exceeds $14 million a year. Its noncash contributions are equally impressive, including producing educational material and interpretive products, managing park visitor centers and book stores, co-managing native plant nurseries and site-based stewardship programs, and raising private and other public funds for both major capital and operational projects.

The park has become an innovative lab for creative financing, too. Meeting the needs of the park's maintenance, resource management, and visitor services will require hundreds of millions of dollars of investment, needs that cannot be met fully with federal government dollars alone. Consequently, the park leadership has pursued and leveraged funds from other public sources, including private philanthropy, aggressive cost recovery, fee-for-service approaches, and expansive business and program partnerships. In FY 2002, the park brought in $0.83 for every $1 of appropriated funds through its partnership, revenue, and volunteer programs.

To build community ownership of the park's mission and values, the park staff has had to learn to work in a new way. Rather than being the "doers" of all things, employees see themselves as the "facilitators," utilizing the talent of the community to assist in how work is done in the park. In FY 2002, 380 Golden Gate employees worked with over 11,000 volunteers in nearly all of its varied programs. To sustain this intense community engagement and resource leveraging, the park has realigned its organizational structures to facilitate the use of volunteer and community resources, and recruited and trained a park staff whose skills and talents mirror its partnership approach to managing the park.

Performance and Costs at a Glance

Tables 3 and 4 summarize FY 2002 performance and cost data for Strategic Goal 2.

Interior incurred costs of approximately $2.1 billion for Strategic Goal 2, an increase of approximately 3.4% over FY 2001. The Department established 33 performance measures for Strategic Goal 2. Of the 33 performance measures, the Department achieved or exceeded the goals for 17 measures (52%), did not meet the goal for 12 performance measures (36%), and is unable to report performance information on 4 performance measures (12%) because performance data is not available at this time.

Two GPRA program activities, "Provide for Public Enjoyment and Visitor Experience of Parks" and "Enhance Recreation Opportunities Managed by Others", accounted for 85.6% or approximately $1.7 billion of the $2.1 billion cost incurred for Strategic Goal 2. There are nine measures related to these two program activities. Six performance measures (67%) were accomplished or exceeded. Of the two performance measures that were not accomplished, both performance measures were within 1% of their targets for FY 2002 based on current or partial information. For one measure, data was not available at this time.

More detailed information concerning performance results is available in Appendix D.

TABLE 3

Strategic Goal 2 FY 2002 Performance Measure Scorecard						
GPRA Program Activity	**Number of Measures**	**Exceeded Goal**	**Met Goal**	**Did Not Meet Goal**	**No Report**	**Percent Exceeding or Meeting Goal**
Responsible Recreation	4	1	1	0	2	50%
Land Management and Development	2	2	0	0	0	100%
Greater Public Use on Service (FWS) Lands	3	1	0	2	0	33%
Partnerships in Natural Resources	10	3	1	6	0	40%
Provide for Public Enjoyment and Visitor Experience of Parks	4	1	1	2	0	50%
Enhance Recreational Opportunities Managed by Others	5	3	1	0	1	80%
Ensure Organizational Effectiveness	5	0	2	2	1	40%
TOTAL	33	11	6	12	4	52%

TABLE 4

Strategic Goal 2 Costs (in millions)		
GPRA Program Activity	**FY 2002**	**FY 2001**
Responsible Recreation	$94	$86
Land Management and Development	36	35
Greater Public Use on Service (FWS) Lands	175	160
Partnerships in Natural Resources	-	3
Provide for Public Enjoyment and Visitor Experience of Parks	1,560	1,503
Enhance Recreational Opportunities Managed by Others	251	258
Ensure Organizational Effectiveness	*	*
Total Gross Cost Prior to Eliminations	2,116	2,045
Less: Elimination of Intra-Department Activity	(13)	(6)
Total Gross Cost After Eliminations	$2,103	$2,039

* Costs not separately identified for this GPRA Program Activity.

The Power of Volunteers

by Robert Lamb, Senior Advisor to the Assistant Secretary for Policy, Management, and Budget

I've spent 31 years working in financial management and government, 20 of them with Interior's Office of the Secretary, involved in our overall budgetary work. So I have a fairly good idea of what our challenges are, and what the limitations are on the federal budget overall. We do a good job of competing for financial resources, but the scope and complexity of the financial challenges we face go well beyond the resources we will likely obtain through appropriations.

We have one unique advantage in the Department, however, in meeting these challenges. Our work is deeply and genuinely appreciated by the American people.

I recall a survey of Americans about what government services deliver the greatest value. The Postal Service was ranked number one. You pay 37 cents and a letter carrier delivers your letter quickly. The second best value, they said, is the services delivered by a park ranger. "My gosh, these people are committed," they say when they visit a national park. "They're doing a good job, and preserving something of value."

Most Americans can't differentiate between a park ranger, a Fish and Wildlife Service refuge biologist, or a public recreation specialist for the Bureau of Land Management. They don't make distinctions between the Department's bureaus. Instead, they see us all as rangers of some sort, protecting vital resources, whether it's migrating birds, historic monuments, or towering sand dunes. It's a mission they admire, a mission they'd like to be part of. So they volunteer their help in increasing numbers. Today, over 200,000 volunteers assist us and we expect that number to continue to grow.

At the Department's annual employee award ceremony, we often reflect how blessed we are to be able to have careers in public service. Even if we spend a long day overcoming the obstacles of getting something done in a large and complex organization, we go home knowing that we're working for a high and noble purpose. Cities rise and fall. Wealth vanishes. But we have the privilege of working on things that endure. The land. Its waters. Wildlife. We're doing something to preserve them for generations to come, and that is a distinct honor and important challenge.

Others who have spent their lives watching the bottom line for their companies, produce value for our society as well. Nevertheless, many of them are looking for other ways to leave a lasting legacy. They often volunteer to work alongside us because they, too, want to build something that may last beyond their daily pursuits. In the process of becoming involved with our programs, they find their lives transformed.

For volunteerism to work, it can't just transform our volunteers, however. It has to transform those of us in Interior as well. We have to find ways of thinking how to reach our goals in concert with others. How can we use the growing numbers of interested, talented, and experienced private citizens to help us accomplish our mission? We have to reconsider how we hire people, and how we train them to work with others. Managing and rewarding volunteer efforts present new and different challenges for us as managers.

Fortunately, we have many examples in the Department of people who successfully are incorporating new, more flexible approaches to management. Our challenge is to identify those individuals, hold up their experience, and make it widely known throughout the Department so others can build on their successes.

We are starting a new volunteerism initiative within our senior management council, with a field manager, Brian O'Neill, Superintendent of the Golden Gate National Recreation Area, serving as the group leader. Some 93% of our employees work in the field; they are the ones who can best make volunteerism succeed. Our role in Washington is simply to help guide the effort by providing the resources, removing obstacles, and shining the spotlight on success.

Our Assistant Secretary for Policy, Management and Budget, P. Lynn Scarlett, recently told of a visit she made to a Fish and Wildlife Service refuge. The refuge manager said, "We really need to develop a business plan for our refuge. But we don't know how to do it. I wish I had pursued an MBA degree."

"Have you heard about what the Park Service is doing?" she asked. "The Park Service has been bringing in MBA candidates from Harvard, Wharton, and the Sloan School, volunteers who spend a summer working side by side with park staff to develop park business plans."

The refuge manager was unaware of this development. News of the Park Service Business Plan initiative hadn't spread beyond Park boundaries. Here's an opportunity for the Fish and Wildlife Service and the National Park Service to work together to develop a common approach to accomplishing a similar objective. But those kinds of connections don't happen inside the Department often enough. Instead, each bureau tries to invent its own processes, absorbing precious amounts of energy, talent, and resources.

If we can learn to turn to one another and work across bureaus to build on our experiences, we can improve almost anything we do. We can work better. We can save time. We can save money. And we will become a better organization through the process. Our future lies in better integration among our bureaus and more intensive collaboration with others.

If we look afresh at the challenges we face and the means at our disposal to face them, we will succeed as an organization. We will be able to build on the work of those who came before us, transforming us and this great Department in the process.

Strategic Goal 3: Manage Resources for a Healthy Environment and a Strong Economy

Meeting the Growing Resource Challenge

Natural disasters and man-made threats threw America's resource needs into high relief in FY 2002. Drought in the West stretched on into its fourth year in some areas, leaving both farmers and fish and wildlife parched for water. Meanwhile, growing turbulence in the Middle East and our ongoing War on Terror increased American's awareness of its precarious dependence on imported oil and gas.

These issues were particularly critical for the Department, which is responsible for managing a wide variety of natural resources for development and commercial activity while maintaining environmental protection.

Managing natural resources for a healthy environment and a strong economy, the Department's third strategic goal, requires a complex blending of interests. Preserving healthy landscapes and ecosystems is imperative, as is sustaining the productivity of renewable resources. The economic health of the community and the Nation must also be considered. Both taxpayers and commercial interests deserve a fair return on any resources developed, too. So consensus building and inclusive management are critical, in partnership with state, local, and tribal governments and private non-profit and commercial groups.

The Department's principal land and economic resource management bureaus are the Bureau of Land Management (BLM), the Bureau of Reclamation (BOR), and the Minerals Management Service (MMS). All help meet the Nation's need for energy and non-energy resources derived from public lands while maintaining environmental protections.

In addition to its expanded role providing recreational opportunities for the rapidly growing population of America's West, the BLM has the broadest range of resource management jobs: overseeing rangeland, selling millions of board feet of saw timber and other forest products, and issuing thousands of leases for oil, gas, geothermal, and coal exploration and production. Lands managed by BLM produce an estimated 40% of the Nation's coal, 11% of its natural gas, and 4.6% of its domestic oil, generating about billion dollars in annual revenues back to the American taxpayer.

The Bureau of Reclamation is the largest manager and supplier of water in the 17 western states, delivering water to 31 million people for agricultural, municipal, industrial, and domestic uses. About 60% of the Nation's fruit and vegetables and 25% of nuts sold domestically are grown with water provided by the BOR. The bureau is also America's second largest producer of hydroelectric power, representing 17% of the Nation's hydropower capacity, and America's 10th largest electric utility. BOR facilities generate 42 billion-kilowatt hours from 58 hydroelectric power plants each year, enough to meet annual residential needs of 9 million people, equivalent to 80 million barrels of crude oil.

The Minerals Management Service manages the Nation's natural gas, oil, and other mineral resources on more than 1.7 billion acres of the Outer Continental Shelf (OCS). The MMS also collects, accounts for, and disburses revenues from offshore federal mineral leases and from onshore mineral leases on federal and Indian lands. These leases supply 35% of the Nation's natural gas and 29% of its oil. Between 1995 and 2001, the MMS collected more than $5 billion annually in lease revenue on more than 80,000 leases, money that has been distributed to the U.S. Treasury, states, Indian tribes, and Indian allottees.

Careful, effective, and sustainable management of these critical resources requires a partnership between industry and government, working together to maintain high standards for production. From the government's side, we must work to minimize delays, uncertainties, and red tape that help neither industry nor the environment. Those in industry must fulfill their responsibilities to protect the environment as they work to supply the energy and mineral needs of the Nation.

The important role of the Department in careful resource stewardship is likely to increase in the years ahead. Federal lands are estimated to contain 68% of all undiscovered oil resources and 74% of all undiscovered natural gas resources. Even with those resources, however, it is clear that America's energy needs will outstrip supply. Over the next 20 years, U.S. oil consumption is projected to grow by over 6 million barrels a day, while production is estimated to decline by 1.5 million barrels per day. Over the same time period, U.S. natural gas consumption has been projected to grow by over 50%, while production will grow by 14%.

The Department is committed to the development and implementation of a national energy policy that effectively taps a wide variety of sources, using technological advances to increase yield, minimize environmental risk, and promote resource conservation.

Key elements of that policy are strategies to augment our Nation's use of such renewable and alternative energy sources as wind, biomass, solar, and geothermal power. These resources will diversify our energy portfolio while helping to minimize the environmental impacts of air pollution.

While the current contribution of renewable resources is less than 10% of the Nation's consumption, their use is growing faster than any other form of energy. Interior currently manages nearly 300 geothermal leases, 40% of the Nation's supply, producing enough energy for two million households. The Department's wind energy sites generate enough electrical power for 300,000 homes in Southern California, with new projects coming online in Wyoming and Nevada.

BLM: Plan and Performance

The BLM has developed 166 land-use plans that govern the management of the public lands it administers. These plans are the bureau's primary tool for building consensus and providing opportunities for public participation in its land and resource management decisions.

Fiscal Year 2002 marked the second year of a major ten-year effort by the BLM to update its existing plans and initiate 29 plans for newly designated administrative units. Updated plans reflect current conditions and new statutory, regulatory, and policy requirements. They facilitate better decisions on sustainable use, the processing of expanded use requests, and the resolution of land use conflicts without costly and time-consuming litigation.

Comprehensive land use plans and major plan amendments establish management direction for millions of acres, and take an average of three years to complete. In 2002, BLM made substantial progress toward completing 44 land use plans, and completed the amendment of 26 existing plans. The focus of the planning program in 2002 addressed national issues such as the National Landscape Conservation System, off-highway vehicle use, renewable and nonrenewable energy development, and urban growth, as well as compliance with litigation and endangered species consultation through collaborative planning with tribal, state, and local community governments and with local citizens and stakeholders.

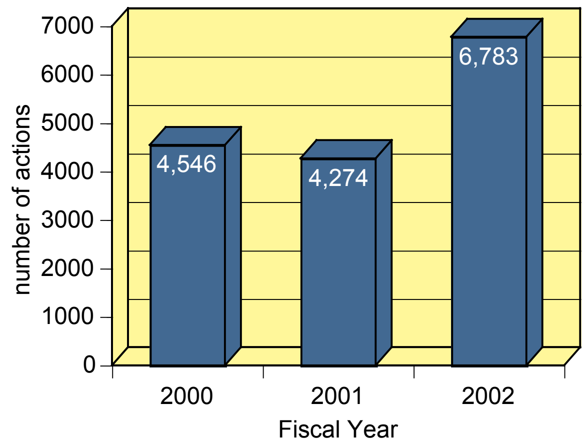
Fiscal year 2002 also saw the beginning of the BLM's implementation of a strategic National Energy Action Plan to help increase both traditional and alternative energy sources, improve America's energy transportation network, and ensure sound environmental management. Central to this plan are major initiatives such as the development of Alaska North Slope oil resources, continued development of coalbed natural gas resources, and more efforts towards renewable energy sources. Of the 44 tasks in the multi-year plan, 14 tasks have been completed, 21 tasks are more than 50% complete, and, overall, work is progressing as scheduled.

The BLM conducted Energy Policy Conservation Act (EPCA) evaluations of five major energy-producing basins in FY 2002 and provided these to Congress in early 2003. These evaluations give the BLM a sound basis upon which to ensure timely planning on federal lands and to allow for development of oil and gas resources with minimum restrictions while ensuring environmental protection. The BLM will review restrictions and lease stipulations in these areas in FY 2003, based upon the results of the EPCA evaluations.

In FY 2002, the BLM completed 93% of its planning targets for the number of federal energy mineral lease actions authorized, and 92% of its targets for the number of federal energy mineral compliance, inspection, and enforcement actions taken. Planning targets for commercial timber offered for sale in the Pacific Northwest were exceeded by 8%, with 162.5 million board feet of timber offered for sale. Additionally, 25.9 million board feet of timber (MMBF) were offered for sale from the public domain lands, slightly below the planning target of 27.8 million board feet. The BLM issued 2,171 grazing permits or leases, which was 37% over the planned target.

FIGURE 10

Non-Energy and Other Mineral Authorization Actions Completed by BLM



The BLM authorized environmentally responsible commercial activities on the public lands (including oil and gas leasing, coal leasing, livestock grazing, and timber production), resulting in a 2002 market value of production of $12.50 billion. The direct and indirect economic impact of all commercial activities amounted to $27.07 billion. Energy and mineral royalties, rents, bonuses, sales and fees accounted for approximately $1.43 billion. Key contributions to the total revenues generated include the leasing of 60 parcels in the Northeast National Petroleum Reserve in Alaska, which yielded $65.8 million in bids, and the leasing of the North Jacobs coal tract in Wyoming, which earned over $379.5 million in bonus bids.

In FY 2002, BLM made payments to states and counties totaling over $330 million. This figure includes Payment in Lieu of Taxes (PILT) of $210 million, Mineral Leasing Act payments of $1 million, grazing payments amounting to about $54,000, and others. Consistent with the Secretary's 4 C's, all PILT payments were accelerated from September 2002 to June 2002 to better coincide with county and local government planning and budget cycles.

To boost efficiency, the BLM continues to advance its e-government capability, implementing four new online business applications. This includes the National Integrated Lands System, which combines survey and geographic information system (GIS) technology to analyze survey data and parcel creation; the National Photo Database System, a searchable photo library of BLM digital images; the Regulation Comment System, which allows comments on proposed BLM regulations via the Internet; and the Rangeland Administrative System, which provides management reports concerning grazing leases and permits via the internet.

BOR: Living with Drought

The BOR means water and power in the West. The bureau's 348 reservoirs have a total storage capacity of 245 million acre-feet of water. (An acre-foot supplies enough water for a family of four for one year). The BOR's 58 hydroelectric power plants generate an average of 42 billion-kilowatt hours of energy annually. The BOR's goal is to operate these facilities cost-effectively and ensure they provide safe, reliable supplies of water and power.

The BOR exceeded its target of delivering 27 million acre-feet of water in FY 2002, delivering 29.4 million acre-feet to meet increased demand caused by the drought in the northern part of the West (*Figure 11*). Where water was available, demand was met, bringing reserves to all-time lows in many reservoirs. In other cases where reservoir levels were already low, all available water was delivered, but there were insufficient amounts of that water to meet demand.

If the snowpack runoff in spring 2003 is at or below normal and the drought continues, there will be far less water to release to customers during FY 2003.

Even without the drought, however, the BOR will face new and increasing demands on a finite supply. Over the past 25 years, population in western states has increased by a third. To meet the critical challenge posed by this population growth, the BOR must continue to develop strategies so that water can be used more than once in order to satisfy multiple users. Other tools BOR is using include water banking, voluntary water transfers, improving water conservation and management, and improving and developing water treatment technologies.

FIGURE 11

BOR Performance in Meeting Water Contracts (Water Released or Delivered)

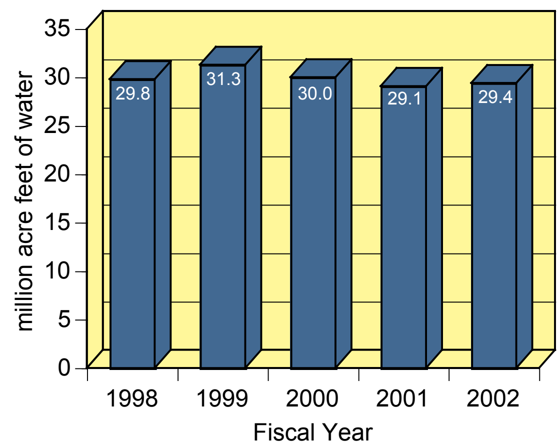
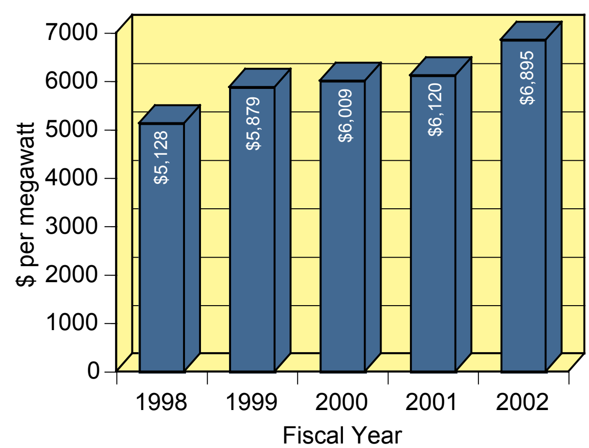


FIGURE 12

BOR Provides Power at Less than $7,300 per Megawatt (Top Quartile of Providers)



Similar ingenuity will be needed to meet the growing demand for hydropower, a clean, domestic, and renewable source of electricity.

One of BOR's goals is cost-effective power production, targeting production costs at less than $7,300 per megawatt, which would rank BOR's efficiency in the top 25% of producers nationally (*Figure 12*). Actual performance exceeded that ambitious target, with a cost of power production of $6,895, which ranks in the top 20%.

BOR's efficiency and cost-effectiveness are particularly impressive given the age of its dams. Some 50% of the 456 dams were built between 1900 and 1950. BOR is vigilant in conducting safety inspections and analyses to ensure dam integrity and to maintain dams in their top condition.

Proper maintenance is critical to ensuring reliable and safe delivery of power to BOR customers now and in the future. The forced outage rate measures the amount of time a power plant suffers unplanned shutdowns due to equipment failure and other operational or maintenance problems. The BOR's target was the same as the industry average, a forced outage rate of 3% of total operating hours within a year. Here, too, BOR exceeded its target, with a 1.3% forced outage rate, less than half the industry norm.

The average age of a BOR hydropower plant is about 43 years. While two-thirds of the facilities have been upgraded and/or rewound, one-third have not been modified. Without continued facility improvement, the BOR will find it difficult to sustain its record of cost-effective reliability.

The BOR has undertaken an aggressive upgrading and efficiency improvement program, which has significantly expanded the capacity of its hydropower system. For example, Reclamation has ongoing turbine work at Grand Coulee Dam in Eastern Washington, which will ultimately increase the efficiency of the original generators by four percent, equivalent to an additional 150,000 megawatt hours of power per year. Replacements are also underway at Yellowtail Dam in Montana, and turbine part replacements at the Shasta power plant in California are planned. These three new programs will result in an equivalent of 250 new megawatts of capacity over the next nine years.

MMS: Faster and More Efficient

The Minerals Management Service (MMS) focuses on environmentally sound management of mineral resources on 1.76 billion submerged acres on the outer continental shelf. Responding to growing energy needs, the MMS developed the five-year leasing program for 2002-2007 to outline areas available for production.

The MMS estimates the new five-year program will make available from 10 million to 21 million barrels of oil and 40 trillion to 60 trillion cubic feet of natural gas. This is enough oil to fuel every vehicle in America for two to five years and enough natural gas to heat, cool, and run the appliances for every home in America for two to three years.

Between 2002 and 2007, the MMS plans to hold 20 oil and natural gas lease sales. Sale 181 in the Gulf of Mexico, held in December 2001, was a great success, resulting in 190 bids on 95 tracts and totaling $340 million in high bids from 17 companies. The highest bid was $26 million, and the deepest tract was 9,541 feet.

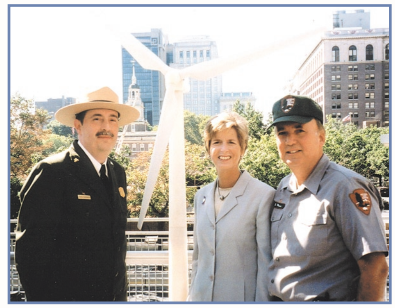
One major focus is to meet the increased demand through incentives and programs designed to spur exploration and technological development in the Gulf of Mexico. The MMS has identified deep well gas from the Gulf's nearshore outer continental shelf as a best bet for enhancing natural gas production in the near term.

As of November 2001, a record 47 deepwater rigs were drilling at depths greater than 1,000 feet, as compared to only 9 rigs in 1990 and 26 in 1999. The number of wells being drilled in the ultra-deepwater (5,000 feet or greater) continues to grow also.

In calendar year 2001, deepwater oil production grew over 23% to 335 million barrels in 2001 as compared to 2000. Production figures for calendar year 2002 will be available in March 2003.

Although significant technological breakthroughs have allowed for more deep-water production, substantial economic risks remain. The Deep Water Royalty Relief Act of 1995, which granted variable royalty reductions for new leases in deep water, contributed to much of the increase in deep-water leasing in the Gulf of Mexico. Similar incentives could help spur development in other technological frontiers, such as deep natural gas, make possible continued production from both offshore and onshore fields near the end of their economic life. The President has directed Interior to continue to explore opportunities for royalty reductions, consistent with a fair return to the public, in areas where production might not otherwise occur.

The Green Department



The Department is a national model of renewable energy use and innovative conservation projects. We currently lease, permit, and license most of the government's renewable energy—and use it in our facilities too, with more than 600 solar electricity facilities, 40 solar hot water systems, 30 wind turbines, 15 geothermal heating and cooling systems, and 6 wind farms. In addition, we use 200,000 gallons of biofuels in vehicles and marine fleets annually, and operate 1,200 alternative fuel vehicles.

Since 1985, Interior has reduced energy consumption in buildings and facilities by about 10%. The Green Energy Parks Program, a successful partnership between the National Park Service and the Department of Energy, has fostered over 200 energy and water conservation projects, saving taxpayers millions of dollars.

Three different projects won Department of Energy awards in FY 2002. The National Park Service was honored for the Channel Island's (CA) Park Ranger boat that runs on biodiesel fuel, and for the Denver Service Center's energy design process for the Zion National Park Visitors Center. The Fish and Wildlife Service was honored for its efforts to incorporate energy efficiency and green construction at the John Heinz National Wildlife Refuge's (PA) education center.

Similar initiatives can be found nationwide. In Colorado, for example, the MMS has joined a federal wind source pilot, agreeing to purchase 25% of the estimated 3.2 million kilowatt hours it uses in its Denver offices from wind-generated sources. The Department's National Business Center is putting the money it saved by recycling paper to create a pilot-scaled "green roof" of planted sedge grass that will stretch over half a wing of the Main Interior building in Washington, D.C. Besides adding insulation, which reduces heating costs during cold weather and cooling costs during hot weather, green roofs help cut down on the risk of storm-pulse flooding of the city's storm drain system, a recurrent problem in Washington.

The MMS is particularly proud of its environmental performance. Between 1985 and 2000 more than six billion barrels of oil were produced from the Outer Continental Shelf (OCS), with less than .001 percent of that total spilled. Of those releases, 97% involved less than a barrel.

The MMS has not yet performed the calendar year 2002 annual review of oil spill data. Results are expected by May 2003 and will be posted on the MMS Web site. FY 2001 performance of one barrel spilled per million barrels produced exceeded the target of no more than ten barrels spilled per million barrels produced, primarily because there were no "large" spills of 1,000 barrels or greater in FY 2001.

The MMS calculates its environmental impact indicator on a calendar year basis. Here, too, data will be available by May 2003 and will be posted on the MMS Web site. FY 2001 performance exceeded the target of 8.10 (with 0 being best performance), with an actual performance of 7.46, based on calculations derived from data on four resource activities in the three OCS regions. This was an increase over the year 2000 result of 5.02, primarily because of more stringent air quality inspection on the Pacific OCS.

In addition to OCS operations, the MMS collects, verifies, and distributes mineral revenues each month from more than 80,000 leases on federal and Indian lands.

To work more effectively, the MMS consulted with industry, states, and tribes on a complete business process reengineering that resulted in a new organizational structure for its Minerals Revenue Management administration. This reengineering effort has now been completed, and the initial results promise significant efficiency gains in both the near and long term. In addition, the MMS is improving online capability to make it easier for energy producers to do business with the MMS.

Over the last ten years, the MMS distributed a record $6.7 billion to 36 states as their share of revenues from the leases located within their borders or adjacent to their shores. States receive 50% of the royalties collected, except for Alaska, which gets a 90% share as prescribed in the Alaska Statehood Act. Forty percent goes into the reclamation fund for water projects, and 10 percent goes into the general fund of the U.S. Treasury.

Finally, in response to President Bush's request to help enhance U.S. energy security in the near term, MMS has begun accepting royalty-in-kind oil to transfer to the Department of Energy for use in refilling the Strategic Petroleum Reserve, the Nation's emergency stockpile. Delivery of oil began in April 2002 at 60,000 barrels per day, increasing to 100,000 barrels per day by October 2002. By spring 2003, delivery will reach 130,000 barrels per day.

Performance and Costs at a Glance

Tables 5 and 6 summarize FY 2002 performance and cost data for Strategic Goal 3.

Interior incurred costs of about $4.4 billion for Strategic Goal 3, an increase of 6.5% over FY 2001. The Department established 54 performance measures for Strategic Goal 3. Of the 54 performance measures, we achieved or exceeded the goals for 26 measures (48%), did not meet the goals for 21 measures (42.6%), and are unable to report performance information on 7 measures (13%) because performance data is not available at this time.

Two GPRA program activities, "Operate and Maintain Facilities Safety, Reliably, and Efficiently to Provide Project Benefits" and "Provide Revenue Recipients with Access to Their Money Within 24 Hours of the Due Date" related to royalty revenues, accounted for 48% or approximately $2 .1 billion of the $4.4 billion cost incurred for Strategic Goal 3. There are 13 measures related to these two program activities. Of the 13 performance measures, 11 performance measures (85%) were accomplished or exceeded including all of the performance measures related to "Operate and Maintain Facilities Safety, Reliably, and Efficiently to Provide Project Benefits". The performance measures that were not accomplished related to "Provide Revenue Recipients with Access to Their Money Within 24 Hours of the Due Date". Targets for these measures were not achieved because of a court-ordered system shutdown from December 2001 through March 2002 that disrupted program operations.

More detailed information concerning performance results is available in Appendix D.

TABLE 5

Strategic Goal 3 FY 2002 Performance Measure Scorecard						
GPRA Program Activity	**Number of Measures**	**Exceeded Goal**	**Met Goal**	**Did Not Meet Goal**	**No Report**	**Percent Exceeding or Meeting Goal**
Provide Opportunities for Environmentally Responsible Commercial Activities	15	6	0	7	2	40%
Reduce Threats to Public Health, Safety, and Property	14	6	1	7	0	50%
Operate and Maintain Facilities Safely, Reliably, and Efficiently to Provide Project Benefits	11	9	2	0	0	100%
Ensure Safe Outer Continental Shelf (OCS) Mineral Development	1	0	0	1	0	0%
Ensure Environmentally Sound Outer Continental Shelf Mineral Development	2	0	0	0	2	0%
Ensure that the Public Receives Fair Market Value for Outer Continental Shelf Mineral Development	1	0	0	1	0	0%
Provide Revenue Recipients with Access to Their Money within 24 Hours of the Due Date	2	0	0	2	0	0%
Ensure Compliance with Applicable Laws, Lease Terms and Regulations for All Leases in the Shortest Possible Time, But No Later than 3 Years from the Due Date	3	2	0	1	0	66.7%
Interact with Our Customers in an Open and Constructive Manner to Ensure That We Provide Quality Services to Satisfy Our Customers' Needs	1	0	0	0	1	0%
Overview	4	0	0	2	2	0%
TOTAL	54	23	3	21	7	48%

TABLE 6

Strategic Goal 3 Costs (in millions)		
GPRA Program Activity	**FY 2002**	**FY 2001**
Provide Opportunities for Environmentally Responsible Commercial Activities	$347	$449
Reduce Threats to Public Health, Safety, and Property	628	502
Operate and Maintain Facilities Safely, Reliably, and Efficiently to Provide Project Benefits	1,258	1,435
Ensure Safe Outer Continental Shelf Mineral Development	240	79
Ensure Environmentally Sound Outer Continental Shelf Mineral Development	226	71
Ensure that the Public Receives Fair Market Value for Outer Continental Shelf Mineral Development	128	39
Provide Revenue Recipients with Access to Their Money Within 24 Hours of the Due Date	953	1,143
Ensure Compliance with Applicable Laws, Lease Terms, and Regulations for All Leases in the Shortest Possible Time, but No Later than 3 Years from the Due Date	219	44
Interact with Our Customers in an Open and Constructive Manner to Ensure that We Provide Quality Services to Satisfy Our Customers' Needs	*	*
Payments in Lieu of Taxes and Other Payments Made to States and Local Governments	364	333
Total Gross Cost Prior to Eliminations	4,363	4,095
Less: Elimination of Intra-Department Activity	(50)	(49)
Total Gross Cost After Eliminations	$4,313	$4,046

* Costs not separately identified for this GPRA Program Activity.

Wildland Fire: The Story Beyond the Pictures on TV

by Tim Hartzell, Director, Office of Wildland Fire Coordination

The fire season in 2002 was the second busiest in the past 50 years. You have to go back to the 1950s to find fire seasons that burnt more acres or destroyed more structures.

There are two reasons for that severity. For the past 100 years the national policy has been to suppress wildland fires. We've been good at it, and as a result have let fuels build up in our forests and rangelands. On top of that, 2002 was marked by extreme drought, with nearly 50% of the country affected.

Americans saw the results on the network news shows. Night after night, the anchors broadcast pictures of devastation, with forests blackened, wildlife destroyed, and homes laid to waste. Those pictures didn't tell the full story, however. Of the more than 73,000 wildland fires in FY 2002, all but 610 were suppressed at 300 acres or less burned—fires far too small to make the news reports. Likewise, the media focused on the 2,000 or so structures that fire destroyed. They didn't report on the 110,000 threatened homes, farms, and businesses we were able to save.

Those successes are a tribute to our fire personnel and to good fire planning with strong coordination among all the federal agencies and their state, local, and tribal partners.

The fire community describes the urgency of a fire season through "Preparedness Levels," from 1, meaning little fire danger and no large fire activity to 5, meaning we have major fires and our necessary firefighting resources are stretched to the limit in multiple locations. Last year we went to Level 5 on June 21, 2001—five weeks earlier than ever before. We knew we were in for a long, hard season. But, we were better prepared than ever. We were better trained. We had more people. We had more equipment. And we had better coordination across the board, thanks to the National Fire Plan.

The National Fire Plan is a strategy that links the four Interior firefighting bureaus, BLM, NPS, FWS, and BIA, with the Forest Service, state foresters, tribes, and local fire departments.

The first key element of the plan is preparedness. For Interior that meant hiring over 2,000 new firefighters since FY 2000, and getting them appropriately trained and equipped. We also added more aircraft, more fire engines, and more bulldozers, water tenders, and semi-trucks to transport them.

The second key element is investing in projects to reduce fire risk and restore forest and rangeland health. We can't continue just to treat the symptom of catastrophic wildfire. We need to treat the cause, the build-up of fuels. In FY 2000, the year before the National Fire Plan, the Department of the Interior treated approximately 502,718 acres of hazardous fuels. In FY 2002, we treated 1,058,964 acres, twice the acreage. More importantly, we treated the right acres. Determining where to treat hazardous fuels is a completely different process since the National Fire Plan's introduction. In all of the 50 states, we identify what acreage most needs treatment through a collaborative process that involves all of the four Interior bureaus, the Forest Service, tribes, state foresters, local governments, and a variety of non-governmental organizations. We treat what we agree is the highest priority, with coordinated sequencing for future treatment.

The third element of the plan is the rehabilitation of areas that have been degraded by large wildfires. In FY 2002, we set a target of slightly more than 1.5 million acres. We treated 767,000 acres, including stabilizing priority areas such as municipal watersheds.

The fourth key element is community assistance, particularly for rural fire departments. They are the first to respond to most wildfires; the better prepared they are, the less likely fires are to grow. Before the plan, the Department did not have a rural fire assistance appropriation. In FY 2001 and FY 2002, assistance to rural fire departments was funded for $10 million annually. Our target in FY 2002 was to assist 1,085 rural fire departments with financial grants to help with training, prevention activities, and purchasing equipment. That target was exceeded as well with 1,568 rural fire departments assisted.

The fifth key element strengthened accountability. In April 2002, Secretary Norton and Agriculture Secretary Ann Veneman established the Wildland Fire Leadership Council, a high-level policy-making group created to ensure seamless implementation of the Federal Wildland Fire Policy and the National Fire Plan. The Council provides leadership and oversight to ensure coordination and accountability for results. The Council includes the Chief of the Forest Service and the directors of the four fire bureaus for the Department of the Interior, along with the U.S. Department of Agriculture's Undersecretary for Natural Resources and Environment, the Department of the Interior's Assistant Secretary for Policy, Management and Budget, and a representative from the Federal Emergency Management Agency, the National Association of Counties, the National Association of State Foresters, the National Governors Association, and the Intertribal Timber Council. Never before have so many levels and organizations from government come together to discuss a cohesive approach to fire preparedness, reducing hazardous fuels, and restoring and maintaining forest and rangeland health.

In May 2002, the two Secretaries and the Western Governors Association signed a comprehensive Ten-Year Strategy Implementation Plan, detailing a uniform approach to implementation of the National Fire Plan goals on federal, and adjacent state, and private lands. It's a detailed blueprint for protecting communities and the environment through local collaboration over the next ten years, with clearly defined implementation tasks and performance measures—and a tribute to the power of coordination, communication, and consultation among the Nation's many firefighting and resource management organizations.

Strategic Goal 4: Provide Science for a Changing World

Science for Solutions

Political leaders, policymakers, and the public have never had a greater need for accurate and timely scientific information than today.

As a Nation, we face vital and perplexing questions concerning our environment and natural resources. How can we ensure an adequate supply of energy, water, and mineral resources in the future? Are we irreversibly altering our natural environment when we use these resources? How has the global environment changed over time, and what can the past tell us about the future? How can we predict, prevent, and mitigate the effects of natural hazards?

These are not abstract questions. They are immediate and pressing, and framing conservation and resource decisions at every level of government.

Providing the sound, objective, and current science to make those decisions is the fourth strategic goal of the Department.

Integrity remains the foundation of all DOI science—honesty in all aspects of scientific enterprise, to maintain impartiality and ensure that information is used to benefit the public as a whole. The Department is committed to peer review for all its scientific disciplines and is fostering common standards for peer review of research across the Department. Finally, DOI has developed "A Code of Science Ethics" that has been coordinated with the Human Resources leadership, vetted through the Department and OMB, and is now in external review. This code will help guide the conduct of employees, contractors, and consultants engaged in science-based projects and also helps employees meet the Secretary's policy to make decisions based on the best science available. In addition to the quality of science, the Department has issued new guidelines on information quality, objectivity, utility, and integrity, consistent with congressional and OMB directives.

Every bureau inside the Department has its own team of dedicated science professionals, focused on the specific issues related to that bureau's performance. The U.S. Geological Survey (USGS) is considered the principal science bureau within Interior. Several other Department bureaus marry scientific

Science Informing Stewardship

More than any other open space remaining, the oceans are a common use area for work and play for much of the world's population. That's particularly true in ocean areas near large urban centers. In these multi-use urban oceans, environmental and ecological concerns must be balanced against the human, economic, and industrial demands of adjacent population centers.

The USGS began studying the Gulf of the Farallones in 1989, and over the next 13 years would develop a sophisticated understanding of the waters just beyond San Francisco's Golden Gate. The initial goal was to establish a database to evaluate and monitor human impact on the marine environment over an area of 1,000 square nautical miles. The project expanded in scope in 1991, when the USGS sponsored a multidisciplinary survey of the area designed to help locate 47,800 containers of low-level radioactive waste dumped in the Gulf between 1946 and 1970 and to investigate possible sites for the disposal of sediment dredged from San Francisco Bay.

Today, thanks to cooperators, including the Point Reyes Bird Observatory, the California Department of Health Services, and the British Geological Survey, the Gulf is one of the most studied urban ocean areas the world. Data from the ongoing research have become a primary conservation tool that is shared by managers of the three contiguous National Marine Sanctuaries of Cordell Bay, Gulf of the Farallones, and Monterey Bay, to protect the ocean area stretching 185 miles from Bodega Bay north of San Francisco to Cambria south of Monterey.

knowledge with applications. DOI bureaus have established effective partnerships with the Nation's universities, increasing the scientific expertise available to the Department.

Science and the U.S. Geological Survey

Thousands of partners and customers seek out the USGS for its expertise and vast data holdings. The diversity of expertise inside the organization makes it possible to carry out large-scale multi-disciplinary investigations that build the base of knowledge about the earth.

As the major science bureau within the Department of the Interior, the USGS conducts research on earth and biological processes, including natural resources and natural hazards. These studies are guided, in part, by the needs of DOI partners and may address either long-term research questions or short-term tactical science applications. Research results, in the form of publications, analyses, maps, decision support systems, Web pages, and other media, provide systematic information to DOI bureaus and the Nation for use in land and resource decisionmaking. Scientists in other DOI bureaus rely on USGS for objective scientific results and well designed application programs to translate the information to specific land or resource use questions. The application of science may include inventory, assessment, and monitoring of discrete land units, such as national parks, wildlife refuges, or resource areas. USGS scientists also conduct assessments and monitoring on a regional, national, or global scale. The resulting partnerships between USGS and other DOI scientists maintain the separation of the conduct of science from regulatory and land management activities, thus ensuring both the objectivity of science information and the relevance of that science to fulfilling the Department's goals and mission.

The USGS must continually search for better ways of doing business, constantly evaluating the quality of its science programs and ensuring their relevance and value for public policy and decisionmaking. As the Department's sometimes conflicting conservation, recreation, and resource-use goals become ever more difficult to balance, the science necessary to understand them becomes more complex. At the same time, the results have to be easier to understand by the end user. Issues are likely to involve a need for both better local knowledge and better global information, increasing the need for local collaboration at the same time. The USGS is getting closer to customers by advancing regional collaboration, and has a sophisticated and ongoing effort to consult, cooperate, and communicate with its thousands of customers and partners around the world.

Mission Performance

The USGS mission focuses work on hazards and environment and natural resources program activities.

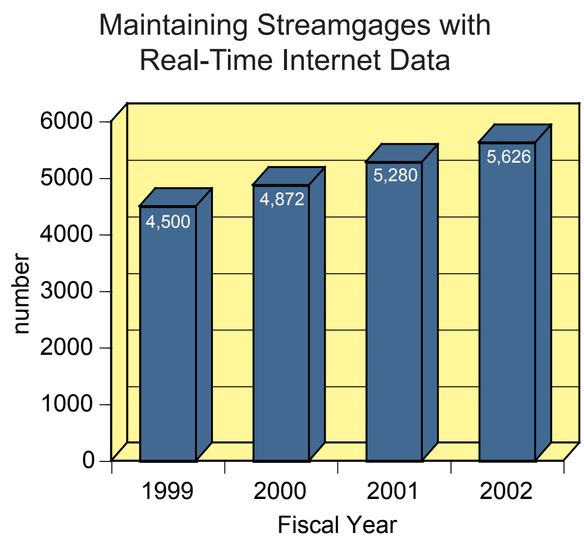
Through its hazards program, the USGS describes, documents, and helps understand natural hazards and their risks. Activities include long-term monitoring and forecasting, short-term prediction, real-time monitoring, and communication with civil authorities and others during a crisis. Other significant activities include post-crisis analysis with scenario formulation to develop strategies to mitigate the impact of future events and coordinated risk assessments for regions vulnerable to natural hazards.

When a flood roared through South Central Texas in 2002 or when tremors shook the Seattle area and Puget Sound, it was USGS scientists who monitored the risks and provided accurate, timely facts that citizens needed to make critical decisions about protecting themselves, their families, and their homes. When the lava flow increased at Hawaii Volcanoes National Park, sparking fires and putting visitors at risk, it was USGS scientists who forecast the path the lava would take as it flowed down to the sea.

To improve America's ability to anticipate, identify, and monitor such dangers, the USGS maintained six flood, volcano, earthquake, geomagnetic, landslide, and integrated hazard monitoring networks in FY 2002, as planned.

Real-time data are particularly important in a crisis. To improve the Nation's ability to respond immediately to floods or earthquakes, the USGS maintained an average of 5,626 streamgages delivering real-time data on the Internet, exceeding the 5,574 target (*Figure 13*), and 425 real-time earthquake sensors, not meeting the targeted 449 because the award of the contract to a new manufacturer resulted in delayed delivery of instruments and a requirement for extended training on the new equipment. The schedule should be recovered in the first quarter of FY 2003. The USGS also developed 24 risk assessments, exceeding the target by seven.

FIGURE 13



The USGS environment and natural resources program activity focuses on ensuring the availability of long-term environmental and resource information. The USGS develops systematic analyses for issues of concern to customers, as well as decision-support systems and predictive tools for informed management choices involving natural systems.

More accessible data lead to better decisions. To improve long-term resource information and systematic analyses, the USGS upgraded 47 targeted data collection and data management activities. The USGS also delivered 993 new systematic analyses to customers, including Interior bureaus, other federal agencies, states, tribes, local governments, and the public. Although analyses were 1% below the target, new or improved decision-support systems delivered to customers exceeded the target by nearly 30%.

FY 2002 was marked by the completion of a critical four-year reassessment of the undiscovered oil and gas resources of the National Petroleum Reserve in Alaska (NPRA), including an economic analysis of the undiscovered oil in the NPRA. The study showed that the federal part of NPRA contains significant volumes of technically recoverable oil and gas resources spread over a broad area.

Until the completion of this study, the most recent assessment of NPRA was more than 20 years old and had reported the technically recoverable oil in the entire NPRA as between 0.3 and 5.4 billion barrels of oil (BBO), with a mean value of 2.1 BBO.

The FY 2002 reassessment shows that between 1.3 and 5.6 BBO are estimated to be economically recoverable, at market prices of between $22 and $30 per barrel, respectively. Estimates of technically recoverable oil beneath federal lands range between 5.9 and 13.2 BBO, with a mean value of 9.3 BBO. A large proportion of the undiscovered oil resources is estimated to occur in the northern third of the NPRA in moderate size accumulations.

Listening to Learn

The USGS stays in touch with its customers by actively listening to their concerns. Thirty-seven different meetings with interested citizens and organizations were held involving projects in the hazards area in FY 2002, with 767 held for environmental and natural resource analysis projects. Anyone with an interest was encouraged to participate through a variety of venues. Academics and managers of other federal agencies, cooperators, customers, and congressional oversight groups, or members of the public at large met in workshops, targeted briefings, open houses, and listening sessions.

The largest customer-listening project looked at the USGS as a whole, beginning with a request that the National Research Council take a hard look at the scientific challenges and changes confronting USGS. The result was a report on "Future Roles and Opportunities for the U.S. Geological Survey." Using the report as a springboard, USGS invited partners and customers to come to Washington, D.C., for a one day listening session structured around the theme of "Science, Society, Solutions."

Some 40 speakers stepped forward, representing federal agencies, scientific agencies, and environmental groups. Speakers encouraged the USGS to develop initiatives to provide an assessment of national resources and to maintain databases that support both national security and public health needs, such as pesticides and contaminants in soil, water, and air. As a group, they said they needed a better understanding of what data are available and how data can be integrated, synthesized, interpreted, and applied to their specific decisionmaking needs for land management, risk assessment, or policy development purposes.

Speakers looked to the future, identifying an extensive list of emerging issues for which USGS science is needed. These included global climate patterns and variability, status and trends in water quality, health of river basins and watersheds, status and trends in the health of ecosystems, resource availability and scarcity, hazard and risk characterization and mitigation, advanced systems for hydrologic predicting and seismic warning, and human health impacts from environmental exposures.

Speakers also asked USGS to be even more active in establishing partnerships. Many wanted to formalize their existing partnerships, especially around information technology, in order to exchange useful, integrated, and interoperable data for decision-making and predictive forecasting. Customers who currently have USGS staff in liaison or site exchange roles encouraged USGS to continue and expand those opportunities.

Science could be the bridge between social issues and policy options, customers said. But USGS science has to actively build those bridges, seeking out opportunities to use partners and alliances to develop the science our changing world needs.

Those bridges can protect and preserve the environment and wildlife habitat. They can ensure the Nation has the energy resources to fuel its future. And they can promote the use of tools and technology that will help us prepare for natural hazards and protect people and property from ensuing disasters.

Building these bridges depends on USGS cooperation, consultation, and communication with its partners and customers. It is they who are out on the landscape, close to the communities, the natural and living resources, and the hazards. They can take the power of USGS science and put it to work to protect lives and property, preserve habitats, and provide for the Nation's energy future.

That future model is already being built today, in projects like the four current studies providing critical information for mercury remediation in California. The work represents a broad variety of cooperators, including the Nevada County Resource Conservation District; California's Departments of Toxic Substances Control, Conservation, Parks and Recreation, and Fish and Game, and its Water Resources Control Board; the U.S. Forest Service; the Bureau of Land Management; the National Park Service; and the U.S. Environmental Protection Agency. For the past four years, USGS scientists have been conducting research on mercury and other metal contaminants in watersheds of the northern Sierra Nevada Mountains and the Klamath-Trinity Mountains of northeastern California. Cooperators have been doing "one-stop shopping" for the coordinated efforts of USGS personnel with a range of expertise, including geologists, hydrologists, biologists, and ecotoxicologists.

As a result of the USGS reporting, which found potentially dangerous levels of elemental mercury on riverbed floors, several counties issued health advisories for reservoirs with fish contaminated by the mercury. In addition, the findings provided the BLM, the Forest Service, and the California Department of Parks and Recreation with the opportunity to focus their efforts on remediation of the most highly contaminated sites on both federal and state lands.

Although the USGS is the largest single source of scientific research support for the Department, Bureaus also work with other federal agencies, state agencies, and other organizations to meet scientific needs. The following is a summary of other Bureau science capabilities and experiences.

Science and the Bureau of Reclamation

The Bureau of Reclamation's (BOR) Science and Technology Program uses innovation to enhance the flexibility and reliability of western water management. The program focuses on four main areas of solution-oriented research: infrastructure reliability, water delivery reliability, water operations decision support, and water supply technologies.

Bio-engineered fishpass enables fish to safely and effectively pass around low-head diversion dams.

For example, in FY 2002, the BOR oversaw the development of a desalination research roadmap in a collaborative effort with the private sector, nongovernmental entities, municipalities, and other federal laboratories. This roadmap will help guide, prioritize, and coordinate desalination research by Reclamation and others. BOR biological science has led to the development of effective fish passage devices, e.g., bio-engineered fish pass channels for native fish such as the Colorado razorback sucker and pike minnow, cui-ui suckers, sturgeon, and other endangered or at risk species.

Reclamation's efforts to improve reservoir and river system operation modeling have helped to ensure that water is used beneficially for intended purposes. Many of the models Reclamation has developed are now standard operation modeling tools on many western river systems. Through effective partnerships and working groups, the BOR has made strong contributions in advancing and demonstrating integrated control and revegetation technologies to manage aquatic and riparian invasive plants such as salt cedar, hydrilla, waterhyacinth, and salvinia, which crowd out native vegetation and pose many problems to water delivery systems. Finally, Reclamation's contributions to hydroelectric research are largely responsible for the stable and dependable western power supply. For example, in FY 2002, the bureau designed a new test system that detects insulation delamination before power outages occur.

Science and the Minerals Management Service

Scientific disciplines practiced at the Minerals Management Service (MMS) range from archeology to zoology, but most science is practiced by petroleum geologists and geophysicists, marine biologists and physical oceanographers, and petroleum engineers.

MMS geologists, geophysicists, and engineers conduct regional studies to assess the undiscovered oil and gas resource potential of the Outer Continental Shelf (OCS). They also conduct very detailed evaluations of tracts offered for lease to ensure that the public receives fair market value for resources leased.

MMS marine biologists, physical oceanographers, and environmental scientists conduct numerous environmental research projects that are focused on and address specific issues related to marine mammals, fish, the sea bottom, or the physical and chemical characteristics of the water column as these issues affect the OCS.

Engineering is also very important at the MMS in the regulation of operations. The MMS conducts research on offshore drilling and production activities through a cooperative research program with universities and research institutions, focusing on specific issues related to the safety of offshore operations.

Science in the Fish and Wildlife Service

The U.S. Fish and Wildlife Service (FWS) monitors and manages migratory bird populations, restores inter-jurisdictional fisheries, conserves and restores wildlife habitat, administers the Endangered Species Act, and assists foreign governments with their conservation efforts. It oversees the federal aid in Fish and Wildlife Restoration Programs, which distribute hundreds of millions of dollars earned from excise taxes on fishing and hunting equipment to state wildlife agencies. Many of these funds directly support fish- and wildlife-related applied research.

Science-based stewardship in the FWS includes scientifically sound inventory and monitoring of resources both on and off FWS lands; mapping of specific resources such as wetlands through the National Wetland Inventory; developing and applying protection or recovery methods for endangered species; investigating and cleaning up contaminants; applying effective conservation law enforcement through new techniques for wildlife forensic evidence; and developing new technologies to culture fish and other aquatic organisms.

Science and the National Park Service

In 2002, the National Park Service (NPS), through the Natural Resource Challenge Program, supported a wide range of science activities. The Natural Resource Challenge provides park managers with scientific information and synthesis to address specific park planning, management, and protection needs. In FY 2002, Natural Resource Challenge activities involved more than 270 units of the national park system. Activities ranged from vegetation mapping to geologic resource inventory and involved parks of all sizes and settings—from highly urban settings to remote wildlands of Alaska.

The NPS has also developed partnerships with a major foundation and corporation to encourage graduate students and post-doctoral researchers to conduct research in the parks. The Canon National Parks Science Scholars Program, supported by Canon USA, Inc., provides scholarships to doctoral students throughout the Americas. Research must be conducted in the national parks and the scholarships are open to all disciplines. The National Parks Ecological Fellowship Program, supported by the Mellon Foundation, supports ecological research by post-doctoral fellows in the national parks.

In addition, the NPS conducts a variety of social science research and provides technical assistance. In FY 2002, several key social science projects were completed. For instance, the NPS social science program was commissioned by the national Wildland Coordinating Group to prepare a comprehensive social science plan. The report, "Burning Questions: A Social Science Research Plan for Federal Wildland Fire Management," will guide agency priorities for social science research related to wildland fire. In another project, a comprehensive survey of the American public provided in-depth reports on public perceptions of key issues (invasive species, recreation fees, visitor diversity, and more). Additionally, visitor studies were completed at over 30 units of the national park system, and detailed economic impact studies were completed for parks.

Science and the Bureau of Land Management

Although the BLM has active science programs in all states in which it has significant land and resource management responsibilities, major areas of emphasis currently focus on science related to forest management in the Pacific Northwest, gathering baseline science information and understanding environmental change in the Grand Staircase Escalante National Monument in Utah, and research and development investigations directed towards energy and hydrology issues at the BLM's National Science and Technology Center (NSTC) in Colorado. The BLM is managing a major science program in Alaska in the National Petroleum Reserve (NRPA) on Alaska's North Slope, where the emphasis is on evaluating the effects of proposed oil and gas exploration and development on North Slope wildlife resources and habitats.

The BLM has developed a formal science strategy that includes a process for identifying high-priority science needs and then meeting these needs either internally or in collaboration with science partners such as the USGS, other agency science providers, and universities. The strategy also includes the identification and cataloging of scientific opportunities on the public lands, such as those found within research natural areas, national conservation areas (NCAs), and national monuments. The BLM is currently preparing management plans for several NCAs and national monuments, which will include the identification of science opportunities and research needs.

Science and the Office of Surface Mining

Under the Surface Mining Control and Reclamation Act of 1977 (SMCRA), the Office of Surface Mining (OSM) and states have two major environmental responsibilities. These are (1) the reclamation of abandoned mines under Title IV and (2) the regulation of active mining and reclamation under Title V. OSM's technical needs are specifically tied to these responsibilities as defined in regulatory standards for protecting the hydrologic balance and prime farmlands, minimizing the adverse effects of blasting, and returning all affected lands to productive use. To meet these responsibilities and needs, OSM focuses its expertise on integrating innovative, cutting-edge science with state-of-the art technology to protect the public and the environment, while assuring the continued availability of coal to serve the Nation's needs in close cooperation with states, tribes, academia, industry, public interest groups, and other federal bureaus.

Performance and Costs At a Glance

Tables 7 and 8 summarize FY 2002 performance and cost data for Strategic Goal 4.

Interior incurred costs of about $1.5 billion for Strategic Goal 4, an increase of 7.6% over FY 2001. The Department established 16 performance measures for Strategic Goal 4. Of the 16 performance measures, the Department achieved or exceeded the goals for 11 measures (69%) and did not meet the goal for 5 performance measures (31%).

The GPRA program activity, "Environment and Natural Resources", accounted for 77% or approximately $1.2 billion of the $1.5 billion cost for Strategic Goal 4. There were 6 measures related to this goal. Of the 6 performance measures, 4 performance measures (67%) were accomplished or exceeded. Of the 2 performance measures that were not accomplished, the results were close to targets with differences resulting from variations in timing of research results or operational changes to gain efficiency in processing.

More detailed information concerning performance results is available in Appendix D.

TABLE 7

Strategic Goal 4 FY 2002 Performance Measure Scorecard						
GPRA Program Activity	**Number of Measures**	**Exceeded Goal**	**Met Goal**	**Did Not Meet Goal**	**No Report**	**Percent Exceeding or Meeting Goal**
Improve Land, Resources, and Title Information	4	1	1	2	0	50%
Hazards	6	3	2	1	0	83.3%
Environment and Natural Resources	6	3	1	2	0	66.7%
TOTAL	16	7	4	5	0	68.8%

TABLE 8

Strategic Goal 4 Costs (in millions)		
GPRA Program Activity	**FY 2002**	**FY 2001**
Improve Land, Resources, and Title Information	$113	$120
Hazards	233	188
Environment and Natural Resources	1,169	1,099
Total Gross Cost Prior to Eliminations	1,515	1,407
Less: Elimination of Intra-Department Activity	(50)	(51)
Total Gross Cost After Eliminations	$1,465	$1,356

Strategic Goal 5: Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities

Keeping America's Trust Commitments

The Nation has a unique relationship with America's 1.5 million native people, grounded in history and acknowledged by the Congress and the courts.

There are 562 federally recognized American Indian and Alaska Native tribal governments in the United States. According to the Constitution, each possesses an inherent right to tribal self-determination and self-governance, in accord with their sovereign authority.

The Department represents the federal side of that relationship, with a responsibility to enhance tribal government self-determination, encourage self-governance, and support efforts to improve educational and economic opportunities for their people. Meeting those responsibilities, along with our commitments to our affiliated island communities, is the Department's fifth strategic goal.

Through the Bureau of Indian Affairs (BIA) and other major offices and agencies, the Department works with tribal groups and governments to protect their lands and natural resources, fulfill treaty obligations and the mandates of federal law, and help create educational opportunities and improve quality of life. Much like a county government, the BIA supplies resources for critical programs such as education, housing, road maintenance, and law enforcement, which can be administered by the tribes themselves, by the Bureau, or by the tribe and the Bureau in partnership.

In FY 2002, the BIA received more than $2.2 billion to fund operating programs and construction projects for American Indians and Alaska Natives. Both funding and operations are highly decentralized. Over 90% of appropriations are expended at the local level, increasingly by tribes and tribal organizations under contracts or self-governance compacts.

Two issues dominated the Department's relationship with America's Indians and Alaska Natives over the past year: reform of the Indian Trust system, and primary and secondary school reform.

For more than 100 years, the federal government has been responsible for managing trust estate assets for individual Indians. And for more than a century, the government's management of those assets has been criticized as underfunded and inadequate. Over the past 18 months, the Department has focused intense efforts on reform, working with tribal leaders to develop new management structures. But trust reform is complex, and is further complicated by an ongoing court case. Although much has been done, much more work remains. The Department is committed to continuing its work with the leadership of Indian Country and the Congress to develop and implement meaningful reform that builds upon our accomplishments so far.

The need for education reform is equally critical. BIA programs in 2002 provided elementary and secondary education for more than 48,000 students at 185 schools in 23 states. Control of education and school management rests with the tribes themselves, with coordination and technical support from the BIA. While roughly one-third of the schools are operated directly by the BIA, the majority are operated under contracts or grants to Indian tribal groups.

Last year's passage of President George W. Bush's No Child Left Behind Act mandated dramatic reforms for all schools: higher academic standards, greater parental involvement and local control, and more flexible and efficient federal support. Those tools, and the partnerships they supported, were put to work addressing the two critical issues for BIA schools: repairing the school buildings themselves, and raising the standards for the children who attend them.

The BIA has been providing Indian schools and schooling for more than 177 years, and by 2001 the system was showing its age. One-fifth of all Indian buildings in the BIA system were more than 50 years old, while more than one-half were 30 years old. Leaking roofs, overcrowded classrooms, peeling paint, and inadequate heating, cooling, and ventilation were endemic. The Santa Fe Indian School had been built in 1889, and served more than 550 students from Arizona and New Mexico, even though the electric, plumbing, air conditioning, and fire and safety systems had all failed.

In FY 2002, the Department funded the construction of a new Santa Fe school, with classrooms and dormitories, along with six other new schools, costing $127.7 million. Another ten schools were renovated for an additional $61 million.

However, bricks and mortar are the easy part of education. Raising student accomplishment is far more difficult, particularly in BIA schools, which are usually in rural communities and are often remote and difficult to staff.

Early in the 2001-2002 school year, the National Indian School Board and Secretary Norton agreed on five specific goals to tackle together:

- All children should read independently by the completion of third grade.
- 70% of students should be proficient in reading and math.
- Individual student attendance should be 90% or higher.
- Students should demonstrate a knowledge of their language and culture in order to improve academic achievement.
- Retention, placement, and graduation rates at the post-secondary level must improve.

"We can achieve these goals—in fact, I want to surpass them," the Secretary announced. "Today I'm amending my 4 C's to make them consultation, cooperation, and communication—all to the service of educating children."

Progress remains slow, although the four-year trends on the principal BIA gauges are positive. Teacher proficiency in new assessments rose from 45% in FY 1998 to 69% in FY 2001. Student proficiency in math and language rose from 41% in FY 1998 to 50% in FY 2001, and accreditation of Indian schools rose from 94% in FY 1998 to 96% in FY 2001.

Student enrollment in the 25 tribally controlled community colleges stayed strong, with 1,438 post-secondary degrees awarded in FY 2002, which is up from 1,179 in FY 1998 (*Figure 14*). On-line academies at both Haskell Indian College and the South-

FIGURE 14

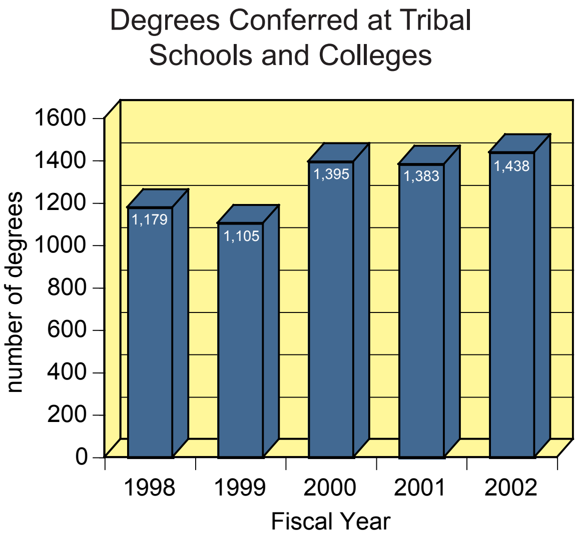
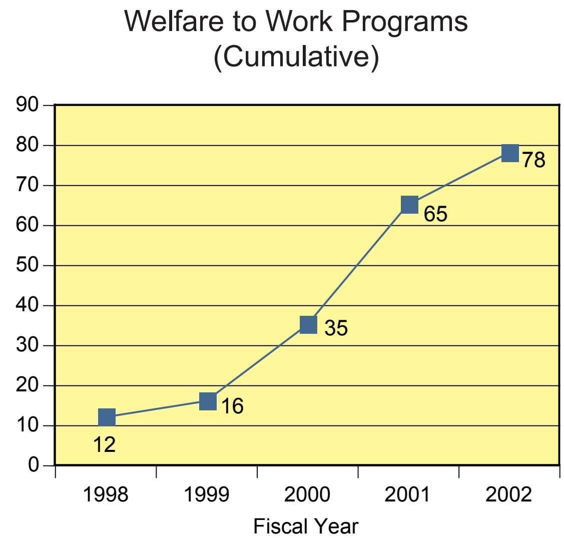


FIGURE 15



western Indian Polytechnic Institute, launched this year, will further expand educational opportunities.

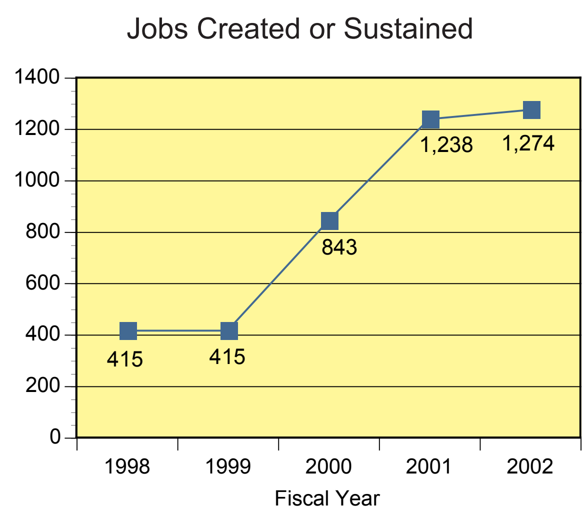
Partners in Community

In addition to education, the BIA provides funding and technical support for a broad range of quality of life and infrastructure issues on Indian lands, including housing, roads, economic development, and law enforcement. In FY 2002, there were 5,880 eligible Housing Improvement Program (HIP) applicants; the BIA provided housing repair or replacements to 572 of the neediest applicants. The BIA also maintained 13,028 miles of the 24,000 existing miles of BIA system roads.

The BIA also played an important part in tribal economic development and self-determination, too. The BIA successfully operated 78 comprehensive Welfare-to-Work programs that assist tribes in identifying general assistance recipients, and provide training and support to help them become economically self-sufficient (*Figure 15*). The Bureau worked as a guarantor for private sector funding and provided the leverage to fund 45 new businesses that created or sustained 1,274 jobs (*Figure 16*).

Tribes that are well educated in compacting and contracting issues are more likely to be willing to contract and compact programs. In FY 2002, there were three new compact tribes and 30 new programs were contracted by existing contract

FIGURE 16



tribes. The BIA conducted 355 P.L. 93-638 (Indian Self-Determination Act) training sessions and 3,756 technical assistance and feedback sessions to promote self-determination during FY 2002.

The performance of the BIA's comprehensive law enforcement network, including 2,467 law enforcement officers, eleven juvenile detention facilities, and approximately 176 tribal courts, was particularly satisfying. Interestingly, improvement in the size and effectiveness of the law enforcement programs led to a modest increase in the reported crime rate in Indian Country to 19% in FY 2001. More officers had been hired, and citizens found it easier to re-

A 4C's Model

For almost one hundred years, the Torres Martinez Desert Cahuilla Indians have lived with inequity.

From 1905 to 1907, an early attempt to create an irrigation canal changed the direction of the Colorado River, flooding their tribal lands. A few years later, another company built an irrigation system, keeping the lands under water. Then the government did its part, with Presidential orders in the 1920s that created a permanent flooding basin, consigning the Cahuilla lands to the depths.

In time, the tribe sought compensation for its soggy acres of unreachable land and found themselves mired in litigation that stretched on year after year, with no clear decision in sight.

So the tribe tried another path. Rather than courtroom battles, they tried to negotiate, working with state and local officials, representatives of the Interior and Justice Departments, and their Congresswoman, Mary Bono. The result was a $14.2 million settlement in March 2002, and the chance to move forward. Tribal leaders said the money would be used to help the Cadhuilla buy replacement land and fund economic development projects.

"The agreement represents a 4 C's model," Secretary Norton said. "The collaboration among former litigants has created a foundation for strong partnership. All the parties can be extremely proud of this settlement. The will to achieve consensus has been followed by unprecedented cooperation."

port crimes and press charges. Additional officers also allowed for increased patrols, with greater detection of crimes in progress and apprehension of suspects. While final crime rate statistics for FY 2002 are not yet available, the third quarter data showed a decrease of three percentage points in the crime rate to approximately 16%.

"As Interior Secretary, I'm entrusted with protecting our Nation's greatest treasures. The Department protects the magnificent blasts of Yellowstone's Old Faithful, the majesty of the mighty California Sequoias, and the flights of the condors and eagles.

But the true treasures of this Department are the 50,000 children who attend BIA schools. It's their hopes, their dreams, and their futures that I cherish most. Working together, with a common mission and an open heart, we can help each of their dreams become a reality."

- Secretary Gale A. Norton

Parents as Partners

The Department's Family and Child Education program (FACE) has had a tremendous impact on the education of Indian children.

Recognizing that parents are a child's first and most influential teacher, FACE helps new parents develop the literacy and parenting skills they need to excel in that role.

FACE serves children up to age eight and their parents or primary caregivers. For children under four, the programs are centered in the home. For older children, the programs are centered in the community's school.

The first years of the program revolve around weekly or bi-monthly visits of a trained FACE parent educator. During this visit, the parent educator provides learning experiences that support the child's development and opportunities for the parent(s) and child to interact. Screening and referral are also an integral part of the program, along with monthly parent meetings and home-based adult education services.

For four- and five-year-old children and their parents, the program includes four components: early childhood education, parent and child interactive time, adult education, and parent time. The early childhood program, conducted by a certified early childhood teacher and aide, engages up to 20 children in an active learning environment that is language and culture rich, stressing tribal heritage and culture. At the same time, a second classroom offers adult education for 15 parents with an adult education teacher to assess individual needs and develop a custom course plan. Parents also participate in daily "parent time," an opportunity to discuss and focus on the issues they share, from how to handle a temper tantrum and sibling rivalry to preparing a child for the transition to first grade.

Started as a pilot program with 3 schools in 1990, the program had grown to include 23 schools by 1995. Last year, the Department began to expand FACE again, adding 10 more schools to the program, with another 7 additions planned in FY 2003. As funds become available, the program will be expanded to include all BIA students.

The results so far have been impressive. Last year, the FACE program directly affected more than 4,000 participants, including 1,600 families. Since the program began, 600 previously unemployed adults have acquired a GED or high school diploma, and over 1,200 adults have obtained employment as a direct result of their participation in FACE.

Michael Lorenzo, a FACE parent whose children attend the Pine Hill School in New Mexico, knows what the program can accomplish. "It has changed my life forever," he wrote in an essay. "I am working to complete my GED. I know now what I want in life. I have discovered I can do so many things I couldn't imagine before FACE, like working at a computer, solving math problems ... or writing this essay."

Tom Shaving, whose daughter was named student of the month last February at the Takini School in South Dakota, is equally positive about FACE. "A sacred arrow for our Lakota people," he calls it. Thanks to FACE, both he and his wife are enrolled as freshmen at Si-Tanka College, "and we are continuing sobriety and standing strong as positive role models for our children, ourselves, and our people."

Performance and Costs At a Glance

Tables 9 and 10 summarize FY 2002 performance and cost data for Strategic Goal 5.

Interior incurred costs of about $2.9 billion for Strategic Goal 5, an increase of 6.7% over FY 2001. The Department established 65 performance measures for Strategic Goal 5. Of the 65 performance measures, the Department achieved or exceeded the goals for 35 measures (54%), did not meet the goal for 24 performance measures (40%), and is unable to report performance information on 6 performance measures (9%) because performance data is not available at this time.

Two GPRA program activities, "Community Development" and "Education", accounted for 76% or approximately $2.2 billion of the $2.9 billion cost incurred for Strategic Goal 5. There were 28 performance measures related to these two program activities. Of the 28 performance measures, 17 performance measures (61%) were accomplished or exceeded. Of the 9 performance measures that were not accomplished, progress was made in many cases that resulted in actual performance coming close to targets. However, legislative delays impacted the achievement of a performance measure to establish a Trademark program. Also, certain facility and equipment performance measures were not achieved and will require additional efforts to meet the targets. Information was not available at this time for two performance measures related to these two GPRA program activities.

The cost of "Provide Economic and Technical Assistance" includes Payments in Lieu of Taxes (PILT) made to states. PILT payments provide community support and totaled $320 million in FY 2002. The placement of PILT costs within the GPRA structure will be re-examined in the Department's new strategic plan.

More detailed information concerning performance results is available in Appendix D.

TABLE 9

Strategic Goal 5 FY 2002 Performance Measure Scorecard						
GPRA Program Activity	Number of Measures	Exceeded Goal	Met Goal	Did Not Meet Goal	No Report	Percent Exceeding or Meeting Goal
Trust Government	4	2	0	2	0	50%
Public Safety and Justice	1	0	0	0	1	0%
Community Development	20	7	6	5	2	65%
Administrative and Support Services	5	0	1	4	0	20%
Education	8	1	3	4	0	50%
Provide Economic and Technical Assistance	9	1	2	5	1	33%
Water and Energy Management and Development	1	1	0	0	0	100%
Partnerships in Natural Resources	5	5	0	0	0	100%
Fulfill Our Mineral Revenue Indian Trust Responsibilities	3	2	1	0	0	100%
Improve Infrastructure	3	0	1	2	0	33%
Improve Governmental Systems and Services	3	1	0	2	0	33%
Improve Governmental Relations	1	0	1	0	0	100%
Overview	2	0	0	0	2	0%
TOTAL	65	20	15	24	6	54%

TABLE 10

Strategic Goal 5 Costs (in millions)		
GPRA Program Activity	FY 2002	FY 2001
Trust Government	$116	$196
Public Safety and Justice	149	144
Community Development	1,324	1,256
Administrative and Support Services	*	*
Education	834	716
Water and Energy Management and Development	*	*
Provide Economic and Technical Assistance	*	*
Partnerships in Natural Resources	*	*
Fulfill Our Mineral Revenue Indian Trust Responsibilities	*	*
Improve Infrastructure	411	370
Improve Governmental Systems and Services	9	10
Improve Governmental Relations	*	*
Overview	101	67
Total Gross Cost Prior to Eliminations	2,944	2,759
Less: Elimination of Intra-Department Activity	(10)	(23)
Total Gross Cost After Eliminations	$2,934	$2,736

* Costs not separately identified for this GPRA Program Activity.

Alternative Dispute Resolution: Reducing Conflict with Cooperative Resolution

by Elena Gonzalez, Director, Office of Collaborative Action and Dispute Resolution

The initial impetus for the Department to adopt a policy on the use of Alternative Dispute Resolution (ADR) processes and negotiated rulemaking was statutory. For more than a decade, Congress and the Executive Branch have been encouraging federal agencies to use non-adversarial tools to prevent and resolve conflict and improve efficiency.

Litigation is often costly, protracted, and divisive. When we think of our role as problem-solvers and work with others to find mutual-gain solutions that accomplish our mission and meet the needs of those impacted by our decisions, we can save time, control costs, improve communication and strengthen relationships.

Some disputes must and should be resolved with a decision issued by a judge, particularly where a legal precedent is important to the parties. However, judges look at the positions argued by the parties to a case, not the underlying interests of the citizens who will have to live with their decisions. ADR processes, on the other hand, require the parties to communicate with each other about what is needed to resolve a conflict for the long-term. Parties are active participants in determining their own resolution, often brainstorming to seek viable, sustainable solutions that everybody can buy into and support.

Traditionally, when people in our society have a dispute they seek to "win" a specific outcome. This approach to conflict resolution results in win-lose outcomes. At the Department, we're trying to build a culture that makes win-lose solutions a last resort. We want parties to shift their focus from arguing their legal positions to communicating their underlying needs and understanding the interests that should be addressed to achieve an equitable and durable solution. Consensual resolution of disputes can produce winners and winners, rather than winners and losers.

The use of consensus-building processes does not mean giving up control or capitulating. When you use a collaborative approach to planning, decision-making, and problem solving, you maintain your authority and you actually have greater control over the outcome. Instead of a judge making the decision, DOI managers are at the table, representing the Department's interests and working with all of the parties to develop solutions that work best for all. When we truly engage the people who have to live with the decision, they are less likely to contest it and more likely to assist us in implementing it.

Since 1994, this Department has had a broad policy encouraging the use of alternative dispute resolution processes and negotiated rulemaking to the maximum extent practicable. But until 2001, implementation of the policy was highly decentralized. Each bureau was required to develop its own ADR policy and plan for implementation, without the benefit of a shared infrastructure, common practices, or consistent support and guidance from the Department. ADR was used primarily to address internal workplace concerns.

Today, the Department is trying to really integrate the use of appropriate dispute resolution mechanisms in all areas of our work. Consistent with the Secretary's 4 C's—conservation through cooperation, communication, and consultation—we are challenging ourselves to use ADR processes to accomplish our missions. This year the Secretary created a new Office of Collaborative Action and Dispute Resolution (CADR) as a centralized resource to assist all bureaus and offices in fully utilizing collaborative and consensual approaches to problem-solving and decision-making. The CADR office established an Interior Dispute Resolution Council comprising bureau and office ADR specialists. The office and council are working together to articulate a shared vision across the Department and develop a fully integrated approach to conflict management.

Our work now is to increase awareness of the value of this approach, to educate our employees and interested citizens and organizations about when and how to use these processes, and to identify new opportunities to use these tools. We must create incentives and reduce institutional barriers and obstacles. Many of our field offices and bureaus have used ADR to resolve procurement, land use, natural resource and wildlife disputes, and tort claims. We must capture and share these success stories.

Working with our attorneys in the Southeast Regional Solicitor's office in Atlanta, Georgia, we designed a pilot program (the first of its kind in the federal government) to establish an early case-assessment process. The attorneys work closely with their clients during the early phase of a matter to assess the most appropriate, efficient and cost-effective resolution strategy for each situation. The pilot includes conflicts over contracts, Endangered Species Act civil penalty/forfeiture, habitat conservation plans, natural resource damages, torts, and land issues. If the program is successful, we hope to implement it nationwide.

To assess our progress in expanding and improving the use of ADR, we are also designing a system to track and evaluate performance. We need to know whether we have used ADR best practices, saved time, saved money and built trust. It is important to know whether the parties are satisfied with the process and the outcome.

All of this work requires a collaborative effort from all bureaus and offices. This won't happen in six months, or in one year, or in two years. It's a culture change and requires a consistent effort over time. Secretary Norton's commitment to the 4 C's and tremendous support from top leadership in the field and at the national level has created the environment in which this change can be realized.

Strategic Goal 6: Manage for Excellence and Accountability

Organizing for Results

The Department of the Interior has growing responsibilities. However, the resources available to fulfill these responsibilities have remained constrained.

Since 1985, we've acquired 19 national monuments, 50 new park units, 100 new refuges, and 20 million new Bureau of Land Management acres. Recreation visits to BLM acreage have gone up 40%. The total BIA service population grew more than 90%.

Employment at the Department of the Interior over the same period is down 3.4% from the 1985 number (*Figure 17*). These trends have required DOI managers to "do more with less."

Doing more with less was just a first step, however. We've also had to learn to do better with less.

The external challenges keep getting more complex. Increased urbanization and growing western populations put new pressures on our landscape. Recreation on public lands is rising. Demand for mineral, timber, and grazing usage is increasing. Population shifts are fragmenting wildlife and waterfowl habitat. The global economy brings invasive species, challenging native plants and animals. A growing number of communities are facing risks from natural hazards, from the perils of coastal storms to settlement patterns that increase risks posed by wildfires.

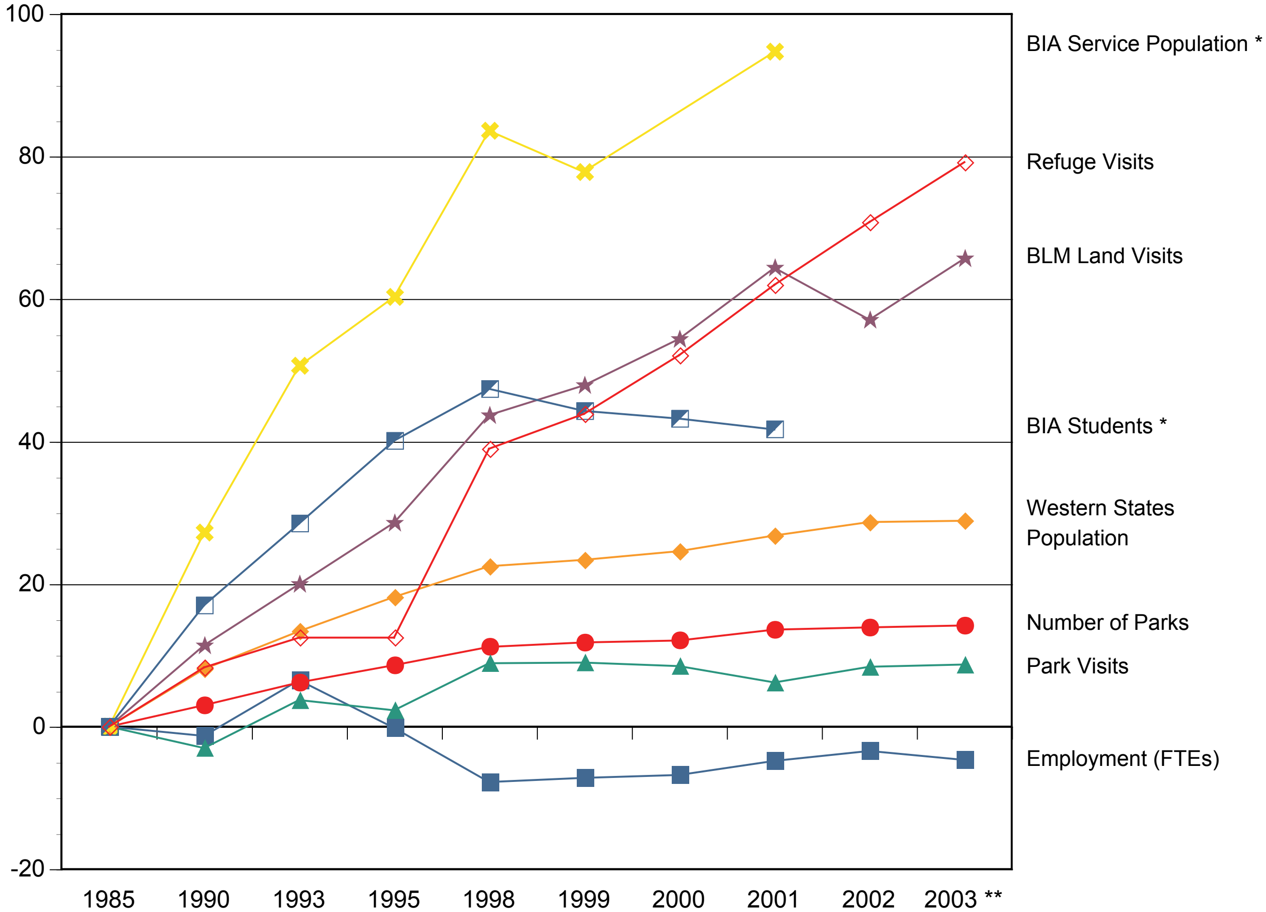
The internal challenges also keep getting more complex. Besides meeting and reconciling growing citizen demands, employees must wrestle with the competition for financial and workforce resources and the complications of fast-changing technology.

The Department's compartmentalized organizational structure increasingly poses challenges too. Over the years, changing initiatives expand bureau mandates, which leads to increased chance of mission overlap or conflict. Policy decisions or program actions in one area may produce unintended consequences in another, limiting effectiveness or efficiency.

The Department has faced these issues for much of the last decade. But the rate of change keeps accel-

FIGURE 17

Increasing Demand in Major Service Areas Versus Employment (Percent Change since FY 1985)



* FY 2002 and FY 2003 BIA service population and BIA student data are not available.
** FY 2003 amounts are projections.

erating. And the issues of homeland security—ensuring the safety and security of our employees and safeguarding our lands, resources, and infrastructure from terrorist attacks—and other law enforcement concerns, compound our challenges. (See "In the Wake of 9/11," by Larry Parkinson at the end of Strategic Goal 1 section).

We respond to these changes through management innovation. Management is the glue that binds our program efforts and the catalyst that accelerates them. We remain committed to improving both the effectiveness of what we do and the efficiency with which we do it. As change is implemented, we seek additional opportunities to advance our mission, identify roadblocks to achievement, and build accountability for results.

Fiscal year 2002 brought significant advances in three critical areas:

First, we are developing new ways of recruiting and training our people. It's not enough to get the right person to the right place at the right time. We have to make sure they have the right skills, too, which calls for long-term workforce planning.

Second, we are using new technology, building on our considerable e-government capability while developing security, consistency, efficiency, and integration across bureau lines.

Third, we are working together in new ways through such shared best practices as activity-based costing, reengineered procurement and facilities management, and the integration of budgeting and performance evaluation.

Combined, these efforts represent the Department's response to our sixth strategic goal, Manage for Excellence and Accountability. At the same time, these efforts address each of the five elements of the President's Management Agenda: increased financial accountability, strategic management of human capital, enhanced electronic government, competitive sourcing, and budget and performance integration. And they move us, gradually, away from a bureau-centered Department to a culture that recognizes that we are an integrated Department, sharing common mission goals and challenges that can benefit from common solutions.

Management improvement never comes easily. It takes energy, persistence, principles, leadership, and planning.

Secretary Norton's management vision builds on four core principles:

- ***Customer Value.*** We are focusing our efforts on our constituents and the results they expect and need, constantly looking for more efficient and effective ways to serve them.

- ***Accountability.*** We are holding to clear performance measures and deliver results, showing the American people accurately and completely what we are doing with the money they entrust to us.

- ***Modernization.*** We are giving our employees the skills, technologies, systems, and practices they will need to meet the changing demands of 21st Century stewardship.

- ***Integration.*** We are learning to work together better, looking at the big picture and building human and technological bridges across the old stovepipe systems.

Management reform depends on leadership, top down, bottom up, and, most of all, across bureau lines, linked to a system that accurately measures results. (See "Getting to Green," later in this section of the report.) Here, too, success comes through the 4 C's. Cooperation, communication, and consultation, the building blocks of conservation, are also the foundation for effective reform.

Our planning has centered around three new blueprints, each looking in detail at a related part of the larger picture.

Our proposed new GPRA strategic plan, slated for broad distribution and public comment in early 2003, represents a significant shift in the Department's planning approach. Since the inception of the GPRA, strategic planning at Interior has tended to be highly decentralized. Individual bureau strategic plans were bundled with a Departmental Strategic Overview document and collectively submitted in fulfillment of GPRA provisions for strategic planning. This approach perpetuated the image of Interior as a holding company and did little to foster cooperative planning and the development of common measures for areas of shared responsibilities.

Last year, Interior undertook a major departure from the decentralized approach by developing a strategic plan that emphasized results, not processes, highlighting common goals and measures to be applied across bureau organization boundaries to the fullest extent possible. Under this new approach, the Department will publish a single strategic planning document and companion annual performance plans and reports that focus on the most important goals and results that the Department should achieve. Planning and performance will be far more results oriented and transparent and will better inform our citizens and stakeholders.

Our second new blueprint, the Secretary's Citizen-Centered Governance Plan, connects all the elements of our management reform agenda. The first edition, published in September 2001, links the President's Management Agenda (PMA) to the

Department's specific needs. The second, published in September 2002, describes the linkages among the five elements of the PMA and between the PMA and the Secretary's 4 C's. It fosters an integrated approach to conducting our mission and sets forth a strategy to improve the delivery of programs and services, to implement new practices with the appropriate use of new technology, and to maintain accountability throughout the Department.

Our Strategic Plan for Human Capital Management, published in September 2002, identifies the actions needed to build, sustain, and deploy the skilled, knowledgeable, and high-performing workforce we will need to move forward. It is a map to guide workforce decisions in a strategic manner across the entire Department.

None of these initiatives could work well without each of the others. If carefully planned and consistently coordinated, however, they become mutually reinforcing, multiplying benefits and value.

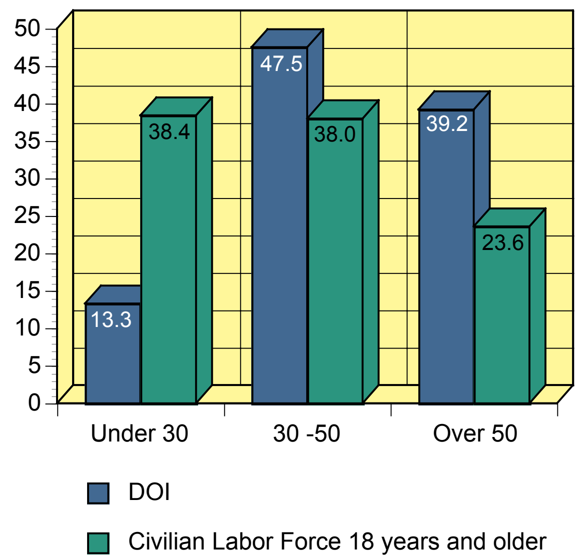
We know the importance of financial information, for example. It is the way we measure performance and ensure accountability for results. For the past six years, we have received an unqualified or "clean" opinion on our consolidated financial statements. But getting there each year was a struggle, involving weeks of late nights, with outdated technology and incompatible data systems.

Effective reform of financial management depends, in part, on reform of our Information Technology (IT) architecture. That, in turn, depends on expanding and broadening our skill base, a question for our workforce planners. Each element of our management innovation plan depends on the others.

Management improvement is a journey, however, not a destination. There is always something that we can do better. And good management is not an end in itself. All these efforts, fundamentally, help us fulfill our role as the Nation's leading conservation agency. They help us fulfill our trust and other service responsibilities to Native Americans, Alaska Natives, and our affiliated island communities. They help us ensure that we are providing access to resources on public lands as envisioned by statutes that established and regulated the use of those lands.

FIGURE 18

Interior Workforce Compared to General Workforce (Percent)



Our management reform plans reflect the ingenuity and leadership of our workforce. If we implement them, we will empower ourselves to work as a team to overcome the challenges posed by the rapid changes we are seeing in our world—and those that we haven't foreseen, too.

Our Workforce

The talent, dedication to mission, and commitment to service of the Department's 70,000-plus employees remains unsurpassed. But talent and dedication by themselves will not be enough in the years ahead. The Department's workforce is aging. We face a shortfall of critical skills and lack the diversity needed to serve our diverse customer population most effectively.

The Department workforce is older on average than the rest of the civilian workforce (*Figure 18*). Many employees in critical areas such as law enforcement and fire management, as well as in senior-level management ranks, are approaching retirement age. While our overall attrition rate of 20% over the past four years is similar to the government average, we project a far higher turnover in several critical areas, including computer operations, program managers, and engineers, as well as technical positions in the Office of Surface Mining.

Compounding these problems is the growing complexity and volume of the Department's work to fulfill its multi-faceted mission. Skills in team building, alternative dispute resolution, and collaborative negotiation become essential to a workforce that must sustain concentrated efforts across jurisdictional boundaries and among private citizens, corporate leaders, and public officials at all levels.

The Department's Strategic Human Capital Plan, developed in FY 2002, addresses these issues. It identifies what we must do to build, sustain, and deploy the workforce we must have to meet our emerging needs successfully. The plan offers a blueprint for guiding workforce management decisions in a strategic manner across the entire Department, pursuing a unified approach to serving citizens and fulfilling our mission.

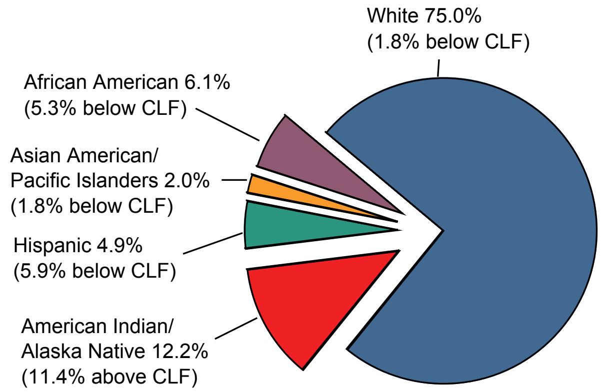
Implementation has already begun, with work underway to restructure main Department functions, including human resources, equal opportunity staffing, IT support, and acquisition management. At the same time, we are working to develop cross-bureau collaboration and communication on common hiring practices, common position descriptions, common vacancy announcements, shared DOI mission orientation, and new employee tracking.

Moving forward, much of the essential work will be done at the bureau level, following a roadmap and training manual developed by the Department. Each bureau will develop its own individual analysis over the next fiscal year. Those studies, in turn, will be integrated into the Department's larger workforce planning implementation.

Additionally, we have changed how we evaluate the performance of all career Senior Executive Service members, aiming to ensure that their daily activity consistently aligns with departmental goals and values. Individual performance is assessed against the 4 C's, the PMA, and the Department's GPRA goals, and includes a specific appraisal of their ability to build lines of communication among all levels of government.

FIGURE 19

Diversity in the Workforce



Note: CLF - Civilian Labor Force

The Department remains committed to the long-term goal of building a workforce as diverse as the Nation itself (*Figure 19*). Having a diverse workforce is essential to providing services to the culturally and linguistically diverse populations that visit the Department's facilities and lands. In addition, having a diverse workforce helps us recruit and retain highly skilled employees from the civilian workforce and conveys the message that DOI provides equal opportunity for all.

Although much remains to be done, the Department has made steady progress over the past five years in attracting, hiring, developing, and training minority and women employees. As of September 2002, approximately 25% of our workforce was minority and approximately 38% were female.

In FY 2002, the Department recorded a 2.28% cumulative increase in diversity, compared to the 1997 baseline year.

The Department's ongoing outreach initiative is aggressively conducting targeted recruitment, searching particularly for candidates at the GS-13 level and above and people to serve as park rangers, general biologists, hydraulic technicians, physical scientists, wildlife biologists, fishing biologists,

FIGURE 20

What to Change
IT Organizational "Variety"

Functions reporting to our Chief Information Officers vary widely.

Function	OCIO	BIA	BLM	BOR	FWS	MMS	NBC	NPS	USGS
Capital Asset Planning	X	X	X					X	
Telecom	X		X		X	X	X		X
Information Mgt.	X		X	X			X		X
Security	X	X	X	X	X		X	X	X
Strategic Planning	X			X	X	X	X	X	X
Architecture	X		X						
Chief of Staff	X								
GIS		X							X
Knowledge Mgt.		X							X
Financial Mgt.		X			X				
e-Gov		X				X			
Information Systems		X					X	X	
CTO		X						X	X
Program Support			X						
System Coord			X						
National IRM Center			X					X	
Infrastructure				X		X			
Info & Tech Svc				X	X	X	X	X	
IT Services			X	X	X		X		
FGDC									X

Variations in Organizational Responsibility & Authority

Variations In Direct Reporting Organization Structure

engineering technicians, management analysts, and facilities managers.

Technology

Long a leader in e-government, the Department had three Web site successes to celebrate in FY 2002.

Interior serves as the managing partner for two "Quicksilver" governmentwide e-government projects: Geospatial One-Stop, offering fast, cheap, and easy access for all levels of government to billions of dollars of geospatial information; and Recreation One-Stop, which lets users easily identify recreation opportunities through one-stop shopping, regardless of which level of government is the provider. Interior also led the team that developed and launched ***www.volunteer.gov/gov*** in late July 2002. This first major deliverable of the President's volunteerism initiative allows volunteers and agencies seeking volunteers to find each other on the Internet.

Internally, however, the Department has long had difficulty harnessing effective enterprisewide information technology tools or practices (*Figure 20*). Historically, information technology (IT) decisions, investments, and services have been bureau-centric and decentralized at the regional and field levels. As a result, we have overlapping applications, nonstandardized systems, and multiple networks throughout the Department. We have four different e-mail systems and no single word processing software. The results are longer timelines and higher costs to provide IT services.

Moreover, we have struggled to make our information technology secure. On December 3, 2001, the Department received a court order to close down its Internet connections until we were able to certify their security. Later, in February 2002, the *New York Times* announced to the world in a front-page headline, "Hackers Find No Barrier to Files for Indian Funds." These events underscored the vulnerability of our systems and the legacy of inadequate technology investment practices. They also reinforced how Internet-reliant the Department has become.

Most of the Department was back on-line by the spring of 2002, but that interruption, along with the need for improved reporting from the law-enforcement community in support of Homeland Security, assured continuity of water and power delivery in the West, and more precision in collecting worldwide scientific data, prompted a major security initiative.

That initiative, in turn, became the genesis for a larger IT strategic plan. It more closely aligns IT with the Department's programmatic needs. The plan sets forth goals, enabling strategies, and performance measures related to enterprise architecture, IT security, and e-government. A new capital planning and investment control process directs IT asset development and serves as a framework to review, develop, and manage IT projects. The review is multi-tiered, comprising both bureau and departmental teams. Its mandate is to ensure IT investments are aligned with mission and support needs, to minimize costs, and to maximize benefits.

> *"We are not here to mark time, but to make progress, to achieve results and to leave a record of excellence."*
>
> *- President George W. Bush*

Much remains to be done. We are currently simplifying and unifying business processes to maximize the benefits of technology and save money. We are unifying operations, and we are organizing and staffing across bureaus in a consistent manner. This, once again, depends on attracting and retaining new employees with technical skills, the challenge on which we focus in our human capital investment plan. At the same time, work has begun on a departmentwide e-government strategy, due to be completed in FY 2003. The e-government strategy will parallel our human capital plan and tier off our new strategic plan, identifying common business lines and establishing a roadmap for realizing cost-effective IT solutions and best practices.

From Best to Shared Practices

Organizational culture cannot be changed by fiat. Change requires new ways of thinking and working, new relationships, and new connections, both digital and human.

Our goal is to build a shared sense of identification with a common purpose and mission, to build "one DOI" that is stronger than the sum of its parts. Developing shared best practices and identifying best practitioners will help drive that change, improving both effectiveness and efficiency.

Three shared best practice systems were stressed by the Department in FY 2002, each adding value for customers and helping departmental integration.

The most important new practice is the shift to activity-based costing. Activity-based costing (ABC) lets managers see numbers they can use, transforming raw financial data into the information needed to best allocate resources and evaluate performance. Rather than tracking the cost of inputs, like salaries, tires, or office supplies, it measures the cost of outputs, the cost of operating a wildlife refuge, for example, program by program. That, in turn, lets managers link budgeted spending with performance, as mandated by the PMA. (See "The ABCs of Budget/Performance Integration" at the end of this section).

Most of Interior's bureaus presently have limited abilities to examine the full costs of their basic operations. The Office of Surface Mining implemented a cost accounting system in 1996 and converted to ABC in 2000. Over the last calendar year, the Minerals Management Service and the Office of Hearings and Appeals have implemented ABC, with the remaining bureaus and offices scheduled to make the change by the end of FY 2003. Interior's Bureau of Land Management was the federal ABC pioneer, first implementing its program in 1996 and integrating it into its official accounting system by 1999. In 2002, the BLM was one of seven finalists selected out of 100 candidates for the prestigious President's Quality Award, recognizing the Bureau's efforts to implement ABC and to integrate strategic planning and performance data with costs. This Award is the highest recognition given by the federal government for managerial excellence. The BLM's experience serves as a model for ABC development across the Department and should help shorten the time for implementation of ABC.

Common facilities management practices are a second way to add value and strengthen a cohesive DOI culture.

As a whole, the Department maintains more than 34,000 buildings and structures, 32,000 leased and owned vehicles, 126,000 miles of roads, 3,500 bridges, 900 dams and reservoirs, 33,000 campgrounds, 185 Indian schools, and more than 140 million items of museum property.

But we don't maintain these centrally. Instead, each bureau and office is responsible for inventorying its own assets and identifying its maintenance needs.

Service First

What do you get if you put a Bureau of Land Management office and an U.S. Forest Service office together?

You get a new program called "Service First," and better customer service, improved natural resource stewardship, and enhanced operational efficiency.

The goal behind Service First is seamless citizen-centered service delivery through shared activities and one-stop shopping. Shared activities include coordinated revisions of resource management plans, joint oversight of prescribed fire burns, and shared positions.

As of July 2002, Service First facilities had spread through 9 states at 21 locations, with an additional 22 co-located offices planned by the end of 2005. On the regional level, the BLM Oregon State Office and the Forest Service Regional Office for the Northwest have co-located their facilities in Portland, Oregon, while other DOI bureaus, including the National Park Service and the U.S. Geological Survey, are evaluating what they could gain with co-located functions and personnel.

Since 1999, the Department has required common facility condition assessments across all bureaus as part of a continuous review program and has supported a facilities management system partnership, which serves as a forum to coordinate continuous improvement departmentwide. To maximize performance, the partnership annually identifies the highest priority projects and then publishes a five-year construction and maintenance plan.

FY 2002 saw the development of a significant new tool for the partnership. The Department developed a reinvigorated capital planning process, modeled after the newly successful capital investment process for IT. Large-dollar projects are evaluated against all other facilities, weighed in terms of their overall contribution and, then tracked to ensure completion on time and within budget.

Successful facilities management requires much more than dollar investment, of course. It takes sophisticated new skills and technologies, new equipment, and new management systems, and, most of all, people willing to share them. To build this spirit the Department organized a "first-ever" conference for facilities management experts from across all the bureaus and offices. More than 700 building managers and architects, engineers, and landscape architects came together, combining training on methods, operations, and technology with hours of informal networking. Ideas and experiences were shared with men and women from other bureaus, agencies, and tribes.

Competitive sourcing, another of our best practices, adds value through competition. Managers can choose whether internal or external suppliers will produce the most cost-effective and customer-oriented result. Any money saved stays with the bureau that realized the saving, adding to the resources they have available for mission delivery.

The Department has decades of experience using contractors effectively. But the PMA spurred us to systematize and improve the process for making decisions on whether to use contractors or to do a job in-house, and helped us to simplify it for the bureaus at the same time.

The Department's Center for Competitive Sourcing Excellence is designed to help the bureaus with implementation. Launched early in the last fiscal year, it combines a variety of disciplines, including human resource planning, budgeting, and acquisition and program management. Those skills, in turn, help bureaus with such challenges as commercial activity inventory preparation, activity selection, cost analysis and comparison, performance-based work statements, and competitive contracting.

The Center can save the bureaus both time and money, and can help them give their employees a better chance to compete against the private sector. OMB has approved the Center's "Express Review" methodology for evaluating situations involving 10 or fewer government employees. They give employees in small functions a chance to compete for their jobs. Under the traditional methodology, these jobs would simply have been contracted out directly. Such reviews are often completed in less than 60 days.

Competitive sourcing is closely linked to the Department's human capital planning and IT goals, since the skill base required in the future will to some degree be determined by our decisions about what functions to retain in house, and which to secure from the private sector. To identify areas ripe for competitive sourcing analysis, bureaus have been asked to review functions with high turnover, high projected retirement, skill imbalances, recruitment difficulty, or where we need access to technology that we cannot afford to buy. In January 2002, the Departmental Council on Labor-Management Cooperation, composed of both union and management leaders, adopted a resolution to encourage local management to cooperate, consult, and regularly communicate with local union representatives on issues related to competitive sourcing. The Council resolution also encouraged local union and management representatives to support and improve the process.

Over the months to come, the Department will evaluate some 15% of internal commercial positions, roughly 5% of our entire workforce, in search of competitive opportunities. Other plans for FY 2003 include the development of a simplified cost comparison for larger projects, along with an information system to track competitive sourcing initiatives by cost and cost-effectiveness, emphasizing inter-bureau coordination both geographically and functionally to improve coordination and reduce cost.

Successful competitive sourcing depends on communication, cooperation, and consultation among employees, employee representatives, and contractors, all working together to meet our mission in a way that builds successful relationships. Indeed, it is the widespread adoption of those 4 C's values that is most likely to speed the Department towards its goal of integration.

We have no choice but to pursue that goal. To be responsive to the increasingly complex demands on 21st Century stewardship, we must develop a unified organizational culture that serves our mission in everything we do.

Individual bureaus will never lose their tradition, heritage, or esprit de corps. But the Department together must champion a united identity, supported by a strong commitment to the overall mission of stewardship for the American people, with the President's Management Agenda embodied at every level of the organization. We need to become an integrated DOI, focused clearly on cooperation, consultation, and communication in the service of conservation, with a clear identity; a diverse, creative, and valued workforce; and entrepreneurial leadership, using technology and creativity to improve business practices and link performance with accountability.

The American people we serve deserve nothing less.

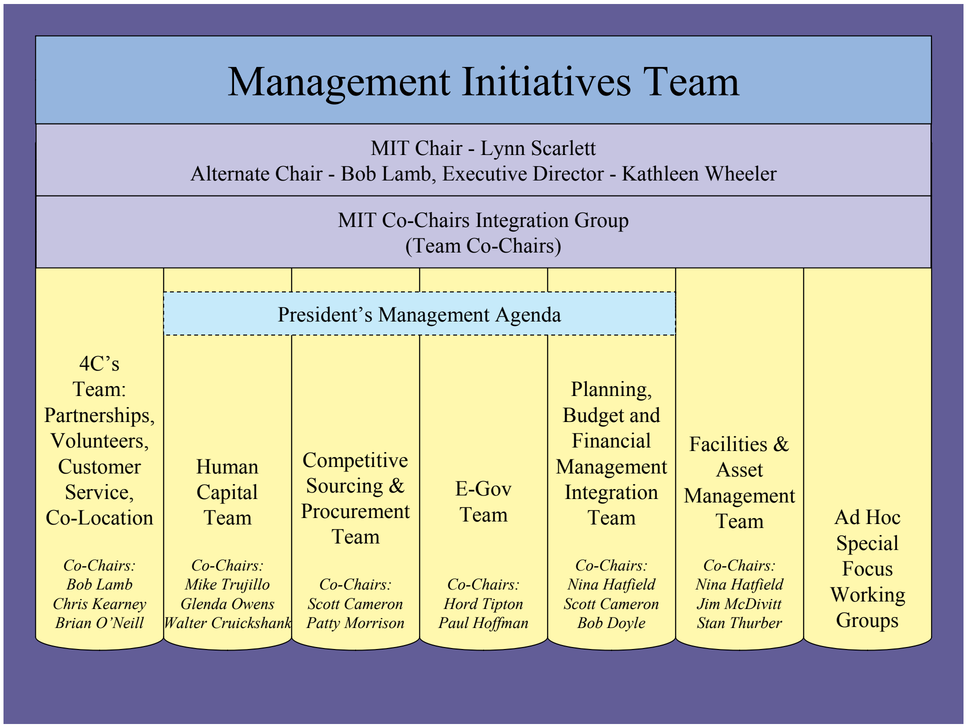
Getting to Green

Management reform depends on the free flow of ideas down, up, and most of all, across the organization.

That can't happen by accident. It depends on an institutional framework to drive innovation that is linked to a performance measurement system to monitor results.

Interior's framework begins with the Management Excellence Council.

FIGURE 21



Chaired by the Secretary, this group consists of the Deputy Secretary, Associate Deputy Secretary, Chief of Staff, Assistant Secretaries, and Bureau Directors. This group provides overall direction and policy guidance. Reporting to them is the Management Initiatives Team (MIT), whose role and membership roughly corresponds to that of the Interior Management Council under previous Administrations (*Figure 21*).

Reporting to the MIT, in turn, are seven separate teams, each mandated to look for reform opportunities in a specific area. Four of them focus on the elements of the PMA, while the three others focus on the 4 C's, facilities management, and ad hoc issues that arise.

All of the teams work across bureau and office lines, actively seeking process-improving best practices and subject matter best practitioners, providing a departmentwide perspective. Each team has a responsibility to work with the bureaus to "get to green" for the team's respective OMB/DOI scorecard(s) for the President's Management Agenda and the Secretary's Plan for Citizen-Centered Governance.

Performance and Costs at a Glance

Tables 11 and 12 summarize FY 2002 performance and cost data for Strategic Goal 6.

The Department established 54 performance measures for Strategic Goal 6. Of the 54 performance measures, the Department achieved or exceeded the goals for 30 measures (56%), did not meet the goal for 17 measures (31%) and is unable to report performance information on 8 measures (15%) because data is not available at this time.

The Department has established aggressive management goals and continues to strive for excellence and accountability. A number of performance measures that were not achieved relate to bureaus that have established the most aggressive management improvement agendas. The cost of management activities are not reported separately. Instead, the Department includes these costs in other GPRA program activities or allocates these costs to the activities. The Department manages a number of working capital funds that operate on a reimbursable basis and by law, are required to cover their costs. The costs of these operations total approximately $1.3 billion. The Department also administers other programs that are funded on a reimbursable basis (e.g., the Interior Franchise Fund). GPRA performance measures have not been established for these operations.

More detailed information concerning performance results is available in Appendix D.

TABLE 11

Strategic Goal 6
FY 2002 Performance Measure Scorecard

GPRA Program Activity	Number of Measures	Exceeded Goal	Met Goal	Did Not Meet Goal	No Report	Percent Exceeding or Meeting Goal
Advance Reclamation's Organizational Effectiveness	9	4	2	3	0	67%
Ensure NPS Organizational Effectiveness	19	4	1	10	4	26%
Lead People to Succeed	4	1	2	1	0	75%
Use Information Technology to Better Manage Resources and Serve the Public	6	1	2	0	3	50%
Ensure Financial and Managerial Accountability	10	3	6	1	0	90%
Provide Safe and High Quality Places to Work	2	1	0	0	1	50%
Ensure Efficient and Effective Business Practices	4	3	0	1	0	75%
TOTAL	54	17	13	17	8	56%

TABLE 12

Strategic Goal 6 Costs
(in millions)

GPRA Program Activity	FY 2002	FY 2001
Advance Reclamation's Organizational Effectiveness	*	*
Ensure NPS Organizational Effectiveness	*	*
Lead People to Succeed	*	*
Use Information Technology to Better Manage Resources and Serve the Public	*	*
Ensure Financial and Managerial Accountability	*	*
Provide Safe and High Quality Places to Work	*	*
Ensure Efficient and Effective Business Practices	*	*
Shared Services **	$1,270	$939
Cost of Other Programs **	612	416
Total Gross Cost Prior to Eliminations	1,882	1,355
Less: Elimination of Intra-Department Activity	(1,090)	(847)
Total Gross Cost After Eliminations	$792	$508

* Costs not separately identified for this GPRA Program Activity.

** No GPRA measures are included in the GPRA Annual Plan.

Best Practice: The ABC's of Budget/Performance Integration

by Betty Buxton, Deputy Chief Financial Officer, Bureau of Land Management

We decided to implement Activity Based Costing (ABC) at the Bureau of Land Management because we did not feel that we had adequate information to make on-the-ground decisions on a day-to-day basis. You can't make good decisions without understanding their cost ramifications and our conventional financial accounting could not provide it.

We wanted to know the real cost of what our people were doing and ABC turned out to be an efficient, low-cost, low-maintenance, easy way to find out. We simply changed our accounting cost structure to include an element that identifies a piece of work and the output that that work produces. Whenever employees put their time on a time and attendance report, they code in characters that go with the work that produces an output. The data flows through our accounting system with no reconciliation required. We can simply extract that activity, allocate indirect costs, and presto, we have the full cost of whatever output is produced.

Conceptually, it is very simple. The obstacle was that no one likes change, not at BLM, not throughout Interior, not anywhere in the federal government. Our people were primarily concerned about what we were going to do with the information. "Are you trying to turn me into a bean counter?," they'd ask. Or, "Are you going to use this to give me less money?"

Today ABC is accepted throughout our bureau. But that didn't happen by accident. We got a buy-in because we included our field every step of the way. They didn't always like the decisions at the time we made them. But they understood why they were necessary.

We began our ABC planning and development by pulling together an ABC Core Team made up of employees from our state and field offices. The Core Team's function was to assist in the development of an ABC model and, once developed, to help implement the model throughout the Bureau. With this team, supplemented by other employees as needed, we defined our work activities and our work processes, aligned work activities to our mission goals, and then tested our model with a statewide pilot in Montana, followed by a bureauwide pilot. Convinced that the model was right for the BLM, we then integrated it with our accounting system and launched ABC throughout the BLM.

There was still a big job to be done. We had to train approximately 10,000 employees to understand work activity definitions so they could properly code their time and purchases. We also had to train them on what ABC is and how to analyze and use cost data. We took several approaches to training, including face-to-face classroom training, train-the-trainer, video presentations, satellite broadcasts, analysis techniques, and annual cost forums. There was lots of grumbling the first year. But by the second year, people were learning from each other.

We still have annual cost forums, but the grumbling has disappeared. People can see just how much ABC is doing for them, and they are anxious to take advantage of it.

Don't get me wrong. Implementation takes work. But other bureaus will find it's not hard, as long as they support the people they are asking to implement it.

The point to stress is that we unequivocally cannot integrate budget and performance unless we find ways to connect outputs and dollars. Performance is outputs. Budgets are dollars. ABC is the tool that connects them.

Throughout Interior, we do our strategic and performance planning, and then we publish estimates about how much funding it's going to take to achieve a specific goal. But that's guesswork, not integration. Integration is when we can say for any program how much a process or process change is going to cost.

ABC is the key to process improvement, too. At the end of the day, any BLM employee can go into our system and see how much we spend for everything we do, sorted any way required, by single office, state, or bureauwide; for each of our eight mission goals; our nine principal work processes; or every single one of our 180 outputs. That data, in turn, can become the basis for significant efficiency increases.

Increased efficiency is the payoff from ABC for folks in the field. None of us at Interior has money to throw away. The better we understand our costs, the better we can pursue our mission goals.

Who hasn't seen part of their mission fall by the wayside as a result of tight budgets? Wouldn't it be nice to repair that pothole or keep the visitor center opened later on a warm summer night?

Compliance With Legal and Regulatory Requirements

This section of the report provides information on the Department's compliance with the:

- Federal Managers' Financial Integrity Act (FMFIA);
- Federal Financial Management Improvement Act (FFMIA);
- Inspector General Act Amendments (Audit Follow-Up);
- Biennial review of user fees; and
- Other key legal and regulatory requirements.

This section also includes a crosswalk of management control reviews and Office of Inspector General (OIG) and General Accounting Office (GAO) audits related to:

- The President's Management Agenda; and
- Other management challenges facing the Department.

Federal Managers' Financial Integrity Act (FMFIA)

The FMFIA requires agencies to provide a statement of assurance annually regarding the effectiveness of their management, administrative and accounting controls, and financial management systems. Interior's FY 2002 Annual Assurance Statement is provided in *Figure 22*. The basis for the assurance statement conclusions is discussed in the FY 2002 Management Control Assessments section that follows.

The Department believes that maintaining integrity and accountability in all programs and operations: (1) is critical for good government; (2) demonstrates responsible stewardship over assets and resources; (3) ensures high-quality, responsible leadership; (4) ensures the sound delivery of services to customers; and (5) maximizes desired program outcomes. Interior has developed and implemented management, administrative, and financial system controls that reasonably ensure that:

- Programs and operations achieve intended results efficiently and effectively;
- Resources are used in accordance with the mission;
- Programs and resources are protected from waste, fraud, and mismanagement;
- Laws and regulations are followed; and
- Reliable, complete, and timely data are maintained and used for decisionmaking at all levels.

Interior's management control program is designed to ensure full compliance with the goals, objectives, and requirements of the FMFIA and Office of Management and Budget (OMB) Circular A-123, "Management Accountability and Control," and Circular A-127, "Financial Systems."

FY 2002 Management Control Assessments

Interior conducted an annual assessment of the effectiveness of its management, administrative, and accounting systems controls in accordance with the FMFIA and OMB guidelines. The conclusions in the Secretary's Annual Assurance Statement are based on the results of 86 management control reviews of programs and administrative functions conducted by bureaus and offices, 20 OIG and 26 GAO program audit reports, and the results of the financial statement audits conducted by the independent public accounting firm, KPMG, under the auspices of the Chief Financial Officers (CFO) Act of 1990 and the Government Management Reform Act (GMRA) of 1994. Interior's FY 2002 management controls reviews, OIG and GAO program audits, and financial audits also focused on areas that were identified as major management challenges for the Department or Presidential Management Initiatives.

FIGURE 22

FISCAL YEAR 2002
ANNUAL ASSURANCE STATEMENT

"The Department conducted the annual assessment of its systems of management, accounting, administrative and financial systems controls in accordance with the requirements and guidelines prescribed by the Federal Managers' Financial Integrity Act (FMFIA) and the Office of Management and Budget (OMB). Based on the results of this assessment, with the exception of the Department's concerns regarding the controls over the accuracy of ownership records and propriety of account balances in the Indian Trust Fund and the other material weaknesses noted herein, the Department can provide qualified assurance that its systems of management, accounting and administrative controls, taken as a whole, meet the objectives specified in Section 2 of FMFIA, and OMB Circular A-123, "Management Accountability and Control."

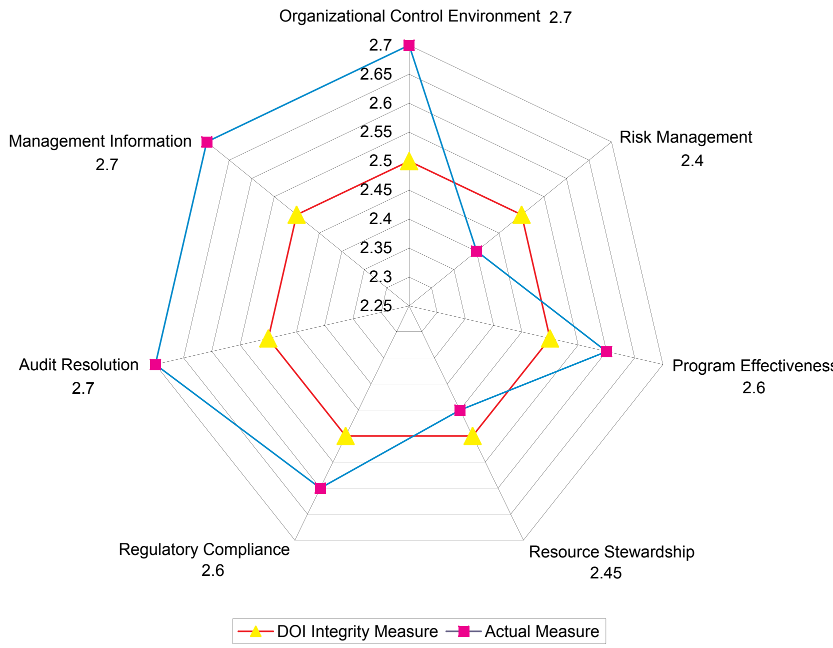
Based on the results of the annual independent audited financial statement process, the Department is not in substantial compliance with applicable federal accounting standards and U.S. Standard General Ledger (SGL) reporting requirements. Further, due to the material weaknesses in information system security controls, the Department does not substantially comply with federal financial management systems requirements specified in OMB Circular A-130, "Management of Federal Information Resources." Therefore, the Department does not fully comply with, or meet the objectives of, Section 4 of the FMFIA and OMB Circular A- 127, "Financial Systems." The Department implemented a remediation plan to resolve these material weaknesses during FY 2002 and expects to complete corrective actions in FY 2004.

Gale A. Norton

Secretary of the Interior

FIGURE 23

FY 2002 Management Control Assessment Spider Diagram



As in prior years, the consolidated results of Interior's FY 2002 management control assessments are presented in the form of a "spider diagram" (see *Figure 23)*. The spider diagram presents the results of the assessments on a comparative basis using seven management integrity measures developed for Interior's Management Control Program. The seven measures are arrayed around an axis using a numerical scale of 0 to 3.5, where 0 is the lowest score for the measure. The red symmetrical line with the numerical value of 2.5 for each integrity measure represents the acceptable score for each measure. The blue line represents the actual summary assessment score for each measure. Scores above the 2.5 value represent areas of good management controls and potential best practices, while scores less than the 2.5 value represent areas needing improvement and potential material deficiencies. The summary assessment scores for the Risk Management and Resource Stewardship integrity measures were below the Department's acceptable score of 2.5. This is attributable to identified material weaknesses in information technology security, employee and public safety-related programs, and Indian Trust Fund Management. On an overall basis, the summary report indicates that the results of the annual assessment provide appropriate support for the conclusions in the Secretary's Annual Assurance Statement.

Material Weaknesses and Accounting System Non-conformances

Since the inception of the FMFIA in 1982, Interior has identified and reported 172 material weaknesses and 65 accounting system non-conformances. By the end of FY 2002, Interior had corrected 161 of these material weaknesses (94 percent). These totals reflect the addition of two new material weakness identified during FY 2002 and the correction and or downgrading of eight material weaknesses. During FY 2002, Interior corrected and or downgraded 8 of the 17 (47 percent) material weaknesses carried forward from FY 2001—the largest, single-year reduction in material weaknesses since the inception of the FMFIA. All accounting system non-conformances identified through FY 2000 have been corrected. The correction of the accounting system non-conformance reported in FY 2001 for financial management system security controls remains pending.

In addition to correcting the one existing accounting system non-conformance, Interior is also aggressively pursuing initiatives to:

- Link all financial systems electronically;
- Migrate to a single, integrated accounting system; and
- Improve financial system data integrity and consistency.

TABLE 13

Number of Material Weaknesses			
Period Reported	Reported	Corrected	Pending
Prior Years	162	158	4
FY 1999	4	2	2
FY 2000	3	1	2
FY 2001	1	0	1
FY 2002	2	0	2
Total	172	161	11

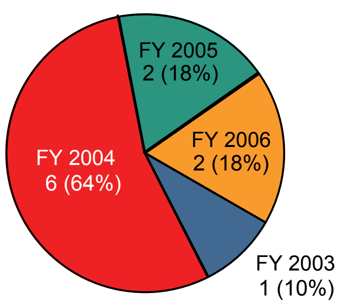
TABLE 14

Number of Material Non-Conformances			
Period Reported	Reported	Corrected	Pending
Prior Years	64	64	0
FY 1999	0	0	0
FY 2000	0	0	0
FY 2001	1	0	1
FY 2002	0	0	0
Total	65	64	1

Recent progress in correcting material weaknesses and accounting system non-conformances exemplifies Interior's commitment to improving integrity and accountability in all programs, organizations, and functions. This commitment is further demonstrated by the Government Performance Results Act (GPRA) goals developed for the timely correction of material weaknesses, timely implementation of OIG and GAO audit recommendations, and the achievement of unqualified (clean) financial statement audit opinions. The performance results for these goals are discussed in the Management Discussion and Analysis section of this report and summarized later in this section. These goals will also be included in the Department's FY 2003 Annual Performance Plan.

FIGURE 24

Planned Correction of Pending Material Weaknesses



The Department's progress in correcting material weaknesses and accounting system non-conformances is presented in *Tables 13 and 14*. Interior will carry forward 11 material weaknesses to FY 2003. As shown in *Figure 24*, Interior plans to complete corrective actions for 7 of the 11 material weaknesses (64 percent) by the end of FY 2004, and the remaining four material weaknesses by the end of FY 2006. *Table 15* presents a description of these 11 material weaknesses, including those designated as "mission critical weaknesses," and summaries of planned corrective actions and targeted completion dates.

Government Performance and Results Act Performance Goal

In order to ensure that the material weaknesses identified and reported in the FMFIA program are corrected in a timely manner, the Department's Management Control and Follow-up (MCAF) Council established a GPRA performance measure. The Department's annual performance target is to substantially complete 75 percent of material weakness corrective action plans by the targeted completion date reported in the Annual Performance and Accountability Report.

Corrective actions for ten material weaknesses were targeted for completion in FY 2002 (*Table 16*). The Department achieved its performance target in FY 2002 as corrective action for 8 of 10 (80 percent) material weaknesses were completed or downgraded to bureau-level weaknesses and no longer deemed material enough to warrant further reporting in the Performance and Accountability Report. Two of these eight material weaknesses were reported as Department "mission critical" material weaknesses in FY 2001. Corrective actions for two material weaknesses were delayed due to the court-ordered shutdown of the Department's Internet connection in December 2001 and the revision to the Strategic Plan for Indian Trust Fund Management. These material weaknesses are now targeted for correction in FY 2004 and FY 2005, respectively.

TABLE 15

Pending FMFIA Material Weaknesses as of September 30, 2002			
Bureau	**Material Weakness**	**Corrective Actions**	**Target Correction Date**
Mission Critical Material Weaknesses			
OST, BIA, and OS/ OHTA	Trust Fund Management: The OST's conversion to a commercial trust fund accounting system and the implementation of enhanced OST management controls during FY 2002 ensure that all collected trust funds are properly accounted for. The remaining items to correct this material weakness include: (1) OHTA's historical accounting; and (2) strengthening the existing system of controls to ensure that BIA ownership and distribution information is correct.	Departmental trust policies, procedures, systems, and internal controls will continue to be improved and training provided to achieve the goals of the Comprehensive Trust Management Plan.	FY 2006
OST and BIA	Records Management: Long standing deficiencies in the records management program have made it difficult to ensure the maintenance and preservation of Indian Trust records.	An updated work plan with strategies, tasks, timelines and resource requirements has been developed by the Office of Trust Records. The implementation of this work plan will resolve many of the identified deficiencies and establish an active and comprehensive records management program for BIA and OST.	FY 2006
NPS (new)	Oil and Hazmat Incident Preparedness and Response Program: The lack of an adequate oil and hazardous material incident preparedness and response program seriously endangers the safety of the public, employees, and park resources.	NPS will develop and implement a comprehensive corrective action plan to ensure full and complete compliance with applicable laws, regulations, executive orders, and policies to ensure the safety of the public, employees, concessionaires, and park resources.	FY 2005
NPS	Inadequate Structural Fire Program: The current program does not provide adequate protection of employees and visitors, contents, structures, and resources from the effects of fire as required by Director's Order No. 58.	NPS will develop and implement a comprehensive structural fire program plan as directed by Congress. The plan will include specific milestones to address the operational, organizational, technical, and staffing deficiencies cited in the May 2000 GAO audit report and July 2000 congressional hearing on fire safety failures of the NPS.	FY 2004
DEPT	Inadequate Information Technology (IT) Security: The increasing growth in electronic commerce and the growing vulnerabilities of information systems to unauthorized access have resulted in the need for a comprehensive improvement to IT security.	The Department has conducted a comprehensive IT security assessment to determine security and control issues in bureaus and offices. Based on the findings, the Department has developed and will implement a comprehensive information security plan, including capital budgeting requirements.	FY 2004
DEPT	Inadequate Wireless Telecommunications: The current wireless telecommunications program in some bureaus does not effectively support bureau and public safety operations, does not comply with Department management directives, and is not funded to achieve timely compliance.	The Department will develop and implement a plan to meet employee and public safety objectives, and restore the program to efficiency by reviewing bureau narrowband capital investment and implementation plans; revise plans to maximize radio system sharing, minimize supporting infrastructure requirements; and ensure maximum use of alternative wireless services.	FY 2004
DEPT	Inadequate Departmentwide Maintenance Management Capability: Interior lacks consistent, reliable, and complete information to plan for, budget, and account for resources dedicated to maintenance activities.	Identify and implement a comprehensive maintenance management system with an appropriate linkage to the accounting system; conduct comprehensive condition assessments; make determinations to repair, replace, or relocate facilities; develop a five-year Deferred Maintenance Plan and Capital improvement Plan; repair, replace, and relocate facilities to "good condition"; and reduce deferred maintenance to established goals (5 percent or less of replacement cost).	FY 2004

TABLE 15 CONTINUED

Pending FMFIA Material Weaknesses as of September 30, 2002			
Bureau	**Material Weakness**	**Corrective Actions**	**Target Correction Date**
Other Material Weaknesses			
BIA	Irrigation Operations and Maintenance: The establishment of irrigation assessment rates and collection, recording, investment, and utilization of irrigation receipts are inadequate. Operation and maintenance (O&M) receivable balances have not been kept current and billing and debt collection processes have not been consistently followed.	Publish 25 CFR 171 A and B as a Final Rule. Reconcile past O&M receivables and bring all accounts to current status. Develop Operations Handbook regarding project operation and keeping O&M assessments and collection processes current. Convert irrigation project billings and collections to the National Irrigation Management Information System (NIIMS) and interface with Federal Financial System (FFS).	FY 2004
BLM (new)	Land Appraisal Function: Management and oversight of the land appraisal function does not ensure that objective and independent market value opinions from qualified appraisers are used in land transactions.	Contract for an independent analysis and review of all appraisals in pending land exchange transactions. Establish a multi-agency team to review and identify systemic appraisal function deficiencies and propose appropriate corrective actions.	FY 2004
FWS	Inadequate Management Controls and Audit Follow-up in the Federal Aid Program: The absence of effective management controls, a centralized audit follow-up program, and guidance governing the administration of the Federal Aid Program has resulted in the ineffective management oversight and accountability for Federal Aid grant funds on a Servicewide basis.	Federal Aid process improvement teams will review reported program deficiencies in the Federal Aid Information Management System, Financial Reconciliation, Safety Margin, Grant Operations, Audit Review and Resolution, and Organization Function and Staffing Review. FWS management will evaluate the findings and recommendations of the process improvement teams and develop and implement comprehensive guidelines and organizational changes to govern the administration of the Federal Aid Program.	FY 2003
BOR	Inadequate Land Inventory and Financial Reconciliations: The Bureau does not have a complete and accurate inventory system to support $1.7 billion in land and land rights.	BOR will: (1) conduct reconciliation and research to validate the accuracy of land records; (2) populate new real property system (Foundation Information for Real Property Management or FIRM) with such data; (3) develop and issue policy and procedures to ensure future quality, accuracy, and completeness of data captured in the lands and finance systems; and (4) conduct an initial and periodic reconciliation between the detailed land data maintained in FIRM and the financial accounting system to ensure the quality of information contained in both systems.	FY 2005

TABLE 16

FY 2002 Corrective Actions for Material Weaknesses					
Bureau or Office	**Material Weakness**	**Department Mission Critical Material Weakness**	**Date Identified**	**Target Correction Date**	**Status as of September 30, 2002**
BOR	Irrigation of Ineligible Lands	Yes	FY 1994	FY 2002	Downgraded
DEPT	Lack of Accountability and Control over Artwork and Artifacts	Yes	FY 1990	FY 2002	Downgraded
BLM	Management and Oversight of the Land Exchange	No	FY 1997	FY 2002	Downgraded
BLM	Wild Horse and Burro Program	No	FY 1997	FY 2002	Completed
BIA	Acquisition Management	No	FY 1989	FY 2002	Completed
BIA	Real Property Management	No	FY 1995	FY 2002	Completed
BIA	Debt Collection	No	FY 1987	FY 2002	Completed
BIA	Irrigation Operations and Maintenance	No	FY 1987	FY 2002	Slipped
MMS	Internal Controls Over Accounting Operations	No	FY 1999	FY 2002	Completed
OST/BIA	Inadequate Records Management	Yes	FY 1989	FY 2002	Slipped

Material Weaknesses Corrected

Figure 25 presents the criteria used by the Department to report a "mission critical" material weakness and to correct or downgrade a material weakness in the Annual Performance and Accountability Report. The criteria are based on guidelines in OMB Circular A-123, Management Accountability and Control. The following is a summary of the corrective actions implemented for the eight material weaknesses referenced in *Table 16*.

Lack of Accountability and Control Over Artwork and Artifacts (Department). Accountability for, control over, and protection of artwork and artifacts administered by the bureaus and offices throughout Interior were inadequate to ensure the preservation of these objects. Until improved policies, procedures, and controls were implemented, the risk of significant loss of or damage to irreplaceable artwork and artifacts remained high. The strategy for correcting this weakness was to give priority to both completing basic inventories (cataloging) of all museum property and to addressing the most sensitive portions of the collections first. Basic inventories establish accountability and improve security. The most sensitive collections are those subject to possible repatriation to tribes under the Native American Graves Protection and Repatriation Act (NAGPRA). Additional funds have been requested to accelerate progress on completing inventories of all museum property and to achieve full compliance with NAGPRA.

Interior developed and implemented a revised museum property strategy and related policies and procedures. In addition, plans to implement an appropriate infrastructure in each bureau within broad targets defined by Interior were developed and approved. Implementation of the plans in 6 of 10 bureaus has been completed, including the cataloging of their museum property collections. Plans for the remaining four bureaus are in various stages of implementation and future progress is being guided by resource availability. These bureaus are meeting annual cataloging thresholds and other plan implementation goals established by the Department. Bureau corrective actions will continue to be monitored by the Department until plans are fully implemented. In summary, these bureaus are expected to complete cataloging of a minimum of five percent of baseline estimates of museum property objects each year, until a minimum of 80 percent of the museum property objects are cataloged.

Irrigation of Ineligible Lands (BOR). The Bureau of Reclamation (BOR) had not given sufficient priority to identifying and resolving instances of federal water being delivered to ineligible lands on at least 24 projects in eight states. Consequently, the federal government provided unintended benefits to water users who did not pay the full cost of supplying the water used to irrigate ineligible lands. The Bureau of Reclamation completed an internal assessment of unauthorized use of federal project water to define the data requirements needed to ascertain the extent to which ineligible lands receive federal water. Seven of the 24 projects resolved the unauthorized water use issue. The other projects have made significant progress and have plans in place to correct the unauthorized water use issue through a combination of land classification, water conservation, environmental assessments, prioritization of projects within regions, and compliance enforcement on contract violation issues. A framework for addressing these issues, including an expansion of programs and policies promoting efficient district water use and pricing, was developed and approved by the Commissioner, BOR, in September 2002. The Department and the OIG approved the framework in September 2002. Implementation actions will continue to be tracked by the Department.

FIGURE 25

Material Weakness Guidelines

The Department defines a mission critical material weakness as:

- An inherent program or administrative functional material weakness that makes the program or activity susceptible to fraud, waste, and abuse.
- A systemic deficiency caused by ineffective program or management support, financial systems, policies, and/or procedures established by a bureau or reporting entity to carry out a major program or administrative function.
- A practice that is seriously detrimental to public health or safety, a program or administrative activity, service delivery, national security, economic growth, privacy, or citizens' rights.
- A practice that could result in significantly impaired service, program failure, significantly reduced program effectiveness or efficiency, public injury or loss of life, unreliable decisionmaking data, reduced confidence in government, and unauthorized disclosure, manipulation or misuse of sensitive information such as personal, financial management, or programmatic data maintained in computerized systems.

The Department will remove a mission critical designation or report a material weakness corrected or downgraded when:

- Senior management has demonstrated its commitment to resolving the material weakness as evidenced by resource deployment and frequent and regular monitoring of corrective action progress.
- Substantial and timely documented progress in completing material weakness corrective actions is provided.
- Corrective actions have been substantially completed, and the remaining actions are minor in scope and will be completed within the next fiscal year.
- Implemented corrective actions have eliminated or minimized the root cause(s) of the material weakness.
- Substantial validation of corrective action effectiveness has been performed.

Accounting Operations (MMS). The independent auditor's report on MMS's FY 1999 financial statements found that ineffective controls had prevented the timely reconciliation of general ledger accounts and production of timely, accurate, and reliable financial data required for financial statement preparation (exclusive of the Minerals Revenue Management Program). To resolve this material weakness, MMS: reassigned and segregated duties and responsibilities within the Financial Management Branch; implemented a plan to ensure specific individuals and officials were held accountable for non-compliance with established internal controls; established a special projects team in conjunction with the Department and the OIG to complete year-end account reconciliations; developed and entered correcting adjusting journal entries; and, produced reliable, accurate, and timely financial statements in accordance with governmentwide standards for FY 2002. MMS also implemented other recommendations for internal control improvements recommended by the independent auditors, including organizational changes, staff realignments, and desk procedures.

Debt Collection (BIA). The BIA determined that policies, procedures, and guidelines were inadequate, obsolete, outdated, and otherwise insufficient to properly administer debt collection functions. Further, BIA did not consistently or routinely pursue the collection of debts in an aggressive and timely manner as required by the Debt Collection Act. BIA's debt collection activities are divided among the Division of Accounting Management (DAM) for administrative debt, the Office of Trust Responsibilities (OTR) for irrigation and power debt (which is a component of the Irrigation Operations and Maintenance material weakness and corrective action plan), and the Office of Economic Development (OED) for direct and guaranteed loan debt.

BIA has centralized the debt collection functions for OED at the Headquarter's level in Washington, D.C., and hired a debt collection coordinator. The OTR centralized its processes within the Power and Irrigation Reconciliation Team in Denver, Colorado. BIA has revised and issued debt collection guidance for each of these entities; reconciled and billed receivables at irrigation projects; collected, wrote-off and referred delinquent irrigation and power debt to Treasury; completed construction debt reconciliations; began the conversion of irrigation projects to the National Irrigation Information Management System (NIIMS) which is interfaced with the Federal Financial System (FFS); developed internal procedures for writing off and referring administrative and loan debts to Treasury; and will finalize the publishing of the Indian Affairs Manual Section on Debt Collection after Solicitor Office review on or before March 2003.

Real Property Management (BIA). BIA determined that it did not have written policies, procedures, and accounting guidance to ensure proper and accurate accounting for and administration of real property. To correct this weakness, BIA transferred control over accountability-related activities for all BIA real property assets (buildings, other structures, improvements to land, land, capital leases, and lease-hold improvements) to the Division of Accounting Management, including real property activities associated with construction-in-progress completion requirements, disposals (Reports of Survey), and donations to tribes or tribal organizations. Policies, procedures, and guidance have been updated. Inventories have been taken and accounting adjusting entries have been entered into the financial system. BIA has also verified property data, reconciled general ledger and subsidiary property records, and enhanced documentation.

Acquisition Management (BIA). The BIA determined that its procedures, agency specific guidelines, and organization structure were inadequate to properly administer procurement functions in the following areas: awards process; conflict of interest; Buy Indian Program; property management contracts; and Interior Procurement Data System (IPDS) reporting. To correct these deficiencies, BIA developed and distributed comprehensive policy and instructional guidance, and conducted training; established new performance appraisal standards for contracting personnel; established a Bureau Acquisition Review Board; performed administrative management reviews and follow-up Quality in Contracting Reviews; established a policy that purchase card acquisitions over $2,500 must be entered into the Interior Department Electronic Acquisition System (IDEAS); transferred responsibility for contracting functions of the Office of Facilities Management and Construction to the Division of Acquisition and Property Management (DAPM); conducted three consultation sessions on the Buy Indian Regulations; and drafted Buy Indian Act regulations which have been cleared through the Department and forwarded to the Office of Management and Budget.

Wild Horse and Burro Program (BLM). In 1997, the BLM determined that its Strategic Plan for the management of wild horses and burros was not adequate to achieve appropriate management levels (AMLs) on public lands. Delays in the implementation of appropriate herd management guidelines resulted in over population and unhealthy rangeland conditions. Since that time, the BLM has performed annual program reviews, established a Wild Horse and Burro Advisory Board; established GPRA performance goals; applied a one-year immunocontraceptive vaccine to over 2,000 mares; developed and implemented a short-term adoption promotional plan; created a national marketing/promotion team to provide leadership and develop products to increase adoption successes; developed a process to track animals and costs, from gather to adoption; secured increased budgetary funding to implement "A Strategy To Achieve Healthy Rangelands and Viable Herds" over a four year period; contracted for four new long-term holding facilities for the placement of excess unadoptable animals; and, issued an Instruction Memorandum to the field on the implementation of the strategy to achieve AML on all herd management areas.

Land Exchange Program (BLM). A 1997 OIG audit found that the management and oversight of land exchanges threatened the integrity of the Land Exchange Program. Specifically, corrective actions were needed to ensure compliance with laws, regulations, policies, and standards, and that fair and equitable appraisals were developed and included in land exchange determinations. The following actions have been taken to address these issues: BLM's Land Exchange Handbook was revised to incorporate new policies and procedures (a draft was issued in September 2002); the National Land Exchange Evaluation and Assistance Team was established; the Appraisal Manual was revised; a joint BLM/ U.S. Forest Service appraisal training course was developed and offered; the Advanced Land Transactions Course, training and workshops on the land exchange process was conducted; Deloitte Touche was engaged to perform Agreed Upon Procedures reviews of financial records related to 24 assembled land exchanges and 21 of the 24 reviews (88 percent) were completed; and, management control reviews of the Land Exchange Program were conducted in California, Oregon, Washington, Utah, Wyoming, New Mexico, Nevada, Idaho, Montana, and Arizona.

In FY 2002, BLM commissioned an independent peer review of the management and conduct of its land exchange appraisal function by The Appraisal Foundation of Washington, D.C. The review focused on BLM's appraisal organization, policies and procedures, including an evaluation of the alternative approach implemented in Washington County, Utah. The review was intended to identify recommendations that when implemented, would ensure BLM's appraisal function protected the integrity and independence of the land appraisal process. The review identified a series of deficiencies, which the BLM has reported as a new material weakness in FY 2002 and which will be mitigated over the next two fiscal years. In response to this report, on October 25, 2002, the BLM announced the implementation of a 90-day review of all existing land exchanges, including a review and analysis of all land exchange appraisals by an independent contractor. No land exchange closings may be processed during this period without Washington Office Review and approval by BLM's Deputy Director. The purpose of this review and approval process is to ensure compliance with laws, regulations, and revised policy directives for land exchanges and to ensure that appropriate appraisals were developed and used in land exchange determinations. BLM will extend the 90-day review period if the results of the review warrant such action.

New Material Weaknesses

Two new material weaknesses are being reported in the FY 2002 Annual Accountability Report. Interior's Management Control Audit Follow-up (MCAF) Council agreed that a new material weakness should be reported for the National Park Service Oil and Hazmat Incident Preparedness and Response Program and the Bureau of Land Management's Land Appraisal Function.

Oil and HAZMAT Incident Preparedness and Response Program (NPS). The lack of an adequate oil and hazardous material incident preparedness and response program seriously endangers the safety of the general public, employees, and park resources. Currently, the National Park Service is not meeting responsibilities under various laws and regulations and executive orders as well as the Department of the Interior Emergency Preparedness and Response Strategy: Oil Discharges and Hazardous Substance Releases. These responsibilities include participating in appropriate incident preparedness activities, including preparation and maintenance of NPS vessel and facility contingency response plans; providing appropriate response-related assistance in support of the federal On-Scene Coordinator, most commonly the U.S. Coast Guard or Environmental Protection Agency, following oil discharges and hazardous substances releases; and, clean up of oil discharges and hazardous substance releases for which the NPS is the responsible party. The NPS has developed, and the Department's Office of Environmental Policy and Compliance has concurred with, a comprehensive corrective action plan to ensure full and complete compliance with applicable laws, regulations, executive orders and policies in order to ensure the safety of the general public, employees, concessionaires, and park resources. The plan will be completely implemented by the end of FY 2005.

Land Appraisal Function (BLM). In response to a July 2001 OIG Audit Report addressing deficiencies in BLM's management and conduct of land appraisals, the BLM commissioned a peer review from The Appraisal Foundation of its appraisal organization, policies, and procedures including an evaluation of the alternative approach implemented in Washington County, Utah. The final report was issued in October 2002 and found a number of deficiencies and appraisal function discontinuities, including the operation and management of the appraisal function by non-appraisers and interference with, or failure to procure, objective and independent market value opinions from authorized qualified appraisers. The report concluded that these practices seriously eroded BLM's ability to apply appraisal standards and to consistently uphold the public trust assigned to them by law. In response to the report findings and recommendations, the BLM is in the process of implementing a comprehensive corrective action that will be implemented beginning in late 2003, and BLM anticipates completing corrective action in 2004. In the interim, the BLM has implemented a 90-day review of all land exchanges including and an independent contractor review and validation of all appraisals.

Mission Critical Material Weaknesses

OMB Circular A-123, "Management Accountability and Control," requests that each agency identify and report on the most critical material weaknesses affecting the agency. The Department has adopted the guidelines for mission critical material weakness designations recommended by the GAO. These guidelines are noted in *Figure 4*. Interior has identified 7 of its 11 (64 percent) pending material weaknesses as "mission critical weaknesses," including the new material weakness for the Oil and Hazmat Response Program in NPS.

Interior recognizes the importance of correcting these mission critical weaknesses in a timely manner. Corrective action plans with key milestones, target dates, and accountable officials have been established and approved by Interior. The Department and senior program management officials continuously monitor corrective action progress for each mission critical weakness. The seven mission critical material weaknesses and corrective action progress to date are:

1. Trust Fund Management. The American Indian Trust Fund Management Reform Act of 1994 affirmed the Secretary's trust responsibilities and established the Office of Special Trustee for American Indians (OST). The Act identified actions required for the Secretary's proper discharge of trust responsibilities including: providing adequate systems for accounting for and reporting trust fund balances; providing adequate controls over receipts and disbursements; providing periodic, timely account reconciliations; determining accurate cash balances; and preparing periodic statements of account performance and balances. The Act also addressed the need for developing systems for accounting and investing funds, for reporting to account holders, and maintaining accurate data on ownership and lease of Indian lands.

The OST provides oversight for all trust reform efforts and coordinates certain trust fund related projects within the Department. It is headed by the Special Trustee, who reports directly to the Secretary. Organizationally, the OST includes the Office of Trust Funds Management (OTFM), the Office of Trust Records (OTR), and the Office of Trust Risk Management (OTRM).

Past reviews by the General Accounting Office , congressional committees, the Department's Office of Inspector General, and independent accounting firms have identified serious financial management problems in the management of Indian trust funds. Beginning in April 1997, the Department pursued a series of reform efforts, culminating in the current trust reform plan. The comprehensive Trust Management Plan is based on the results of an independent consulting firm's analysis of the trust reform program to date and substantially strengthens previous reform efforts in this area. The new plan focuses on services to be provided to beneficiaries and calls for the reengineering of current business processes and the development of Indian trust systems that are fully integrated and parallel the "best practices" of trust services operations in the private sector.

2. Records Management. The Office of Trust Records is responsible for developing and implementing the solution to long standing problems with the records management programs of the Bureau of Indian Affairs and the Office of the Special Trustee for American Indians. The records management responsibility was assigned to the Office of Trust Records as a subproject of the former HLIP. While some progress was made under that plan, the Department of the Interior (DOI) began an intensive effort to revitalize the Office of Trust Records in July 2002.

A new Acting Director was appointed in July 2002 (a permanent Director was selected in December 2002) and a rigorous endeavor was begun to develop a comprehensive work plan for the OTR. To make this commitment even stronger, on September 5, 2002, the Deputy Secretary assigned the Assistant Deputy Secretary the direct management responsibility for OTR. The Assistant Deputy Secretary has worked very closely with the Director of OTR to develop the work plan.

The work plan identifies six strategies for OTR. They are:

1. Establish records retention schedules.

2. Establish and implement record keeping requirements that allow for record retrieval on 'as needed' basis.

3. Safeguard records.

4. Implement training program.

5. Undertake continual evaluation of records program.

6. Establish program to meet trust and other record retrieval needs of customers and document production requests.

The work plan includes tasks, timelines and resources required for implementation. It incorporates some activities begun within the past two years and represents a significant commitment to re-establish a strong records management program that provides a real means for measuring accomplishments.

3. Inadequate Structural Fire Program (NPS). The NPS determined that the current Structural Fire Program does not provide adequate protection of people, contents, structures, and resources from the effects of fire as required by Director's Order No. 58. The NPS will develop and implement a comprehensive improvement plan to address the operational, technical, and organizational deficiencies cited in the May 2000 GAO audit report and a July 2000 congressional hearing on fire safety failures in the NPS.

To date, the Director has reinforced the standards that the NPS should follow for the Structural Fire Program. A budget to meet these standards was developed. The Director has instructed Regional Directors to develop strategies and implement six steps to increase structural fire safety within NPS. Fire safety has been used as an evaluation criterion during the operations evaluation process. Regional Structural Fire Management Officers (RSFMO) have been hired in each region. Four 80-hour firefighter brigade-training sessions were held during FY 2002 at Glen Canyon and Lake Mead. A training course on the Inspection Testing and Maintenance of sprinkler systems has been developed in cooperation with Aiken Technical College and the American Fire Sprinkler Association; the first course was presented in November 2002. Detailed fire and life safety inspections have been conducted by a registered fire protection-engineering firm on 1,000 buildings. Current efforts have been concentrated on buildings with the highest obvious life safety risk. As part of the ongoing concessions contract renewals, the findings of the engineering firm are being incorporated in the process. Price Waterhouse Coopers is going to include a full fire and life safety inspection of concessions facilities as a part of their evaluations for future contracts. Work is underway to make sure that fire and life safety inspections are included as a part of the comprehensive Condition Assessment being done as a part of the Facilities

Management Condition Assessment program. The NPS is targeting completion of the corrective action plan in FY 2004.

4. Oil and Hazmat Response Program (NPS). In FY 2002, the NPS and the Department's Office of Environmental Policy and Compliance have determined that the NPS oil and hazardous material incident preparedness and response seriously endangers the safety of the general public, employees, and park resources. The development and implementation of a comprehensive oil and chemical spill planning program is needed to address the deficiencies that exist in current planning and operations for oil and chemical spills, and to fully comply with laws, regulations and executive orders. To date, the NPS has initiated a Servicewide programmatic needs analysis based on the results of an initial hazards analysis utilizing hazards data from EPA, DOT and other cognizant agencies. During the current fiscal year, NPS plans to conduct a capability assessment, develop a comprehensive, multi-year corrective action plan, and commence implementation of critical corrective action milestones based on the needs analysis. The NPS is targeting completion of the corrective action plan in FY 2005.

5. Inadequate Technology Security (Department). The increasing growth in electronic commerce, the heightened reliance on information systems to accomplish basic missions, and the growing vulnerabilities of information systems to unauthorized access have all resulted in the need for a comprehensive Department program to improve computer security. Interior's computer security program is focused on meeting uniform levels of security compliance across all of Interior. Levels are indicated because of differences in "importance" that exist for various categories of Interior systems. Achieving uniform levels of compliance is critically linked to agencywide management priorities, workforce capabilities, and available resources. While it is important that all systems have adequate protection, we work in an environment of scarce resources. Interior's approach is to focus on the most important systems first and proceed to systems of lesser importance as resources are made available.

Interior's strategy focuses on remediating computer security deficiencies beginning with the most important systems. The importance of systems is expressed through categories and prioritized as follows:

1. National Critical Infrastructure
2. National Security Information Systems
3. Privacy Act Systems of Record
4. Interior Mission Critical Systems
5. Systems supporting Mission Essential Facilities
6. Other sensitive systems
7. All other systems

Over the next 24 months, Interior will focus on remediating the top four categories of systems. The measure of successful remediation for a particular system is the implementation of an approved security plan and formal authorization to process, as required by the Office of Management and Budget. Progress and resource levels will be assessed at 12 and 24 months. Interior will determine the need to continue to focus efforts within the top four categories, reduce the focus to less than four categories, or extend remediation efforts to lower categories.

6. Inadequate Wireless Telecommunications (Department). Effective radio communications are critical to employee and public safety, as well as efficient management of the parks and public lands. The current wireless telecommunications program in at least two bureaus does not effectively support bureau and public safety operations and does not comply with Department management directives. The Department has developed and is implementing a comprehensive Wireless Communications Plan to meet employee and public safety objectives and restore program efficiency by reviewing bureau narrowband capital investment levels and implementation plans, revising plans to maximize radio system sharing, minimizing supporting infrastructure requirements, and ensuring maximum use of alternative wireless services. Upcoming corrective action milestones include: developing a system for conversion priorities of wireless system to narrowband digital technology with encryption capabilities for emergency service radios; reviewing and analyzing regional radio conversion plans to ensure conformity with established criteria and consistency in application; and continuing the phased radio replacement programs based on Department and regional bureau priorities.

7. Inadequate Departmentwide Maintenance Management Capability. Interior lacks consistent, reliable, and complete information to plan, budget, and account for resources dedicated to maintenance activities. As a result, Interior does not have ready access to the information needed to report on deferred maintenance in its financial statements as required by the Statement of Federal Financial Accounting Standard (SFFAS) No. 6, "Accounting for Property, Plant, and Equipment." The Department has established a Facilities Management Systems Partnership that provides a forum for the Department and its facilities-managing bureaus to coordinate the development and use of facilities management systems.

To address substantive issues in a systematic manner, the Department conducted a departmentwide review of maintenance and repair issues to reduce financial, health, and safety liability to Interior; increase the effectiveness and awareness of facilities maintenance; manage deferred maintenance; and ultimately improve the stewardship of Interior's constructed assets. Based on this review, the Department has established the following three facilities maintenance objectives: (1) to properly manage and account for maintenance and construction funds from appropriations and fee receipts; (2) to identify the highest priority facilities maintenance and construction needs of the Department by using standard definitions and data; and (3) to formulate and implement a Five-Year Maintenance and Capital Improvement Plan (Five-Year Plan) for infrastructure, which began with the 2000 Budget. Concurrent with the development of the Five-Year Plan, improvements to the Department's budget structure and accounting systems are being made to enable the Department to measure the effectiveness of its facilities management programs more accurately.

Further, in FY 2003 Interior is establishing the Facilities Condition Index (FCI) as a standard results-based performance measure for the bureaus' management programs. This will enable Interior to effectively determine at what pace its facilities condition is improving and how effectively the bureaus are using their maintenance funding. It will also allow the Department, OMB, and Congress to make sounder investment decisions.

Interior has adopted MAXIMO, a commercial off-the-shelf product, as the core management enterprise software system to manage its facilities inventories, condition assessments, work management, and reporting requirements. The Department has recently purchased 6,000 licenses of the latest Web-based version of MAXIMO for those bureaus that are currently implementing their facilities management systems. The procurement was funded by the bureaus and because of the size of the combined purchase, resulted in substantial savings due to quantity discounting.

The implementation status of MAXIMO varies among bureaus and offices. Highlights of recent progress include: the NPS completed MAXIMO training and implementation in 288 parks and trained 22 park employees as systems instructors; USGS completed piloting MAXIMO as their standard Facility Maintenance Management System (FMMS), commenced first phase implementation at its three largest owned installations, and will include the national headquarters in Reston, Virginia in the first phase implementation; FWS conducted a MAXIMO pilot evaluation program and subsequently trained personnel from 11 locations slated to implement MAXIMO; BLM completed the identification of the business processes associated with facilities maintenance, identified the data and functional requirements for the maintenance management system, completed pilot testing of MAXIMO in Arizona, California and Alaska, and is testing the software at the National Testing Laboratory; and, BIA completed field implementation of new Facilities Management Information System (FMIS) in all regions.

Other Management Challenges Confronting Interior

Recently, the OIG and the GAO have advised Congress regarding what they consider to be the major management challenges and other issues facing the Department. Most of these issues have met the FMFIA criteria for, and been reported as, material weaknesses in the Department's Annual Performance and Accountability Report. The others, while not meeting the FMFIA material weakness

TABLE 17

Crosswalk of Activities Related to Major Management Challenges and Presidential Management Agenda

Management Accountability and Integrity Program Activities in FY 2002 Related to Interior's Major Management Challenges and President's Management Agenda	Interior's Top Management Challenges: Financial Management	Information Technology	Health and Safety	Facilities Maintenance	Responsibilities to Indians and Insular Areas	Resource Protection and Restoration	Revenue Collections	GPRA	Emergency Management	Acquisition Management	President's Management Agenda: Competitive Sourcing	Strategic Management of Human Capital	Expanded Electronic Government	Improved Financial Management	Budget and Performance Integration
Management Control Reviews	✔	✔	✔	✔	✔	✔	✔	✔		✔	✔		✔	✔	✔
Office of Inspector General Audits															
- Program Audits Completed	✔	✔		✔	✔	✔		✔						✔	
- Financial Statement Audits Completed	✔													✔	
U.S. General Accounting Audits Completed	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔				✔	
Federal Manager's Financial Integrity Act (FMFIA) Material Weaknesses															
- Corrected During FY 2002	✔					✔				✔				✔	
- Pending and Carried Forward to FY 2003	✔	✔	✔	✔	✔	✔			✔					✔	

criteria, are receiving priority management attention. In addition, many of the reviews conducted in FY 2002 related to the FMFIA, and OIG and GAO audits, addressed areas of concern in the President's Management Agenda.

Table 17 presents a crosswalk of these activities as they relate to the President's Management Agenda and other management challenges facing Interior. These management control reviews and audits helped determine progress to date in addressing these issues, and identified existing deficiencies and areas for additional management attention and/or improvement.

Audited Financial Statement Results

As required by the GRMA, Interior prepares consolidated financial statements. Beginning in FY 2001, these financial statements have been audited by KPMG, an independent auditing firm (the OIG audited the financial statements prior to FY 2001). Additionally, each individual bureau prepares financial statements that are also audited (USGS did not prepare statements to be audited for FY 2002). The preparation and audit of financial statements are an integral part of the Department's centralized process to ensure the integrity of financial information maintained by Interior.

The results of the FY 2001 and FY 2002 audited financial statement process are summarized in *Table 18*. As shown in the table, there were instances where exceptions on internal controls were noted as material weaknesses or reportable conditions, as well as instances of noncompliance with laws and regulations.

Resolution of Internal Control Weaknesses Reported in FY 2001 Audited Financial Statements

Table 19 summarizes the status of material weaknesses reported in the FY 2001 audited financial statements. The Department has established an internal goal of completing corrective actions for audited financial statement material weaknesses by the end of the following fiscal year. While the Department and some bureaus made good progress in correcting these material weaknesses, delays in other bureaus and several multi-year corrective action plans precluded the achievement of the internal goal in FY 2002. In summary, only 14 of the 38 (37 percent) material weaknesses reported in FY 2001 were corrected or downgraded to reportable conditions during 2002. The Department intends to implement more aggressive actions during FY 2003 to correct material weaknesses and non-compliance issues reported in FY 2002.

TABLE 18

Summary of FY 2001 and FY 2002 Financial Statement Audits											
	Unqualified Opinion on Financial Statements		Clean Report on Internal Controls		Full Compliance with Laws and Regulations (Non FFMIA)		Full Compliance with Laws and Regulations (FFMIA)		Full Component Compliance with Laws and Regulations (FFMIA)		
									Systems	Accounting	SGL
	FY 2001	FY 2002	FY 2001	FY 2002	FY 2001	FY 2002	FY 2001	FY 2002	FY 2002	FY 2002	FY 2002
Dept	Yes	Yes	No	No	No	No (3,4)	No	No	No	No	No
FWS	No	No	No	No	Yes	Yes	No	No	No	No	Yes
USGS	No	No (2)	No	No	No	Yes	No	No	No	No	No
BIA	Yes	Yes	No	No	No	No (3)	No	No	No	No	No
BLM	Yes	Yes	No	No	Yes	Yes	No	No	No	No	Yes
MMS	Yes (1)	Yes	No	No	No	Yes	No	No	No	Yes	No
NPS	Yes	Yes	No	No	Yes	Yes	No	No	No	No	No
BOR	Yes	Yes	No	No	No	Yes	No	No	No	No	Yes
OSM	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DO	Yes	No	No	No	No	No (4)	No	No	No	No	Yes

(1) Balance Sheet and Statement of Custodial Activity only.
(2) No opinion issued.
(3) Debt Collection Improvement Act
(4) P.L. 104-28 - Advances to Interior Franchise Fund

Table 20 presents a summary of each of the material weaknesses reported in the Department and bureaus' FY 2002 audit opinions. A total of 35 material weaknesses were reported, of which 25 (70 percent) were carried over from FY 2001.

TABLE 19

Status of Material Weaknesses Reported in the FY 2001 Annual Financial Statement Audit Process			
Bureau/Office	**Material Weaknesses Reported in FY 2001**	**Material Weaknesses Downgraded or Corrected in FY 2002**	**Targeted Completion Dates for Remaining Weaknesses**
DEPT	6	1	FY 2003 - FY 2005
OSM	0	0	N/A
BLM	3	2	FY 2004
MMS	1	1	N/A
BIA	3	0	FY 2003 - FY 2005
FWS	4	2	FY 2003
NPS	4	3	FY 2004
USGS	9	1	FY 2003 - FY 2005
DO/OST	6	3	FY 2004
BOR	2	1	FY 2005
Total	38	14	N/A

Federal Financial Management Improvement Act (FFMIA)

The Federal Financial Management Improvement Act (FFMIA) builds upon and complements the CFO Act, the Government Performance and Results Act, and the Government Management Reform Act. The FFMIA requires that federal agencies conform to the governmentwide Standard General Ledger (SGL), comply with all applicable federal accounting standards, establish financial management systems that meet governmentwide standards and requirements, and support full disclosure of federal financial data, including the costs of federal programs and activities.

Federal agencies are required to address compliance with the requirements of the FFMIA in the representation letter to the financial statement auditor. The auditor is required to report on the agency's compliance with FFMIA requirements in the finan-

TABLE 20

FY 2002 Audited Financial Statements Material Weaknesses Remediation Status Report				
Bureau	**Material Weakness Description**	**Corrective Action**	**Target Date**	**New Weakness or Carryover from FY 2001**
DEPT	Inadequate General and Application Controls Over Financial Management Systems	Establish and implement controls and other safeguards to ensure that sensitive and critical financial data and systems are protected.	9/30/03	Carryover
DEPT	Inadequate Reconciliation of Trading Partner Data	Implement policies and procedures to ensure the timely reconciliation of trading partner data and a more streamlined and efficient year-end reporting process.	9/30/03	Carryover
DEPT	Inadequate Controls Over Property, Plant, and Equipment	Implement policies and procedures to ensure the proper accounting for and reconciliation of property, plant, and equipment.	9/30/04	Carryover
DEPT	Inadequate Controls Over Trust Funds	Implement the Department's High level Implementation Plan to achieve comprehensive Indian Trust reform, including vital improvements to systems, policies and operations necessary to ensure meeting the trust obligations to Indian tribes and individuals.	9/30/05	Carryover
DEPT	Financial Processes at the U.S. Geological Survey	Implement procedures and controls to ensure timely and accurate financial transaction recording.	9/30/04	New
DEPT	Controls Over Financial Reporting	Implement policies and procedures to improve transaction entry, reconciliations, grant monitoring, and activity-based costing.	9/30/04	Carryover
DO	Improve Controls to Reconcile Transactions and Balances with Trading Partners	Adopt procedures to reconcile and clear balances with other Interior components on a quarterly basis.	9/30/03	Carryover
DO	Inadequate Accounting Controls Over Interior Franchise Fund	Establish and implement policies and procedures to monitor service provider disbursements, update pricing schedules, improve controls over receipts and accounts receivables, and improve software change control.	9/30/03	Carryover
DO	Inadequate Controls Over Tribal and Other Special Trust Funds	Implement policies, procedures, controls and systems to effectively manage Tribal and Other Special Trust Funds, and implement the HLIP as revised and amended.	9/30/05	Carryover
DO	Improve Controls Over Property, Plant, and Equipment	Work with the Utah Reclamation Mitigation and Conservation Commission to develop controls and procedures to properly record and report property transactions.	9/30/03	New
DO	Improve Controls Over Financial Reporting	Improve controls over year-end adjustment suspense accounts and communications with the Office of the Solicitor.	9/30/03	New
FWS	Improve Controls to Reconcile Transactions and Balances with Trading Partners	Adopt procedures to reconcile and clear balances with other Interior components on a quarterly basis.	9/30/03	New
FWS	Improve Controls Over Accounting for Property	Implement policies, procedures, and controls to improve accounting for property.	9/30/03	Carryover
FWS	Improve Controls Over Year-End Accruals	Improve processes to identify and record year-end payables.	9/30/03	New
FWS	Financial Reporting Processes	Improve controls and processes associated with accounting and financial reporting.	9/30/03	Carryover
NPS	Inadequate Security and Controls Over Information Technology Systems	Develop and implement the Department IT Security Plan to provide appropriate policies, procedures, controls, and segregation of duties to effectively control and protect information technology systems.	9/30/03	Carryover
NPS	Improve Controls to Reconcile Intra-governmental Transactions and Balances	Adopt procedures to reconcile and clear balances with other Interior components on a quarterly basis.	9/30/03	New
BLM	Inadequate Controls for Accounting for Property	Implement procedures to consistently account for additions and deletions, and capitalized leases.	9/30/03	Carryover
BLM	Inadequate Controls for Accounting for Year-End Payables	Implement procedures to ensure year-end payables are completely captured and recorded.	9/30/03	New
USGS	Inadequate Security and Controls Over Information Technology Systems	Develop and implement the Department IT Security Plan to provide appropriate policies, procedures, controls, and segregation of duties to effectively control and protect information technology systems.	9/30/03	Carryover

TABLE 20 CONTINUED

FY 2002 Audited Financial Statements Material Weaknesses Remediation Status Report				
Bureau	**Material Weakness Description**	**Corrective Action**	**Target Date**	**New Weakness or Carryover from FY 2001**
USGS	Inadequate Financial Management Organization Structure	Improve controls over processing field office data; delegate authority to ensure uniform administration of and compliance with accounting policies; review decentralized financial management systems and internal controls; and fill existing vacancies and provide accounting training programs.	9/30/03	Carryover
USGS	Inadequate Reconciliation of Proprietary, Budgetary, and Suspense Accounts	Conduct regular analyses and reconciliations of proprietary and budgetary accounts and routinely monitor compliance with Anti-Deficiency Act. Develop and implement procedures to ensure that the liability for suspense account is timely reconciled after month-end and implement a policy that all transactions are cleared in less than six months.	9/30/03	Carryover
USGS	Inadequate Account Analysis and Adjustments	Develop and implement procedures to ensure that all accounting adjustments are reconciled, adequately supported, timely, and independently reviewed throughout the year.	9/30/03	Carryover
USGS	Inadequate Controls Over Property, Plant, and Equipment	Implement policies and procedures to ensure the proper accounting for and reconciliation of Property, Plant, and Equipment.	9/30/03	Carryover
USGS	Inadequate Controls Over Revenue Cycle	Perform a study of the entire revenue cycle and consider redesigning or reengineering the process to achieve greater efficiency and simplicity.	9/30/03	Carryover
USGS	Inadequate Accounting for Inventory	Establish policies and procedures to account for map and hydrological inventory that will ensure full compliance with SFFAS No. 3 – Accounting for Inventory and Related Property.	9/30/03	Carryover
USGS	Working Capital Fund Compliance with Accounting Standards	Develop and implement a posting model to record fee-for-services and investment components of the working capital fund.	9/30/03	New
USGS	Inadequate Policies and Procedures	Document policies and procedures for all accounts having a material effect on the financial statements and train personnel in the application.	9/30/03	New
BOR	Inadequate Controls Over Land Inventory	Develop a complete and accurate inventory system that identifies by project all land and land rights.	9/30/05	Carryover
BIA	Inadequate Controls Over Processing Trust Transactions	Improve fiduciary controls over the processing of Trust transactions including segregation of duties, related party transactions, probate backlogs, and appraisal compacts	9/30/04	Carryover
BIA	Inadequate Security and Controls Over Information Technology Systems	Develop and implement the Department IT Security Plan to provide appropriate policies, procedures, controls, and segregation of duties to effectively control and protect information technology systems.	9/30/03	Carryover
BIA	Inadequate Controls Over Financial Reporting	Recruit a Chief Accountant, implement a redesigned organizational structure, and implement a routine financial reconciliation process.	9/30/03	Carryover
BIA	Legal Liabilities	Develop a communication and tracking plan with the Solicitor to provide complete, accurate, and timely contingent liability data for financial reporting.	9/30/03	New
OST	Reliance on Processing of Trust Transactions in the Bureau of Indian Affairs	Work collaboratively with Departmental offices to monitor progress and ensure timely completion of trust reform subprojects.	9/30/03	Carryover
OST	Resolution of Financial Reporting Issues from Prior Periods	Continue to develop issue papers and action plans to address and resolve prior period issues.	9/30/03	Carryover

cial statement audit opinion. If an agency is not in compliance with the requirements of the FFMIA, the agency head is required to establish a remediation plan to achieve substantial compliance.

As a result of the material weaknesses identified during the FY 2002 financial statement audit, Interior concluded that its financial management systems did not substantially comply with all federal accounting standards and the SGL at the transaction level, as well as the financial management systems requirements of the FFMIA.

The Department has developed a remediation plan to correct the material weaknesses in security and other controls over information technology systems as well as ensure compliance with all federal accounting standards and the SGL at the transaction level. The corrective actions are targeted for completion between FY 2003 and FY 2005.

Remediation Plan

Information Technology Security. Interior developed an Information Technology (IT) Security Plan to improve controls over financial and information technology systems, and protect information resources. When completely implemented, the IT Security Plan will bring Interior's financial management and information technology systems into substantial compliance with the requirements of the FFMIA and OMB Circular A-130, "Management of Federal Information Resources." The IT Security Plan includes actions in the following control areas:

IT Security Management Structure. The Department's IT Security Management Structure is aimed at providing a framework and a continuing cycle of activity for managing risks, developing and implementing security policies, assigning responsibilities, and monitoring the adequacy of Department and bureau information technology system controls.

Segregation of Duties. In some instances, the Department has not ensured proper segregation of duties for personnel working with information technology systems and applications through its policies, procedures, and organization structures. As a result, it is possible for a single individual to control key aspects of information system-related operations and possibly conduct unauthorized actions or gain unauthorized access to assets or records without detection. The Department's IT Security Plan requires review and restructuring of employee roles and responsibilities to achieve a higher degree of segregation of duties in information technology system-related operations.

Access Controls. In some instances, the Department has not established access controls that limit or detect inappropriate access to information technology systems and related resources, thereby increasing the risk of unauthorized modification, loss, or disclosure of sensitive or confidential data. The Department is taking action to secure network vulnerabilities and improve access control deficiencies in each of the following areas: network configuration management; password management; monitoring of security violation logs; access to program and sensitive files that control computer hardware and sensitive applications; and, other physical security controls.

Software Development and Change Controls. The Department does not have adequate controls over application software development and change controls for all of its information technology systems and applications. The Department's IT Security Plan seeks to assure that appropriate policies, procedures, and operational controls are developed and implemented to prevent unauthorized system, program, or application modifications.

Service Continuity. The Department does not have adequate controls in place in all bureaus, programs, and operations to minimize the risk of unplanned interruptions, to recover critical operations, and to protect data should interruptions occur. The Department IT Security Plan provides a framework for all bureaus and offices to: identify critical operations and resources; prioritize data and operations; document emergency processing priorities; provide current backup tapes and files to secure off-site facilities; and, ensure comprehensive Continuity of Operations Plans are established and communicated for all major system applications and operation centers.

National Business Center. Interior's National Business Center (NBC) administers several financial management systems for bureaus and external agency customers including the Federal Personnel and Payroll System, the Federal Financial System, Hyperion, and the Interior Department Electronic Acquisition System. In FY 2001, material weaknesses and other control deficiencies were identified that could affect the NBC's ability to prevent and detect unauthorized access and changes to its financial information, and increase the need for costly and less efficient manual controls to monitor and reconcile financial information. During FY 2002, NBC implemented corrective actions to improve security and controls for its information technology systems, and the NBC will take additional steps to address the deficiencies identified during the FY 2002 audited financial statement process to improve entity-wide security planning, system configuration and operating systems, system software controls, software development and change controls, and service continuity.

TABLE 21

FY 2002 GPRA Goal for Implementation of OIG and GAO Audits

Bureau/Office	Number of Recommendations Meeting GPRA Goal Criteria	Number of Recommendations Implemented Within One Year	Percentage Implemented Within One Year
DEPT/OS	60	60	100%
BIA	16	16	100%
USGS	5	3	60%
OST	21	12	57%
BLM	13	10	77%
MMS	9	9	100%
NPS	19	13	68%
BOR	26	24	92%
FWS	17	15	88%
OSM	1	1	100%
OIA	19	19	100%
Total	206	182	88%

Federal Accounting Standards and SGL at the Transaction Level . Interior will also fully develop and implement strengthened procedures and controls to ensure that financial statements and related disclosures are prepared in accordance with federal accounting standards, including the trading partner reconciliation process, and also ensure compliance with the SGL at the transaction level.

Inspector General Act Amendments (Audit Follow-Up)

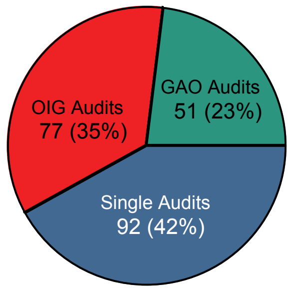
Interior believes that the timely implementation of OIG and GAO audit recommendations is essential to improving efficiency and effectiveness in its programs and operations, as well as achieving integrity and accountability goals. As a result, Interior has instituted a comprehensive audit follow-up program to ensure that audit recommendations are implemented in a timely and cost-effective manner and that disallowed costs and other funds due from contractors and grantees are collected or offset.

To further demonstrate the importance of timely implementation of OIG and GAO audit recommendations, Interior established an aggressive annual GPRA performance goal, beginning in FY 2000, of implementing 75 percent of all GAO and OIG audit recommendations within one year of the referral of those recommendations to the Department for tracking of implementation.

Interior was able to meet and exceed its GPRA performance target for the first time in FY 2002. A composite implementation rate of 88 percent was achieved for FY 2002 (see *Table 21*). The composite rate included an 86 percent implementation rate for OIG audit recommendations and a 93 percent implementation rate for GAO audit recommendations. There were several contributing factors for achieving the GPRA performance target in FY 2002. The Department completed implementation and enhancement of its new Audit Follow-up Tracking System —a tool that provides "real time" status on audit implementation progress and improved management reporting. In addition, under the direction of the Assistant Secretary – Policy, Management and Budget, quarterly audit follow-up progress reports were prepared for each bureau to ensure audit recommendation implementation commitments were being met, and where progress was not being achieved, immediate senior management attention was directed to resolving problem issues.

FIGURE 26

FY 2002 Audit Follow-Up Program Workload



In FY 2002, Interior's Audit Follow-up Program monitored a substantial amount of Single Audit, OIG, and GAO audit activity, including 92 Single Audits, 77 OIG audits, and 51 GAO audits (see *Figure 26*). Audit follow-up actions included tracking, reviewing, and validating audit recommendations; developing mutually acceptable and timely resolutions to disputed audit findings and recommendations; assisting in developing timely exit strategy for the change in independent auditors for the FWS Federal Aid Audit Program; and monitoring the recovery of disallowed costs.

Interior continued to make significant improvement in the timely implementation of audit recommendations, closure of pending audit reports, and recovery of disallowed costs and other funds owed the government. For example, Interior closed 27 OIG, 26 GAO, and 33 Single audit reports that had been referred during FY 2002 or prior years. In addition, 180 OIG, 25 GAO, and 453 Single Audit report recommendations referred for tracking during FY 2002 or prior years were implemented by the end of the year. Additionally, $945,567 in disallowed costs were collected, offset, or referred to the Department of Treasury for collection.

Single Audits

Interior provides over $2 billion each year in funding for grants, cooperative agreements, Indian self-determination contracts, and self-governance compacts to state and local governments, Indian tribes, colleges and universities, and other nonprofit organizations. Under the provisions of the Single Audit Act, the grantees' financial operations, management control structure, and level of compliance with applicable laws and regulations must be audited each year. All Single Audit reports are now forwarded to and screened by the Federal Single Audit Clearinghouse (Clearinghouse). Those Single Audit reports, with findings and recommendations requiring OIG processing (review and audit follow-up actions), are then forwarded to the OIG for distribution to the appropriate bureaus for tracking. Each bureau is responsible for meeting with grantees and negotiating a resolution of the deficiencies identified in the audit reports, as well as for determining the allowability of any expenditure of federal funds that has been questioned by the auditors.

Reaching Timely Management Decisions on Single Audits

Management decisions (agreement on actions to implement audit recommendations between the bureau and grantee) are expected to be agreed to within six months from receipt of the audit report. If an audit results in disallowed costs, bureaus are responsible for collecting the disallowed costs from the grantees.

During FY 2002, 29 audits were referred to the Department for tracking, of which only 6 (33 percent) had management decision dates less than six months from the date of the audit report.

Collecting and Offsetting Disallowed Costs

As shown in *Table 22*, Interior closed 32 of 68 (47 percent) audits in tracking during FY 2002. A total of $945,567 in disallowed costs were recovered, or about 10 percent of total disallowed costs in tracking during the year.

Internal Audits

Internal audits are audits conducted by the OIG of Interior's programs, organizations, and financial and administrative operations. During FY 2002, 77 audits were being tracked (65 audits carried over from FY 2001 and 12 new audits issued during FY 2002), and 27 of those audits were closed (35 percent). A total of 180 recommendations from OIG internal audit reports were implemented in FY 2002, an increase of 79 recommendations or 78 percent more than FY 2001. For the 50 audits pending at the end of FY 2002, there are 194 recommendations awaiting final implementation action.

One category of OIG internal audits is those audits where the OIG presents recommendations to improve efficiency and where funds can be put to better use (FBU audits). Interior tracks the successful implementation of FBU audit recommendations and FBU dollar estimates, which are agreed to by management. Interior progressed in implementing recommendations and closing FBU audits during FY 2002, with 6 of 8 (75 percent) audits being closed (*Table 23*). These six audits included recommendations with $4.3 million in FBU dollars. The two pending audits include recommendations with $14.4 million of FBU dollars.

General Accounting Office Audits

GAO audits are a major component of Interior's audit follow-up program workload and cover a variety of programs, operations, and activities. A total of 30 GAO final audit reports were carried over from FY 2001, and GAO issued a total of 21 new final audit reports. The Department was successful in closing 26 of these audits during FY 2002. A total of 25 final audit reports and 58 recommendations were pending at the end of the fiscal year (*Table 24*).

Other Key Legal and Financial Regulatory Requirements

Interior is required to comply with other legal and regulatory financial requirements, including the Prompt Payment Act, the Debt Collection Improvement Act, and the Independent Offices Appropriation Act (User Fees).

The Department strives to improve its performance under the requirements of the Prompt Payment Act and the Debt Collection Improvement Act. The Department's FY 2002 performance in these areas is shown in *Figure 27, Figure 28, and Table 25*. In addition, the Chief Financial Officers Act of 1990 requires biennial reviews by federal agencies of agency fees, rents, and other charges imposed for services and things of value provided to specific beneficiaries, as opposed to the American public in general. The objective of these reviews is to identify such activities and begin charging fees, if permitted by law, and to periodically adjust existing fees to reflect current costs or market value. This minimizes general taxpayer

TABLE 22

FY 2002 Summary of Actions Taken on Single Audits with Disallowed Costs

				Number of Reports	Disallowed Costs
(A) Reports on Hand at Beginning of Period				39	$9,075,471
(B) New reports				29	$107,932
Total reports in tracking				68	$9,183,403
(C) Final action taken during period				32	$945,567
	Collected	2	$945,567		
	Written Off				
	Reinstated				
	Referred to Treasury for Collection Action				
(D) Reports in progress at end of period				36	$8,237,836
	Mgmt Dec < 1 yr old		$107,933		
	Mgmt Dec > 1 yr old		$6,648,824		
	Mgmt decision under formal appeal		$1,481,079		

TABLE 23

FY 2002 Summary of Actions Taken with Funds to be Put to Better Use (FBU)

			Number of Reports	FBU Dollars
(A) Reports on hand at beginning of report period			4	$9,558,996
(B) New reports received during report period			4	$9,192,296
Total reports in tracking			8	$18,751,292
(C) Reports closed during report period			6	$4,315,739
(D) Reports in progress at end of report period			2	$14,435,553
Mgmt dec < 1 yr old	0			
Mgmt dec > 1 yr old	2	$14,435,553		
Mgmt dec under formal appeal	0			

TABLE 24

FY 2002 Summary of Actions Taken on Reports Issued by the GAO

			Number of Reports
Final reports in tracking at beginning of report period			25
Prior final reports reinstated for additional corrective action			4
Final reports issued during report period			21
Final reports closed during report period			25
Total final reports in tracking at end of report period			25
Final report recommendations closed during the report period			82
Final report recommendations in tracking at end of report period			58
Code	Status of final reports in tracking	No. of final reports	
D1	Management decisions < 1 yr old	4	
D2	Management decisions > 1 yr old	21	
D3	Mgmt decisions under formal appeal	0	

subsidy of specialized services or things of value (such as rights or privileges) provided directly to identifiable non-federal beneficiaries.

Interior conducted a biennial review of its fee programs for FY 2001, and no significant deficiencies were identified. The next biennial review is scheduled for FY 2003.

The results of the FY 2002 consolidated financial statement audit indicated that Interior is not in compliance with the FFMIA and that BIA is not in compliance with the Debt Collection Improvement Act. The BIA's eligible delinquent debt represents a significant share (approximately 90%) of the Department's total. The BIA referred only 81% of its eligible delinquent debt in FY 2002, which significantly skewed the overall performance of the Department. If the BIA was excluded from the Department's total percentage of eligible delinquent debt referred to Treasury, the overall performance goal of 93% would have been exceeded during FY 2002.

The other instance of non-compliance with a financial regulatory requirement was:

Section 113 of Public Law 104-208, Advances for Interior Franchise Fund. Interior developed appropriation language supporting the Interior Franchise Fund under the Government Management Reform Act (GMRA) and in establishing the franchise fund pilot program in accordance with OMB guidelines. Interior does not believe that the recommended appropriation language was intended to require advances for all services, but was intended to allow the pilot program to receive advances so that the organizations could operate in a more business like manner. However, Interior does recognize that the existing appropriation language could be interpreted in that manner and will work with OMB and Congress to amend the appropriation to support the intent of the GMRA objectives.

FIGURE 27

Prompt Payment Act
Payments without Interest Penalties

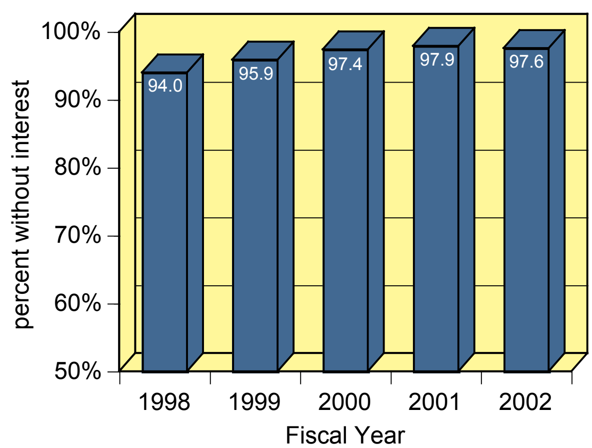


FIGURE 28

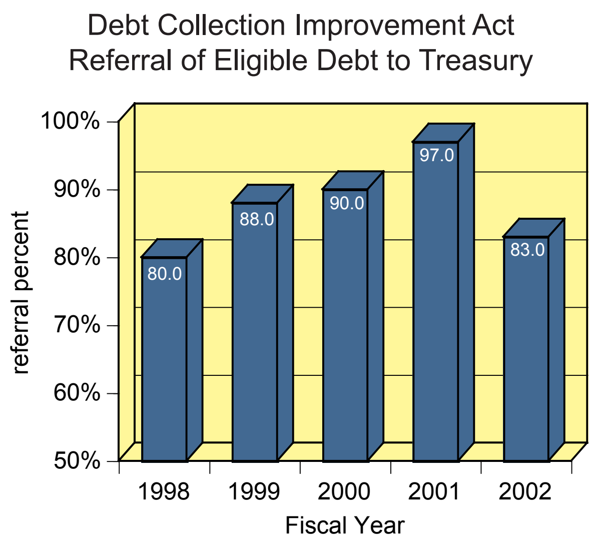


TABLE 25

Electronic Funds Transfer Payments					
Type of Payment	**FY 1998**	**FY 1999**	**FY 2000**	**FY 2001**	**FY 2002**
Salary	90.0%	97.9%	98.0%	98.6%	98.9%
Vendor	25.0%	61.1%	76.5%	80.6%	84.9%
Miscellaneous	55.0%	83.5%	91.6%	92.8%	93.3%

Analysis of Financial Statements

To ensure the integrity of financial operations and ensure the accuracy of financial data, Interior produces audited financial statements for the Department as well as individual bureaus. The Department's principal financial statements include: (1) Consolidated Balance Sheet; (2) Consolidated Statement of Net Cost; (3) Consolidated Statement of Changes in Net Position; (4) Statement of Custodial Activity; (5) Combined Statement of Budgetary Resources; and (6) Consolidated Statement of Financing. Additional financial information is presented in the Required Supplementary Information and Other Supplementary Information sections of the report.

The Department's goal is to achieve an unqualified (clean) audit opinion on financial statements and establish internal controls that comply with Federal Financial Management Improvement Act requirements. Unqualified audit opinions provide independent assurance to the public and other external users that the information being provided is reliable and accurate. The benefits of conducting financial statement audits and obtaining unqualified opinions are twofold. These audits:

- Ensure that quality data is provided to external parties and the public; and
- Ensure that financial documents and records used by management can withstand the rigors of the audit process.

Moreover, the discipline required to produce audited financial statements demands that appropriate management attention be directed to improving financial management and complying with applicable laws and regulation. It also shows external parties and the public how the Department utilizes the resources provided by Congress.

Limitations of Financial Statements

Responsibility for the integrity and objectivity of the financial information presented in the financial statements lies with Interior management. The financial statements and supplemental schedules included in this report reflect the financial position and results of operation of the Department pursuant to the Chief Financial Officers Act of 1990 and the Government Reform Act of 1994. While these statements have been prepared from the books and records of Interior in accordance with generally accepted accounting principles (GAAP), the statements differ from financial reports used to monitor and control budgetary resources that are prepared from the same books and records. The financial statements should be read with the realization that Interior is an agency of the executive branch of the United States government, a sovereign entity. Accordingly, unfunded liabilities reported in the statements cannot be liquidated without the enactment of an appropriation and ongoing operations are subjected to enactment of appropriations.

Costs

As shown on the Consolidated Statement of Net Cost, the total FY 2002 cost of Interior operations was $15,731 million, an increase of $1,456 million over the FY 2001 total of $14,275 million. Salaries and benefits, contractual services, and grants, subsidies and contributions accounted for the largest increase in Interior's FY 2002 costs (*Table 26*).

TABLE 26

Costs (in millions)

Type of Expense	FY 2002	FY 2001	Net Change
Salaries and Benefits	$5,494	$5,004	$490
Contractual Services	3,782	3,206	576
Grants, Subsidies, and Contributions	2,920	2,335	585
MMS Payments to States	687	1,049	(362)
Rent, Communication, and Utilities	553	555	(2)
Depreciation Expense	498	425	73
Supplies and Materials	482	444	38
Other	1,315	1,257	58
TOTAL	$15,731	$14,275	$1,456

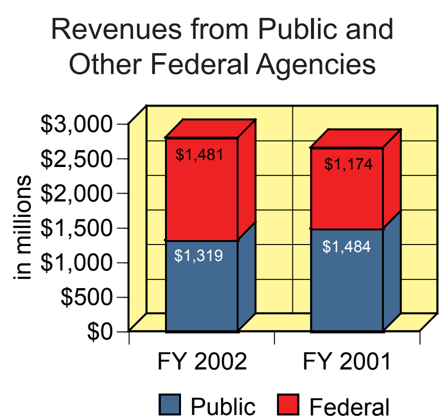
Revenues

In general, Interior's strategic goals are intended to be funded by general government funds derived from tax receipts and other sources. However, other fees and collections are supporting an increasing number of departmental activities.

Federal government revenues are classified as either (1) Exchange Revenue or (2) Non-Exchange Revenue. Exchange revenue occurs when both parties to the transaction receive value (e.g., the government sells maps or other products and services to the public for a price). Non-Exchange Revenue occurs when only one party receives value (e.g., donations to the government from the public or government demands for payment through taxes, fines and penalties). As a rule, only Exchange Revenues are presented on the Consolidated Statement of Net Cost so that the statement reflects, to the extent possible, the net cost to the taxpayer of the agency operations. In addition to the exchange revenues presented in the Statement of Net Cost, the Department also collects mineral leases revenues on behalf of the federal government. These are presented in the Statement of Custodial Activity rather than the Statement of Net Cost.

Total Interior revenues from the public derive from sales of hydroelectric power, entrance fees at parks and wildlife refuges, sales of maps, and other products and services that are directly related to the operating responsibility of the Department. Revenues collected from Other Federal Entities consists of reimbursable revenues from activities such as construction, engineering, and other technical services. In FY 2002, approximately $1,319 million was collected in revenues from the public and approximately $1,481 million was collected in revenue from other federal entities for a total of $2,800 million (*Figure 29*). This is an increase of about $142 million from FY 2001. These revenues were earned and were either retained in the Department to further Interior's mission or were returned to the

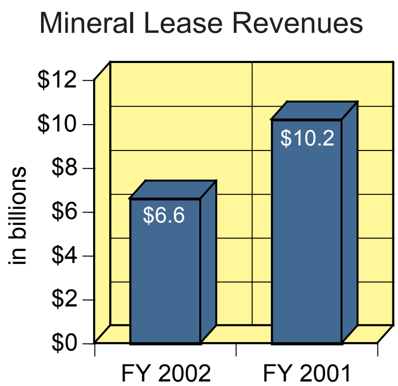
FIGURE 29



General Fund of the Treasury. These revenues offset the taxpayer's investment in the Department.

Mineral leasing revenues totaled $6,593 million in FY 2002 and include Outer Continental Shelf and onshore oil, gas, and mineral sales and royalties (*Figure 30*). In accordance with federal accounting standards, these receipts are presented in the Department's Statement of Custodial Activity since the collections are considered to be revenue of the government as a whole rather than of the Department. While $2,397 million was distributed to Interior programs, $4,509 million was distributed to other entities, primarily federal and state treasuries, and Indian tribes and organizations.

FIGURE 30



Budgetary Resources

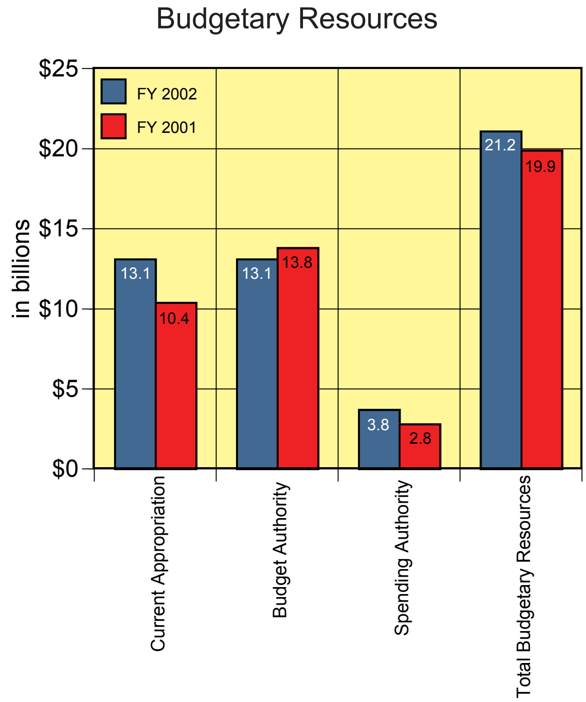
The Department receives most of its funding from general government funds administered by the Treasury Department and appropriated for Interior's use by Congress (*Figure 31*).

Since budgetary accounting rules and financial accounting rules may recognize certain transactions and events at different points in time, Appropriations Used in any given period as reported on the Consolidated Statement of Changes in Net Position will not exactly match expenses for that period.

Assets

The Consolidated Balance Sheet shows FY 2002 assets totaling $52,079 million, an increase of $2,057 million (4%) over the prior year's assets total of $50,022 million. *Table 27* and *Figure 32* summarize

FIGURE 31



the Department's assets reflected in the Consolidated Balance Sheet.

Fund Balance with Treasury of $26,877 million and Property, Plant, and Equipment, net, of $16,917 million comprise 84% of the Department's total assets. A portion of the Fund Balance with Treasury amounting to $15,372 million attributed to Conservation Funds is restricted.

Most of Interior's Buildings, Structures, and Facilities are composed of dams and power and irrigation facilities managed by the Bureau of Reclamation. The remainder consists of buildings and other structures and facilities used in the Department's operations (e.g., visitor centers, fish hatcheries, and Bureau of Indian Affairs schools).

Interior reported values for Property, Plant, and Equipment (PP&E) exclude stewardship property, such as land for national parks and national wildlife refuges, public domain land, historic buildings, and national monuments. These stewardship assets are priceless and do not have an identifiable financial value; therefore, monetary amounts cannot be assigned to them. An in-depth discussion of these

TABLE 27

Net Change in Assets (in millions)

Type of Asset	FY 2002	FY 2001	Net Change
Fund Balance with Treasury	$26,877	$25,550	$1,327
Property, Plant, and Equipment	16,917	16,445	472
Investments	5,487	5,255	232
Accounts and Interest Receivable, Net	1,934	1,908	26
Other	864	864	0
TOTAL	$52,079	$50,022	$2,057

FIGURE 32

Types of Assets

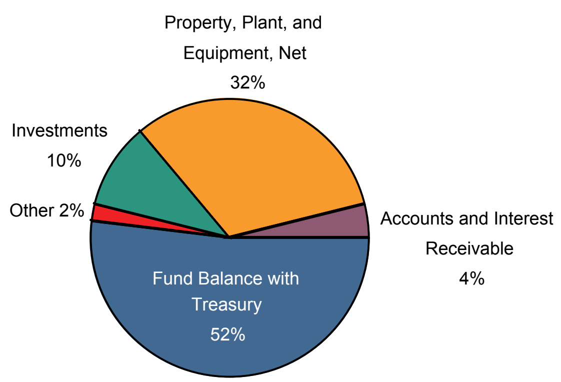


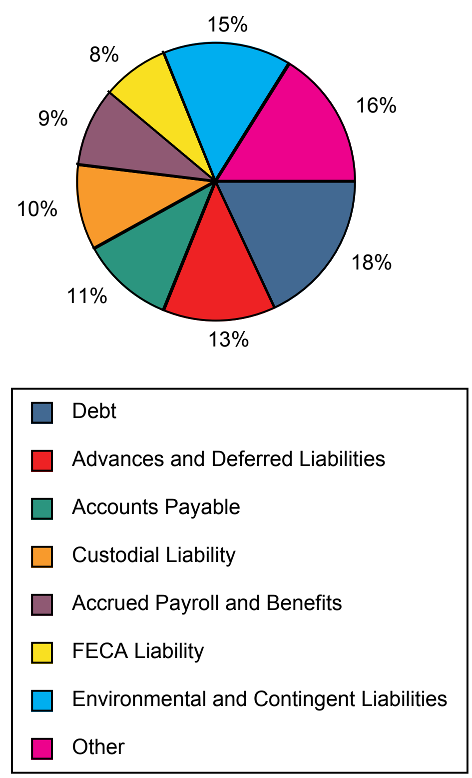
TABLE 28

Net Change in Liabilities (in millions)

Type of Liability	FY 2002	FY 2001	Net Change
Debt	$1,455	$1,458	($3)
Advances and Deferred Revenue Credits	1,090	591	499
Accounts Payable	907	802	105
Custodial Liability	836	1,109	(273)
Accrued Payroll and Benefits	740	673	67
Federal Employees Compensation Act Liability	659	663	(4)
Environmental and Contingent Liabilities	1,261	748	513
Other	1,287	1,089	198
TOTAL	$8,235	$7,133	$1,102

FIGURE 33

Types of Liabilities



assets is presented in the Required Supplementary Stewardship Information section of the report.

Liabilities and Net Position

Total liabilities of $8,235 million are shown on the Department's Consolidated Balance Sheet, representing an increase of 15.4% over liabilities of $7,133 million from the prior year. *Table 28* and *Figure 33* summarize the Department's liabilities reflected in the Consolidated Balance Sheet.

Federal agencies by law cannot make any payments unless Congress has appropriated funds. The Department's "Funded Liabilities" are paid out of funds currently available to the Department. The Department's unfunded liabilities consist primarily of legal and environmental contingent liabilities and unfunded annual leave, and will be paid out of funds made available to the agency in future years.

However, under accounting concepts, these are considered to be expenses in the current period.

The $1,102 million increase in liabilities is primarily due to increases in Advances and in Environmental and Contingent Liabilities. The $499 million increase in advances is primarily due to increased customer orders in Interior's Franchise Fund and a $109 million increase from the Department of Education for special education grants for American Indian schools. The increase in Environmental and Contingent Liabilities is primarily due to the pending resolution of various administrative proceedings, legal actions, environmental lawsuits, and claims.

Contingent liabilities include Interior's potential responsibility for cleanup of contaminated sites and legal claims brought against the Department. The Department's liability for financial statement purposes for environmental cleanup is for sites where the Department either caused contamination or is otherwise involved in such a way that it may be legally liable for some portion of the cleanup, and the environmental cleanup liability is probable and reasonably estimable.

There are also numerous sites, including abandoned mines and illegal waste dumps, where parties have caused contamination on lands managed by the Department. Although such hazards do not constitute liabilities under federal accounting rules, the Department will often, in its stewardship capacity, correct the environmental hazard. Wherever feasible the Department will continue to initiate collection efforts against the responsible parties. The Department has recognized $239 million for potential environmental cleanup liabilities and $1,022 million related to other claims and litigation.

The Department's Net Position at the end of FY 2002 on the Consolidated Balance Sheet and the Consolidated Statement of Changes in Net Position was approximately $43,844 million, an increase of about $955 million or 2.2% from the prior year. The Net Position of the Department consists of two components: (1) Unexpended Appropriations of $3,827 million; and (2) Cumulative Results of Operations of $40,017 million.

Results of Operations

The Consolidated Statement of Changes in Net Position presents on an accrual basis the changes to the net position section of the balance sheet since the beginning of the fiscal year. *Figure 34* shows the financing sources of $13,943 million received by the Department during FY 2002.

The Consolidating Statement of Net Cost reflects, on an accrual basis, revenue and expenses by bureau. *Figure 35* illustrates total expenses of $15,731 million by bureau.

FIGURE 34

Financing Sources
(in millions)

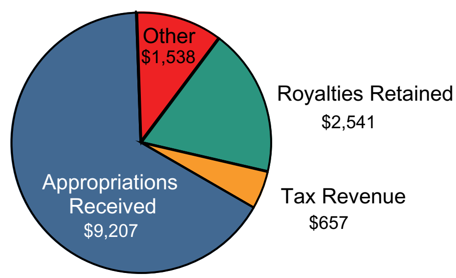
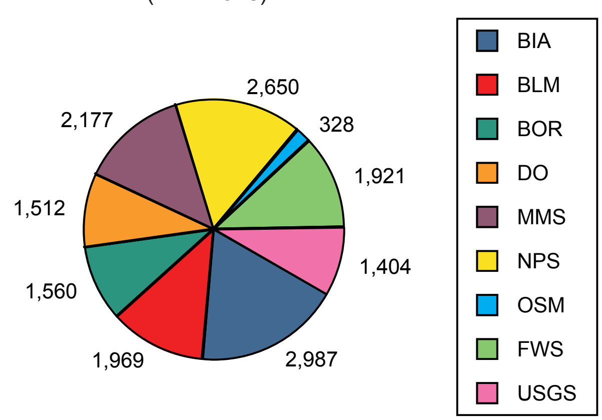


FIGURE 35

Costs by Bureau
(in millions)



Note - Costs by Bureau are prior to elimination of intra-department activity. For additional information, see Note 18, Net Cost by Responsibility Segment.

The Combined Statement of Budgetary Resources provides information on the budgetary resources that were made available to the Department for the year and the status of those resources at the end of the fiscal year. Obligations of $16,742 million were incurred in FY 2002 on total budgetary resources of $21,187 million. This budgetary information is presented according to budgetary accounting principles designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. The Statement of Financing reconciles the accrual based and budgetary-based information.

Part 2. Financial Statements

Principal Financial Statements

The principal financial statements included in the Department of the Interior's (DOI) FY 2002 Annual Report on Performance and Accountability have been prepared in accordance with the requirements of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the Office of Management and Budget's (OMB) Bulletin No. 01-09, "Form and Content of Agency Financial Statements." OMB financial statement reporting guidelines for FY 2002 require the presentation of comparative financial statements for some but not all of the principal financial statements. The Department has presented comparative FY 2001 financial statements for the consolidated balance sheet, the consolidated statement of net cost, and the statement of custodial activity.

The responsibility for the integrity of the financial information included in these statements rests with management of the Department of the Interior. The audit of DOI's principal financial statements was performed by an independent certified public accounting firm, selected by the Department's Office of Inspector General. The auditors' report issued by the independent certified public accounting firm is included in Part 3 of this report.

Consolidated Balance Sheet
as of September 30, 2002 and 2001
(dollars in thousands)

	2002	2001 (As Restated)
ASSETS		
Intragovernmental Assets:		
Fund Balance with Treasury (Note 2)	$ 26,876,542	$ 25,549,373
Investments, Net (Note 4)	5,348,343	5,118,528
Accounts and Interest Receivable, Net (Note 5)	630,306	253,087
Other		
Advances and Prepayments	5,508	2,370
Total Intragovernmental Assets	32,860,699	30,923,358
Cash (Note 3)	1,422	1,473
Investments, Net (Note 4)	138,602	136,637
Accounts and Interest Receivable, Net (Note 5)	1,304,062	1,654,814
Loans and Interest Receivable, Net (Note 6)	225,831	216,808
Inventory and Related Property (Note 7)	363,089	363,782
General Property, Plant & Equipment, Net (Note 8)	16,916,769	16,445,237
Other		
Advances and Prepayments	34,874	35,134
Other Assets, Net (Note 9)	233,862	244,459
Stewardship Assets (Note 10)		
TOTAL ASSETS (Note 11)	$ 52,079,210	$ 50,021,702
LIABILITIES		
Intragovernmental Liabilities:		
Accounts Payable	$ 81,962	$ 79,813
Debt (Note 12)	1,454,963	1,457,588
Other		
Accrued Payroll and Benefits	182,002	155,855
Advances and Deferred Revenue (Note 13)	517,064	286,892
Deferred Credits	148,482	14,655
Custodial Liability	835,951	1,108,753
Aquatic Resource Amounts Due to Others	371,122	335,416
Judgment Fund	148,870	91,207
Other Liabilities	93,801	99,324
Total Intragovernmental Liabilities	3,834,217	3,629,503
Public Liabilities:		
Accounts Payable	825,168	722,594
Loan Guarantee Liability (Note 6)	49,097	47,975
Debt	-	306
Federal Employees Compensation Act Liability (Note 14)	658,501	663,468
Environmental Cleanup Costs (Note 15)	239,087	268,249
Other		
Accrued Payroll and Benefits	557,628	516,778
Deferred Credits	424,896	289,501
Contingent Liabilities (Note 15)	1,022,380	480,110
Other Liabilities (Note 13)	624,019	514,157
Total Public Liabilities	4,400,776	3,503,138
TOTAL LIABILITIES (Note 16)	8,234,993	7,132,641
Commitments and Contingencies (Notes 15 and 17)		
Net Position (Note 21)		
Unexpended Appropriations	3,827,071	3,660,444
Cumulative Results of Operations	40,017,146	39,228,617
Total Net Position	43,844,217	42,889,061
TOTAL LIABILITIES AND NET POSITION	$ 52,079,210	$ 50,021,702

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Net Cost
for the years ended September 30, 2002 and 2001
(dollars in thousands)

	2002	2001 (As Restated)
Protect the Environment and Preserve Our Nation's Natural & Cultural Resources		
Cost	$ 4,124,646	$ 3,590,133
Earned Revenue	425,696	448,472
Net Cost	3,698,950	3,141,661
Provide Recreation for America		
Cost	2,103,191	2,039,086
Earned Revenue	181,498	190,935
Net Cost	1,921,693	1,848,151
Manage Natural Resources for a Healthy Environment and a Strong Economy		
Cost	4,312,848	4,045,514
Earned Revenue	903,591	1,068,622
Net Cost	3,409,257	2,976,892
Provide Science for a Changing World		
Cost	1,464,551	1,355,816
Earned Revenue	345,505	334,868
Net Cost	1,119,046	1,020,948
Meet Our Responsibilities to American Indians and Island Communities		
Cost	2,933,812	2,736,321
Earned Revenue	320,998	265,083
Net Cost	2,612,814	2,471,238
Other		
Cost	792,368	507,663
Earned Revenue	622,571	349,205
Net Cost	169,797	158,458
Totals		
Cost (Note 20)	15,731,416	14,274,533
Earned Revenue	2,799,859	2,657,185
Net Cost (Notes 18 and 19)	$ 12,931,557	$ 11,617,348

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Net Position
for the year ended September 30, 2002
(dollars in thousands)

	Cumulative Results of Operations	Unexpended Appropriations
Beginning Balances, as restated (Note 21)	$ 39,228,617	$ 3,660,444
Cumulative Effect of Change in Accounting (Note 24)	(2,694)	(53,576)
Beginning Balances, as restated and adjusted	39,225,923	3,606,868
Budgetary Financing Sources		
Appropriations Received, General Funds		9,207,436
Appropriations Transferred In/Out		293,474
Appropriations-Used	9,232,821	(9,232,821)
Royalties Retained (Note 22)	2,541,126	
Transfers In/Out without Reimbursement	72,753	
Tax Revenue	656,923	
Abandoned Mine Fees	285,580	
Donations and Forfeitures of Cash and Cash Equivalents	20,635	
Other Non-Exchange Revenue	146,822	
Other Budgetary Financing Sources and Adjustments	(3,910)	(47,886)
Other Financing Sources		
Imputed Financing from Cost absorbed by others	541,023	
Transfers In/Out without Reimbursement	224,797	
Donations and forfeitures of property	4,464	
Other	(254)	
Total Financing Sources	13,722,780	220,203
Net Cost of Operations	(12,931,557)	
Ending Balance	$ 40,017,146	$ 3,827,071

The accompanying notes are an integral part of these financial statements.

Combined Statement of Budgetary Resources
for the year ended September 30, 2002
(dollars in thousands)

	Budgetary	Non-Budgetary Credit Program Financing Accounts
Budgetary Resources:		
Budget Authority:		
Appropriations Received	$ 13,107,374	$ -
Borrowing Authority	-	11,944
Net Transfers, Current Year Authority (+/-)	232,250	-
Unobligated Balance (Note 24):		
Beginning of Fiscal Year, as adjusted	3,837,803	56,818
Net Transfers, Unobligated Balance, Actual (+/-)	13,324	-
Spending Authority From Offsetting Collections:		
Earned		
Collected	3,075,661	7,298
Receivable From Federal Sources	111,817	(381)
Change in Unfilled Customer Orders		
Advance Received	253,051	-
Without Advance From Federal Sources	318,515	-
Recoveries of Prior Year Obligations	334,138	195
Temporarily Not Available Pursuant to Public Law	(23,502)	-
Permanently Not Available	(73,342)	(5,220)
Total Budgetary Resources (Note 24)	$ 21,187,089	$ 70,654
Status of Budgetary Resources:		
Obligations Incurred:		
Direct	$ 13,385,839	$ 14,877
Reimbursable	3,356,563	-
Total Obligations Incurred	16,742,402	14,877
Unobligated Balance (Note 24):		
Apportioned	4,239,703	(2,169)
Exempt From Apportionment	46,873	57,946
Unobligated Balance not Available	158,111	-
Total Status of Budgetary Resources	$ 21,187,089	$ 70,654
Relationship of Obligations to Outlays:		
Obligations Incurred	$ 16,742,402	$ 14,877
Obligated Balance, Net, Beginning of Fiscal Year, as adjusted (Note 24)	4,522,627	20,139
Obligated Balance, Net, End of Fiscal Year:		
Accounts Receivable	510,180	475
Unfilled Customer Orders From Federal Sources	729,400	-
Undelivered Orders	(4,798,473)	(12,040)
Accounts Payable	(1,315,453)	(36)
Less: Spending Authority Adjustments	(764,470)	185
Outlays:		
Disbursements	15,626,213	23,600
Collections	(3,328,713)	(7,298)
Subtotal	12,297,500	16,302
Less: Offsetting Receipts	(2,869,967)	-
Net Outlays	$ 9,427,533	$ 16,302

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Financing
for the year ended September 30, 2002
(dollars in thousands)

Resources Used to Finance Activities:		
Budgetary Resources Obligated:		
Obligations Incurred	$ 16,757,279	
Less: Spending Authority From Offsetting Collections/Adjustments	(4,100,294)	
Obligations Net of Offsetting Collections and Adjustments	12,656,985	
Less: Offsetting Receipts	(2,869,967)	
Net Obligations	9,787,018	
Other Resources:		
Donations and Forfeitures of Property	4,464	
Transfers In/Out Without Reimbursement	224,797	
Imputed Financing From Costs Absorbed by Others	541,023	
Net Other Resources Used to Finance Activities	770,284	
Total Resources Used to Finance Activities		$ 10,557,302
Resources Used to Finance Items Not Part of the Net Cost of Operations:		
Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	(12,180)	
Resources That Fund Expenses Recognized in Prior Periods	105,112	
Budgetary Offsetting Collections and Receipts That Do Not Affect Net Cost of Operations:		
Credit Program Collections Which Increase Liabilities for Loan Guarantees or Allowances for Subsidy	(10,797)	
Offsetting Receipts Not Part of the Net Cost of Operations	1,776,835	
Resources That Finance the Acquisition of Assets	(1,035,036)	
Other Resources or Adjustments to Net Obligated Resources That Do Not Affect Net Cost of Operations	(37,053)	
Total Resources Used to Finance Items Not Part of the Net Cost of Operations		786,881
Total Resources Used to Finance the Net Cost of Operations		11,344,183
Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods:		
Increase in Annual Leave Liability	17,025	
Upward/Downward Re-estimates in Credit Subsidy Expense	2,354	
Increase in Contingent Liabilities	542,270	
Other	169,382	
Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods	731,031	
Components Not Requiring or Generating Resources:		
Depreciation and Amortization	499,655	
Components of Net Cost of Operations Related to Transfer Accounts Where Budget Amounts are Reported by Other Federal Entities (Note 25)	346,592	
Other	10,096	
Total Components of Net Cost of Operations That Will Not Require or Generate Resources	856,343	
Total Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period		1,587,374
Net Cost of Operations		$ 12,931,557

The accompanying notes are an integral part of these financial statements.

Statement of Custodial Activity
for the years ended September 30, 2002 and 2001
(dollars in thousands)

	2002	2001
Revenues on Behalf of the Federal Government		
Mineral Lease Revenue		
Rents and Royalties	$ 5,445,180	$ 9,491,482
Offshore Lease Sales	884,859	669,840
Strategic Petroleum Reserve (Note 23)	262,752	61,654
Total Revenue	$ 6,592,791	$ 10,222,976
Disposition of Revenue		
Distribution to Department of the Interior		
National Park Service Conservation Funds	$ 1,047,980	$ 1,046,493
Bureau of Reclamation	544,826	823,929
Minerals Management Service	794,779	1,157,049
Bureau of Land Management	8,270	7,198
Fish and Wildlife Service	891	1,468
Distribution to Other Federal Agencies		
Department of Treasury	4,138,702	6,405,104
Department of Agriculture	16,091	25,410
Department of Commerce	-	1,105
Department of Energy	262,752	61,654
Distribution to Indian Tribes and Agencies	61,338	107,982
Distribution to States and Others	30,443	141,388
Change in Untransferred Revenue	(313,281)	444,196
Total Disposition of Revenue	$ 6,592,791	$ 10,222,976

The accompanying notes are an integral part of these financial statements.

U.S. Department of the Interior
Notes to Principal Financial Statements
as of September 30, 2002 and 2001

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Department of the Interior (Department or Interior) is a cabinet-level agency of the executive branch of the federal government. Created in 1849 by Congress as the Nation's principal conservation agency, Interior has responsibility for most of the Nation's publicly owned lands and natural resources. Interior's mission is: (a) to encourage and provide for the appropriate management, preservation, and operation of the Nation's public lands and natural resources for use and enjoyment both now and in the future; (b) to carry out related scientific research and investigations in support of these objectives; (c) to develop and use resources in an environmentally sound manner and provide equitable return on these resources to the American taxpayer; and (d) to carry out the trust responsibilities of the federal government with respect to American Indians and Alaska Natives.

The accompanying financial statements include all federal funds under Interior's control or which are a component of the reporting entity, including Conservation Funds (Land and Water Conservation Fund, Historic Preservation Fund, and Environmental Improvement and Restoration Fund), Custodial Funds and the Aquatic Resources Trust Fund. The financial statements, however, do not include non-federal trust funds, trust related deposit funds, or other related accounts which are administered, accounted for and maintained by Interior's Office of Trust Funds Management on behalf of Native American tribes and individuals. Interior issues financial statements for these Tribal and other Special Trust Funds and Individual Indian Monies under separate cover. A summary of the trust fund balances and changes in trust fund balances managed on behalf of Indian tribes and individuals is included in Note 26. The financial statements included herein also do not include the effects of centrally administered assets and liabilities related to the federal government as a whole, such as public borrowing or certain tax revenue, which may in part be attributable to Interior.

B. Organization and Structure of Interior

The Department is composed of the following nine operating bureaus and Departmental Offices (Bureaus):

- National Park Service (includes the Land and Water Conservation Fund and Historic Preservation Fund)
- U.S. Fish and Wildlife Service (includes the Aquatic Resources Trust Fund)
- Bureau of Land Management
- Bureau of Reclamation
- Office of Surface Mining
- Minerals Management Service (includes the Environmental Improvement and Restoration Fund)
- U.S. Geological Survey
- Bureau of Indian Affairs
- Departmental Offices

An overview of the operating performance of the Department and its components is presented in the Management's Discussion and Analysis portion of this report. In addition, more detailed information about the Bureaus may be found in the individual financial reports prepared by each Bureau.

The U.S. Bureau of Mines (USBM) was closed in 1996. Although it no longer exists, certain transactions and data related to USBM programs and activities are reflected in Interior's 2002 and 2001 financial statements and notes.

C. Basis of Accounting and Presentation

These financial statements have been prepared to report the financial position, net cost, custodial activities, changes in net position, budgetary resources and reconciliation of net cost to budgetary obligations of the U.S. Department of the Interior as required by the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. These financial statements have been prepared from the books and records of Interior in accordance with generally accepted accounting principles (GAAP), Office of Management and Budget (OMB) Bulletin No. 01-09, "Form and Content of Agency Financial Statements." GAAP for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official standard setting body for the federal government. These financial statements present proprietary and budgetary information while other financial reports also prepared by the Department pursuant to OMB directives are used to monitor and control the Department's use of budgetary resources.

OMB financial statement reporting guidelines for FY 2002 require the presentation of comparative financial statements for some but not all of the principal financial statements. Interior has presented comparative FY 2001 financial statements for the consolidated balance sheet, consolidated statement of net cost, and the statement of custodial activity.

The financial statements should be read with the realization that they are for a component of the United States Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources and legal authority to do so.

The accounting structure of federal agencies is designed to reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned, and expenses are recognized when incurred, without regard to receipt or payment of cash. The budgetary accounting principles, on the other hand, are designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of federal funds.

D. Fund Balance with Treasury and Cash

Interior maintains all cash accounts with the U.S. Department of the Treasury (Treasury) except for imprest fund accounts. The account, Fund Balance with Treasury, includes general, special, revolving, trust and other funds available to pay current liabilities and finance authorized purchases as well as funds restricted until future appropriations are received. Cash disbursements are processed by Treasury, and Interior's records are reconciled with those of Treasury on a regular basis.

Cash consists primarily of federal funds held by private banks and investing firms for the Office of Trust Funds Management.

The U.S. Geological Survey maintains small balances of foreign currencies used to make payments in foreign countries. Those balances are reported at the U.S. dollar equivalent using the exchange rate in effect on the last day of the reporting period.

See Note 2 (Fund Balance with Treasury) and Note 3 (Cash) for additional information.

E. Investments, Net

Interior invests funds in federal government and public securities on behalf of various Interior programs and for amounts held in certain escrow accounts.

The federal government securities include marketable Treasury securities and non-marketable par value or non-marketable market-based securities issued by the Federal Investment Branch of the Bureau of the Public Debt. Par value securities are special issue bonds or certificates of indebtedness that bear interest determined by legislation or the Treasury. Market-based securities are Treasury securities that are not traded on any securities exchange, but mirror the prices of marketable securities with similar terms.

Public securities include marketable securities issued by government-sponsored entities and consist mainly of various mortgage instruments, bond and bank notes. Mortgage instruments are with the Federal National Mortgage Association, the Government National Mortgage Association, and the Federal Home Loan Mortgage Corporation, the Private Export Funding Corporation, the Federal Farm Credit Banks Consolidated System, the Federal Agricultural Mortgage Corporation, and the Government National Real Estate Mortgage Investment Conduit. Bonds and bank notes are with the Federal Home Loan Bank and the Federal Judiciary.

Investments are expected to be held until maturity and are valued at cost and adjusted for amortization of premiums and discounts, if applicable. The premiums and discounts are recognized as adjustments to interest income, utilizing the straight-line method for short-term securities (i.e., bills) and the interest method for longer-term securities (i.e., notes). Interest on investments is accrued as it is earned.

The market value is estimated as the sales price of the security multiplied by the bid price as of September 30, 2002.

Note 4 provides additional information on Investments, Net.

F. Accounts and Interest Receivable, Net

Accounts and interest receivable consists of amounts owed to Interior by other federal agencies and the public. Federal accounts receivable arise generally from the provision of goods and services to other federal agencies and, with the exception of occasional billing disputes, are considered to be fully collectible. Receivables from the public generally arise either from the provision of goods and services or from the levy of fines and penalties resulting from Interior's regulatory responsibilities. An allowance for doubtful accounts is established for reporting purposes based on past experience in the collection of accounts receivable and analysis of outstanding balances.

Note 5 provides additional information on Accounts and Interest Receivable, Net.

G. Loans and Interest Receivable, Net

Loans are accounted for as receivables after the funds have been disbursed. For loans obligated after the effective date of the Credit Reform Act, October 1, 1990, the amount of the federal loan subsidy is computed. The loan subsidy includes estimated delinquencies and defaults net of recoveries, the interest rate differential between the loan rates and Treasury borrowings, offsetting fees, and other estimated cash flows associated with these loans. The value of loans receivable is reduced by the present value of the expected subsidy costs. The allowance for subsidy cost is re-estimated annually, on September 30.

For loans obligated prior to October 1, 1990, principal, interest and penalties receivable are presented net of an allowance for estimated uncollectible amounts. The allowance is based on past experience, present market conditions, an analysis of outstanding balances and other direct knowledge relating to specific loans.

Note 6 provides additional information on Loans and Interest Receivable, Net.

H. Inventory and Related Property

Interior's inventory is primarily composed of maps, map products, and helium stockpile inventory.

The U.S. Geological Survey has inventories of supplies and materials used for normal agency operations and inventories of maps and map products. Maps and map products are located at nine Earth Science Information Centers across the United States. Inventory is available for sale without restrictions. Map and map products are valued at historical cost using a method which approximates the weighted average method and are adjusted at fiscal year-end based on actual physical counts. The map inventory does not turnover rapidly.

The helium inventory includes both above ground refined helium at the end of the fiscal year and helium, which is stored in a partially depleted natural gas reservoir. The volume of helium is accounted for on a perpetual inventory basis. Each year the amount of helium is verified by collecting reservoir data and using generally accepted petroleum engineering principles to calculate the volume. The calculated volume supports the volume carried in the inventory.

The Bureau of Land Management believes that 95 percent of the stockpile is recoverable; however, the amount of helium that will eventually be recovered depends on the future price of helium and the ability to control the mixing of natural gas and the stockpiled helium. Gas and storage rights for the storage of helium are recorded at historical cost because no additional purchases have been made. A depletion allowance is computed annually to record gas consumed in the processing of helium.

The Helium Privatization Act of 1996, enacted October 9, 1996, directs the privatizing of Interior's Federal Helium Refining Program. Under this law, Interior ceased the production, refining, and marketing of refined helium as of April 1, 1998. Interior is authorized to store, transport, and withdraw crude helium and maintain and operate crude helium storage facilities in existence on the date of enactment. Under the legislation, all recoverable helium will be sold.

Interior's operating materials include aircraft fuel and parts that are primarily held for use. Operating materials are valued at historical cost using the average cost method.

Note 7 provides additional information on Inventory and Related Property.

I. General Property, Plant, and Equipment, Net

General Purpose Property, Plant, and Equipment. General purpose property, plant, and equipment consists of buildings, structures, and facilities used for general operations, power, irrigation, fish, wildlife enhancement, and recreation; land acquired for general operating purposes; equipment, vehicles, and aircraft; and construction in progress. Other property and equipment consists of internal use software and property pending disposition. Buildings, structures, and facilities are capitalized at acquisition cost and depreciated using the straight-line amortization method over a useful life of from 20 to 50 years with the exception of dams and certain related property which are depreciated over useful lives of up to 100 years. Equipment, vehicles, and aircraft are capitalized at acquisition cost and are depreciated using the straight-line amortization method over the useful lives of the property, generally ranging from five to 20 years. Capitalization thresholds are determined by the individual bureaus and generally range from $50,000 to $500,000 for buildings, structures, and facilities and from $5,000 to $15,000 for equipment, vehicles and aircraft.

In accordance with the implementation guidance for SFFAS No. 6, Interior recorded certain general property, plant and equipment acquired on or before September 30, 1996 at its estimated net book value (i.e., gross cost less accumulated depreciation) or its estimated gross cost. Interior estimated these costs and net book values based on available historic supporting documents, current replacement cost deflated to date of acquisition, and the cost of similar assets at the time of acquisition.

Construction in Progress. Construction In Progress is used for the accumulation of the cost of construction or major renovation of fixed assets during the construction period. The assets are transferred out of Construction in Progress when the entire project is completed.

In past years, the Department, through the Bureau of Reclamation, began the planning of and construction on various features included in 11 projects located in California, Colorado, Arizona, Washington, North Dakota, and South Dakota, for which activities have either been placed in abeyance or intended benefits have never been provided. These projects were authorized to provide various benefits, among them irrigation, fish and wildlife conservation and enhancement, recreation, municipal water supplies, and flood control. Until congressional disposition of these assets is determined, maintenance costs have been and will continue to be budgeted and expended to minimize the erosive effects of weather and time and to keep the asset ready for potential completion.

Internal Use Software. The Department implemented Statement of Federal Financial Accounting Standards (SFFAS) No. 10, Accounting for Internal Use Software during the year ended September 30, 2001. This standard provides accounting standards for internal use software utilized by each agency. Internal use software includes purchased commercial off-the-shelf software (COTS), contractor-developed software, and internally developed software using agency employees.

Internal use software is capitalized at cost if the acquisition cost is $100,000 or more. For COTS software, the capitalized costs include the amount paid to the vendor for the software; for contractor-developed software it includes the amount paid to a contractor to design, program, install, and implement the software. Capitalized costs for internally developed software include the full cost (direct and indirect) incurred during the software development stage. The estimated useful life for calculating amortization of software is 2 to 5 years using the straight-line method.

Investigations and Development. Investigations and development costs represent funds appropriated by Congress that have been expended for such activities as general engineering studies and surveys that are directly related to project construction. The Department capitalizes these costs as investigations and development after the decision is made to pursue construction or after construction authorization. The Department's accounting treatment for investigation and development costs not related to project construction, incurred prior to the decision being made to pursue construction, or incurred before construction authorization results in these costs being expensed as incurred. Once the engineering studies and surveys are complete and structural construction begins, these costs are transferred from investigations and development to Construction in Progress.

Stewardship Property, Plant and Equipment. SFFAS No. 6, "Accounting for Property, Plant and Equipment," established various categories of stewardship property, plant, and equipment, including stewardship land and heritage assets.

The vast majority of public lands presently under the management of the Department were acquired by the federal government as public domain land during the first century of the Nation's existence and is considered to be stewardship land. A portion of these lands has been reserved as national parks, wildlife refuges, and wilderness areas, while the remainder is managed for multiple use. Heritage assets are assets with historical, cultural, or natural significance. The Department is responsible for maintaining a vast array of heritage assets, including national monuments, historic structures, archeological artifacts, and museum collections.

While the stewardship property, plant and equipment managed by the Department are priceless and irreplaceable, no financial value can be placed on them. Thus, in accordance with federal accounting standards, Interior assigns no financial value to the stewardship land or heritage assets it administers, and the property, plant, and equipment capitalized and reported on the Balance Sheet excludes these assets.

The Required Supplementary Stewardship Information (RSSI) section of this report provides additional information concerning stewardship land and heritage assets.

Note 8 provides additional information on General Property, Plant, and Equipment, Net.

J. Liabilities

Liabilities represent the amount of monies or other resources that are likely to be paid by Interior as the result of a transaction or event that has already occurred. The financial statements should be read with the realization that the Department of the Interior is a component of a sovereign entity, that no liability can be paid by the Department absent an appropriation of funds by the U.S. Congress, and the payment of all liabilities other than for contracts can be abrogated by the sovereign entity. Liabilities for which an appropriation has not been enacted are, therefore, disclosed as liabilities not covered by budgetary resources, or unfunded liabilities, and there is no legal certainty that the appropriations will be enacted.

Interior estimates certain accounts payable balances based on past history of payments in current periods that relate to prior periods or on a current assessment of services/products received but not paid.

Environmental Cleanup Costs and Contingent Liabilities. The Department has responsibility to clean up its sites with environmental contamination, and it is party to various administrative proceedings, legal actions, and tort claims which may result in settlements or decisions adverse to the federal government. Interior has accrued environmental liabilities where losses are determined to be probable and the amounts can be estimated. In accordance with federal accounting guidance, the liability for future cleanup of environmental hazards is “probable” only when the government is legally responsible for creating the hazard or is otherwise related to it in such a way that it is legally liable to cleanup the contamination. Thus, expected future payments for the cleanup of environmental hazards caused by others are not recognized as liabilities by Interior. Instead, these payments arise out of Interior’s sovereign responsibility to protect the health and safety of the public, and are recognized in the accounting records as remediation work is performed.

Contingent liabilities are liabilities where the existence or amount of the liability cannot be determined with certainty pending the outcome of future events. Interior recognizes contingent liabilities when the liability is probable and reasonably estimable. Interior discloses contingent liabilities in the notes to the financial statements when the conditions for liability recognition are not met and when the outcome of future events is more than remote. In some cases, once losses are certain, payments may be from the Judgment Fund maintained by Treasury rather than from amounts appropriated to Interior for departmental operations.

Note 15 provides additional information on Environmental Cleanup Costs and Contingent Liabilities.

K. Revenues and Financing Sources

The United States Constitution prescribes that no money may be expended by a federal agency unless and until funds have been made available by congressional appropriation. Thus, the existence of all financing sources is dependent upon congressional appropriation.

Appropriations. The vast majority of Interior's operating funds are appropriated by the Congress to the Department from the general receipts of the Treasury. These funds are made available to the Department for a specified time period, usually one fiscal year, multiple fiscal years, or indefinitely, depending upon the intended use of the funds. For example, funds for general operations are generally made available for one fiscal year; funds for long-term projects such as major construction will be available to the Department for the expected life of the project; and funds used to establish revolving fund operations are generally available indefinitely (i.e., no year funds). The Statement of Budgetary Resources presents information about the resources appropriated to the Department.

Exchange and Non-Exchange Revenue. Interior classifies revenues as either exchange revenue or non-exchange revenue. Exchange revenues are those that derive from transactions in which both the government and the other party receive value, including park entrance fees; map sales; reimbursements for services performed for other federal agencies and the public; reimbursements for the cost of constructing and maintaining irrigation and water facilities; and other sales of goods and services. These revenues are presented on Interior's Consolidated Statement of Net Cost and serve to reduce the reported cost of operations borne by the taxpayer. Reporting entities that provide goods and services to the public or another government entity should disclose specific information related to their pricing policies. We do not anticipate any losses under goods or services to occur. Non-exchange revenues result from donations to the government and from the government's sovereign right to demand payment, including fines for violation of environmental laws, and Abandoned Mine Land duties charged per ton of coal mined. These revenues are not considered to reduce the cost of Interior's operations and are reported on the Consolidated Statement of Changes in Net Position.

With minor exceptions, all receipts of revenues by federal agencies are processed through the Department of the Treasury central accounting system. Regardless of whether they derive from exchange or non-exchange transactions, all receipts that are not earmarked by congressional appropriation for immediate departmental use are deposited in the general or special funds of the Treasury. Amounts not retained for use by the Department are reported as transfers to other government agencies on Interior's Statement of Changes in Net Position.

In certain cases, the prices charged by Interior are set by law or regulation, which for program and other reasons may not represent full cost (e.g., grazing fees, park entrance, and other recreation fees). Prices set for products and services offered through working capital funds are intended to recover the full costs (cost plus administrative fees) incurred by these activities.

A portion of federal royalty collections is distributed to states. These royalty collections are transferred from the custodial fund to the operating accounts of Interior and are recognized as revenue in an amount equal to payments to the states, which are reflected on the Royalties Retained line of the Consolidated Statement of Changes in Net Position.

Imputed Financing Sources. In certain instances, operating costs of the Department are paid out of funds appropriated to other federal agencies. For example, the Office of Personnel Management, by law, pays certain costs of retirement programs and certain legal judgments against Interior are paid from the Judgment Fund maintained by Treasury. When costs that are identifiable to Interior and directly attributable to Interior's operations are paid by other agencies, the Department recognizes these amounts as operating expenses of Interior. In addition, Interior recognizes an imputed financing source on the Consolidated Statement of Changes in Net Position to indicate the funding of Department operations by other federal agencies.

Custodial Revenue. Interior's Minerals Revenue Management (MRM), administered by the Minerals Management Service (MMS), collects royalties, rents, bonuses, and other receipts for federal and Indian oil, gas, and mineral leases, and distributes the proceeds to the Treasury, other federal agencies, states, Indian tribes, and Indian allottees, in accordance with legislated allocation formulas. MMS is authorized to retain a portion of the rental income collected as part of the custodial activity provided by the MRM Program to fund operating costs.

Interior estimates royalty accruals based on prior months collections resulting from production of oil and gas leases.

Royalty-in-Kind (RIK) Program. The federal government, under the provisions of the Mineral Lands Leasing Act of 1920 and the Outer Continental Shelf Lands Act (OCSLA) of 1953, may take part or all of its oil and gas royalties in-kind (a volume of the commodity) as opposed to in value (cash). MMS may either transfer the volume of oil or gas commodity taken in kind to federal agencies for internal use or sell the commodity on the open market at fair market value to generate revenue.

Since 1998, the MMS has initiated several RIK pilot projects where the government receives oil and gas rather than cash, to determine if RIK is in the country's best interest, and if so, under what circumstances. In some cases, receiving royalties in the form of natural resources will increase the certainty of accurate royalty payments and reduce administrative costs for both industry and the government.

Aquatic Resources Trust Fund. The Department presents the Aquatic Resources Trust Fund (ARTF) in its financial statements in accordance with the requirements of Statement of Federal Financial Concepts Number 2, "Entity and Display." The source of funding for the ARTF includes excise taxes levied on the sale of fishing tackle and equipment, certain motorboat and small engine gasoline, and interest earned on invested trust funds. These funds are used to make grants available to states for support projects that restore, conserve, manage, protect, and enhance sport fish resources and coastal wetlands and projects that provide for public use and benefit from sport fish resources. The ARTF also provides funding for boating safety programs conducted by the U.S. Coast Guard and coastal wetlands initiatives conducted by the U.S. Army Corps of Engineers. The Appropriations Act of 1951 authorized amounts equal to revenues credited during the year to be used in the subsequent fiscal year. This inflow is recorded as permanent appropriations to remain available until expended.

Deferred Revenue. Unearned revenue is recorded as deferred revenue until earned.

L. Personnel Compensation and Benefits

Annual and Sick Leave Program. Annual leave is accrued as it is earned by employees and is included in personnel compensation and benefit costs. An unfunded liability is recognized for earned but unused annual leave, since from a budgetary standpoint, this annual leave will be paid from future appropriations when the leave is used by employees, rather than from amounts which had been appropriated to Interior as of the date of the financial statements. The amount accrued is based upon current pay rates of the employees. Sick leave and other types of leave are expensed when used and no future liability is recognized for these amounts.

Federal Employees Workers' Compensation Program. The Federal Employees Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The FECA program is administered by the U.S. Department of Labor (Labor), which pays valid claims and subsequently seeks reimbursement from Interior for these paid claims.

The FECA liability consists of two components. The first component is based on actual claims paid by Labor but not yet reimbursed by Interior. Interior reimburses Labor for the amount of the actual claims as funds are appropriated for this purpose. There is generally a two to three year time period between payment by Labor and reimbursement by Interior. As a result, Interior recognizes a liability for the actual claims paid by Labor and to be reimbursed by Interior.

The second component is the estimated liability for future benefit payments as a result of past events. This liability includes death, disability, medical, and miscellaneous costs. Labor determines this component annually, as of September 30, using a method that considers historical benefit payment patterns, wage inflation factors, medical inflation factors, and other variables. The projected annual benefit payments are discounted to present value using the Office of Management and Budget's economic assumptions for 10-year Treasury notes and bonds. To provide for the effects of inflation on the liability, wage inflation factors (i.e., cost of living adjustments) and medical inflation factors (i.e., consumer price index medical adjustments) are applied to the calculation of projected future benefit payments. These factors are also used to adjust historical benefit payments to current-year constant dollars. A discounting formula is also used to recognize the timing of benefit payments as 13 payments per year instead of one lump sum payment per year.

Labor also evaluates the estimated projections to ensure that the estimated future benefit payments are appropriate. The analysis includes three tests: (1) a comparison of the current-year projections to the prior-year projections; (2) a comparison of the prior-year projected payments to the current-year actual payments, excluding any new case payments that had arisen during the current year; and (3) a comparison of the current-year actual payment data to the prior-year actual payment data. Based on the outcome of this analysis, adjustments may be made to the estimated future benefit payments.

Note 14 provides additional information on the FECA liability.

Federal Employees Group Life Insurance (FEGLI) Program. Most Department employees are entitled to participate in the FEGLI Program. Participating employees can obtain "basic life" term life insurance, with the employee paying two-thirds of the cost and the Department paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. The Office of Personnel Management (OPM) administers this program and is responsible for the reporting of liabilities. For each fiscal year, OPM calculates the U.S. Government's service cost for the post-retirement portion of the basic life coverage. Because the Department's contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the Department has recognized the entire service cost of the post-retirement portion of basic life coverage as an imputed cost and imputed financing source.

Retirement Programs. Interior employees participate in one of two retirement programs, either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), which became effective on January 1, 1987. Most Interior employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, could elect to either join FERS and Social Security or remain in CSRS. Employees covered by CSRS are not subject to Social Security taxes, nor are they entitled to accrue Social Security benefits for wages subject to CSRS.

For FERS employees, Interior contributes an amount equal to one percent of the employee's basic pay to the tax deferred Thrift Savings Plan and matches employee contributions up to an additional four percent of pay. FERS employees can contribute 12 percent of their gross earnings to the plan. CSRS employees are limited to a contribution of 7 percent of their gross earnings and receive no matching contribution from Interior.

The OPM is responsible for reporting assets, accumulated plan benefits, and unfunded liabilities, if any, applicable to CSRS participants and FERS employees governmentwide, including Interior employees. The Department has recognized an imputed cost and imputed financing source for the difference between the estimated service cost and the contributions made by the Department and covered CSRS employees.

M. Federal Government Transactions

Interior's financial activities interact with and are dependent upon the financial activities of the centralized management functions of the federal government. These activities include public debt and cash management activities and employee retirement, life insurance, and health benefit programs. The financial statements of Interior do not contain the costs of centralized financial decisions and activities performed for the benefit of the entire government. However, expenses have been recognized for expenses incurred by other agencies on behalf of Interior, including settlement of claims and litigation paid by the Treasury's Judgment Fund and the partial funding of employee benefits by the Office of Personnel Management.

Transactions and balances among the Department's entities have been eliminated from the Consolidated Balance Sheets, the Consolidated Statements of Net Cost, and the Consolidated Statement of Changes in Net Position. As provided for by OMB Bulletin No. 01-09, "Form and Content of Agency Financial Statements," the Statement of Budgetary Resources is presented on a combined basis, therefore, intra-departmental transactions and balances have not been eliminated from this statement. In accordance with OMB Bulletin No. 01-09, intra-departmental transactions and balances have been eliminated from all the amounts on the Consolidated Statement of Financing, except for obligations incurred and spending authority from offsetting collections and adjustments, which are presented on a combined basis. In order to present all custodial activity, the distributions to the Department's entities have not been eliminated on the Statement of Custodial Activity; however, the amounts are reported separately on the statement.

N. Income Taxes

As an agency of the federal government, Interior is exempt from all income taxes imposed by any governing body, whether it be a federal, state, commonwealth, local, or foreign government.

O. Estimates

The Department has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements. Actual results could differ from these estimates.

NOTE 2. FUND BALANCE WITH TREASURY

Treasury performs cash management activities for all federal agencies. The net activity represents Fund Balance with Treasury. The Fund Balance with Treasury represents the right of the Department to draw down funds from Treasury for expenditures and liabilities.

Fund Balance with Treasury by fund type as of September 30, 2002 and 2001 consists of the following:

Fund Balance with Treasury by Fund Type

(dollars in thousands)		FY 2002		FY 2001 (As Restated)
General Funds	$	4,918,014	$	4,624,759
Special Funds		20,332,757		19,835,540
Revolving Fund		1,117,042		806,212
Trust Fund		152,164		153,223
Other Fund Types		356,565		129,639
Total Fund Balance with Treasury by Fund Type	$	26,876,542	$	25,549,373

The status of the fund balance may be classified as unobligated available, unobligated unavailable, and obligated. Unobligated funds, depending on budget authority, are generally available for new obligations in current operations. The unavailable amounts are primarily composed of funds in unavailable collection accounts, such as the Land and Water Conservation Fund, which are not available to the Department for use unless appropriated by Congress. The unavailable balance also includes amounts appropriated in prior fiscal years, which are not available to fund new obligations. The obligated not yet disbursed balance represents amounts designated for payment of goods and services ordered but not yet received or goods and services received but for which payment has not yet been made.

Status of Fund Balance with Treasury as of September 30, 2002 and 2001 consists of the following:

Status of Fund Balance with Treasury

(dollars in thousands)		FY 2002		FY 2001 (As Restated)
Unobligated				
Available	$	3,734,487	$	2,805,530
Unavailable		19,193,492		18,912,223
Obligated Not Yet Disbursed		3,948,563		3,831,620
Total Status of Fund Balance with Treasury	$	26,876,542	$	25,549,373

NOTE 3. CASH

The cash amount includes balances held by private banks and investing firms, change-making funds maintained in offices where maps are sold over the counter, and small amounts of foreign currency.

Cash as of September 30, 2002 and 2001 consists of the following:

Cash

(dollars in thousands)		FY 2002		FY2001
Cash Not Yet Deposited to Treasury	$	722	$	736
Imprest Fund		700		692
Foreign Currency		-		45
Total Cash	$	1,422	$	1,473

NOTE 4. INVESTMENTS, NET

A. Investments in Treasury Securities

The Bureau of Indian Affairs, the Bureau of Land Management, Departmental Offices, the Minerals Management Service, the National Park Service, the Office of Surface Mining, and the U.S. Fish and Wildlife Service invest funds in securities on behalf of various Interior programs.

Investments as of September 30, 2002 and 2001 consist of the following:

Investments, Net

FY 2002

(dollars in thousands)	Investment Type	Par Value	Unamortized Premium/ (Discount)	Investments, Net	Market Value Disclosure
U.S. Treasury Securities					
Bureau of Indian Affairs	Marketable	$ 63,638	$ -	$ 63,638	$ 63,638
Bureau of Land Management	Non-Marketable, par value	165,480	(488)	164,992	165,047
Departmental Offices					
Utah Reclamation Mitigation and Conservation Account	Non-Marketable, market-based	131,110	2,854	133,964	135,945
National Resources Damage Assessment and Restoration Fund	Non-Marketable, market-based	145,443	725	146,168	146,517
Tribal Trust and Special Funds	Marketable	24,148	(14)	24,134	25,540
	Non-Marketable, market-based	63,250	(17)	63,233	62,448
Minerals Management Service - Conservation	Non-Marketable, market-based	973,557	(6,284)	967,273	967,758
Minerals Management Service - Custodial	Non-Marketable, market-based	24,644	(27)	24,617	24,619
National Park Service	Non-Marketable	65	-	65	65
Office of Surface Mining	Non-Marketable, market-based	1,895,000	-	1,895,000	1,895,000
U.S. Fish and Wildlife Service	Non-Marketable, market-based	494,568	4,224	498,792	501,692
U.S. Fish and Wildlife Service - Aquatic Resources Trust Fund	Non-Marketable, market-based	1,369,234	(4,411)	1,364,823	1,386,341
Total U.S. Treasury Securities		5,350,137	(3,438)	5,346,699	5,374,610
Accrued Interest		1,644	-	1,644	-
Total Non-Public Investments		5,351,781	(3,438)	5,348,343	5,374,610
Public Securities					
Bureau of Indian Affairs	Marketable	1,192	-	1,192	1,334
Departmental Offices - Tribal Trust and Special Funds	Marketable	136,295	(591)	135,704	141,430
Total Public Securities		137,487	(591)	136,896	142,764
Accrued Interest		1,706	-	1,706	-
Total Public Investments		139,193	(591)	138,602	142,764
Total Investments		$ 5,490,974	$ (4,029)	$ 5,486,945	$ 5,517,374

FY 2001

(dollars in thousands)	Investment Type	Par Value	Unamortized Premium/ (Discount)	Investments, Net	Market Value Disclosure
U.S. Treasury Securities					
Bureau of Indian Affairs	Marketable	$ 63,562	$ -	$ 63,562	$ 63,562
Bureau of Land Management	Non-Marketable, par value	102,987	(476)	102,511	102,636
Departmental Offices					
Utah Reclamation Mitigation and Conservation Account	Non-Marketable, market-based	124,105	2,204	126,309	124,105
National Resources Damage Assessment and Restoration Fund	Non-Marketable, market-based	150,677	347	151,024	151,590
Tribal Trust and Special Funds	Marketable	55,114	62	55,176	61,604
	Non-Marketable, market-based	4,415	114	4,529	4,415
Minerals Management Service - Conservation	Non-Marketable, market-based	961,779	(12,930)	948,849	952,482
Minerals Management Service - Custodial	Non-Marketable, market-based	28,451	(41)	28,410	28,410
National Park Service	Non-Marketable	65	-	65	65
Office of Surface Mining	Non-Marketable, market-based	1,866,451	(3,063)	1,863,388	1,863,388
U.S. Fish and Wildlife Service	Non-Marketable, market-based	479,068	(737)	478,331	478,787
U.S. Fish and Wildlife Service - Aquatic Resources Trust Fund	Non-Marketable, market-based	1,304,233	(10,508)	1,293,725	1,295,118
Total U.S. Treasury Securities		5,140,907	(25,028)	5,115,879	5,126,162
Accrued Interest		2,649	-	2,649	-
Total Non-Public Investments		5,143,556	(25,028)	5,118,528	5,126,162
Public Securities					
Bureau of Indian Affairs	Marketable	1,746	-	1,746	1,759
Departmental Offices - Tribal Trust and Special Funds	Marketable	134,955	(524)	134,431	134,956
Total Public Securities		136,701	(524)	136,177	136,715
Accrued Interest		460	-	460	-
Total Public Investments		137,161	(524)	136,637	136,715
Total Investments		$ 5,280,717	$ (25,552)	$ 5,255,165	$ 5,262,877

Bureau of Indian Affairs. The Bureau of Indian Affairs (BIA) invests irrigation and power receipts in U.S. Treasury and public securities until the funds are required for project operations. Federal investments are purchased under the U.S. Treasury Overnighter Program and in marketable Treasury bills and notes. BIA's investments in public securities are discussed more fully below.

Bureau of Land Management. The Bureau of Land Management is authorized to invest in special non-marketable par value and market-based Treasury securities. These securities include U.S. Treasury bills, notes, bonds, and one-day certificates that may be purchased and sold as necessary to meet operating needs and legislated requirements. The BLM invests in these securities of the U.S. Treasury pursuant to authorizing legislation for two accounts: (1) the proceeds of certain land sales as authorized by the Southern Nevada Public Land Management Act enacted in October 1998; and (2) the proceeds of certain oil and gas lease sales authorized by the Alaska Native Claims Settlement Act and the Alaska National Interest Lands Conservation Act, as amended July 17, 2000.

Departmental Offices. Effective in 1994, the Office of the Secretary (part of Departmental Offices) was delegated responsibility for investing funds contributed to the Utah Reclamation Mitigation and Conservation Account by the Utah Reclamation Mitigation and Conservation Commission. Investments are made in non-marketable market-based securities issued by the Federal Investment Branch of the Bureau of the Public Debt. Interest on investments is accrued as it is earned.

Commencing with 1999, Departmental Offices assumed financial responsibility, including investment activities, for the Natural Resources Damage Assessment and Restoration Fund (NRDAR). The funds are invested in non-marketable market-based securities issued by Treasury. Funds are invested in both long and short-term securities, depending upon the program's needs for their funds.

The reporting responsibility for the Tribal Trust and Special Funds, including investments in Treasury and public securities, was transferred to Departmental Offices in 1999 in accordance with OMB and FASAB guidance. The Secretary of the Interior invests Tribal Trust and Special Funds in marketable and non-marketable market-based securities issued by the Federal Investment Branch of the Bureau of the Public Debt or marketable securities issued by other federal agencies and government-sponsored entities. Investment instruments are continually reviewed for appropriateness in conjunction with current tribal needs.

Minerals Management Service (MMS). Investments consist of non-marketable, market-based Treasury securities that are not traded on any securities exchange but mirror the prices of marketable securities with similar terms. The MMS has limited investment authority based on two categories: Environmental Improvement and Restoration and Custodial Investments.

The Environmental Improvement and Restoration Fund (EIRF) is available for investment under the Interior and Related Agencies Appropriations Act of 1998. Congress has permanently appropriated 20 percent of the prior fiscal year interest earned by the EIRF to the Department of Commerce. The remaining 80 percent will remain in the fund to earn interest and may be appropriated by Congress to certain other agencies, as provided by the law. This investment was funded in 2000 by the settlement of the boundary dispute with the State of Alaska.

Custodial investments include Section 7 of the Outer Continental Shelf Lands Acts and Outer Continental Shelf bids. Section 7 of the Outer Continental Shelf Lands Act (OCSLA) allows for receipts from OCSLA leases having boundary disputes on federal securities. During FY 2000, the U.S. Supreme Court issued a Final Decree in this litigation resolving a long-standing boundary dispute with the State of Alaska, dating back to 1979. The investment was redeemed and the full balance of principal and interest was disbursed during 2000. Part of the principal and interest was transferred to the EIRF for investment. Therefore, there were no Section 7 investments in 2001.

MMS is also required by regulation to invest the 1/5 Outer Continental Shelf (OCS) bid amounts from the apparent high bidders for all OCS lease sales. Should any of the apparent high bids be later rejected, the 1/5 bid and actual interest earned are returned to the bidder. The investment earned on accepted bids reverts to the Treasury when the bids are accepted.

National Park Service. The National Park Service administers an endowment on behalf of the Lincoln Farm Association. Investment earnings from this endowment are used to provide for maintenance and upkeep of Abraham Lincoln's birthplace.

Office of Surface Mining. Effective October 1, 1991, the Office of Surface Mining (OSM) was authorized to invest available Abandoned Mine Land (AML) trust funds in non-marketable securities issued by the Federal Investment Branch of the Bureau of the Public Debt in the Department of the Treasury. The OSM has authority to invest AML trust funds in Treasury bills, notes, bonds, and one-day certificates.

Presently, all earnings from AML investments are reinvested, providing a source of continuous funding to further enhance AML trust fund equity. There are no restrictions on federal agencies as to the use or convertibility of Treasury non-marketable securities.

A portion of the AML investment interest earned is transferred to the United Mine Workers of America Combined Benefit Fund to provide health benefits for certain eligible retired coal miners and dependents.

U.S. Fish and Wildlife Service. The U.S. Treasury collects, invests, and maintains on behalf of the U.S. Fish and Wildlife Service (FWS), the Aquatic Resources Trust Fund (ARTF), which includes FWS's Sport Fish Restoration Account. Although the FWS has advisory authority for ARTF investment decisions, the Treasury has legal responsibility for investing ARTF funds.

Consistent with authorizing legislation and Treasury fiscal investment policies, the Secretary of the Treasury invests such portion of the ARTF balance deemed by the program agencies not necessary to meet current withdrawals to cover program and related costs as defined by law. Such investments are in non-marketable par value or non-marketable market-based securities as authorized by legislation and are issued and redeemed by the Federal Investment Branch of the Bureau of the Public Debt, in the Department of Treasury. These securities are held in the name of the Secretary of the Treasury for the ARTF and interest on investments is accrued as it is earned.

B. Investments in Public Securities

The BIA is authorized by law to invest irrigation and power receipts in marketable U.S. Treasury and public securities. Investments in public securities consist of certificates of deposit from insured institutions, various mortgage instruments, bank notes, and bonds. Mortgage instruments are issued by the Federal National Mortgage Association (Fannie Mae) and similar government-sponsored enterprises and government corporations. Bonds and bank notes are issued by Federal Home Loan Banks, the Federal Judiciary, and the Federal Farm Credit Banks. Investments in public securities reflect investments held by the BIA's Power and Irrigation program and are recorded at cost.

As stated above, Departmental Offices now have the reporting responsibility for the Indian Trust Funds, including investments in public securities as of 1999. The Secretary of the Interior invests Tribal Trust and Special Funds in marketable and non-marketable par value or securities issued by the Federal Investment Branch of the Bureau of the Public Debt or marketable securities issued by other federal agencies and government-sponsored entities. Investment instruments are continually reviewed for appropriateness in conjunction with current tribal needs.

NOTE 5. ACCOUNTS AND INTEREST RECEIVABLE, NET

Due From the Public, Net. Accounts receivable due to Interior from the public may arise either from the sale of products and services or from the imposition of regulatory fines and penalties. Products and services sold by Interior are diverse and include royalties on mineral leases collected by the Minerals Management Service, the sale of water and hydroelectric power by the Bureau of Reclamation, and water testing and other scientific studies conducted for state and local governments by the U.S. Geological Survey. Fines and penalties are imposed by the Office of Surface Mining, the Minerals Management Service, the Fish and Wildlife Service, and other bureaus in the enforcement of various environmental laws and regulations. Unbilled receivables reflect work performed to date on agreements and uncollected revenue for royalties due subsequent to year-end, which will be billed in the future. In general, receivables arising from the sales of products and services are paid more promptly and with fewer uncollectible accounts than those arising from fines and penalties.

FY 2002 Accounts and Interest Receivable Due from the Public

(dollars in thousands)	Unbilled	Current	Past Due Accounts 1-180 days	Past Due Accounts 181-365 days	Past Due Accounts Over 1 yr	Allowance for Doubtful Accounts	FY 2002
Bureau of Indian Affairs	$ 18,700	$ 17,639	$ 10,318	$ 668	$ 5,308	$ (30,073)	$ 22,560
Bureau of Land Management	4,117	2,877	1,545	296	1,466	(1,315)	8,986
Bureau of Reclamation	7,582	10,197	1,397	4,433	2,639	(2,740)	23,508
Departmental Offices & Other	2,865	2,941	155	8	18	(4)	5,983
Minerals Management Service	374,920	17	-	2	6	-	374,945
Minerals Management Service - Custodial	596,883	160,910	254	2,977	310,874	(300,949)	770,949
National Park Service	1,114	2,468	406	1,011	883	(804)	5,078
Office of Surface Mining	-	1,560	422	218	838	(1,803)	1,235
U.S. Fish and Wildlife Service	-	4,640	809	94	594	(543)	5,594
U.S. Geological Survey	68,805	18,498	7,067	322	2,882	(12,350)	85,224
Total Accounts and Interest Receivable - Public	$ 1,074,986	$ 221,747	$ 22,373	$ 10,029	$ 325,508	$ (350,581)	$ 1,304,062

FY 2002 Allowance for Doubtful Accounts - Public

(dollars in thousands)	Beginning Balance	Additions	Reductions/ Collections	FY 2002 Ending Balance
Bureau of Indian Affairs	$ 23,212	$ 8,854	$ (1,993)	$ 30,073
Bureau of Land Management	1,237	103	(25)	1,315
Bureau of Reclamation	14,671	2,801	(14,732)	2,740
Departmental Offices & Other	3	12	(11)	4
Minerals Management Service - Custodial	270,281	30,668	-	300,949
National Park Service	1,447	443	(1,086)	804
Office of Surface Mining	1,372	2,763	(2,332)	1,803
U.S. Fish and Wildlife Service	490	53	-	543
U.S. Geological Survey	14,166	-	(1,816)	12,350
Total Allowance for Doubtful Accounts - Public	$ 326,879	$ 45,697	$ (21,995)	$ 350,581

FY 2001 Accounts and Interest Receivable Due from the Public

(dollars in thousands)	Unbilled	Current	Past Due Accounts 1-180 days	181-365 days	Over 1 yr	Allowance for Doubtful Accounts	FY 2001 (As Restated)
Bureau of Indian Affairs	$ 19,928	$ 12,151	$ 7,109	$ 460	$ 3,657	$ (23,212)	$ 20,093
Bureau of Land Management	3,796	5,129	656	275	1,576	(1,237)	10,195
Bureau of Reclamation	27,106	8,343	6,290	5,326	9,309	(14,671)	41,703
Departmental Offices & Other	3,139	3,644	276	3	111	(3)	7,170
Minerals Management Service	238,311	173	-	-	-	-	238,484
Minerals Management Service - Custodial	884,432	458,100	20,066	16,542	111,979	(270,281)	1,220,838
National Park Service	758	3,063	1,471	1,986	1,139	(1,447)	6,970
Office of Surface Mining	23,328	811	949	90	2,346	(1,372)	26,152
U.S. Fish and Wildlife Service	-	3,281	3,902	316	488	(490)	7,497
U.S. Geological Survey	63,065	12,580	9,120	1,129	3,984	(14,166)	75,712
Total Accounts and Interest Receivable - Public	$ 1,263,863	$ 507,275	$ 49,839	$ 26,127	$ 134,589	$ (326,879)	$ 1,654,814

FY 2001 Allowance for Doubtful Accounts - Public

(dollars in thousands)	Beginning Balance	Additions	Reductions	FY 2001 Ending Balance
Bureau of Indian Affairs	$ 30,613	$ -	$ (7,401)	$ 23,212
Bureau of Land Management	3,791	-	(2,554)	1,237
Bureau of Reclamation	11,007	3,664	-	14,671
Departmental Offices & Other	2	13	(12)	3
Minerals Management Service - Custodial	297,288	-	(27,007)	270,281
National Park Service	844	603	-	1,447
Office of Surface Mining	3,163	1,044	(2,835)	1,372
U.S. Fish and Wildlife Service	341	149	-	490
U.S. Geological Survey	5,718	8,448	-	14,166
Total Allowance for Doubtful Accounts - Public	$ 352,767	$ 13,921	$ (39,809)	$ 326,879

Due from Federal Agencies, Net. Accounts Receivable Due from Federal Agencies arise from the sale of products and services to other federal agencies, including the sale of maps, the performance of environmental and scientific services, and administrative and other services. These reimbursable arrangements generally reduce the duplication of effort within the federal government resulting in a lower cost of federal programs and services. Substantially, all receivables from other federal agencies are considered to be collectible, as there is no credit risk. However, an allowance for doubtful accounts is used occasionally to recognize billing disputes.

FY 2002 Accounts and Interest Receivable Due from Federal Agencies

(dollars in thousands)	Receivables	Allowance for Doubtful Accounts	FY 2002
Bureau of Indian Affairs	$ 64,756	$ -	$ 64,756
Bureau of Land Management	6,493	-	6,493
Bureau of Reclamation	329,123	-	329,123
Departmental Offices & Other	118,730	-	118,730
Minerals Management Service	97,085	-	97,085
Minerals Management Service - Custodial	379,880	-	379,880
National Park Service	13,255	-	13,255
Office of Surface Mining	17	-	17
U.S. Fish and Wildlife Service	24,212	-	24,212
U.S. Fish and Wildlife Service - Aquatic Resources Trust Fund	273	-	273
U.S. Geological Survey	84,626	(5,170)	79,456
Intra-Departmental Eliminations	(482,974)	-	(482,974)
Total Accounts and Interest Receivable - Federal	$ 635,476	$ (5,170)	$ 630,306

FY 2002 Allowance for Doubtful Accounts - Federal

(dollars in thousands)	Beginning Balance	Additions	Reductions/ Collections	FY 2002 Ending Balance
Bureau of Indian Affairs	$ (7)	$ 7	$ -	0
Bureau of Reclamation	776	-	(776)	0
Departmental Offices & Other	488	-	(488)	0
U.S. Geological Survey	20	5,150	-	5,170
Total Allowance for Doubtful Accounts - Federal	$ 1,277	$ 5,157	$ (1,264)	$ 5,170

FY 2001 Accounts and Interest Receivable Due from Federal Agencies

(dollars in thousands)	Receivables	Allowance for Doubtful Accounts	FY 2001
Bureau of Indian Affairs	$ 59,313	$ 7	$ 59,320
Bureau of Land Management	7,869	-	7,869
Bureau of Reclamation	212,622	(776)	211,846
Departmental Offices and Other	49,652	(488)	49,164
Minerals Management Service	35,176	-	35,176
Minerals Management Service - Custodial	66,783	-	66,783
National Park Service	9,318	-	9,318
Office of Surface Mining	2	-	2
U.S. Fish and Wildlife Service	26,859	-	26,859
U.S. Fish and Wildlife Service - Aquatic Resources Trust Fund	6,628	-	6,628
U.S. Geological Survey	84,625	(20)	84,605
Intra-Departmental Eliminations	(304,483)	-	(304,483)
Total Accounts and Interest Receivable - Federal	$ 254,364	$ (1,277)	$ 253,087

FY 2001 Allowance for Doubtful Accounts - Federal

(dollars in thousands)	Beginning Balance	Additions	Reductions	FY 2001 Ending Balance
Bureau of Indian Affairs	$ -	$ -	$ (7)	$ (7)
Bureau of Reclamation	-	776	-	776
Departmental Offices and Other	488	-	-	488
U.S. Geological Survey	(2)	22	-	20
Total Allowance for Doubtful Accounts - Federal	$ 486	$ 798	$ (7)	$ 1,277

Recovery of Reimbursable Capital Costs. The Bureau of Reclamation enters into long-term repayment contracts and water service contracts with non-federal (public) water users that allow the use of irrigation, municipal and industrial (M&I) water facilities in exchange for annual payments to repay a portion of the federal investment allocated to the construction of reimbursable irrigation and M&I facilities. Also, power marketing agencies enter into agreements with power users to recover capital investment costs allocated to power, on Reclamation's behalf. Costs associated with multipurpose plants are allocated to the various purposes (mainly power, irrigation, M&I water, fish and wildlife enhancement, recreation, and flood control) through a cost allocation process. Generally, only those costs associated with power, irrigation, and M&I water are reimbursable. The typical repayment contract is up to 40 years but may extend to 50 years or more if authorized by the Congress.

Unmatured repayment contracts are not recognized on the balance sheets until the annual amount becomes due each year, at which time a current accounts receivable and a current period exchange revenue is recorded. As of September 30, 2002 and 2001, future commitments to Reclamation under unmatured repayment contracts were $2.6 billion.

NOTE 6. LOANS AND INTEREST RECEIVABLE, NET

Direct loans and loan guarantees, made prior to FY 1992, were funded by congressional appropriation from the general or special funds. These loans, referred to as liquidating loans, are reported net of an allowance for estimated uncollectible loans or estimated loans.

Direct loans and loan guarantees, made during and after FY 1991, are accounted for in accordance with the requirements of the Credit Reform Act of 1990 and are referred to as credit reform loans. Under credit reform, loans are comprised of two components. The first component is borrowed from Treasury with repayment provisions. The second component is for the subsidized portion of the loan and is funded by congressional appropriation. The Act provides that the present value of the subsidy costs associated with the direct loans and loan guarantees be recognized as a cost in the year the direct or guaranteed loan is disbursed. While this component is not subject to repayment, the loan program receives appropriations to fund any increases in subsidy due to interest rate fluctuations and changes in default rate estimates. In FY 1992, there were no changes in economic conditions, other risk factors, legislation, credit policies, and subsidy estimation methodologies and assumptions that have had a significant and measurable effect on subsidy rates, subsidy expense, and subsidy re-estimates.

Included in the financial statements is a subsidy re-estimate computed at the end of the fiscal year. The amounts included in the consolidated financial statements are not reported in the budget until the following fiscal year.

The Bureau of Indian Affairs and the Bureau of Reclamation administer loan programs while the Departmental Offices and National Park Service provide loans on an individual basis under special circumstances. An analysis of the loans and the nature and amounts of the subsidy and associated administrative costs are provided in the following tables.

Loans and Interest Receivable, Net
(in thousands)

A. Direct Loan and Loan Guarantee Program Names	FY 2002	FY 2001
Bureau of Indian Affairs - Direct Liquidating Loans (Pre-Credit Reform)	$ 27,419	$ 29,540
Bureau of Indian Affairs - Direct Loans (Credit Reform)	15,094	13,348
Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	1,234	1,270
Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	2,584	2,503
Bureau of Reclamation - Direct Loans (Pre-Credit Reform)	62,944	60,873
Bureau of Reclamation - Direct Loans (Credit Reform)	87,686	80,096
Departmental Offices - Virgin Island (Pre-Credit Reform)	11,697	13,420
Departmental Offices - American Samoa Government (Credit Reform)	12,496	10,721
National Park Service - Wolf Trap Foundation (Pre-Credit Reform)	4,677	5,037
Total Loans and Interest Receivable, Net	$ 225,831	$ 216,808

Direct Loans (dollars in thousands)

B. Direct Loans Obligated Prior to FY 1992:

Direct Loans Obligated Prior to FY 1992 (Allowance for Loss Method):

	Direct Loan Programs	Loans Receivable, Gross	Interest Receivable	Allowance For Loan Losses	Foreclosed Property	Value of Assets Related to Direct Loans
	Bureau of Indian Affairs - Direct Liquidating Loans (Pre-Credit Reform)	$ 31,170	$ 9,355	$ (13,106)	$ -	$ 27,419
	Bureau of Reclamation - Direct Loans (Pre-Credit Reform)	70,229	933	(8,218)	-	62,944
	Departmental Offices - Virgin Island (Pre-Credit Reform)	11,426	271	-	-	11,697
	National Park Service - Wolf Trap Foundation (Pre-Credit Reform)	4,677	-	-	-	4,677
FY 2002	Total	$ 117,502	$ 10,559	$ (21,324)	$ -	$ 106,737
	Bureau of Indian Affairs - Direct Liquidating Loans (Pre-Credit Reform)	$ 34,795	$ 9,399	$ (14,654)	$ -	$ 29,540
	Bureau of Reclamation - Direct Loans (Pre-Credit Reform)	73,349	950	(13,426)	-	60,873
	Departmental Offices - Virgin Island (Pre-Credit Reform)	13,114	306	-	-	13,420
	National Park Service - Wolf Trap Foundation (Pre-Credit Reform)	5,037	-	-	-	5,037
FY 2001	Total	$ 126,295	$ 10,655	$ (28,080)	$ -	$ 108,870

C. Direct Loans Obligated After FY 1991:

	Direct Loan Programs	Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans
	Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ 21,904	$ 4,984	$ -	$ (11,794)	$ 15,094
	Bureau of Reclamation - Direct Loans (Credit Reform)	121,921	-	-	(34,235)	87,686
	Departmental Offices - American Samoa Government (Credit Reform)	14,512	407	-	(2,423)	12,496
FY 2002	Total	$ 158,337	$ 5,391	$ -	$ (48,452)	$ 115,276
	Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ 23,362	$ 4,453	$ -	$ (14,467)	$ 13,348
	Bureau of Reclamation - Direct Loans (Credit Reform)	117,030	-	-	(36,934)	80,096
	Departmental Offices - American Samoa Government (Credit Reform)	12,432	331	-	(2,042)	10,721
FY 2001	Total	$ 152,824	$ 4,784	$ -	$ (53,443)	$ 104,165

D. Total Amount of Direct Loans Disbursed (Post 1991):

Direct Loan Programs	FY 2002	FY 2001
Bureau of Reclamation - Direct Loans	$ 12,168	$ 24,520
Departmental Offices - American Samoa Government (Credit Reform)	15,550	10,721
Total	$ 27,718	$ 35,241

E. Subsidy Expense for Direct Loans by Program and Component:

Subsidy Expense for New Direct Loans Disbursed:

	Direct Loan Programs	Interest Differential	Defaults	Fees and Other Collections	Other	Total
	Bureau of Reclamation - Direct Loans (Credit Reform)	$ 2,493	$ -	$ -	$ -	$ 2,493
	Departmental Offices - American Samoa Government (Credit Reform)	(32)	413	-	-	381
FY 2002	Total	$ 2,461	$ 413	$ -	$ -	$ 2,874

	Direct Loan Programs	Interest Differential	Defaults	Fees and Other Collections	Other	Total
	Bureau of Reclamation - Direct Loans (Credit Reform)	$ 7,413	$ -	$ (10,976)	$ -	$ (3,563)
	Departmental Offices - American Samoa Government (Credit Reform)	(28)	2,070	-	-	2,042
FY 2001	Total	$ 7,385	$ 2,070	$ (10,976)	$ -	$ (1,521)

Modifications and Reestimates

	Direct Loan Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
	Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ -	$ -	$ 1,016	$ 1,016
	Bureau of Reclamation - Direct Loans (Credit Reform)	-	-	-	-
FY 2002	Total	$ -	$ -	$ 1,016	$ 1,016
	Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ -	$ -	$ 2,094	$ 2,094
	Bureau of Reclamation - Direct Loans (Credit Reform)	-	755	2,268	3,023
FY 2001	Total	$ -	$ 755	$ 4,362	$ 5,117

Total Direct Loan Subsidy Expense:

Direct Loan Programs	FY 2002	FY 2001
Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ 1,016	$ 2,094
Bureau of Reclamation - Direct Loans (Credit Reform)	2,493	(540)
Departmental Offices - American Samoa Government (Credit Reform)	381	2,042
Total	$ 3,890	$ 3,596

F. Subsidy Rates for Direct Loans by Program and Component:

Budget Subsidy Rates for Direct Loans for the Cohorts:

	Direct Loan Programs	Interest Differential	Defaults	Fees and Other Collections	Other	Total
	Bureau of Reclamation - Direct Loans (Credit Reform)	26.92%	0.00%	0.00%	0.00%	26.92%
	Departmental Offices - American Samoa Government (Credit Reform)	-0.21%	15.79%	0.00%	0.00%	15.58%
FY 2002	Total	26.71%	15.79%	0.00%	0.00%	42.50%

	Direct Loan Programs	Interest Differential	Defaults	Fees and Other Collections	Other	Total
	Bureau of Reclamation - Direct Loans (Credit Reform)	44.44%	0.00%	0.00%	0.00%	44.44%
	Departmental Offices - American Samoa Government (Credit Reform)	-0.21%	15.79%	0.00%	0.00%	15.58%
FY 2001	Total	44.23%	15.79%	0.00%	0.00%	60.02%

The subsidy rates disclosed pertain only to the current year cohorts. These rates cannot be applied to the direct loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans reported in the current year could result from disbursements of loans from both the current year and prior year cohorts. The subsidy expense reported in the current year also includes modifications and re-estimates.

G. Schedule for Reconciling Direct Loan Subsidy Cost Allowance Balances (Post-1991 Direct Loans)

	FY 2002	FY 2001
Beginning balance of the subsidy cost allowance	$ 53,443	$ 59,256
Add: Subsidy expense for direct loans disbursed during the reporting years by component:		
(a) Interest rate differential costs	2,461	7,385
(b) Default costs (net of recoveries)	413	2,070
(c) Fees and other collections	-	(10,976)
(d) Other subsidy costs	-	-
Total of the above subsidy expense components	2,874	(1,521)
Adjustments:		
(a) Loan modification	-	-
(b) Fees received	-	-
(c) Foreclosed property acquired	-	-
(d) Loans written off	(356)	(4,700)
(e) Subsidy allowance amortization	(4,274)	(3,873)
(f) Other	(4,251)	(836)
Ending balance of the subsidy cost allowance before reestimates	47,436	48,326
Add or subtract subsidy reestimates by component:		
(a) Interest rate reestimate	-	755
(b) Technical/default reestimate	1,016	4,362
Total of the above reestimate components	1,016	5,117
Ending balance of the subsidy cost allowance	$ 48,452	$ 53,443

The allowance for Subsidy Account reflects the unamortized credit reform subsidy for direct loans.

Defaulted Guaranteed Loans (dollars in thousands)

H. Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method):

	Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance For Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans, Receivable, Net
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform	$ 24,435	$ 16,683	$ -	$ (39,884)	$ 1,234
FY 2002	Total	$ 24,435	$ 16,683	$ -	$ (39,884)	$ 1,234
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform	$ 26,262	$ 16,062	$ -	$ (41,054)	$ 1,270
FY 2001	Total	$ 26,262	$ 16,062	$ -	$ (41,054)	$ 1,270

I. Defaulted Guaranteed Loans from Post-1991 Guarantees (Present Value Method):

	Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans, Receivable, Net
	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ 23,820	$ 4,041	$ -	$ (25,277)	$ 2,584
FY 2002	Total	$ 23,820	$ 4,041	$ -	$ (25,277)	$ 2,584
	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ 23,851	$ 2,538	$ -	$ (23,886)	$ 2,503
FY 2001	Total	$ 23,851	$ 2,538	$ -	$ (23,886)	$ 2,503

Loan Guarantees (dollars in thousands)

J. Guaranteed Loans Outstanding as of September 30, 2002:

Guaranteed Loans Outstanding

Loan Guarantee Programs	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Pre-1992	$ 15,516	$ 13,607
FY1992	7,725	6,869
FY1993	8,485	7,547
FY1994	18,719	16,779
FY1995	7,747	6,669
FY1996	11,158	9,853
FY1997	10,775	9,514
FY1998	9,648	8,276
FY1999	40,240	35,891
FY2000	46,452	41,473
FY2001	29,472	26,001
FY2002	25,471	22,299
Total	$ 231,408	$ 204,778

New Guaranteed Loans Disbursed (Current reporting year):

	Loan Guarantee Programs	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
	Amount Paid in FY2002 for Prior Years	$ 18,927	$ 17,005
	Amount Paid in FY2002 for 2002 Guarantees	25,471	22,299
FY 2002	Total	$ 44,398	$ 39,304
	Amount Paid in FY2001 for Prior Years	$ 35,808	$ 31,123
	Amount Paid in FY2001 for 2001 Guarantees	16,045	13,946
FY 2001	Total	$ 51,853	$ 45,069

K. Liability for Loan Guarantees:

Liability for Loan Guarantees (Estimated Future Default Claims for pre-1992 guarantees):

	Loan Guarantee Programs	Liabilities for Losses on Pre-1992 Guarantees, Estimated Future Default Claims	Liabilities for Loan Guarantees, for Post-1991 Guarantees, Present Value	Total Liabilities for Loan Guarantees
FY 2002	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	$ -	$ (49,097)	$ (49,097)
	Total	$ -	$ (49,097)	$ (49,097)
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	$ -	$ (47,975)	$ (47,975)
FY 2001	Total	$ -	$ (47,975)	$ (47,975)

L. Subsidy Expense for Loan Guarantees by Program and Component:

Subsidy Expense for New Loan Guarantees:

	Loan Guarantee Programs	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
FY 2002	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Credit Reform)	$ 1,906	$ 2,986	$ (1,053)	$ -	$ 3,839
	Total	$ 1,906	$ 2,986	$ (1,053)	$ -	$ 3,839
FY 2001	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Credit Reform)	$ 1,570	$ 3,209	$ (992)	$ -	$ 3,787
	Total	$ 1,570	$ 3,209	$ (992)	$ -	$ 3,787

Modifications and Reestimates:

	Loan Guarantee Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Credit Reform)	$ -	$ -	$ (3,787)	$ (3,787)
FY 2002	Total	$ -	$ -	$ (3,787)	$ (3,787)
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Credit Reform)	$ -	$ -	$ (1,370)	$ (1,370)
FY 2001	Total	$ -	$ -	$ (1,370)	$ (1,370)

Total Loan Guarantee Subsidy Expense:

Loan Guarantee Programs	FY2002	FY2001
Bureau of Indian Affairs - Guaranteed Liquidating Loans (Credit Reform)	$ 52	$ 2,417
Total	$ 52	$ 2,417

M. Subsidy Rates for Loan Guarantees by Program and Component:

Budget Subsidy Rates for Loan Guarantees for the Current Year's Cohorts:

	Loan Guarantee Programs	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Credit Reform)	2.98%	4.74%	-1.72%	0.00%	6.00%
FY 2002	Total	2.98%	4.74%	-1.72%	0.00%	6.00%
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Credit Reform)	3.53%	5.00%	-1.80%	0.00%	6.73%
FY 2001	Total	3.53%	5.00%	-1.80%	0.00%	6.73%

The subsidy rates disclosed pertain only to the current year cohorts. These rates cannot be applied to the guarantee of loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans reported in the current year could result from disbursements of loans from both the current year and prior year cohorts. The subsidy expense reported in the current year also includes modifications and re-estimates.

N. Schedule for Reconciling Loan Guarantee Liability Balances

	FY 2002	FY 2001
Beginning balance of the loan guarantee liability	$ 47,975	$ 23,553
Add: Subsidy expense for guaranteed loans disbursed during the reporting years by component:		
(a) Interest supplement costs	1,906	1,570
(b) Default costs (net of recoveries)	2,986	3,209
(c) Fees and other collections	(1,053)	(992)
(d) Other subsidy costs	-	-
Total of the above subsidy expense components	3,839	3,787
Adjustments:		
(a) Loan guarantee modification	-	-
(b) Fees received	1,065	921
(c) Interest supplements paid	(2,320)	(3,121)
(d) Foreclosed property and loans acquired	-	-
(e) Claim payments to lenders	-	(69)
(f) Interest accumulation on the liability balance	2,325	2,539
(g) Other (recovery, revenue, and prior period adjustments)	-	21,735
Ending balance of the loan guarantee liability before reestimates	52,884	49,345
Add or subtract subsidy reestimates by component:		
(a) Interest rate reestimate	-	-
(b) Technical/default reestimate	(3,787)	(1,370)
Total of the above reestimate components	(3,787)	(1,370)
Ending balance of the loan guarantee liability	$ 49,097	$ 47,975

O. Administrative Expense:

	Direct Loan Programs		Loan Guarantee Programs	
	Bureau of Reclamation - Direct Loans (Credit Reform)	$ 309	Bureau of Indian Affairs - Guaranteed Loan Programs	$ 479
	Departmental Offices - American Samoa Government (Credit Reform)	783		
FY 2002	Total	$ 1,092		$ 479
	Bureau of Reclamation - Direct Loans (Credit Reform)	$ 216	Bureau of Indian Affairs - Guaranteed Loan Programs	$ 500
	Departmental Offices - American Samoa Government (Credit Reform)	685		
FY 2001	Total	$ 901		$ 500

Bureau of Indian Affairs (BIA). The BIA provides guaranteed loans to Indian tribes and organizations, Indian individuals, and Alaska Natives for economic development purposes. The BIA loan program includes the Indian Direct Loan Program (which ceased providing loans in 1995), the Indian Loan Guarantee Program under the Credit Reform Act, and a Liquidating Fund for loans made prior to 1992.

Bureau of Reclamation (BOR). The BOR operates loan programs which provide federal assistance to non-federal organizations for constructing or improving water resource projects in the western states. Reclamation's loan programs are authorized under the Small Reclamation Projects Act of 1956, the Distribution System Loans Act, and the Rehabilitation and Betterment Act. The loan programs are classified into two categories, Credit Reform loans and other loans made prior to the Credit Reform Act.

Other loans consist primarily of drought relief and repayment loans. The other loans receivable balances represent amounts due to Reclamation, net of an allowance for estimated uncollectible loan balances. The allowance amount is determined by reviewing a loans receivable aging report to identify loan balances that are considered uncollectible based on various factors, including age, past experience, present market conditions, and characteristics of debtors.

Loan interest rates vary depending on the applicable legislation; in some cases, there is no stated interest rate on agricultural and Native American loans. Interest on applicable loans does not accrue until the loan enters repayment status.

Departmental Offices. Departmental Offices has two loans, one pre-credit reform loan to the U.S. Virgin Islands and one post-credit reform loan to the American Samoa Government.

In 1977, a loan was extended to the Virgin Islands from the Federal Financing Bank, Department of Treasury. The loan receivable from the Virgin Islands has an offsetting liability to the Federal Financing Bank. It has a final payment due date of January 2, 2007. Principal and interest are due in January and July of each year. Interest is based on the amortization schedule for the loan with the Federal Financing Bank. The interest is accrued at year end based upon the period of July - September.

In 2001, a loan was extended to the American Samoa Government (ASG). The total has been approved for $18.6 million and made available to the ASG bearing interest at a rate equal to the U.S. Treasury cost of borrowing for obligations of similar duration. The proceeds of the loan will be used by the ASG for debt reduction and fiscal reform. As payments become due, they shall be secured and accomplished with funds from the Escrow Account. The Escrow Account was established under the terms and conditions of the Tobacco Master Settlement Agreement and a judgment granted by the High Court of American Samoa on January 5, 1999. The parties entered into the Agreement on November 23, 1998.

National Park Service (NPS). The NPS has a single loan with the Wolf Trap Foundation for the Performing Arts with an original loan principal totaling $8,560,000. The loan principal is to be repaid to the National Park Service within 25 years from June 1, 1991. The loan principal is repaid in equal annual installments, except for the first three annual payments of $215,000 per year. Repayment of the loan principal may include a credit of up to $60,000 annually, for public service tickets given to entities exempt from taxation pursuant to section 501(c) (3) of the Internal Revenue Code of 1986. The monies received for repayment of this loan may be retained until expended by the Secretary of the Interior in consultation with the Wolf Trap Foundation for the maintenance of structures, facilities, and equipment of the park.

NOTE 7. INVENTORY AND RELATED PROPERTY

Inventory and Related Property as of September 30, 2002 and 2001 consists of the following:

Inventory and Related Property

(dollars in thousands)	FY 2002	FY 2001 (As Restated)
Helium Stockpile Material	$ 352,879	$ 355,075
Published Maps Held for Sale	8,343	6,905
Other Inventory Held for Current Sale	1,558	1,487
Operating Materials Held for Use	309	315
Total Inventory and Related Property	$ 363,089	$ 363,782

NOTE 8. GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET

General Property, Plant, and Equipment, which is presented in the following table, consist of that property which is used in operations and, with some exceptions, consumed over time.

Construction in Progress is used for the accumulation of cost of construction or major renovation of fixed assets during the construction period. Each individual bureau sets its own policy for using the Construction in Progress account; however, in general, the assets are transferred out of Construction in Progress when the project is completed.

Construction in Progress includes construction in abeyance of approximately $573 million and $566 million as of September 30, 2002 and 2001, respectively. Construction in abeyance represents projects the Bureau of Reclamation began the planning of and construction on and have either been suspended or the intended benefits never provided. Until congressional disposition of these assets is determined, maintenance costs have been and will continue to be budgeted and expended to minimize the erosive effects of weather and time and to keep the asset ready for potential completion.

Investigations and Development represent funds appropriated by the Congress that have been expended for such activities as general engineering studies and surveys that are directly related to project construction. Investigations and Development as of September 30, 2002 and 2001 was $96 million and $95 million, respectively.

Property, Plant, and Equipment categories, with corresponding accumulated depreciation, as of September 30, 2002 and 2001, are shown in the following tables.

General Property, Plant, and Equipment, Net

(dollars in thousands)	Buildings, Structures, Facilities and Land	Construction in Progress	Equipment, Vehicles, and Aircraft	Other Property and Equipment	Investigations and Development	FY 2002
Bureau of Indian Affairs	$ 2,151,772	$ 171,250	$ 211,386	$ 27,788	$ -	$ 2,562,196
Bureau of Land Management	219,013	26,278	249,257	20,129	-	514,677
Bureau of Reclamation	19,181,962	1,138,036	100,887	27,994	95,994	20,544,873
Departmental Offices & Other	38,352	127,802	53,998	8,474	-	228,626
Minerals Management Service	-	-	20,643	30,062	-	50,705
National Park Service	1,020,380	33,301	309,120	3,809	-	1,366,610
Office of Surface Mining	-	-	5,891	-	-	5,891
U.S. Fish and Wildlife Service	1,167,579	99,139	243,244	-	-	1,509,962
U.S. Geological Survey	116,320	-	473,716	12,302	-	602,338
Gross Property, Plant and Equipment	23,895,378	1,595,806	1,668,142	130,558	95,994	27,385,878
Accumulated Depreciation	(9,592,662)	-	(846,663)	(29,784)	-	(10,469,109)
Net Property, Plant, and Equipment	$ 14,302,716	$ 1,595,806	$ 821,479	$ 100,774	$ 95,994	$ 16,916,769

(dollars in thousands)	Buildings, Structures, Facilities and Land	Construction in Progress	Equipment, Vehicles, and Aircraft	Other Property and Equipment	Investigations and Development	FY 2001 (As Restated)
Bureau of Indian Affairs	$ 2,070,580	$ 150,991	$ 203,363	$ 17,124	$ -	$ 2,442,058
Bureau of Land Management	213,081	20,250	232,053	11,795	-	477,179
Bureau of Reclamation	19,015,966	1,083,637	99,879	28,400	95,271	20,323,153
Departmental Offices & Other	12,470	115,739	49,801	8,196	-	186,206
Minerals Management Service	-	-	22,031	22,219	-	44,250
National Park Service	924,465	70,695	276,333	662	-	1,272,155
Office of Surface Mining	-	-	5,722	-	-	5,722
U.S. Fish and Wildlife Service	1,114,231	85,391	216,469	-	-	1,416,091
U.S. Geological Survey	120,517	-	215,978	6,493	-	342,988
Gross Property, Plant and Equipment	23,471,310	1,526,703	1,321,629	94,889	95,271	26,509,802
Accumulated Depreciation	(9,296,134)	-	(744,375)	(24,056)	-	(10,064,565)
Net Property, Plant, and Equipment	$ 14,175,176	$ 1,526,703	$ 577,254	$ 70,833	$ 95,271	$ 16,445,237

NOTE 9. OTHER ASSETS, NET

Other Assets primarily consists of the Bureau of Reclamation (BOR) power rights of $162.2 million and $173.0 million for FY 2002 and FY 2001, respectively, which were subject to annual amortization of $10.8 million during FY 2002 and FY 2001.

Also included in this category is Fractional Land Interest Pending Disposition, which contains the cost of fractional interests in Indian land allotments acquired under the Indian Land Consolidation Act of 2000. The Indian Land Consolidation Act of 2000 provides for the Bureau of Indian Affairs to purchase fractional shares of Trust property to be held in trust for eventual transfer to Tribal entities after revenues produced provide funds to repay Treasury for the purchase. Disposition includes sale at purchase price to tribal members holding interest in tract, transfer to tribe upon recovery of purchase price from income produced from the interest, or transfer to the tribe based on a Secretarial finding.

Other Assets, as of September 30, 2002 and 2001, are shown in the following table.

Other Assets, Net

(dollars in thousands)	FY 2002	FY 2001
Bureau of Indian Affairs	$ 15,741	$ 8,778
Bureau of Reclamation	215,970	229,713
U.S. Geological Survey	2,151	5,968
Total Other Assets, Net	$ 233,862	$ 244,459

NOTE 10. STEWARDSHIP ASSETS

Stewardship Assets consists of public domain land, heritage assets, such as national monuments and historic sites that have been entrusted to the Department to be maintained in perpetuity for the benefit of current and future generations. No financial value is or can be placed on these assets.

As a Nation, the United States once owned nearly two billion acres of public lands. In the course of national expansion and development, public lands were sold or deeded by the federal government to the states and their counties and municipalities, to educational institutions, to private citizens, and to businesses and corporations. Other lands were set aside as national parks, forests, wildlife refuges, and military installations.

For additional discussion of stewardship land, see the Required Supplementary Stewardship Information section of this report.

NOTE 11. ASSETS ANALYSIS

Assets of the Department include entity assets (unrestricted and restricted) and non-entity assets. Unrestricted assets are those currently available for use by the Department. Restricted assets cannot be used until appropriated by Congress. Non-entity assets are currently held by but not available to the Department and will be forwarded to Treasury or other agencies at a future date.

Entity restricted assets consist of the Land and Water Conservation Fund, the Historic Preservation Fund, the portion of the Aquatic Resources Trust Fund not designated for other federal agencies, the Environmental Improvement and Restoration Fund, the Reclamation Fund, and other unavailable receipt funds.

The Land and Water Conservation Fund and the Historic Preservation Fund are administered by the National Park Service. The Land and Water Conservation Fund receives a portion of the royalties and lease payments earned by the federal government from oil and gas extracted from federal lands on the Outer Continental Shelf. This fund also receives monies from sales of federal assets by the General Services Administration and other sources.

The Historic Preservation Fund, appropriated by the Congress annually, provides matching grants to encourage private and non-federal investment in historic preservation efforts nationwide, and assists state governments, local governments, and Indian tribes with expanding and accelerating historic preservation activities nationwide. Historic Preservation Fund grants serve as a catalyst and "seed money" for preserving and protecting our nation's irreplaceable heritage for this and future generations.

The Aquatic Resources Trust Fund (ARTF) receives revenues through excise taxes levied on the sale of fishing tackle and equipment, certain motorboat and small engine gasoline, and interest earned on invested trust funds. Although funds collected and deposited in the ARTF in any one fiscal year are available for investment during the same fiscal year collected, they are not available for obligation that same year. Thus, the use of such funds collected from a prior fiscal year is restricted until the following fiscal year.

Non-entity assets, restricted by nature, consist of Minerals Management Service's custodial royalty activity, a portion of the Aquatic Resources Trust Fund that is held for others, amounts in deposit, miscellaneous receipts, special receipts, and budget clearing accounts held for others.

Interior's assets as of September 30, 2002 and 2001 are summarized into the following categories:

Assets Analysis

(dollars in thousands)	Entity Unrestricted	Entity Restricted	Elimination of Intra Department Activity	Total Entity	Non-Entity Restricted	FY 2002
Intragovernmental Assets:						
Fund Balance with Treasury	$ 8,112,703	$ 18,487,644	$ -	$ 26,600,347	$ 276,195	$ 26,876,542
Investments, Net	3,436,990	1,298,224	-	4,735,214	613,129	5,348,343
Accounts and Interest Receivable, Net	421,031	307,969	(482,974)	246,026	384,280	630,306
Other						
Advances and Prepayments	89,411	-	(83,903)	5,508	-	5,508
Total Intragovernmental Assets	12,060,135	20,093,837	(566,877)	31,587,095	1,273,604	32,860,699
Cash	1,422	-	-	1,422	-	1,422
Investments, Net	138,602	-	-	138,602	-	138,602
Accounts and Interest Receivable, Net	129,468	9,889	-	139,357	1,164,705	1,304,062
Loans and Interest Receivable, Net	162,887	39,499	-	202,386	23,445	225,831
Inventory and Related Property	363,089	-	-	363,089	-	363,089
General Property, Plant and Equipment, Net	16,916,769	-	-	16,916,769	-	16,916,769
Other						
Advances and Prepayments	34,874	-	-	34,874	-	34,874
Other Assets, Net	233,862	-	-	233,862	-	233,862
Total Assets	$ 30,041,108	$ 20,143,225	$ (566,877)	$ 49,617,456	$ 2,461,754	$ 52,079,210

(dollars in thousands)	Entity Unrestricted	Entity Restricted	Elimination of Intra Department Activity	Total Entity	Non-Entity Restricted	FY 2001 (As Restated)
Intragovernmental Assets:						
Fund Balance with Treasury	$ 7,305,090	$ 18,110,415	$ -	$ 25,415,505	$ 133,868	$ 25,549,373
Investments, Net	3,227,455	1,312,526	-	4,539,981	578,547	5,118,528
Accounts and Interest Receivable, Net	288,947	191,157	(304,483)	175,621	77,466	253,087
Other						
Advances and Prepayments	105,346	-	(102,976)	2,370	-	2,370
Total Intragovernmental Assets	10,926,838	19,614,098	(407,459)	30,133,477	789,881	30,923,358
Cash	987	-	-	987	486	1,473
Investments, Net	136,637	-	-	136,637	-	136,637
Accounts and Interest Receivable, Net	424,039	4,107	-	428,146	1,226,668	1,654,814
Loans and Interest Receivable, Net	155,943	40,373	-	196,316	20,492	216,808
Inventory and Related Property	363,782	-	-	363,782	-	363,782
General Property, Plant and Equipment, Net	16,445,237	-	-	16,445,237	-	16,445,237
Other						
Advances and Prepayments	35,134	-	-	35,134	-	35,134
Other Assets, Net	244,459	-	-	244,459	-	244,459
Total Assets	$ 28,733,056	$ 19,658,578	$ (407,459)	$ 47,984,175	$ 2,037,527	$ 50,021,702

NOTE 12. INTRA-GOVERNMENTAL DEBT

Interior's debt to Treasury consists of: (1) the helium production fund; (2) borrowings to finance the credit reform loan programs; and (3) borrowings to finance loans under the Federal Financing Bank.

Intra-governmental debt to Treasury activity for the years ended September 30, 2002 and 2001 is summarized as follows:

Intra-Governmental Debt

(dollars in thousands)	FY 2001 Beginning Balance	Net Borrowing	FY 2001 Ending Balance	Net Borrowing	FY 2002 Ending Balance
Helium Fund	$ 1,329,203	$ (10,000)	$ 1,319,203	$ (10,000)	$ 1,309,203
Credit Reform Borrowings	129,655	(4,384)	125,271	9,062	134,333
Federal Financing Bank	14,679	(1,565)	13,114	(1,687)	11,427
Total Loans Due to Treasury	$ 1,473,537	$ (15,949)	$ 1,457,588	$ (2,625)	$ 1,454,963

A. Helium Fund - Bureau of Land Management

The Helium Fund was established in the late 1950s and early 1960s to ensure that the federal government had access to a dependable supply of helium, which at that time was considered to be a critical defense commodity. Start-up capital was loaned to the helium program, with the expectation that the capital would be repaid with the proceeds of sales to other federal government users of helium. However, subsequent changes in the market price of helium and the need of government users for the commodity made the repayment of the capital, and subsequent accrued interest, impractical. Given the intra-governmental nature of the loan, unless the loan is forgiven, the funds for repayment to Treasury must come from the Treasury, either in the form of appropriations to the helium fund to repay the loan or in the form of appropriations to other government users of helium to pay the higher prices necessary to permit loan repayment.

Net Worth Debt reported in the following table reflects the amount recorded by Treasury for the net worth capital and retained earnings of the Helium Fund. It also includes any monies expended thereafter by Interior from funds provided in the Supplemental Appropriation Act of 1959 for construction of a helium plant at Keyes, Oklahoma. Additional borrowing from Treasury represents funds borrowed for the acquisition and construction of helium plants and facilities and other related purposes including the purchase of helium. These amounts were due 25 years from the date the funds were borrowed. However, as funding has not been received to repay the amounts due, the amounts could not be repaid.

Interest on borrowing is compound interest on the debts described above, at rates determined by the Secretary of the Treasury taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to investments authorized. The interest rate was determined at the time of each borrowing. With the passage of the Helium Privatization Act of 1996, no further interest is being accrued on this debt.

For the last several years, the Bureau of Land Management has paid $10,000 annually on its debt to Treasury. Sales of helium are expected to increase beginning in FY 2003 and it is anticipated that this will provide funds to substantially increase the annual repayments.

Debt from the Helium Fund

(dollars in thousands)	FY 2002	FY 2001
Principal:		
Net Worth Debt	$ 27,991	$ 37,343
Additional Borrowing from Treasury	251,650	251,650
Total Principal	279,641	288,993
Interest:		
Beginning Balance	1,030,210	1,040,210
Repayments	(648)	(10,000)
Ending Balance	1,029,562	1,030,210
Loan Due to Treasury - Helium Fund	$ 1,309,203	$ 1,319,203

B. Intra-governmental Debt to Treasury under Credit Reform

The Bureau of Indian Affairs, the Bureau of Reclamation, and Departmental Offices (Office of Insular Affairs) have borrowed funds from Treasury in accordance with the Credit Reform Act of 1990 to fund loans under various loan programs. See Note 6, Loans and Interest Receivable, Net for more information.

Bureau of Indian Affairs. The Credit Reform Act authorizes the BIA to borrow from Treasury the amount of a direct loan disbursement, less the subsidy. The Act provides that the present value of the subsidy costs (i.e. interest rate differentials, interest subsidies, estimated delinquencies and defaults, fee offsets and other cash flows) associated with the direct loans and loan guarantees be recognized as a cost in the year the direct or guaranteed loan is disbursed.

Interest is accrued daily on the outstanding principal balance of direct and assigned loans based on a 365-day year for credit reform loans. The interest rate charged on each loan is the Indian Financing Act Rate that was effective at the time the loan was made and ranges from 5.87 percent to 7.77 percent. These loans have various maturity dates from 2002 to 2026.

Bureau of Reclamation. As discussed in Note 6, Reclamation makes loans which are subject to the provisions of Credit Reform. Under the Credit Reform Act, loans consist of two components - the part borrowed from the Treasury and the appropriated part to cover the estimated subsidy. The maturity dates for these loans range from 2012 to 2047. The weighted average interest rate used to calculate interest owed to Treasury ranges from 5.85 percent to 6.86 percent.

Departmental Offices. Interest is accrued annually based on the prevailing market yield on Treasury securities of comparable maturity. The weighted average interest rate used to calculate interest owed to Treasury is 5.06 percent. The loan has a final payment date of September 30, 2027.

C. Intra-governmental Debt to Treasury under Federal Financing Bank

Departmental Offices (Office of Insular Affairs) has borrowed funds from Treasury in accordance with the Federal Financing Bank Act of 1973 for the purpose of operating a direct loan and loan guarantee program. Interest is based on the amortization schedule for the loan with the Federal Financing Bank. Principal and interest payments are due in January and July of each year. Interest is accrued at year-end based upon the July to September period. The interest rate charged on each loan ranges from 7.85 percent to 12.7 percent. The loan has a final payment due date of January 2, 2007. (See also Note 6, Loans and Interest Receivable, Net.)

NOTE 13. ADVANCES AND DEFERRED REVENUE

The majority of the advances and deferred revenue received from the public represents upfront funding received from certain power customers who benefit from current and future power deliveries. The repayments are recognized as revenue incrementally as power benefits are provided. Advances and Deferred Revenue received from the public, in the amounts of $120 million and $102 million for 2002 and 2001, respectively, are included in Other Liabilities.

The majority of the advances and deferred revenue received from federal agencies represents Cash Advances to the Interior Franchise Fund (IFF). The IFF provides shared administrative services and commonly required products to federal agencies.

Advances and Deferred Revenue as of September 30, 2002 and 2001 are shown below:

Advances and Deferred Revenue

(dollars in thousands)		FY 2002		FY 2001 (As Restated)
Received from Federal Agencies	$	517,064	$	286,892
Received from the Public		119,535		102,343
Total Advances and Deferred Revenue	$	636,599	$	389,235

NOTE 14. FEDERAL EMPLOYEE COMPENSATION ACT LIABILITY DUE TO THE PUBLIC

The Department has recorded an estimated, unfunded liability for the expected future cost for death, disability, and medical claims under the Federal Employees Compensation Act (FECA) of approximately $659 million and $663 million as of September 30, 2002 and 2001, respectively. This estimated liability is calculated by the Department of Labor using a method that considers historical benefit payment patterns, wage inflation factors, medical inflation factors, and other variables. These actuarially computed projected annual benefit payments are discounted to present value using the Office of Management and Budget's economic assumptions for ten-year Treasury notes and bonds.

The Department of Labor calculated the estimated future benefit payments based on several assumptions. The interest rate assumptions utilized to discount the estimated future benefit payments to present value are 5.20 percent in year one and thereafter. The wage inflation factors (Cost of Living Adjustments) and medical inflation factors (Consumer Price Index Medical Adjustments) used in the calculation are as follows:

FECA Wage Inflation Factors

	FY 2002		FY 2001	
Fiscal Year	Cost of Living Adjustment	Consumer Price Index Medical Adjustment	Cost of Living Adjustment	Consumer Price Index Medical Adjustment
1991	5.03%	9.36%	5.03%	9.36%
1992	5.00%	7.96%	5.00%	7.96%
1993	2.83%	6.61%	2.83%	6.61%
1994	2.77%	5.27%	2.77%	5.27%
1995	2.57%	4.72%	2.57%	4.72%
1996	2.63%	3.99%	2.63%	3.99%
1997	2.77%	3.11%	2.77%	3.11%
1998	2.70%	2.77%	2.70%	2.77%
1999	1.53%	3.50%	1.53%	3.50%
2000	1.97%	3.70%	1.97%	3.70%
2001	2.93%	4.42%	2.93%	4.42%
2002	3.33%	4.44%	3.33%	4.44%
2003	1.80%	4.31%	3.00%	4.15%
2004	2.67%	4.01%	2.56%	4.09%
2005	2.40%	4.01%	2.50%	4.09%
2006 and thereafter	2.40%	4.01%	2.50%	4.09%

NOTE 15. ENVIRONMENTAL CLEANUP COSTS AND CONTINGENT LIABILITIES

The Department has responsibility to clean up sites with environmental contamination, and it is party to various administrative proceedings, legal actions, and tort claims which may result in settlements or decisions adverse to the federal government. Interior has accrued liabilities where losses are determined to be probable and the amounts can be estimated. The Department has disclosed contingent liabilities where the conditions for liability recognition are not met and the likelihood of unfavorable outcome is more than remote.

The accrued and potential Environmental Cleanup Costs and Contingent Liabilities as of September 30, 2002 and 2001 are summarized in the categories below:

Environmental Cleanup Costs and Contingent Liabilities

	Accrued Liabilities		Potential Liabilities FY 2002		Potential Liabilities FY 2001	
(dollars in thousands)	FY 2002	FY 2001	Lower	Upper	Lower	Upper
Estimated Cleanup Cost	$ 239,087	$ 268,249	$ 89,000	$ 365,000	$ 119,000	$ 297,000
Contingent Liabilities	1,022,380	480,110	1,369,000	3,662,000	1,001,000	2,121,000
Total Environmental and Contingent Liabilities	$ 1,261,467	$ 748,359	$ 1,458,000	$ 4,027,000	$ 1,120,000	$ 2,418,000

Environmental Hazards. The Department is subject to environmental laws and regulations regarding air, water, and land use, the storage and disposal of hazardous materials, and the operations and closure of facilities at which environmental contamination resulted. The major federal laws covering environmental contamination as related to Interior are the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) the Resource Conservation and Recovery Act (RCRA), OPA (Oil Pollution Act) CWA (Clean Water Act), CAA (Clean Air Act), SDWA (Safe Drinking Water Act), and AHERA (Asbestos Hazard Emergency Response Act). Responsible parties, including federal agencies, are required to cleanup releases of hazardous substances at or from facilities they own, operate, or at which they arranged for the disposal of such substances. The CWA, AHERA, and RCRA are the Acts most relevant to BIA, which has a large portion of the DOI liability.

Interior has recognized an estimated liability of $239 million and $268 million for FY 2002 and FY 2001, respectively, for sites where the Department either caused contamination or is otherwise involved in such a way that it may be legally liable for some portion of the cleanup, and the environmental cleanup liability is probable and reasonably estimable. This estimate includes the expected future cleanup costs, and for those sites where future liability is unknown, the cost of a study necessary to evaluate cleanup requirements.

Interior has an active program to find and monitor hazardous sites, secure the affected areas, and begin remediation in priority areas. However, the vast expanse of Interior lands prevents an acre-by-acre review, so the exact total number of sites and a firm statement of cleanup costs are not determinable. Once a site has been identified, it may take several years to perform an evaluation of the site and determine the potential cost of remediation. Additional time may be required to identify, and seek the involvement of, parties responsible for the contamination.

Interior's contingent liability for potential environmental cleanup of sites that are considered reasonably estimable but do not meet the requirement for accrual, may range from $89 million to $365 million. This estimate includes the expected future cleanup costs, and for those sites where future liability is unknown, the cost of a study necessary to evaluate cleanup requirements.

In addition to the limited number of cases discussed above where Interior may be involved, other hazardous conditions exist on public lands for which the Department might fund cleanup. The estimated liability excludes estimates of future sites for which Interior will voluntarily undertake remediation without legal responsibility to do so.

Indian Trust Funds. The Secretary of the Interior is entrusted with the management of the monies and lands held in trust by the federal government for Indian tribes and individuals. There have been long standing, complicated problems with Indian trust fund accounting and management. Currently, there are claims and potential claims relating to past trust fund management on both tribal accounts and Individual Indian Money (IIM) accounts. Twenty tribes have filed suits for an accounting of their tribal trust funds; in addition, a significant IIM class action lawsuit, discussed below, is pending.

Pursuant to the 1994 Reform Act, the Department presented to Congress a report that outlined proposed legislative settlement options for resolving disputed balances in tribal trust accounts in 1996. However, to date no settlement process has been established to resolve tribal trust fund account balances in dispute.

In 1996, a number of individual Indians brought a class action lawsuit against the Interior Secretary, the Assistant Secretary of Indian Affairs, and the Secretary of the Treasury, (collectively referred to as "Defendants") alleging breach of trust regarding the handling of IIM trust fund accounts. The court bifurcated the case into prospective ("fixing the system") and retrospective ("correcting the accounts") relief.

In 1999, the Court found the Defendants in contempt of court for failure to comply with an order for the production of records. Regarding prospective relief, the Court held in a December 1999 decision that the Defendants breached certain trust duties by failing to establish written policies and procedures, which are necessary to render an accurate accounting of the IIM trust, in four areas: collecting from outside sources missing information, retention of IIM trust documents, computer and business systems architecture, and staffing. The Court directed the Defendants to file a revised High-Level Implementation Plan (HLIP) for trust reform and quarterly status reports on action taken to remedy the court-identified breaches and to carry out trust reform and to initiate a historical accounting project. An appeals court affirmed this decision, indicated that the government owes IIM trust beneficiaries an accounting for all funds held in trust which are deposited or invested pursuant to a 1938 act, and confirmed that decisions about how to conduct an accounting and what accounting methods to use are properly left to the Department. The appeals court presumed that the district court should wait to schedule the trial regarding retrospective relief "until a proper accounting can be performed, at which point it will assess the Appellants' compliance with their fiduciary obligations."

In September 2002, the Court found the Secretary and the Assistant Secretary – Indian Affairs to have engaged in litigation misconduct by failing to comply with the Court's Order of December 1999 to initiate a historical accounting project; and in civil contempt for committing certain frauds on the Court related to actions required by the Court. The Department has filed a notice of appeal to this ruling. Also pursuant to the September 2002 Order, on January 6, 2003, the Department and Plaintiffs submitted plans for a historical accounting of IIM accounts and plans for coming into compliance with the government's fiduciary obligations. These plans will be the subject of a trial scheduled for May 2003.

The Department's Office of the Solicitor states that no estimate or range of loss can be made at this time regarding any financial liability that may result from settlement from tribal accounts, the IIM trust fund litigation, and any other related claims.

In managements' opinion, resolution of this matter will include a historical accounting of IIM accounts together with improved systems for prospective accounting. The Department has created the Office of Historical Trust Accounting to oversee the historical accounting to IIM beneficiaries. The Secretary has also directed and funded the Office of Historical Trust Accounting to provide an accounting of tribal trust fund accounts.

Other Contingent Liabilities. There are numerous claims filed against the Department and its bureaus with adjudication pending. For cases in which payment has been deemed probable and for which the amount of potential liability has been estimated, including certain judgments that have been issued against Interior and which have been appealed, $1,022 million and $480 million has been accrued in the financial statements as of September 30, 2002 and 2001, respectively. These amounts exclude contingent liabilities reported on prior year financial statements regarding cases won on appeal. Cash settlements are expected to be paid out of the Judgment Fund maintained by Treasury rather than operating resources of Interior. However, in suits brought through the Contract Disputes Act of 1978, the Department is required to reimburse the Judgment Fund from future agency appropriations.

No amounts have been accrued in the financial records for claims where the amount or probability of judgment is uncertain. Interior's potential liability for claims that do not meet the requirements for accrual are considered reasonably estimable, and where the likelihood of an unfavorable outcome is more than remote, may range from $1,369 million to $3,662 million as of September 30, 2002. Interior is the defendant in certain litigation where the damage awards being sought could amount to $1 billion or more including a situation where certain leases under federal oil and gas leases have claimed damages for breach of contract, as well as various other administrative proceedings, legal actions, environmental suits, and claims that may eventually result in payment to the plaintiff. The ultimate outcomes cannot be predicted at this time. Sufficient information is not currently available to determine if the ultimate resolution of the proceedings, actions, and claims will materially affect Interior's financial position or results of operations.

NOTE 16. LIABILITIES ANALYSIS

Liabilities covered by budgetary resources are funded liabilities to be paid with existing budgetary resources. Liabilities not covered by budgetary resources represent those unfunded liabilities for which congressional action is needed before budgetary resources can be provided.

Intra-governmental. Deferred Credits are amounts recorded in deposit and suspense accounts which include permit and civil penalty escrows, bonds, misapplied deposits pending correction, and excess fee payments due to be refunded or remitted to Treasury.

Custodial Liability represents amounts owed to royalty recipients, other federal agencies, and offset custodial assets. See also Note 22, Royalties Retained.

Aquatic Resource Amounts Due to Others are amounts due to the U.S. Coast Guard for boating safety programs and to the U.S. Army Corps of Engineers from coastal wetlands initiatives. These funds are also paid to states to support projects that restore sport fish resources (see Note 27, Dedicated Collections for additional information). The amounts for FY 2002 and FY 2001 are $371 million and $335 million, respectively.

Other Liabilities to Federal Agencies include receipts transferable to Treasury ($34 million and $37 million for FY 2002 and FY 2001, respectively) and other miscellaneous amounts.

Public. The Department anticipates that the liabilities listed below will be funded from future budgetary resources when required. The Department receives budgetary resources for the Federal Employees Compensation Act liability, the Environmental Cleanup Costs and Contingent liabilities when they are needed for disbursements. The unfunded Accrued Payroll and Benefits due to the public represents annual leave. Budgetary resources are generally provided for annual leave when it is taken.

Deferred credits represent deposits received from customers, including monies paid to the BOR for construction of facilities, monies paid to Departmental Offices for payroll services, and monies paid to BLM for the purchase of land. These deposits are classified as a liability until services are rendered or sales are consummated.

Other Liabilities to the Public consist primarily of payments due to states by the Minerals Management Service based on the Mineral Lands Leasing Act of 1920, as amended, and subsequent legislation and lease terms. These amounts were $374.9 million and $238.3 million for FY 2002 and FY 2001, respectively. Additional amounts included in other liabilities contain deferred advances from others of $119.5 million for FY 2002 and $102.3 million for FY 2001, and Office of Surface Mining Entitlement Benefits Due and Payable of $7.9 million and $43.6 million for FY 2002 and FY 2001, respectively.

Interior's liabilities covered and not covered by budgetary resources as of September 30, 2002 and 2001 are as follows:

Liabilities Analysis

(dollars in thousands)	Covered by Budgetary Resources Current	Covered by Budgetary Resources Non-Current	Not Covered by Budgetary Resources Current	Not Covered by Budgetary Resources Non-Current	FY 2002
Intragovernmental					
Accounts Payable	$ 81,962	$ -	$ -	$ -	$ 81,962
Debt	11,449	1,432,088	1,028	10,398	1,454,963
Other					
Accrued Payroll and Benefits	56,665	0	46,259	79,078	182,002
Advances and Deferred Revenue	497,478	19,586	0	0	517,064
Deferred Credits	131,164	0	15,702	1,616	148,482
Custodial Liability	0	0	835,951	0	835,951
Aquatic Resource Amounts Due to Others	0	0	0	371,122	371,122
Judgment Fund	0	0	0	148,870	148,870
Other Liabilities	0	0	40,693	53,108	93,801
Total Intragovernmental Liabilities	778,718	1,451,674	939,633	664,192	3,834,217
Public Liabilities					
Accounts Payable	825,168	0	0	0	825,168
Loan Guarantee Liability	0	49,097	0	0	49,097
Debt Held by the Public	0	0	0	0	0
Federal Employees Compensation Act Liability	0	0	0	658,501	658,501
Environmental Cleanup Costs	0	4,506	0	234,581	239,087
Other	0	0	0	0	0
Accrued Payroll and Benefits	247,858	0	14,104	295,666	557,628
Deferred Credits	7,485	0	243,850	173,561	424,896
Contingent Liabilities	0	0	575,749	446,631	1,022,380
Other Liabilities	119,555	0	481,480	22,984	624,019
Total Public Liabilities	1,200,066	53,603	1,315,183	1,831,924	4,400,776
Total Liabilities	$ 1,978,784	$ 1,505,277	$ 2,254,816	$ 2,496,116	$ 8,234,993

(dollars in thousands)	Covered by Budgetary Resources Current	Covered by Budgetary Resources Non-Current	Not Covered by Budgetary Resources Current	Not Covered by Budgetary Resources Non-Current	FY 2001 (As Restated)
Intragovernmental					
Accounts Payable	$ 79,813	$ -	$ -	$ -	$ 79,813
Debt	10,980	1,433,494	1,688	11,426	1,457,588
Other					
Accrued Payroll and Benefits	44,710	0	44,018	67,127	155,855
Advances and Deferred Revenue	260,696	26,196	0	0	286,892
Deferred Credits	1,723	0	12,451	481	14,655
Custodial Liability	0	0	1,108,753	0	1,108,753
Aquatic Resources Amounts Due to Others	0	0	0	335,416	335,416
Judgment Fund	0	0	0	91,207	91,207
Other Liabilities	855	0	51,005	47,464	99,324
Total Intragovernmental Liabilities	398,777	1,459,690	1,217,915	553,121	3,629,503
Public Liabilities					
Accounts Payable	722,219	375	0	0	722,594
Loan Guarantee Liability	0	47,975	0	0	47,975
Debt Held by the Public	306	0	0	0	306
Federal Employees Compensation Act Liability	0	0	0	663,468	663,468
Environmental Cleanup Costs	0	0	0	268,249	268,249
Other					
Accrued Payroll and Benefits	224,033	0	12,384	280,361	516,778
Deferred Credits	217	0	122,233	167,051	289,501
Contingent Liabilities	0	0	1,000	479,110	480,110
Other Liabilities	102,343	0	391,129	20,685	514,157
Total Public Liabilities	1,049,118	48,350	526,746	1,878,924	3,503,138
Total Liabilities	$ 1,447,895	$ 1,508,040	$ 1,744,661	$ 2,432,045	$ 7,132,641

NOTE 17. OPERATING LEASES

Most of the Department's facilities are rented from the General Services Administration (GSA), which charges rent that is intended to approximate commercial rental rates. The terms of the Department's rental agreements with GSA will vary according to whether the underlying assets are owned by GSA (or another federal agency) or rented by GSA from the private sector. For federally owned property, the Department generally does not execute an agreement with GSA nor is there a formal lease expiration date. Although the Department may normally vacate these properties after giving 120 to 180 days notice of its intent to vacate, in actuality, Interior will normally occupy these properties for an extended period of time with little variation from year to year. For purposes of disclosing future operating lease payments in the table below, federally owned leases are included in years 2003 through 2007.

For non-federally owned property leased from GSA, the Department will execute a formal lease agreement with GSA with specific terms and expiration dates, although again the Department may normally cancel the agreement with 120 days notice. For purposes of disclosing future operating lease payments in the table below, these leases are included according to the stated expiration date.

All GSA leases assume a 2003 lease escalation in accordance with GSA budget estimates, normally 3 percent but ranging up to 14 percent for selected locations. An escalation of 3 percent per year is assumed for all periods after 2003.

Government vehicles and equipment rentals are included in personal property. Government vehicles are leased from GSA, frequently exceeding one year, although a definite lease period may not be specified. The estimated future operating lease payments for personal property for 2003 is based on a 3 percent increase over the 2002 actual personal property expense amount for 2002. For subsequent years up to 2007 the amounts are inflated each year at 3 percent over the previous year.

The aggregate of the Department's future payments due under non-cancelable operating leases for real property and personal property; and the Department's estimated real property rent payments to GSA are presented in the table below:

Future Operating Lease Payments
(in thousands)

Fiscal Year	GSA Real Property	Other Real Property	Personal Property	Total
2003	$ 221,852	$ 35,523	$ 37,001	$ 294,376
2004	212,880	38,994	37,245	289,119
2005	206,602	39,622	38,324	284,548
2006	200,172	40,695	39,443	280,310
2007	193,504	42,806	40,619	276,929
Thereafter	121,208	87,752	6,623	215,583
Total Future Lease Payments	$ 1,156,218	$ 285,392	$ 199,255	$ 1,640,865

NOTE 18. NET COST BY RESPONSIBILITY SEGMENT

During the year ended September 30, 2002, the Department revised the line item presentation of the Consolidated Statement of Net Cost to exclude Eliminations and Shared Services, which were reported in FY 2001. The dollar amounts associated with these lines have been incorporated into the remaining line items. Additionally, some FY 2001 revenues and expenses have been reclassified between programs to conform with the current year presentation.

Intra-governmental costs represent the costs incurred to generate the related intra-governmental revenue. The Department estimated intra-governmental costs as intra-governmental revenue plus an allocated portion of the retirement costs paid by OPM on behalf of the Department that the Department did not bill to intra-governmental customers.

The Department reviewed the placement of activities within the GPRA Segments reported on the Statement of Net Cost. The primary results of this review include a net increase in the Protect the Environment and Manage Natural Resources segments and a net decrease to the Shared Services and Other segments reporting in FY 2001.

The table on the following pages presents the Department's earned revenues, gross cost, and net cost of operations by program and by responsibility segment. The Department's presentation is consistent with the strategic goals included in the Department's strategic plan and in accordance with the Government Performance and Results Act.

FY 2002

(dollars in thousands)	Bureau of Indian Affairs	Bureau of Land Management	Bureau of Reclamation
Protect the Environment and Preserve Our Nation's Natural & Cultural Resources			
Cost - Services and Goods Provided to the Public	563,548	534,469	186,378
Earned Revenue from the Public	713	87,320	51,474
Net Cost - Federal Programs and Sales to the Public	562,835	447,149	134,904
Cost - Sales to other Federal Agencies	1,266	10,800	23,160
Earned Revenue from Federal Agencies	1,254	10,523	22,759
Net Cost - Sales to other Federal Agencies	12	277	401
Net Cost	562,847	447,426	135,305
Provide Recreation for America			
Cost - Services and Goods Provided to the Public	-	93,194	35,561
Earned Revenue from the Public	-	12,838	886
Net Cost - Federal Programs and Sales to the Public	-	80,356	34,675
Cost - Sales to other Federal Agencies	-	707	-
Earned Revenue from Federal Agencies	-	689	-
Net Cost - Sales to other Federal Agencies	-	18	-
Net Cost	-	80,374	34,675
Manage Natural Resources for a Healthy Environment and a Strong Economy			
Cost - Services and Goods Provided to the Public	-	1,193,928	849,856
Earned Revenue from the Public	-	140,582	242,078
Net Cost - Federal Programs and Sales to the Public	-	1,053,346	607,778
Cost - Sales to other Federal Agencies	-	22,973	407,638
Earned Revenue from Federal Agencies	-	21,715	400,573
Net Cost - Sales to other Federal Agencies	-	1,258	7,065
Net Cost	-	1,054,604	614,843
Provide Science for a Changing World			
Cost - Services and Goods Provided to the Public	-	101,882	-
Earned Revenue from the Public	-	-	-
Net Cost - Federal Programs and Sales to the Public	-	101,882	-
Cost - Sales to other Federal Agencies	-	11,027	-
Earned Revenue from Federal Agencies	-	10,744	-
Net Cost - Sales to other Federal Agencies	-	283	-
Net Cost	-	102,165	-
Meet Our Responsibilities to American Indians and Island Communities			
Cost - Services and Goods Provided to the Public	2,258,724	-	-
Earned Revenue from the Public	110,193	-	-
Net Cost - Federal Programs and Sales to the Public	2,148,531	-	-
Cost - Sales to other Federal Agencies	163,265	-	-
Earned Revenue from Federal Agencies	161,758	-	-
Net Cost - Sales to other Federal Agencies	1,507	-	-
Net Cost	2,150,038	-	-
Other			
Cost - Services and Goods Provided to the Public	-	-	28,821
Earned Revenue from the Public	-	-	24,182
Net Cost - Federal Programs and Sales to the Public	-	-	4,639
Cost - Sales to other Federal Agencies	-	-	28,620
Earned Revenue from Federal Agencies	-	-	28,124
Net Cost - Sales to other Federal Agencies	-	-	496
Net Cost	-	-	5,135
Totals			
Cost - Services and Goods Provided to the Public	2,822,272	1,923,473	1,100,616
Earned Revenue from the Public	110,906	240,740	318,620
Net Cost - Federal Programs and Sales to the Public	2,711,366	1,682,733	781,996
Cost - Sales to other Federal Agencies	164,531	45,507	459,418
Earned Revenue from Federal Agencies	163,012	43,671	451,456
Net Cost - Sales to other Federal Agencies	1,519	1,836	7,962
Net Cost of Operations	2,712,885	1,684,569	789,958

FY 2002

Departmental Offices and Other	Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intra Department Activity	Total
12,179	-	813,875	249,088	1,645,702	-	-	4,005,239
19,268	-	102,103	95	48,698	-	-	309,671
(7,089)	-	711,772	248,993	1,597,004	-	-	3,695,568
3,322	-	24,055	1,274	100,343	-	(44,813)	119,407
3,293	-	23,394	1,258	98,357	-	(44,813)	116,025
29	-	661	16	1,986	-	-	3,382
(7,060)	-	712,433	249,009	1,598,990	-	-	3,698,950
-							
-							
-	-	1,771,560	-	168,103	-	-	2,068,418
-	-	130,400	-	3,863	-	-	147,987
-	-	1,641,160	-	164,240	-	-	1,920,431
-	-	40,267	-	6,940	-	(13,141)	34,773
-	-	39,161	-	6,802	-	(13,141)	33,511
-	-	1,106	-	138	-	-	1,262
-	-	1,642,266	-	164,378	-	-	1,921,693
-							
-							
12,076	1,759,174	-	77,984	-	-	-	3,893,018
122	109,386	-	-	-	-	-	492,168
11,954	1,649,788	-	77,984	-	-	-	3,400,850
5,441	7,880	-	-	-	-	(24,102)	419,830
5,394	7,843	-	-	-	-	(24,102)	411,423
47	37	-	-	-	-	-	8,407
12,001	1,649,825	-	77,984	-	-	-	3,409,257
-							
-							
-	-	-	-	-	1,185,060	-	1,286,942
-	-	-	-	-	175,504	-	175,504
-	-	-	-	-	1,009,556	-	1,111,438
-	-	-	-	-	216,984	(50,402)	177,609
-	-	-	-	-	209,659	(50,402)	170,001
-	-	-	-	-	7,325	-	7,608
-	-	-	-	-	1,016,881	-	1,119,046
-							
-							
515,268	-	-	-	-	-	-	2,773,992
52,533	-	-	-	-	-	-	162,726
462,735	-	-	-	-	-	-	2,611,266
4,683	-	-	-	-	-	(8,128)	159,820
4,642	-	-	-	-	-	(8,128)	158,272
41	-	-	-	-	-	-	1,548
462,776	-	-	-	-	-	-	2,612,814
-							
-							
163,551	-	-	-	-	1,263	-	193,635
5,641	-	-	-	-	1,434	-	31,257
157,910	-	-	-	-	(171)	-	162,378
795,045	409,883	-	-	-	416	(635,231)	598,733
788,122	409,883	-	-	-	416	(635,231)	591,314
6,923	-	-	-	-	-	-	7,419
164,833	-	-	-	-	(171)	-	169,797
703,074	1,759,174	2,585,435	327,072	1,813,805	1,186,323	-	14,221,244
77,564	109,386	232,503	95	52,561	176,938	-	1,319,313
625,510	1,649,788	2,352,932	326,977	1,761,244	1,009,385	-	12,901,931
808,491	417,763	64,322	1,274	107,283	217,400	(775,817)	1,510,172
801,451	417,726	62,555	1,258	105,159	210,075	(775,817)	1,480,546
7,040	37	1,767	16	2,124	7,325	-	29,626
632,550	1,649,825	2,354,699	326,993	1,763,368	1,016,710	-	12,931,557

FY 2001
(as restated)

(dollars in thousands)	Bureau of Indian Affairs	Bureau of Land Management	Bureau of Reclamation
Protect the Environment and Preserve Our Nation's Natural & Cultural Resources			
Cost - Services and Goods Provided to the Public	446,587	468,373	166,188
Earned Revenue from the Public	834	70,601	51,650
Net Cost - Federal Programs and Sales to the Public	445,753	397,772	114,538
Cost - Sales to other Federal Agencies	852	8,481	8,169
Earned Revenue from Federal Agencies	844	8,273	8,056
Net Cost - Sales to other Federal Agencies	8	208	113
Net Cost	445,761	397,980	114,651
Provide Recreation for America			
Cost - Services and Goods Provided to the Public	-	85,059	34,701
Earned Revenue from the Public	-	10,702	1,014
Net Cost - Federal Programs and Sales to the Public	-	74,357	33,687
Cost - Sales to other Federal Agencies	-	762	-
Earned Revenue from Federal Agencies	-	743	-
Net Cost - Sales to other Federal Agencies	-	19	-
Net Cost	-	74,376	33,687
Manage Natural Resources for a Healthy Environment and a Strong Economy			
Cost - Services and Goods Provided to the Public	-	1,043,619	1,007,932
Earned Revenue from the Public	-	142,148	382,659
Net Cost - Federal Programs and Sales to the Public	-	901,471	625,273
Cost - Sales to other Federal Agencies	-	15,974	426,711
Earned Revenue from Federal Agencies	-	15,011	420,809
Net Cost - Sales to other Federal Agencies	-	963	5,902
Net Cost	-	902,434	631,175
Provide Science for a Changing World			
Cost - Services and Goods Provided to the Public	-	112,369	-
Earned Revenue from the Public	-	451	-
Net Cost - Federal Programs and Sales to the Public	-	111,918	-
Cost - Sales to other Federal Agencies	-	7,262	-
Earned Revenue from Federal Agencies	-	7,083	-
Net Cost - Sales to other Federal Agencies	-	179	-
Net Cost	-	112,097	-
Meet Our Responsibilities to American Indians and Island Communities			
Cost - Services and Goods Provided to the Public	2,162,202	-	-
Earned Revenue from the Public	99,910	-	-
Net Cost - Federal Programs and Sales to the Public	2,062,292	-	-
Cost - Sales to other Federal Agencies	141,531	-	-
Earned Revenue from Federal Agencies	140,225	-	-
Net Cost - Sales to other Federal Agencies	1,306	-	-
Net Cost	2,063,598	-	-
Other			
Cost - Services and Goods Provided to the Public	-	-	44,009
Earned Revenue from the Public	-	-	20,259
Net Cost - Federal Programs and Sales to the Public	-	-	23,750
Cost - Sales to other Federal Agencies	-	-	16,335
Earned Revenue from Federal Agencies	-	-	16,109
Net Cost - Sales to other Federal Agencies	-	-	226
Net Cost	-	-	23,976
Totals			
Cost - Services and Goods Provided to the Public	2,608,789	1,709,420	1,252,830
Earned Revenue from the Public	100,744	223,902	455,582
Net Cost - Federal Programs and Sales to the Public	2,508,045	1,485,518	797,248
Cost - Sales to other Federal Agencies	142,383	32,479	451,215
Earned Revenue from Federal Agencies	141,069	31,110	444,974
Net Cost - Sales to other Federal Agencies	1,314	1,369	6,241
Net Cost of Operations	2,509,359	1,486,887	803,489

FY 2001
(as restated)

Departmental Offices and Other	Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intra Department Activity	Total
7,932	-	684,479	222,324	1,508,317	-	-	3,504,200
94,699	-	105,354	390	41,585	-	-	365,113
(86,767)	-	579,125	221,934	1,466,732	-	-	3,139,087
8,194	-	15,855	1,800	93,950	-	(51,368)	85,933
8,109	-	15,449	1,784	92,212	-	(51,368)	83,359
85	-	406	16	1,738	-	-	2,574
(86,682)	-	579,531	221,950	1,468,470	-	-	3,141,661
-	-	1,730,006	-	154,930	-	-	2,004,696
-	-	142,206	-	3,591	-	-	157,513
-	-	1,587,800	-	151,339	-	-	1,847,183
-	-	31,826	-	7,779	-	(5,977)	34,390
-	-	31,022	-	7,634	-	(5,977)	33,422
-	-	804	-	145	-	-	968
-	-	1,588,604	-	151,484	-	-	1,848,151
21,718	1,372,385	-	166,682	-	-	-	3,612,336
3,891	113,708	-	-	-	-	-	642,406
17,827	1,258,677	-	166,682	-	-	-	2,969,930
7,582	3,639	-	-	-	-	(20,728)	433,178
7,505	3,619	-	-	-	-	(20,728)	426,216
77	20	-	-	-	-	-	6,962
17,904	1,258,697	-	166,682	-	-	-	2,976,892
-	-	-	-	-	1,069,207	-	1,181,576
-	-	-	-	-	166,961	-	167,412
-	-	-	-	-	902,246	-	1,014,164
-	-	-	-	-	214,548	(47,570)	174,240
-	-	-	-	-	207,943	(47,570)	167,456
-	-	-	-	-	6,605	-	6,784
-	-	-	-	-	908,851	-	1,020,948
431,216	-	-	-	-	-	-	2,593,418
23,689	-	-	-	-	-	-	123,599
407,527	-	-	-	-	-	-	2,469,819
11,157	-	-	-	-	-	(9,785)	142,903
11,044	-	-	-	-	-	(9,785)	141,484
113	-	-	-	-	-	-	1,419
407,640	-	-	-	-	-	-	2,471,238
136,875	-	-	-	-	-	-	180,884
7,506	-	-	-	-	-	-	27,765
129,369	-	-	-	-	-	-	153,119
537,844	235,077	-	-	-	-	(462,477)	326,779
532,375	235,433	-	-	-	-	(462,477)	321,440
5,469	(356)	-	-	-	-	-	5,339
134,838	(356)	-	-	-	-	-	158,458
597,741	1,372,385	2,414,485	389,006	1,663,247	1,069,207	-	13,077,110
129,785	113,708	247,560	390	45,176	166,961	-	1,483,808
467,956	1,258,677	2,166,925	388,616	1,618,071	902,246	-	11,593,302
564,777	238,716	47,681	1,800	101,729	214,548	(597,905)	1,197,423
559,033	239,052	46,471	1,784	99,846	207,943	(597,905)	1,173,377
5,744	(336)	1,210	16	1,883	6,605	-	24,046
473,700	1,258,341	2,168,135	388,632	1,619,954	908,851	-	11,617,348

NOTE 19. GROSS COST AND EARNED REVENUES BY BUDGET SUBFUNCTION CLASSIFICATION

The following tables reflect data provided to the Department of Treasury by Budget Subfunction (BSF) Classification for inclusion in the Consolidated Financial Statements of the federal government, based on guidance and direction from the Department of Treasury. These BSF codes are established by the Office of Management and Budget and the Department of Treasury for governmentwide reporting purposes and differ from the classifications used for the Department's segment reporting.

Interior's gross cost and earned revenues by Budget Subfunction Classification as of September 30, 2002 and 2001 are presented below:

Gross Cost and Earned Revenue by Budget Subfunction Classification

(dollars in thousands)	Gross Cost	Earned Revenue	FY 2002 Net Cost
Natural Resources and Environment	$ 11,843,331	$ 2,471,106	$ 9,372,225
Transportation	278,675	-	278,675
Community and Regional Development	2,473,182	310,900	2,162,282
Education and Training	92,691	269	92,422
General Government	758,075	17,335	740,740
Other	285,462	249	285,213
Net Cost of Operations	$ 15,731,416	$ 2,799,859	$ 12,931,557

(dollars in thousands)	Gross Cost	Earned Revenue	FY 2001 Net Cost (As Restated)
Natural Resources and Environment	$ 9,516,933	$ 2,385,433	$ 7,131,500
Transportation	254,461	-	254,461
Community and Regional Development	2,326,777	254,452	2,072,325
Education and Training	88,264	124	88,140
General Government	633,518	16,908	616,610
Other	1,454,580	268	1,454,312
Net Cost of Operations	$ 14,274,533	$ 2,657,185	$ 11,617,348

The intra-governmental costs and related net costs presented in the schedules below represent transactions with other federal agencies. These amounts are different than those reported in Note 18, Net Cost by Responsibility Segment, which reports costs to generate intra-governmental revenues.

Intra-Governmental Gross Cost and Earned Revenue by Budget Subfunction Classification

(dollars in thousands)	Gross Cost	Earned Revenue	FY 2002 Net Cost
Natural Resources	$ 1,917,779	$ 1,320,728	$ 597,051
Transportation	6,095	-	6,095
Community and Regional Development	257,879	158,316	99,563
Education and Training	9,522	26	9,496
General Government	64,936	1,235	63,701
Other	9,733	241	9,492
Total	$ 2,265,944	$ 1,480,546	$ 785,398

(dollars in thousands)	Gross Cost	Earned Revenue	FY 2001 Net Cost (As Restated)
Natural Resources	$ 1,723,207	$ 1,031,093	$ 692,114
Transportation	3,963	-	3,963
Community and Regional Development	276,710	141,720	134,990
Education and Training	6,272	-	6,272
General Government	51,922	377	51,545
Other	6,824	187	6,637
Total	$ 2,068,898	$ 1,173,377	$ 895,521

NOTE 20. COSTS

By law, Interior, as an agency of the federal government, is dependent upon other government agencies for centralized services. Some of these services, such as tax collection and management of the public debt, are not directly identifiable to Interior and are not reflected in the Department's financial condition and results. However, in certain cases, other federal agencies incur costs that are directly identifiable to Interior operations, including payment of claims and litigation by Treasury's Judgment Fund, and the partial funding of retirement benefits by the Office of Personnel Management. In accordance with Statement of Federal Financial Accounting Standards (SFFAS) No. 4, "Managerial Cost Accounting," the Department recognizes identified costs paid for the Department by other agencies as expenses of Interior. The funding for these costs is reflected as imputed financing sources on the Statement of Changes in Net Position. Expenses paid by other agencies on behalf of Interior were $541 million and $546 million for the years ended September 30, 2002 and 2001, respectively.

The costs associated with acquiring, constructing, and renovating heritage assets were $80 million and $51 million for the years ended September 30, 2002 and 2001, respectively. The costs associated with acquiring and improving stewardship lands were $358 million and $285 million for the years ended September 30, 2002 and 2001, respectively.

21. PRIOR PERIOD ADJUSTMENTS

The Department reclassified certain amounts to conform to the current year presentation and restated certain amounts. The following table presents the changes and related explanations.

Prior Period Adjustments

	As Originally Reported	Restatements		Reclassifications	As Restated
ASSETS					
Intragovernmental Assets:					
Fund Balance with Treasury	$ 25,547,027	$ 2,346	A	$ -	$ 25,549,373
Investments, Net	5,069,265	-		49,263	5,118,528
Accounts and Interest Receivable, Net	254,340	-		(1,253)	253,087
Other					
Advances and Prepayments	2,370	-		-	2,370
Total Intragovernmental Assets	30,873,002	2,346		48,010	30,923,358
Cash	48,087	-		(46,614)	1,473
Investments, Net	136,177	-		460	136,637
Accounts and Interest Receivable, Net	1,653,217	3,453	A	(1,856)	1,654,814
Loans and Interest Receivable, Net	216,809	-		(1)	216,808
Inventory and Related Property, Net	370,551	(6,769)	B	-	363,782
General Property, Plant & Equipment, Net	16,488,166	(138,155)	C	95,226	16,445,237
Other					
Advances and Prepayments	35,134	-		-	35,134
Other Assets	244,457	-		2	244,459
Other Assets - Investigations and Development	95,227	-		(95,227)	-
TOTAL ASSETS	$ 50,160,827	$ (139,125)		$ -	$ 50,021,702
LIABILITIES					
Intragovernmental Liabilities:					
Accounts Payable	$ 415,185	$ 43	D	$ (335,415)	$ 79,813
Debt	1,457,588	-		-	1,457,588
Other					
Accrued Payroll and Benefits	155,519	336	D	-	155,855
Advances and Deferred Revenue	288,614	-		(1,722)	286,892
Deferred Credits	203,465	-		(188,810)	14,655
Custodial Liability	1,108,753	-		-	1,108,753
Aquatic Resource Amounts Due to Others	-	-		335,416	335,416
Judgment Fund	-	-		91,207	91,207
Other Liabilities	-	-		99,324	99,324
Total Intragovernmental Liabilities	3,629,124	379		-	3,629,503
Public Liabilities					
Accounts Payable	756,064	8,681	D	(42,151)	722,594
Loan Guarantee Liability	-	-		47,975	47,975
Debt Held by the Public	-	-		306	306
Federal Employees Compensation Act Liability	663,468	-		-	663,468
Environmental Cleanup Costs	-	-		268,249	268,249
Other					
Accrued Payroll and Benefits	509,380	7,398	D	-	516,778
Deferred Credits	-	4,330	A, E	285,171	289,501
Contingent Liabilities	748,359	-		(268,249)	480,110
Other Liabilities	702,865	(408)	E	(188,300)	514,157
Other Liabilities - Deferred Revenue	103,001	-		(103,001)	-
Total Public Liabilities	3,483,137	20,001		-	3,503,138
TOTAL LIABILITIES	7,112,261	20,380		-	7,132,641
Net Position					
Unexpended Appropriations	3,817,896	(157,452)	C, E, F	-	3,660,444
Cumulative Results of Operations	39,230,670	(2,053)	B, C, D, E, F	-	39,228,617
Total Net Position	43,048,566	(159,505)		-	42,889,061
TOTAL LIABILITIES AND NET POSITION	$ 50,160,827	$ (139,125)		$ -	$ 50,021,702
Cost	$ 14,247,293	$ 24,055	B, C, D, E	$ 3,185	$ 14,274,533
Earned Revenue	(2,663,057)	9,057	E, G	(3,185)	(2,657,185)
Net Cost of Operations	$ 11,584,236	$ 33,112		$ -	$ 11,617,348

Explanation of Restatements

Certain fiscal year 2001 financial statement amounts have been reclassified to conform to the fiscal year 2002 presentation. In addition, the following adjustments were made to fiscal year 2001 data:

A The Department increased the September 30, 2001, Fund Balance with Treasury and Accounts Receivable by $2 million and $3 million, respectively, offset by an increase to Deferred Credits by $5 million. The purpose of this entry was to record funds held for or due from other Federal entities related to Interior's payroll processing services. This adjustment had no effect on the FY 2001 Consolidated Statement of Net Cost.

B The Department decreased the September 30, 2001, Inventory by $7 million for costs that should have been previously expensed. FY 2001 Costs previously reported on the Consolidated Statement of Net Cost increased $7 million as a result of this adjustment.

C Property, Plant and Equipment (PP&E) as of September 30, 2001, decreased to correct for capitalized property that should be expensed when acquired as it represented stewardship land, and stewardship land improvements, non-federal physical property, and construction projects that have been cancelled. This decrease was partially offset as the Department added PP&E that was improperly recorded at a net book value of zero at the time of acquisition. As a result of these changes, the September 30, 2001 PP&E previously reported on the consolidated Balance Sheet decreased $138 million, FY 2001 Costs previously reported on the Consolidated Statement of Net Cost increased $14 million, October 1, 2000 Cumulative Results of Operations decreased by $122 million, and October 1, 2000 Unexpended Appropriations decreased $2 million. This net increase in FY 2001 costs primarily impacted the Manage Natural Resources and Protect the Environment segments.

D The Department increased the September 30, 2001, Accounts Payable and Accrued Payroll and Benefits Payable on the Consolidated Balance Sheet by $9 million and $8 million, respectively, to accrue for benefits and other expenses that should have been recorded as of September 30, 2001. This resulted in an increase in FY 2001 Costs of $7 million on the Consolidated Statement of Net Cost and a decrease of $10 million in the October 1, 2000 Cumulative Results of Operations.

E The Department completed the reconciliation of certain accounts and, as a result, decreased September 30, 2001 Deferred Credits and Other Liabilities by $1 million and $1 million, respectively. The adjustments decreased FY2001 Costs and Earned Revenue reported on the Statement of Net Costs by $4 million and $3 million, respectively. Furthermore, these adjustments increased the October 1, 2000 Unexpended Appropriations by $1 million.

F The Department reclassified $156 million of non-appropriated special and trusts funds from Unexpended Appropriations to Cumulative Results of Operations within the October 1, 2000 Net Position. This reclassification had no effect on the FY 2001 Consolidated Statement of Net Cost.

G The Department changed the treatment of $6 million of FY 2001 receipts to present these as Non-exchange Revenue on the FY 2001 Statement of Changes in Net Position rather than as Earned Revenues on the FY 2001 Statement of Net Cost. This adjustment has no effect on Net Position as of October 1, 2000.

NOTE 22. ROYALTIES RETAINED

Royalties Retained include minerals receipts transferred to the Department totaling approximately $2,541 million. These amounts include transfers to the National Park Service for the Land and Water Conservation Fund, and to the Minerals Management Service for distribution to states, and to offset costs incurred by MMS related to royalty collections and to the Bureau of Reclamation's Reclamation Fund. These amounts are exchange revenue, but are presented on the Statement of Changes in Net Position in accordance with federal accounting standards.

In prior years, the distribution of federal receipts to state governments was recorded by MMS using the same model as distributions to federal agencies (i.e., the distributions to the states were essentially recorded as a transfer to the public as Collections for Others prior to FY 2001). This activity was reported only on the Statement of Custodial Activity. The distribution is actually transferred to an MMS permanent indefinite appropriation that requires expenditure of such funds to the states. In FY 2002 and FY 2001, the Statement of Net Cost reflects the expenses for the payments to the states in the Manage Natural Resources for a Healthy Environment and a Strong Economy program in the amount of $687 million and $1,050 million, respectively.

NOTE 23. STRATEGIC PETROLEUM RESERVE

The Department collected $263 million in 2002 and $62 million in 2001 in the form of petroleum, which was transferred to the government's Strategic Petroleum Reserve managed by the U.S. Department of Energy.

NOTE 24. STATEMENT OF BUDGETARY RESOURCES

The Combined Statement of Budgetary Resources provides information about how budgetary resources were made available as well as their status at the end of the period. It is the only financial statement "exclusively" derived from the entity's budgetary general ledger in accordance with budgetary accounting rules which are incorporated into generally accepted accounting principles for the federal government. The total Budgetary Resources of $21,258 million includes new budget authority, unobligated balances at the beginning of the year and transferred in/out during the year, spending authority from offsetting collections, recoveries of prior year obligations and any adjustment to these resources. Interior's unobligated balance available at September 30, 2002 is $4,281 million, of which the Bureau of Reclamation's Reclamation Trust Funds are the only funds that are currently classified as exempt from apportionment in the amount of $47 million.

Borrowing authority included in the Budgetary Authority of $13,352 million for 2002 is $11.9 million. This Borrowing Authority is primarily related to operations of the Office of Insular Affairs and the Bureau of Reclamation. Obligations Incurred at September 30, 2002 of $16,757 million includes $4,811 million for resources obligated for undelivered orders and $1,315 million for actual and accrued accounts payable. Repayment terms come from the Federal Credit Reform Act of 1990. Financing sources include direct appropriations and the repayment of loans by lendees.

All Interior bureaus use one or more permanent no-year appropriations to finance operating costs and the purchase of property, plant, and equipment.

The National Park Service is the only bureau with Interior that has an available contract authority in the amount of $861 thousand as of the end of FY 2002.

The Department has approximately fifty permanent indefinite appropriations, which are primarily for special programs and projects, such as Minerals Revenue Sharing with the states, the Recreation Fee Demonstration Program Fund, the Sport Fish Restoration Fund, and the Federal Aid in Wildlife Restoration Fund, as described in their authorizing legislation. These funds do not require annual appropriation action by Congress as they are subject to the authorities of the permanent law and are available indefinitely. Interior received donations from the public in the form of financial and non-financial donations. Interior received $23 million in donations in 2002.

Interior's unobligated unavailable balance of $158.1 million consists of:

Unobligated Unavailable Balance	
Unapportioned amounts unavailable for future apportionments	$56.4 million
Expired Authority	$101.7 million

Expired authority is not available to fund new obligations but is available to pay for adjustments to obligations incurred prior to expiration.

Appropriations received on the Statement of Changes in Net Position differs from that reported on the Statement of Budgetary Resources because appropriations received reported on the Statement of Changes in net position does not include appropriated dedicated and earmarked receipts. Dedicated and earmarked receipts are accounted for as either exchange or nonexchange revenue.

As of October 1, 2002, the Department changed its method of accounting for allocation transfers in accordance with OMB Bulletin No. 01-09, "Form and Content of Agency Financial Statements." In accordance with these reporting requirements, the Department reports the budgetary activity but not the proprietary activity when Interior is the transferor of the appropriation (i.e., parent) and reports the proprietary activity but not the budgetary activity when Interior is the recipient of the transfer (i.e., child). The DOI (recipient) received external allocation transfers from the Federal Highway Trust Administration, National Forest System, Department of the Labor Job Corp Centers, and other federal entities.

As a result of the change in accounting for allocation transfers, the Department adjusted net position as of October 1, 2001, by decreasing cumulative results of operations and unexpended appropriations by approximately $3 million and $54 million, respectively. Also, due to this change in accounting principle, the unobligated and obligated ending balances from the Department's FY 2001 Statement of Budgetary Resources have been adjusted for the cumulative effect of this change in accounting in the beginning balances on the FY 2002 Statement of Budgetary Resources. The unobligated and obligated balances have an approximate net decrease of $50 million and $389 million, respectively. The Department also restated the unobligated balances by approximately $33 million because a transfer of budget authority to the Cooperative Endangered Species Conservation Fund was improperly executed in FY 2001. The changes in the obligated and unobligated balances as of October 1, 2001 are summarized as follows:

Changes in Obligated and Unobligated Balances	
Unobligated balances previously reported	$3,991,016
Cumulative effect of change in accounting principle	(50,096)
Prior Period Adjustment	(32,975)
Unobligated balances as adjusted	$3,907,945

Obligated balances previously reported	$4,931,388
Cumulative effect of change in accounting principle	(388,622)
Obligated balances as adjusted	$4,542,766

The Statement of Budgetary Resources has been prepared to coincide with the amounts shown in the President's Budget (Budget of the United States Government). The actual amounts, for FY 2002 in the President's Budget, have not been published at the time the financial statements were issued. The President's Budget with the actual FY 2002 amounts is estimated to be released in February 2003 and can be located at the OMB Web site: *www.whitehouse.gov/omb*.

The Department's obligations incurred during FY 2002 by apportionment category is shown below:

Obligations by Apportionment Category	
	in thousands
Category A	$786,966
Category B	15,881,780
Exempt from Apportionment	73,656
Total	$16,742,402

NOTE 25. STATEMENT OF FINANCING

Allocation transfers are the amount of budget authority and other resources transferred to other federal entities, internal and external to the Department, to carry out the purposes of the parent account. Interior participates as a transferor and recipient of allocation transfers.

OMB Circular A-11, "Preparation, Submission, and Execution of the Budget", requires parent accounts to report the allocation agency's transactions as part of the Statement of Budgetary Resources, while the recipient of allocation transfers reports the proprietary activity on its Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position. This process creates a reconciling difference on the Statement of Financing of $347 million for FY 2002.

The major Interior allocation transfers made internally include those from the Wildland Fire Management Account, the Central Hazardous Material Fund, Office of Special Trust Funds, Natural Resources Damage Assessment and Restoration Fund, and Bureau of Indian Construction Funds. The major Interior allocations transfers made externally include those to the U.S. Corps of Engineers, Department of Commerce, Department of Agriculture, and the Department of Transportation Federal Highway Administration. Bureaus within the Department also receive allocation transfers from the Federal Highway Trust Administration, National Forest System, Department of Labor Job Corps Centers, and other federal entities.

External to the Department of the U.S. Corps of Engineers, Department of Commerce, Department of Agriculture, and the DOT Federal Highway Administration, DOI received $340.7 million in allocation transfers from the Department of Transportation Federal Aid Highways account in FY 2002. These funds are for the construction and maintenance of roads and other transportation infrastructure on Interior and Indian lands. DOI also receives transfers from the Department of Labor Employee and Training Services account for the Job Corps program and from other federal entities.

The Statement of Financing includes a section depicting the change in certain unfunded liabilities. The amounts in this section do not necessarily correlate to the change in liabilities not covered by budgetary resources as shown in Note 16, "Liabilities Analysis". Differences are primarily the result of certain Treasury requirements related to where changes in various liabilities are reported on the Statement of Financing. These requirements are dependent upon whether the change results in an increase or decrease to the liability account. Additionally, some liability accounts not covered by budgetary resources are not included in the Statement of Financing.

NOTE 26. INDIAN TRUST FUNDS

The Department, through the Office of the Special Trustee's (OST's) Office of Trust Funds Management, maintains approximately 1,400 accounts for Tribal and Other Special Trust Funds (including the Alaska Native Escrow Fund) with combined monetary assets of approximately $2,856 million and $2,805 million as of September 30, 2002 and 2001, respectively.

The balances that have accumulated in the Tribal and Other Special Trust funds have resulted from judgment awards, settlements of claims, land use agreements, royalties on natural resource depletion, other proceeds derived directly from trust resources, and investment income.

The trust fund balances for Tribal and Other Special Trust Funds contain two categories:

1. Trust funds held for Indian tribes (considered non-federal funds), and
2. Trust funds held by the Department of the Interior, for future transfer to a tribe upon satisfaction of certain conditions or where the corpus of the fund is non-expendable (considered federal funds).

The non-federal and federal funds are reflected as separate components of the fund balance in the Tribal and Other Special Trust Funds financial statements. The trust funds considered federal funds are reflected in the Department's financial statements.

The OST also maintains about 252,000 open Individual Indian Monies (IIM) accounts with a fund balance of approximately $411 million and $404 million as of September 30, 2002 and 2001, respectively.

The IIM Fund is primarily a deposit fund for individuals who have a beneficial interest in the trust funds. IIM account holders realize receipts primarily from royalties on natural resource depletion, land use agreements, and enterprises having a direct relationship to trust fund resources and investment income.

Summaries of the financial statements of the Tribal and Other Special Trust Funds and the IIM Trust Funds are at the end of this note. The amounts in the summaries do not include the values related to trust lands or other trust resources managed by the Department.

Financial Statements and Basis of Accounting. The Tribal and Other Special Trust Fund statements of assets and trust fund balances and statements of changes in trust fund balances were prepared using a cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The cash basis of accounting differs from GAAP in that receivables and payables are not recorded and investment premiums and discounts are not amortized. Receipts are recorded when received, disbursements are recorded when paid, and investments are stated at historical cost.

The IIM Trust Fund statements of assets and trust fund balances and statements of changes in trust fund balances were prepared using a modified cash basis of accounting, which is a comprehensive basis of accounting other than GAAP. The modified cash basis of accounting differs from GAAP in that receivables and payables are not recorded with the exception of accrued interest and dividends. Receipts are recorded when received with the exception of interest and dividends and disbursements are recorded when paid. Interest and dividends are recorded when earned, including amortization of investment discounts and premiums. Investments are stated at amortized cost.

The statements of assets and trust fund balances and statements of changes in trust fund balances for the Tribal and Other Special Trust Funds and the IIM Trust Funds are presented at the end of this note.

Audit Results. With Office of Inspector General oversight, independent auditors audited the Tribal and Other Special Trust Funds and the IIM Trust Funds financial statements as of and for the years ended September 30, 2002 and 2001. The independent auditors' reports were qualified as a result of the following:

- The cash balances reflected in the financial statements are materially greater than balances reported by the U.S. Department of the Treasury.

- The independent auditors were unable to extend audit procedures sufficiently to satisfy themselves as to the fairness of the trust fund balances and changes in trust fund balances reflected in the financial statements as a result of inadequacies in certain Department of the Interior accounting systems.

- Certain parties do not agree with the trust fund balances reflected in the financial statements and these parties have filed, or are expected to file claims against the Department.

Cash Differences. There are unreconciled differences of approximately $33.2 million between the total cash balances reflected by the Office of Trust Fund Management (OTFM) for Tribal and Other Special Trust Funds and IIM and the balances reported by Treasury as of September 30, 2002 and September 30, 2001. Treasury reports reflect balances less than OTFM balances.

For more information on Contingencies, see Note 15 regarding Environmental Cleanup Cost and Contingent Liabilities.

Tribal and Other Special Trust Funds
Statements of Assets and Trust Fund Balances - Cash Basis
as of September 30, 2002 and 2001
(dollars in thousands)

	FY 2002	FY 2001
ASSETS		
Current Assets		
Cash and cash equivalents	$ 723,702	$ 748,467
Investments	2,132,587	2,056,550
TOTAL ASSETS	$ 2,856,289	$ 2,805,017
TRUST FUND BALANCES		
Held for Indian tribes	$ 2,633,118	$ 2,610,916
Held by Department of the Interior and considered to be U.S. Government funds	223,171	194,101
TOTAL TRUST FUND BALANCES	$ 2,856,289	$ 2,805,017

Tribal and Other Special Trust Funds
Statements of Changes in Trust Fund Balances - Cash Basis
for the years ended September 30, 2002 and 2001
(dollars in thousands)

	FY 2002	FY 2001
Receipts	$ 293,785	$ 360,435
Interest Received	139,249	169,074
Gain (Loss) on disposition of investments, Net	1,690	6,602
Disbursements	(383,452)	(467,280)
Increase in trust fund balances, net	51,272	68,831
Trust Fund Balances - Beginning of Year	2,805,017	2,736,186
Trust Fund Balances - End of Year	$ 2,856,289	$ 2,805,017

Note: The independent auditors' expressed a qualified opinion on these financial statements.
See " Audit Results" section above.

Individual Indian Monies Trust Funds
Statements of Assets and Trust Fund Balances - Modified Cash Basis
as of September 30, 2002 and 2001
(dollars in thousands)

	FY 2002	FY 2001
ASSETS		
Current Assets		
Cash and cash equivalents	$ 44,018	$ 44,140
Investments	362,796	354,580
Accrued interest receivable	4,531	5,420
TOTAL ASSETS	$ 411,345	$ 404,140
TRUST FUND BALANCES, held for Individual Indians	$ 411,345	$ 404,140

Individual Indian Monies Trust Funds
Statements of Changes in Trust Fund Balances - Modified Cash Basis
for the years ended September 30, 2002 and 2001
(dollars in thousands)

	FY 2002	FY 2001
Receipts	$ 168,248	$ 199,641
Interest and dividends earned	23,022	26,262
Gain (Loss) on disposition of investments, Net	83	84
Disbursements	(184,148)	(221,716)
Increase (decrease) in trust fund balances, net	7,205	4,271
Trust Fund Balances - Beginning of Year	404,140	399,869
Trust Fund Balances - End of Year	$ 411,345	$ 404,140

Note: The independent auditors' expressed a qualified opinion on these financial statements.
See " Audit Results" section above.

NOTE 27. DEDICATED COLLECTIONS

Abandoned Mine Land Fund. Public Law 95-87 established the Office of Surface Mining (OSM), a component of Interior, and authorized the collection of a fee from Coal Mine Operators. Fees of 35 cents per ton of surface mined coal, 15 cents per ton of coal mined underground, and 10 cents per ton of lignite are collected from active mining operations. The fees are deposited in the Abandoned Mine Land (AML) Reclamation Fund, which is used to fund abandoned mine land reclamation projects. The Surface Mining Law specifies that 50 percent of the reclamation fees collected in each state with an approved reclamation program, or within Indian lands where the tribe has an approved reclamation program, are to be allocated to that state or tribe. This 50 percent is designated as the state or tribal share of the fund. The remaining 50 percent (the federal share) is used by Interior to complete high priority and emergency projects, to fund the Small Operator Assistance Program, to fund additional projects directly through state reclamation programs, and to pay collection, audit, and administration costs.

Expenditures from the AML Fund may only be made as a consequence of appropriations or other Laws. AML reclamation is accomplished primarily by states and tribes and is funded by grants. Grant funding levels are determined by Interior's annual appropriation and considers the individual state or tribe's needs, the state and federal shares, as well as emergency and special funding requirements.

Under authority of Public Law 101-509, Interior began investing AML funds in U.S. Treasury Securities. Beginning in 1996, under a requirement of the Energy Policy Act of 1992 (Public Law 102-486), Interior began an annual transfer from the investment interest earned to the United Mine Workers of America Combined Benefit Fund (UMWA CBF). This transfer is used to defray anticipated health care costs for eligible union coal mine workers who retired on or before July 20, 1992 and their dependents.

The table below contains summarized information of the AML Fund as of and for the years ended September 30, 2002 and 2001.

Abandoned Mine Land Fund

(dollars in thousands)	FY 2002	FY 2001
Fund Balance with Treasury	$ 5,318	$ 391
Investments, Net	1,895,100	1,863,582
Accounts and Interest Receivable, Net	1,214	2,703
Total Assets	$ 1,901,632	$ 1,866,676
Liabilities:		
Accounts Payable	$ 6,644	$ 8,130
Accrued Payroll and Benefits	925	856
Total Liabilities	7,569	8,986
Total Net Position	1,894,063	1,857,690
Total Liabilities and Net Position	$ 1,901,632	$ 1,866,676
Net Position, Beginning of Fiscal Year	$ 1,857,690	$ 1,827,250
Exchange Revenue - Services Provided and Other	356	320
Non-exchange Revenue:		
AML Fee Revenue	285,580	283,949
Investment Interest and Other	36,330	90,235
Program Expenses	(195,540)	(162,219)
UMWA CBF Expenses	(90,353)	(181,845)
Net Position, End of Fiscal Year	$ 1,894,063	$ 1,857,690

In addition to the amounts cited in the previous table, the Department's financial statements include accrued unfunded benefits due and payable to the UMWA CBF in the amounts of $7,909 and $43,606 thousand for September 30, 2002 and 2001, respectively.

Aquatic Resources Trust Fund. The Aquatic Resources Trust Fund (ARTF) receives excise tax revenues, collected from manufacturers of equipment used in fishing, hunting and sport shooting, and on motorboat fuels. These funds are subsequently distributed to the FWS Sport Fish Restoration Account (SFRA), the U.S. Coast Guard Boat Safety Program, and the Army Corps of Engineers Coastal Wetlands Program. Although the ARTF is managed and maintained by Treasury (per Title 26 of the U.S. Code, Section 9602), Interior reports the ARTF as they have the preponderance of the fund activity (the SFRA received approximately 74% of the ARTF transfers for FY 2002). The table below contains summarized information of the ARTF as of and for the years ended September 30, 2002 and 2001.

Aquatic Resources Trust Fund

(dollars in thousands)	FY 2002	FY 2001
Fund Balance with Treasury	$ 20,635	$ 17,671
Investments, Net	1,364,823	1,293,724
Taxes Receivable, Net	-	6,352
Interest Receivable, Net	273	276
Total Assets	$ 1,385,731	$ 1,318,023
Payables for Invested Balances		
Fish and Wildlife Service	$ 475,631	$ 410,832
Army Corps of Engineers	304,226	265,321
Coast Guard	66,895	70,095
Total Payable for Invested Balances	846,752	746,248
Total Net Position	538,979	571,775
Total Liabilities and Net Position	$ 1,385,731	$ 1,318,023
Net Position, Beginning of Fiscal Year	$ 571,775	$ 518,831
Adjustment to Net Position, Beginning of Fiscal Year	(1,060)	-
Non-exchange Revenue - Taxes and Interest	451,245	470,874
Net Transfers	(482,981)	(417,930)
Net Position, End of Fiscal Year	$ 538,979	$ 571,775

Required Supplementary Information (Unaudited, See Auditors' Report)

This section includes the Combining Statement of Budgetary Resources (Budgetary Accounts), deferred maintenance information, intra-governmental transaction disclosures, and supplemental statements for combined working capital funds.

Combining Statement of Budgetary Resources
Budgetary Accounts
for the year ended September 30, 2002
(dollars in thousands)

	Interior Franchise Fund	Water and Related Resources	National Park Service Operations	National Park Service Construction	Management of Land and Resources
Budgetary Resources:					
Budget Authority:					
Appropriations Received	$	$ 748,819	$ 1,487,075	$ 410,168	$ 789,379
Net Transfers, Current Year Authority (+/-)	-	190,888	183	1,000	773
Unobligated Balance:					
Beginning of Fiscal Year	128,265	67,518	46,563	453,675	51,270
Net Transfers, Unobligated Balance, Actual (+/-)	-	1,691	-	(91,204)	-
Spending Authority From Offsetting Collections:					
Earned					
Collected	361,717	187,902	18,340	103,648	41,363
Receivable From Federal Sources	61,813	(5,429)	(257)	2,518	1,198
Change in Unfilled Customer Orders					
Advance Received	208,199	1,758	-	(8,893)	(773)
Without Advance From Federal Sources	57,974	6,623	-	7,273	708
Recoveries of Prior Year Obligations	-	31,653	26,663	23,564	16,260
Temporarily Not Available Pursuant to Public Law	-	-	-	-	-
Permanently Not Available	-	(285)	(9,837)	(250)	(963)
Total Budgetary Resources	$ 817,968	$ 1,231,138	$ 1,568,730	$ 901,499	$ 899,215
Status of Budgetary Resources:					
Obligations Incurred:					
Direct	$ -	$ 781,126	$ 1,485,443	$ 410,835	$ 841,878
Reimbursable	521,122	193,742	16,882	103,859	23,134
Total Obligations Incurred	521,122	974,868	1,502,325	514,694	865,012
Unobligated Balance:					
Apportioned	296,846	256,270	38,881	364,305	34,207
Exempt From Apportionment	-	-	-	-	-
Unobligated Balance not Available	-	-	27,524	22,500	(4)
Total Status of Budgetary Resources	$ 817,968	$ 1,231,138	$ 1,568,730	$ 901,499	$ 899,215
Relationship of Obligations to Outlays:					
Obligations Incurred	$ 521,122	$ 974,868	$ 1,502,325	$ 514,694	$ 865,012
Obligated Balance, Net, Beginning of Fiscal Year	91,513	282,882	312,313	230,962	203,716
Obligated Balance, Net, End of Fiscal Year:					
Accounts Receivable	78,067	19,646	429	15,312	3,782
Unfilled Customer Orders From Federal Sources	110,939	38,235	-	51,428	4,720
Undelivered Orders	(219,979)	(276,877)	(213,913)	(282,372)	(191,653)
Accounts Payable	(99,423)	(116,081)	(104,922)	(87,459)	(48,320)
Less: Spending Authority Adjustments	(119,788)	(32,847)	(26,405)	(33,355)	(18,166)
Outlays:					
Disbursements	362,451	889,826	1,469,827	409,210	819,091
Collections	(569,915)	(189,660)	(18,340)	(94,755)	(40,590)
Subtotal	(207,464)	700,166	1,451,487	314,455	778,501
Less: Offsetting Receipts	-	(353)	486	-	(714)
Net Outlays	$ (207,464)	$ 699,813	$ 1,451,973	$ 314,455	$ 777,787

Combining Statement of Budgetary Resources
Budgetary Accounts
for the year ended September 30, 2002
(dollars in thousands)

Wildland Fire Management	Fish and Wildlife Resource Management	Royalty and Offshore Minerals Management	Minerals Leasing and Associated Payments	Operation of Indian Programs	Survey, Investigation and Research	Other Budgetary Accounts	Total Budgetary Accounts
$ 678,421	$ 850,597	$ 150,667	$ 683,510	$ 1,809,970	$ 914,002	$ 4,584,766	$ 13,107,374
16,562	-	-	-	-	827	22,017	232,250
120,310	46,244	13,443	-	445,329	48,261	2,416,925	3,837,803
223,438	4,331	-	-	1,913	-	(126,845)	13,324
25,250	116,310	466,223	-	169,133	377,859	1,207,916	3,075,661
(2,476)	370	61,869	-	(3,602)	7,368	(11,556)	111,817
7,409	216	(667)	-	(833)	5,371	41,264	253,051
46,451	778	89,279	-	111,049	(8,115)	6,495	318,515
20,554	19,467	10,563	-	36,067	7,280	142,067	334,138
-	-	-	-	-	-	(23,502)	(23,502)
-	(584)	(243)	-	(21,872)	(6,783)	(32,525)	(73,342)
$ 1,135,920	$ 1,037,729	$ 791,134	$ 683,510	$ 2,547,154	$ 1,346,070	$ 8,227,022	$ 21,187,089
$ 952,542	$ 871,133	$ 152,160	$ 683,510	$ 1,901,043	$ 901,306	$ 4,404,863	$ 13,385,839
16,042	114,671	629,146	-	194,908	391,039	1,152,018	3,356,563
968,584	985,804	781,306	683,510	2,095,951	1,292,345	5,556,881	16,742,402
143,433	49,327	7,647	-	418,623	33,318	2,596,847	4,239,703
-	-	-	-	-	-	46,873	46,873
23,903	2,598	2,181	-	32,580	20,407	26,422	158,111
$ 1,135,920	$ 1,037,729	$ 791,134	$ 683,510	$ 2,547,154	$ 1,346,070	$ 8,227,022	$ 21,187,089
$ 968,584	$ 985,804	$ 781,306	$ 683,510	$ 2,095,951	$ 1,292,345	$ 5,556,881	$ 16,742,402
273,651	231,381	69,267	-	218,414	113,248	2,495,280	4,522,627
3,055	28,308	97,045	-	8,312	176,410	79,814	510,180
58,615	49,649	209,447	-	130,640	23,612	52,115	729,400
(236,438)	(276,846)	(258,808)	-	(205,022)	(174,401)	(2,462,164)	(4,798,473)
(84,950)	(60,264)	(125,703)	-	(88,218)	(136,829)	(363,284)	(1,315,453)
(64,529)	(20,615)	(161,711)	-	(143,514)	(6,533)	(137,007)	(764,470)
917,988	937,417	610,843	683,510	2,016,563	1,287,852	5,221,635	15,626,213
(32,659)	(116,526)	(465,556)	-	(168,301)	(383,230)	(1,249,181)	(3,328,713)
885,329	820,891	145,287	683,510	1,848,262	904,622	3,972,454	12,297,500
-	-	-	(683,510)	-	-	(2,185,876)	(2,869,967)
$ 885,329	$ 820,891	$ 145,287	-	$ 1,848,262	$ 904,622	$ 1,786,578	$ 9,427,533

Deferred Maintenance

The Department of the Interior owns, builds, purchases and contracts services for assets such as schools, office buildings, roads, bridges, dams, irrigation systems and reservoirs. These assets are used to support the Department's stated mission. Interior's assets include some deteriorating facilities for which repair and maintenance have not been adequately funded. Current and prior budgetary restraints require that repair and maintenance on the assets be postponed for future years. Interior refers to this unfunded repair and maintenance of facilities and infrastructure as deferred maintenance.

Inadequately funded maintenance may result from reduced budgets, reallocation of maintenance funds for emergency requirements, insufficient management systems or practices, and competition for resources from other program needs. Deterioration of facilities can adversely impact public health and safety, reduce employees' morale and productivity, and increase the need for costly major repairs or early replacement of structures and equipment. Undue wear on facilities may not be immediately noticeable to users, but inadequate maintenance can require that a facility be replaced or undergo major reconstruction before the end of its expected useful life.

Due to the scope, nature and variety of the assets entrusted to the Department, as well as the nature of deferred maintenance itself, exact estimates of deferred maintenance are very difficult to determine. Interior has calculated estimates of deferred maintenance based on data from a variety of systems, procedures, and data sources. However, the accumulation of deferred maintenance cost estimates is not the primary purpose of many of these sources. The Department acknowledges that the reliability of these sources as a basis for deferred maintenance estimates can vary greatly from bureau to bureau. The Department is implementing management improvements to assess the condition of buildings and other facilities, building a system to monitor changes in conditions, and measuring performance in improving conditions.

Interior's current estimate for deferred maintenance includes property categories such as building facilities, fixed and heavy equipment, bridges and roads, dams, irrigation systems and reservoirs. The estimates generally includes costs for such items such as: (1) construction contract administration and inspection; (2) construction materials; (3) transportation; (4) removal of existing appurtenances, e.g. guard rails, furnishing and equipment items that are not physically attached to property, along with related storage, inventorying, and tagging; (5) fixed equipment; or (6) routine annual and preventive maintenance of facilities and other infrastructure. In addition, the estimate generally excludes vehicles and most other categories of operating equipment.

The Fish and Wildlife has shown a significant increase in deferred maintenance from the FY 2001 report. The primary reasons for the increase are: (1) the Fish and Wildlife changed its method of calculating deferred maintenance in 2002 to make its estimates consistent with calculations with other bureaus in the Department; and (2) the bureau is reassessing its methodology regarding the assessment of roads. The other bureau showing a significant increase from the FY 2001 report is the Bureau of Reclamation. Reclamation developed a corrective plan of action for calculating deferred maintenance in FY 2001, which has improved and refined its reporting process.

Bureau data indicate that the estimated amount needed to fund the correction of deferred maintenance for property, plant, and equipment (PP&E) throughout the Department is approximately $10.1 billion (see *Table 29*). This amount represents the upper end of a broad estimate of current needs.

TABLE 29

Estimated FY 2002 Deferred Maintenance (in millions)			
	Estimated Deferred Maintenance General PP&E*	Estimated Deferred Maintenance Stewardship PP&E*	Total Estimated Deferred Maintenance*
Fish and Wildlife Service	$1,500	$0	$1,500
Bureau of Reclamation	48	0	48
National Park Service	4,916	523	5,439
U.S. Geological Survey	70	0	70
Bureau of Indian Affairs	2,480	246	2,726
Bureau of Land Management	143	211	354
TOTAL	$9,157	$980	$10,137

* These amounts are high-end, rough estimates provided by Interior bureaus.

Intra-Governmental Transaction Disclosures

Intra-governmental amounts represent transactions between federal entities included in the federal government's annual financial report. These transactions include assets, liabilities, revenues, transfers, and expenses. *Tables 30, 31, and 32* show the Department's intra-governmental transaction amounts for FY 2002.

TABLE 30

Department of the Interior
Intra-Governmental Assets
(in thousands)

Trading Partner	Fund Balance with Treasury	Investments	Accounts and Interest Receivable	Advances and Prepayments
Treasury	$26,876,542	$5,348,343	$14,518	-
Agriculture	-	-	19,837	-
Commerce	-	-	3,177	$50
Navy	-	-	2,073	-
Army	-	-	1,220	-
GSA	-	-	(3,413)	3,435
EPA	-	-	13,619	-
Transportation	-	-	61,155	869
AID	-	-	2,515	-
HHS	-	-	10,436	-
NASA	-	-	4,900	-
Energy	-	-	33,598	801
Education	-	-	(30,226)	-
Corps of Engineers	-	-	8,436	-
Defense	-	-	106,190	357
General Fund Treasury	-	-	379,893	-
Other	-	-	2,378	(4)
TOTAL	$26,876,542	$5,348,343	$630,306	$5,508

TABLE 31

Department of the Interior Liabilities to Federal Agencies (in thousands)									
Trading Partner	Accounts Payable	Debt	Accrued Payroll and Benefits	Advances and Deferred Revenue	Deferred Credits	Custodial Liability	Aquatic Resources	Judgment Fund	Other Liabilities
Treasury	$1.249	$1,454,963	$10,224	$2,146	$1,235	-	-	$148,870	$93,548
GPO	3,870	-	-	-	-	-	-	-	-
OPM	-	-	38,780	-	-	-	-	-	-
Agriculture	3,823	-	-	8,445	-	-	-	-	-
Commerce	-	-	-	5,229	18,686	-	-	-	-
Justice	-	-	-	2,936	19,173	-	-	-	-
Labor	1,267	-	120,972	-	-	-	-	-	-
Navy	-	-	-	13,482	-	-	-	-	-
Army	2,890	-	-	2,553	-	-	-	-	-
GSA	26,743	-	-	9,928	-	-	-	-	-
NSF	-	-	-	3,169	-	-	-	-	-
EPA	-	-	-	2,693	-	-	-	-	-
Transportation	-	-	-	2,291	-	-	$66,896	-	-
HHS	28,195	-	-	40,404	-	-	-	-	-
NASA	-	-	-	-	-	-	-	-	-
Energy	3,274	-	-	13,313	-	-	-	-	-
Education	-	-	-	-	112,584	-	-	-	-
Corps of Engineers	1,856	-	-	9,091	-	-	304,226	-	-
Defense	-	-	-	397,808	-	-	-	-	-
General Fund	-	-	9,663	-	-	$835,951	-	-	-
Other	8,795	-	2,363	3,576	(3,196)	-	-	-	253
TOTAL	$81,962	$1,454,963	$182,002	$517,064	$148,482	$835,951	$371,122	$148,870	$93,801

TABLE 32

Department of the Interior Intra-Governmental Revenue, Transfers, and Expenses (in thousands)						
Trading Partner	Transfers, In	Transfers, Out	Other Non-Exchange Revenue	Imputed Financing Source	Sales of Goods and Services	Expenses
Treasury	$80,673	$236,929	$110,026	$235,153	$91,474	$488,979
GPO	-	-	-	-	-	18,716
Agriculture	715	160,313	-	-	66,088	85,893
Commerce	-	2,654	(4,918)	-	18,401	13,684
Labor	-	-	-	-	-	82,805
Navy	-	-	-	-	28,784	-
USPS	-	-	-	-	12,338	16,421
Army	-	-	-	-	35,233	-
OPM	-	-	-	298,992	-	905,234
SSA	-	-	-	-	15,122	-
GSA	1,829	11,596	-	-	29,104	498,619
NSF	-	27,094	-	-	-	-
EPA	-	-	-	-	41,932	2,702
Transportation	316,394	63,232	-	-	7,580	5,893
AID	-	-	-	-	10,089	-
HHS	-	-	-	-	40,047	6,532
NASA	257,732	-	-	-	12,052	-
Energy	188,380	-	-	6,657	396,772	30,037
Education	-	-	-	-	151,360	-
Corps of Engineers	43,997	85,000	-	-	50,422	9,842
DOD	-	-	-	-	426,117	27,582
General Fund	-	-	-	-	-	31,369
Other	12,392	17,744	10	221	47,632	41,637
TOTAL	$902,112	$604,562	$105,118	$541,023	$1,480,547	$2,265,945

Working Capital and Franchise Funds

The Department has four working capital funds established by law to finance a continuing cycle of operations, with the receipts from the operations available for use by the funds without further action by Congress. The four working capital funds, which operate as revolving funds, are established in the Bureau of Reclamation, the Bureau of Land Management, the U.S. Geological Survey, and Departmental Offices. The costs of providing services and operating the funds are fully recovered from customers. The major working capital fund customers are Interior bureaus and offices and other federal agencies; however, some services are provided to states and nongovernment entities. Some of the significant services provided to customers consist of central reproduction, telecommunications, aircraft services, supplies, publications, training, computer processing and related activities, engineering and technical services, and certain cross-servicing activities such as payroll, personnel, and financial and accounting services. The services provided by the working capital funds are usually those that may be performed more advantageously on a reimbursable basis.

In addition, the Department manages the Interior Franchise Fund (IFF) that is part of the Franchise Fund Pilot program authorized by the Government Management Reform Act of 1994. The purpose of the IFF is to pilot new approaches for providing shared administrative services to reduce the cost of government to the taxpayer by fostering competition and entrepreneurship among providers of commonly required products and services to federal agencies. Some of the significant services include procurement support, financial systems and related services, and other administrative support services. The IFF is a separate legal entity that allows Interior to share cost savings with others that result from providing cost effective and efficient services to federal agencies. By building on this experience of providing cost effective and efficient services, Interior can provide even greater cost savings within Interior and in working with other agencies. It also provides a cost effective way to partner with the private sector, through established relationships with vendors that understand and have worked with the federal government to provide quality services to federal organizations.

The following summarizes information about the assets, liabilities, and net cost of Interior's working capital and franchise funds as of and for the years ended September 30, 2002 and 2001. The financial information presented includes intra-departmental transactions.

Supplemental Balance Sheet
Combined Working Capital Funds
as of September 30, 2002
(dollars in thousands)

	Bureau of Land Management	Bureau of Reclamation	Departmental Offices	Interior Franchise Fund	U.S. Geological Survey	TOTAL
Assets						
Intragovernmental Assets:						
Fund Balance with Treasury	$ 43,856	$ 46,181	$ 149,996	$ 427,242	$ 71,326	$ 738,601
Accounts and Interest Receivable	-	9,357	44,542	78,052	1,854	133,805
Other						
Advances and Prepayments	-	5,053	672	650	-	6,375
Total Intragovernmetnal Assets	43,856	60,591	195,210	505,944	73,180	878,781
Cash	54	-	-	-	-	54
Accounts and Interest Receivable,Net	13	48	(1,495)	52	-	(1,382)
Loans and Interest Receivable, Net	-	4,000	-	-	-	4,000
Inventory and Related Property	309	-	482	-	-	791
General Property, Plant and Equip, Net	90,875	31,448	34,616	-	3,123	160,062
Other Assets						
Advances and Prepayments	215	-	1	-	-	216
Total Assets	$ 135,322	$ 96,087	$ 228,814	$ 505,996	$ 76,303	$ 1,042,522
Liabilities						
Accounts Payable	$ 8	$ 3,876	$ 2,873	$ 99,423	$ 324	$ 106,504
Debt	-	4,000	-	-	-	4,000
Other						
Accrued Payroll Benefits	3	4,552	1,005	-	179	5,739
Advances and Deferred Revenue	3,112	3,353	91,018	404,704	69,157	571,344
Other Liabilities	-	-	-	36	10	46
Total Intragovernmental Liabilites	3,123	15,781	94,896	504,163	69,670	687,633
Accounts Payable	85	3,599	34,736	-	2,756	41,176
Federal Employees Compensation Act Liability	-	8,037	4,880	-	-	12,917
Environmental Cleanup Costs	-	-	1,000	-	-	1,000
Other						
Accrued Payroll and Benefits	152	5,821	4,083	-	706	10,762
Other Liabilities	-	2,279	4,690	422	-	7,391
Total Liabilities	3,360	35,517	144,285	504,585	73,132	760,879
Net Position						
Unexpended Apopropriations	-	-	7,219	-	-	7,219
Cumulative Results of Operations	131,962	60,570	77,310	1,411	3,171	274,424
Total Net Position	131,962	60,570	84,529	1,411	3,171	281,643
Total Liabilities & Net Position	$ 135,322	$ 96,087	$ 228,814	$ 505,996	$ 76,303	$ 1,042,522

Supplemental Balance Sheet
Combined Working Capital Funds
as of September 30, 2001 (As Restated)
(dollars in thousands)

	Bureau of Land Management	Bureau of Reclamation	Departmental Offices	Interior Franchise Fund	U.S. Geological Survey	TOTAL
Assets						
Intragovernmental Assets:						
Fund Balance with Treasury	$ 49,796	$ 41,593	$ 95,200	$ 219,779	$ 66,993	$ 473,361
Accounts and Interest Receivable	-	8,168	32,748	15,730	2,155	58,801
Other						
Advances and Prepayments	-	5,230	2,384	510	-	8,124
Total Intragovernmetnal Assets	49,796	54,991	130,332	236,019	69,148	540,286
Cash	49	-	-	-	-	49
Accounts and Interest Receivable,Net	-	71	2,530	36	2,032	4,669
Loans and Interest Receivable, Net	-	3,500	-	-	-	3,500
Inventory and Related Property	315	-	411	-	-	726
General Property, Plant and Equip, Net	73,101	36,529	34,311	-	5,552	149,493
Other Assets						
Advances and Prepayments	262	-	2	-	-	264
Total Assets	$ 123,523	$ 95,091	$ 167,586	$ 236,055	$ 76,732	$ 698,987
Liabilities						
Accounts Payable	$ 7	$ 3,154	$ 1,871	$ 38,792	$ 616	$ 44,440
Debt	-	3,500	-	-	-	3,500
Other						
Accrued Payroll Benefits	-	3,314	631	-	96	4,041
Advances and Deferred Revenue	1,724	3,678	41,917	196,679	64,591	308,589
Total Intragovernmental Liabilites	1,731	13,646	44,419	235,471	65,303	360,570
Accounts Payable	1,218	3,887	23,439	-	4,143	32,687
Environmental Cleanup Costs	-	-	1,000	-	-	1,000
Other						
Accrued Payroll and Benefits	137	11,433	9,655	-	669	21,894
Other Liabilities	-	2,537	338	249	179	3,303
Total Liabilities	3,086	31,503	78,851	235,720	70,294	419,454
Net Position						
Unexpended Apopropriations	-	-	8,536	-	-	8,536
Cumulative Results of Operations	120,437	63,588	80,200	335	6,438	270,998
Total Net Position	120,437	63,588	88,735	335	6,438	279,533
Total Liabilities & Net Position	$ 123,523	$ 95,091	$ 167,586	$ 236,055	$ 76,732	$ 698,987

Supplemental Statement of Net Cost
Combined Working Capital Funds
for the year ended September 30, 2002
(dollars in thousands)

	Full Cost of Goods and Services Provided	Related Exchange Revenues	Excess of Full Cost Over Exchange Revenues
Bureau of Land Management			
Motorized Fleet Program	$ 20,296	$ (26,578)	$ (6,282)
Total Bureau of Land Management	20,296	(26,578)	(6,282)
Bureau of Reclamation			
Engineering and Technical Services	93,367	(95,694)	(2,327)
Administrative Services	211,522	(201,322)	10,200
Computer and Related Services	16,301	(14,958)	1,343
Total Bureau of Reclamation	321,190	(311,974)	9,216
Departmental Offices			
Aircraft Services	131,019	(129,429)	1,590
Building Management/Rental	31,647	(32,982)	(1,335)
Charge Card Rebate	8,694	(8,692)	2
Federal Services	294,945	(291,608)	3,337
Y2K/Other	(63)	-	(63)
Total Departmental Offices	466,242	(462,711)	3,531
Interior Franchise Fund			
CASU	13	376	389
Government Works Acquisition Services	400,942	(402,308)	(1,366)
Federal Financial System	13,161	(12,425)	736
Electronic Acquisition System	1,787	(1,918)	(131)
Independent Verification and Validation	31	(34)	(3)
Electronic Commerce/EDI	1	(2)	(1)
Drug and Alcohol Testing	840	(883)	(43)
System Consulting	143	(143)	-
QUICKTIME Time and Attendance Systems	(2)	2	-
Momentum Financial System	3,694	(4,047)	(353)
Crystal Report Training	10	(10)	-
U.S. Films and Video Productions	1,163	(2,138)	(975)
Total Interior Franchise Fund	421,783	(423,530)	(1,747)
U.S. Geological Survey			
Reimbursable Services	29,684	(28,895)	789
Capital Investments	10,186	(11,731)	(1,545)
Total U.S. Geological Survey	39,870	(40,626)	(756)
Total Working Capital and Franchise Funds	$ 1,269,381	$ (1,265,419)	$ 3,962

Supplemental Statement of Net Cost
Combined Working Capital Funds
for the year ended September 30, 2001 (As Restated)
(dollars in thousands)

	Full Cost of Goods and Services Provided	Related Exchange Revenues	Excess of Full Cost Over Exchange Revenues
Bureau of Land Management	$ 18,048	$ (23,392)	$ (5,344)
Bureau of Reclamation	298,586	(284,519)	14,067
Departmental Offices	349,617	(355,455)	(5,838)
Interior Franchise Fund	235,046	(235,347)	(301)
U.S. Geological Survey	37,970	(41,075)	(3,105)
Total Working Capital and Franchise Funds	$ 939,267	$ (939,788)	$ (521)

Required Supplementary Stewardship Information (Unaudited, See Auditors' Report)

The Department of the Interior administers over 500 million acres of America's land mass and serves as steward for the natural and cultural resources associated with these lands. Approximately 437 million acres of the 500 million acres are considered stewardship land. The 437 million acres of stewardship land does not include approximately 56 million acres of tribally and individually owned land held in trust by the Bureau of Indian Affairs. Interior also supervises mineral leasing and operations on an estimated 700 million acres of mineral estate that underlie both federal and other surface ownerships. These stewardship assets are valued for environmental resources, recreational and scenic values, their cultural and paleontological resources, vast open spaces, and the resource commodities and revenue provided to the federal government, states, and counties.

Stewardship Lands

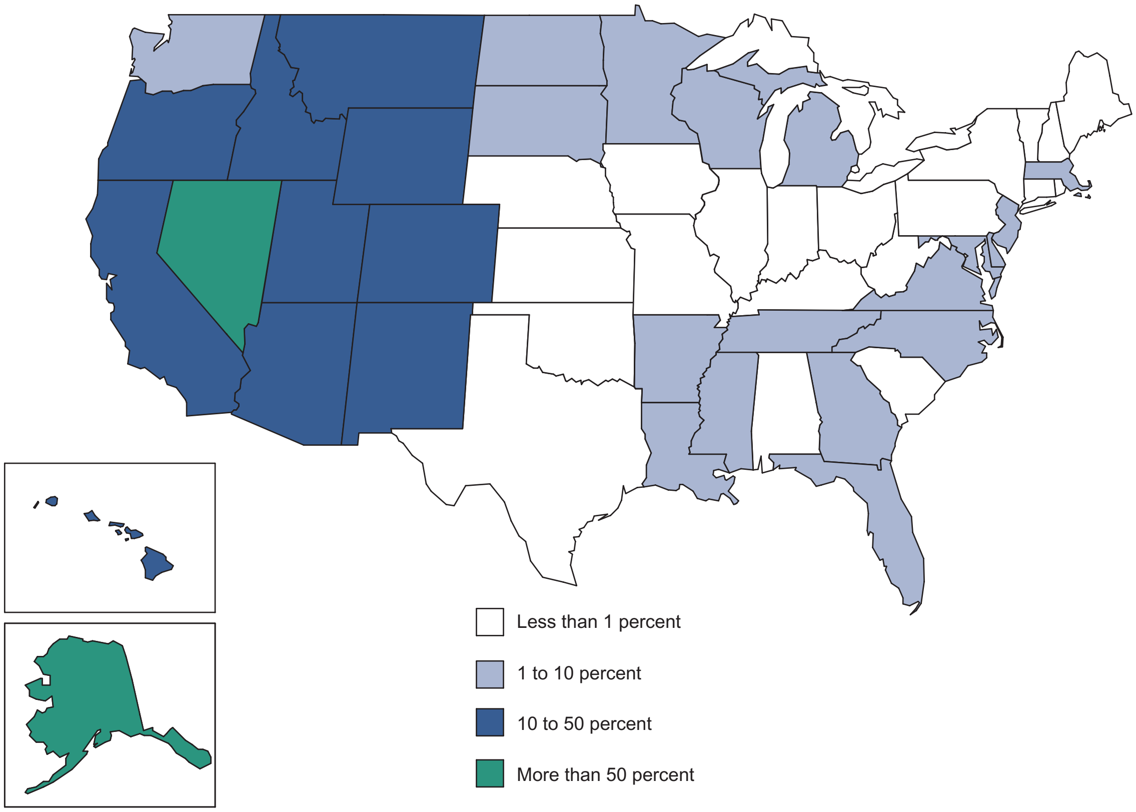
Most of the public lands managed by Interior were once a part of the 1.8 billion acres of public domain lands acquired by the Nation between 1781 and 1867. Each of America's 50 states (see *Figure 36*), the Pacific Islands, the Virgin Islands, Guam, and Puerto Rico contain lands that are managed by the Department of the Interior.

Use of Stewardship Lands

Interior-administered lands include the National Wildlife Refuge System, the National Park System, and the vast expanses of public land managed by the Bureau of Land Management (BLM). In addition, the Bureau of Reclamation (BOR) manages a nominal acreage (approximately 5.8 million acres) of stewardship land. The U.S. Fish and Wildlife Service (FWS) manages lands primarily to conserve and protect fish and wildlife and their habitat. The National Park Service (NPS) manages lands to conserve, preserve, protect, and interpret the Nation's natural, cultural, and recreational resources. The Bureau of Reclamation manages lands to develop and protect water and related resources in an environmentally and economically sound manner for the American people. The BLM is guided by the principles of multiple use and sustained yield in managing public lands for a variety of purposes. Congress has defined multiple use as management of the public lands and their various resource values

FIGURE 36

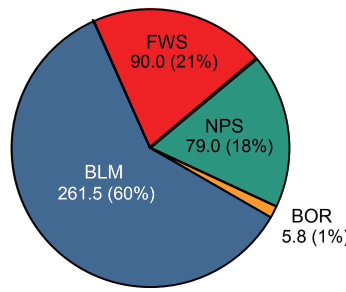
Percentage of Each State's Acreage Managed by Interior
(as of September 30, 2002)



so that they are utilized in the combination that will best meet the present and future needs of the American people. The resources and uses embraced by the multiple use concept include mineral development; natural, scenic, scientific, and historical values; outdoor recreation; livestock grazing; timber; watersheds; and wildlife and fish habitat.

FIGURE 37

Interior Stewardship Lands
(federal acres in millions)



Note - This acreage does not include 56 million acres of land held in trust status by the BIA for Indian tribes and individual allottees, the 12,140 acres managed by the Utah Reclamation Mitigation and Conservation Commission, or the 204,949 acres of BIA land listed in Table 32.

Types of Stewardship Lands

Figure 37 shows the federal acreage of Interior stewardship lands by land type. In addition to the approximately 90 million acres shown for the National Wildlife Refuge System, there are approximately 5.3 million additional acres within the system that are not federally owned; these are managed by the Fish and Wildlife Service cooperatively through agreements with landowners and other partners. The National Park System also contains lands that are not federally owned (approximately 5.5 million acres owned by state and local governments and private landowners). The National Park Service has no management responsibility for these lands except in cases where cooperative agreements with landowners authorize direct federal land management.

America's parks, refuges, and other public lands consist of rangelands, forest lands, riparian areas, wetlands, lakes, reservoirs, streams, grasslands, swamps, marshes, and seashores, as well as mountaintops, glaciers, barren mountains, sand dunes, playas, and deserts.

Management Units of Interior Stewardship Lands

The Department has stewardship responsibility for a unique variety of physical units or lands. These units include national parks, fish and wildlife refuges, national scenic and historic trails, national monuments, and many others. There are approximately 3,437 physical units with a total of approximately 437 million federal acres for which the Department has stewardship responsibility. *Table 33* shows these units, broken out by responsible bureau, the type of unit, and federal and non-federal acreage.

The Bureau of Indian Affairs (BIA) acreage is primarily classified as school campus/cultural areas, historical/religious common grounds, or tribally/individually owned lands. The Department is including the 204,949 acres that encompass the lands not classified as tribally/individually owned for the first time in this report. This acreage is used for school campuses and administrative offices or consists of historical/common grounds.

Additional stewardship land is being reported for the Utah Reclamation Mitigation and Conservation Commission (URMCC). The URMCC, established by Congress in 1994 under the Central Utah Project Completion Act, is responsible for replacing or offsetting the loss in Utah of fish and wildlife resources and related recreational opportunities caused by the acquisition, construction, and operation of Reclamation project assets such as dams, power plants, roads, pipelines, aqueducts, operation and maintenance buildings and visitor centers. The Commission acquires two general categories of lands: (1) fish and wildlife habitat for both aquatic and terrestrial species, and (2) land or easements to provide public access to fish and wildlife resources which, once acquired, are also managed to provide habitat values to the extent practicable. In all cases, habitat conditions on the lands have been improved.

Condition of Stewardship Lands

Bureau of Land Management Public Lands. The BLM assesses the condition of the lands it manages based on the land type and the multiple use and sustained yield goals identified through the land use planning process. *Table 34* shows condition by land type. In adhering to its mandate for multiple use and sustained yield, the BLM's land management programs include significant efforts to restore riparian areas and wetlands; preserve significant cultural and natural features; create opportunities for commercial activities; protect endangered species; develop opportunities for recreation and leisure activities; protect public health, safety, and resources; manage wild horses and burros; manage wildlife habitat and fisheries; administer mining laws; manage rangelands; oversee forest management, development, and protection; and manage wilderness and wild and scenic rivers.

National Wildlife Refuge System Lands. Stewardship lands managed by the Fish and Wildlife Service include refuges, fish hatcheries, and other special designations. These lands are used and managed in accordance with the explicit purpose of the statutes that authorize their acquisition or designation and that direct their use and management. The FWS conducts activities to manage stewardship lands so that fish, wildlife, and plants that depend on these lands for habitat are benefitted over both the short- and long-term. Lands placed in the land conservation systems managed by the FWS are protected into perpetuity as long as they remain in the National Wildlife Refuge System or the National Fish Hatcheries System. As new acquisitions enter these conservation systems, the lands are managed to maintain their natural state, to mitigate any adverse effects of previous actions by others, or to enhance existing conditions and improve benefits to fish and wildlife resources. The FWS safeguards the stewardship values of the lands it administers through management actions taken on individual refuges and hatcheries; however, such actions take into consideration the needs and purposes of entire conservation systems. These conservation systems

TABLE 33

FY 2002 Interior Stewardship Lands

Bureau of Land Management Public Lands

Management Unit	Number	Federal Acreage	Non-Federal Acreage	Total Acreage	Miles
National Wild and Scenic River Segments	38	1,005,652	0	1,005,652	2,061
National Wilderness Areas	147	6,254,512	0	6,254,512	-
Wilderness Study Areas	601	16,328,238	0	16,328,238	-
National Conservation Areas	12	13,927,708	0	13,927,708	-
Cooperative Management and Protection Area	1	425,550	0	425,550	-
National Scenic Area 1/	1	101,000	0	101,000	-
Headwaters Forest Reserve	1	7,400	0	7,400	-
National Recreation Area	1	998,772	0	998,772	-
National Historic Trails	9	-	-	-	3,650
National Scenic Trails	2	-	-	-	640
National Recreation Trails	28	-	-	-	426
Outstanding Natural Area	1	100	0	100	-
Herd Management Areas	208	29,732,585	0	29,732,585	-
National Monuments	15	4,806,267	0	4,806,267	-
Areas of Critical Environmental Concern	852	13,989,373	0	13,989,373	-
Research Natural Areas	152	347,214	0	347,214	-
Lake Todatonten Special Management Area	1	37,579	0	37,579	-
National Natural Landmarks	45	417,429	0	417,429	-
National Back Country Byways	55	-	-	-	2,972
Globally Important Bird Areas	2	2/	0	1/	-
BLM Special Management Area Subtotal	2,172	88,379,379	0	88,379,379	9,749
National Multiple Use Lands 3/	-	173,077,946	0	173,077,946	-
Bureau of Land Management Subtotal	**2,172**	**261,457,325**	**0**	**261,457,325**	**9,749**

Fish and Wildlife Service - National Wildlife Refuge System

Management Unit	Number	Federal Acreage	Non-Federal Acreage	Total Acreage	Miles
National Wildlife Refuges	540	89,175,000	2,929,000	92,104,000	-
Refuge Coordination Areas	50	197,000	119,000	316,000	-
Waterfowl Production Areas	203	736,000	2,204,000	2,940,000	-
National Fish Hatcheries and Other Fish Facilities	86	12,000	9,000	21,000	-
Fish and Wildlife Service Subtotal	**879**	**90,120,000**	**5,261,000**	**95,381,000**	**0**

National Park Service Public Lands

Management Unit	Number	Federal Acreage	Non-Federal Acreage	Total Acreage	Miles
International Historic Site	1	28	16	44	-
National Battlefields	11	12,242	764	13,006	-
National Battlefield Parks	3	8,713	999	9,712	-
National Battlefield Sites	1	1	0	1	-
National Historic Sites	78	21,034	16,522	37,556	-
National Historic Parks	40	118,593	44,642	163,235	-
National Lakeshores	4	145,642	83,196	228,838	-
National Memorials	28	8,081	451	8,532	-
National Military Parks	9	36,327	2,548	38,875	-
National Monuments	75	2,567,522	176,706	2,744,228	-
National Parks	56	49,872,241	2,099,834	51,972,075	-
National Preserves	17	21,616,782	2,171,368	23,788,150	-
National Recreation Areas	18	3,389,522	302,557	3,692,079	-
National Reserves	2	11,413	22,032	33,445	-
National Rivers	5	312,103	118,727	430,830	484
National Wild and Scenic Rivers	10	73,824	240,310	314,134	2,826
National ScenicTrails	3	166,745	66,753	233,498	3,565
National Seashores	10	479,054	115,801	594,855	-
Parks (other)	11	37,997	1,465	39,462	-
Parkways	4	164,383	10,796	175,179	1,023
National Park Service Subtotal	**386**	**79,042,247**	**5,475,487**	**84,517,734**	**7,898**

Bureau of Reclamation Project Lands

Management Unit	Number	Federal Acreage	Non-Federal Acreage	Total Acreage	Miles
Reclamation Project Lands - Withdrawn 4/	**-**	**5,801,369**	**-**	**5,801,369**	-

Other Stewardship Lands

Utah Reclamation Mitigation & Conservation Commission	12,140	-	12,140
Bureau of Indian Affairs	204,949	-	204,949
Other Stewardship Lands Total	**217,089**	-	**217,089**

Department of the Interior Total

	Total Units	Federal Acreage	Non-Federal Acreage	Total Acreage	Miles
Total Stewardship Lands 5/	**3,437**	**436,638,030**	**10,736,487**	**447,374,517**	**17,647**

1/ The 101,000 acres contained in the National Scenic Area is a subset of acres reported in National Landmarks.

2/ The 56,500 acres contained in the two Globally Important Bird Areas are a subset of acres reported in National Conservation Areas and the Outstanding Natural Area.

3/ National Multiple Use Land means an area of land that can be used simultaneously for two or more purposes, often by two or more different persons or groups.

4/ Reclamation Project Lands represents lands withdrawn as opposed to total Reclamation project lands.

5/ This total does not include approximately 56 million acres of tribally and individually owned land held in trust status by the Bureau of Indian Affairs. This BIA acreage is not considered stewardship land.

TABLE 34

Type and Condition of BLM Lands		
Land Type	**Acres/Miles**	**Condition**
Rangeland a. Alaska Rangeland (Reindeer grazing permits: 1.2 million acres)	5 million acres	Potential natural community (excellent) ----------- 20% Late seral (good) ----------------- 80%
b. Continental USA Rangelands	160 million acres	Potential natural community (excellent) ______ 6% Late seral (good) __________ 31% Mid seral (fair) -------------------- 34% Early seral (poor) ---------------- 12% Unclassified ---------------------- 17%
Forested Land a. Forest b. Woodlands	11 million acres 44 million acres	43 million acres ------------------ Healthy 12 million acres ------------------ Needing Restoration
Riparian Areas and Wetlands a. Riparian Areas	137,000 miles/ 10 million acres	Alaska Properly Functioning ----------- 100% Nonfunctional -------------------- Trace Unknown --------------------------Trace Lower 48 States Properly Functioning -----------43% Functioning but at risk ---------43% Nonfunctional -------------------- 10% Unknown ---------------------------4%
b. Wetlands	13 million acres	Alaska Properly Functioning ----------- 98% Unknown ----------------------------2% Lower 48 States Properly Functioning ----------- 65% Functioning but at risk --------- 19% Nonfunctional --------------------- 2% Unknown ---------------------------14%
Aquatic Areas (Lakes, Reservoirs, and Streams)	3 million acres 116,485 miles	Alaska: Good Lower 48 States: Unknown
Other Habitat	15 million acres	Unclassified

provide integrated habitat and life support for permanent resident populations as well as migratory populations needing temporary stopover sites to rest, breed, and feed and to survive nationwide and, in some cases, worldwide seasonal migrations. While some individual units of stewardship lands can be improved at any time during management cycles, the condition of the stewardship lands as a whole, which are protected by inclusion in both the National Wildlife Refuge System and the National Fish Hatcheries System, is sufficient to support the mission of the FWS and the statutory purposes for which these conservation systems were authorized.

The Fish and Wildlife Service assesses the condition of its stewardship land and resources by monitoring habitat characteristics and determining whether management actions are needed to change those characteristics to benefit their usefulness to fish and wildlife resources. The condition of these stewardship lands is not static. Land or habitat condition may be changing, either through the application of management techniques or through natural stressors or processes acting on those lands. It is the goal of the FWS to provide habitat that optimizes the usefulness of stewardship lands to benefit fish and wildlife resources.

National Park System Lands. NPS stewardship lands are used and managed in accordance with the statutes authorizing their acquisition or directing their use and management. Subsets of lands within the authorized boundaries of the NPS can have additional stewardship asset designations such as wilderness areas, wild and scenic rivers, and trails. Stewardship areas such as wilderness areas may encompass land owned by entities other than the NPS. Changes in NPS boundaries occur only when authorized by Presidential Proclamation or by an Act of Congress. While individual units of stewardship land can be improved, the condition of NPS stewardship lands as a whole is generally sufficient to support the NPS mission. The NPS conducts various activities to preserve and protect land resources and to mitigate the effects of activities conducted previously on or near parks that adversely affect the natural state of the land.

Reclamation Project Lands. The Bureau of Reclamation operates largely as a business-type entity whose primary stated mission is to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public. The BOR provides water and power throughout the 17 western states. Site reviews are performed on Reclamation project lands each year and all areas receive field reviews every five years. Reviews for hazardous waste, improper dumping, or trespass, along with on-site reviews of concessions, provide further safeguarding of the land's condition. While periodic reviews are performed, it is not feasible or cost effective to do full condition assessments of all Reclamation project lands, a large portion of which lie under water or structures. Additionally, there are often large tracts of inaccessible wilderness surrounding the upper surface of the water's edge, which would be difficult and costly to assess. This notwithstanding, the condition of the BOR's project lands as a whole is sufficient to support the mission of the agency and is consistent with the statutory purposes for which the lands were withdrawn.

Net Change in Stewardship Land Acreage from FY 2001 to FY 2002

Federally owned stewardship lands under the jurisdiction of the Department at the end of FY 2002 decreased by approximately 129,000 acres from FY 2001. *Table 35* shows the distribution of this decrease. The BLM's total federal acreage decreased by approximately 304,000 acres from FY 2001 (less than one percent). This decrease resulted from the net effect of acquisitions (purchases of lands), disposals (sales of lands), exchanges (both transfers in and out, frequently together with land equalization payments by one of the parties), withdrawals, restoration transactions, and audits/reviews of records (corrections). The FWS increased its federal acreage by approximately 37,000 acres that resulted from the Service's acquisition of fee title or other interests. These lands provide permanent protection for valuable wetland, riparian, coastal, and upland habitat for fish, wildlife, and plant species, including threatened and endangered species. The FWS also increased the number of National Wildlife Refuge System units from 537 in FY 2001 to 540 in 2002. This increase resulted from the addition of three new refuges. Reclamation's increase of approximately 32,000 acres resulted from Reclamation's improved reconciliation process for land records in FY 2002.

TABLE 35

Net Change in Stewardship Land

Bureau	FY 1998 Acreage	FY 1999 Acreage	FY 2000 Acreage	FY 2001 Acreage	FY 2002 Acreage	Net Change FY 2001 to FY 2002	% Increase or Decrease
BLM	263,621,285	264,174,745	264,398,133	261,761,395	261,457,325	-304,070	(1%)
FWS	88,410,000	88,555,848	88,724,049	90,083,000	90,120,000	37,000	>1%
NPS	77,415,476	77,937,494	78,197,904	78,936,581	79,042,247	105,666	>1%
BOR	Not reported	5,774,376	5,774,376	5,769,422	5,801,369	31,947	>1%
URMCC	Not reported	Not reported	Not reported	Not reported	204,949	-	-
BIA	Not reported	Not reported	Not reported	Not reported	12,140	-	-
TOTAL	**429,446,761**	**436,442,463**	**437,094,462**	**436,550,398**	**436,638,030**	**-129,457**	**(1%)**

Natural Heritage Assets

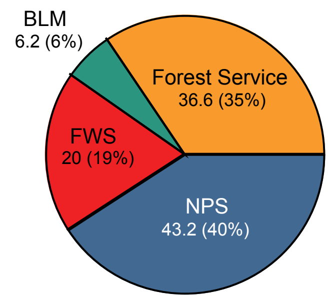
Interior's stewardship lands, as listed in *Table 33*, include a number of assets that are of special value to America. These assets are described below.

National Wilderness Preservation System

The National Wilderness Preservation System was created by the Wilderness Act of 1964. A wilderness area is an area designated by Congress to assure that increasing populations, expanding settlement, and growing mechanization do not occupy and modify all areas of the United States. Designations ensure that some lands are preserved and protected in their natural condition. In contrast to those areas where humans and their works dominate the landscape, wilderness is where the earth and its community of life are untrammeled by human beings, where humans themselves are visitors who do not remain. These areas, which are generally greater than 5,000 acres, appear to have been affected primarily by the forces of nature, with human development substantially unnoticeable. A wilderness area provides outstanding opportunities for solitude or a primitive and unconfined type of recreation.

FIGURE 38

National Wilderness Preservation System (acres in millions)



America's wilderness system encompasses over 106 million acres (*Figure 38*). Interior manages approximately 65 percent of this wilderness system, with 43.2 million acres in NPS within 45 different wilderness areas, over 20 million acres in FWS with 82 areas in 26 states, and almost 6.3 million acres within 147 different areas in BLM. The remaining acreage is managed by the U.S. Forest Service.

In addition to the designated National Wilderness Areas, the BLM has 601 wilderness study areas encompassing over 16 million acres.

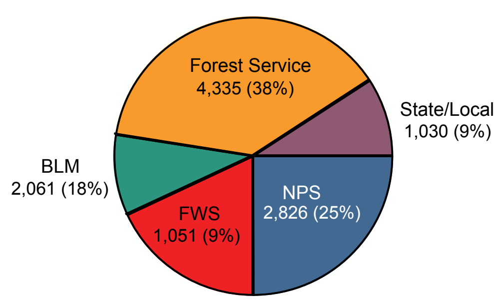
National Wild and Scenic Rivers System

From 7.5 miles of the Loxahatchee River in Florida to the 392 miles of the Fortymile River system in Alaska, the National Wild and Scenic Rivers System protects some of America's most treasured river resources. For a river to be eligible for the National System, it must be in a free-flowing condition and possess one or more "outstandingly remarkable values." Values to be considered are scenery, recreation, fish and wildlife, geology, history, culture, or other similar values. When evaluating rivers for possible designation, the Department also considers whether the river is suitable for designation. Suitability factors include the amount of public land acreage in the immediate environment of the river; the funds required for land acquisition, facility development, and administration; local or state interest in helping to manage the river; support for designation; and competing uses for the river. Studies to determine eligibility and suitability may be the responsibility of either Interior, the Department of Agriculture, or both Departments, depending on who manages lands adjacent to the river. Studies are submitted to Congress with a Presidential recommendation; Congress then decides whether to add the river to the National System. A second method of designation is by the Secretary of the Interior. This method requires nomination by the Governor of the state following inclusion of the river in a state system by or pursuant to state law, and agreement by the state to protect the river without cost to the federal government, other than for management of any federal lands, if such exist along the river. Only 17 of 160 rivers have entered the National System by this method.

As of December 2002, there were 160 rivers in the National Wild and Scenic Rivers System totaling 11,303 river miles. Within Interior, three agencies have river management responsibilities: the National Park Service, Fish and Wildlife Service, and Bureau of Land Management. Department of Agriculture rivers are managed by the U.S. Forest Service. Rivers are classified as either wild, scenic, recreational, or some combination thereof. Over 40% of the river miles in the National Wild and Scenic Rivers System are managed by Interior (*Figure 39*). There were no designations or redesignations in FY 2002.

FIGURE 39

Wild and Scenic Rivers Management (in miles)



The four river-managing agencies have formed an Interagency Wildlife and Scenic Rivers Coordinating Council to promote more effective and efficient management of wild and scenic rivers. The Council works to assure consistency in management practices across agency lines, coordinates with federal regulatory agencies to assure activities do not damage National System rivers, shares expertise in river management, and provides training to agency staff. Since its inception in 1995, the Council has been a model for inter-agency cooperation.

National Natural Landmarks

National Natural Landmarks are management areas having national significance because they represent one of the best-known examples of a natural region's characteristic biotic or geologic features. These areas must be located within the boundaries of the United States or on the Continental Shelf and are designated by the Secretary of the Interior. To qualify as a National Natural Landmark, an area must contain an outstanding representative example(s) of the Nation's natural heritage, including terrestrial communities, aquatic communities, land forms, geological features, habitats of native plant and animal species, or fossil evidence of the development of life on earth.

The Fish and Wildlife Service manages 43 National Natural Landmarks, the Bureau of Land Management manages 45 landmarks encompassing 400,000 acres, and the National Park Service manages 18 landmarks.

Paleontological Sites

Since the early 1800s, professional and amateur paleontologists have made discoveries that helped launch the new scientific discipline of paleontology in America, filling our Nation's museums of natural history with the remains of spectacular creatures that have captured the public's imagination. Today, the public lands continue to provide paleontological resources that fuel scientific discovery and evoke public wonder. Interior bureaus manage these fragile and nonrenewable resources as a public trust not only to assure preservation of scientific values, but also to see that educational and recreational values are realized.

While Interior bureaus take paleontological resources into account on all public lands, within the Bureau of Land Management (BLM), more than 200 properties totaling more than 5 million acres, including Areas of Critical Environmental Concern, Research Natural Areas, and other special management areas, are managed wholly or in part for paleontological values. The BLM manages 11 interpreted areas for paleontological resources, including the Rabbit Valley Trail Through Time, the Dinosaur Diamond Byway, the Garden Park Fossil Area, the Kremmling Cretaceous Ammonite Locality, and the Fruita Paleontology Area in Colorado; The Warner Valley Dinosaur Track Site, the Mill Canyon Dinosaur Trail, the Cooper Ridge Sauropod Dinosaur Tracks and the Cleveland-Lloyd Dinosaur Quarry in Utah; the Melm Gulch in Idaho; and the Red Gulch Dinosaur Tracksite in Wyoming. A permit is required for the collection of vertebrate fossils. BLM permits are generally issued only to professional paleontologists for scientific research, education, and display or exhibit at a university or museum.

Several significant paleontological discoveries were made in FY 2002. In the Petersen Quarry in New Mexico there are now almost 100 jacketed specimens containing various skeletal elements of giant sauropod dinosaurs as well as a large carnivorous dinosaur. A fossil discovery of a 2-million-year-old armadillo-like creature was located in New Mexico; the intact shell of the animal was estimated to weigh about a ton.

While only eight National Park Service (NPS) units have been established primarily for paleontological resources, significant fossil resources have been documented in 150 NPS areas. Many of the fossil resources protected and interpreted within NPS units are of international significance and are critical to our understanding of the history of life on earth.

The Bureau of Reclamation has identified 117 paleontological sites, including six reservoir areas known to contain many paleontological locales. This is an increase from last year's 85 sites; the increase is due to the completion of inventory surveys.

National Trails System

The National Trails System, created by law in 1968, includes 14 National Scenic Trails; 8 National Historic Trails; over 800 National Recreation Trails; and 2 side/connecting trails. The NPS provides trailwide coordination for 16 of the 22 national scenic and historic trails; another is jointly administered by the BLM. These 22 trail corridors cover almost 40,000 miles in combined length and cross 56 NPS areas and 90 National Forests; almost 5,000 miles of trail also cross BLM lands.

The above figures were accurate as of October 2002. Since that time an additional trail, Old Spanish Historic Trail, has been created by Congress; however, the decision on who will administer this trail has not yet been finalized.

Condition of Natural Heritage Assets

Natural heritage assets represent a subset of stewardship lands. As such, the condition of these natural assets is as good as or better than that described for each land type under the Stewardship Lands section of this report.

Net Change in Natural Heritage Assets from FY 2001 to FY 2002

The number of acres designated as wilderness and the number of river miles included in the National Wild and Scenic River System that are managed by the Department experienced very little change during FY 2002. *Table 36* shows the net change in these and other selected natural heritage designations from FY 2001 to FY 2002.

Cultural Heritage Assets

Interior is steward for a large, varied, and scientifically important body of cultural heritage assets (*Tables 37 and 38*). These resources include archaeological sites, historical structures, cultural landscapes, and other resources. Many are listed on the National Register of Historic Places, acknowledging their importance to American history. Some are National Historic Landmarks that are exceptional in illustrating the heritage of the United States. Cultural landscapes are complex resources that range in size from large rural tracts to small formal gardens.

Interior's heritage assets come from public domain or acquired lands, historic properties under Interior's management, and donations. The Department has a responsibility to inventory, preserve, and interpret these resources for the benefit of the American public. The Department does not normally dispose of such property. Interior bureaus have information on the numbers and types of resources and their condition; not all resources have been inventoried and, for many resources, adequate condition information is lacking.

TABLE 36

Net Change in Selected Natural Heritage Designations												
	FY 1998		FY 1999		FY 2000		FY 2001		FY 2002		Net change in No.	Net change in Acres/Miles
Special Management Area	No.	Acres/Miles	No.	Acres/Miles	No.	Acres/Miles	No.	Acres/Miles	No.	Acres/Miles		
Areas of Critical Environmental Concern	739	13,110,029	740	13,111,829	838	14,045,540	851	13,988,608	852	13,989,373	1	765
BLM National Multiple Use Lands		178,148,368		175,795,666		172,999,844		172,436,769		173,030,496		593,727
Bureau of Indian Affairs										204,949		**
Cooperative Management & Protection Area									1	425,550	1	425,550
Headwaters Forest Reserve					1	7,400	1	7,400	1	7,400		0
Herd Management Area	201	33,168,712	200	36,069,895	200	36,069,895	209	29,888,790	208	29,732,585	-1	-156,205
International Historic Site	1	45	1	45	1	45	1	44	1	44		0
Lake Todatonten Special Management Area			1	37,579	1	37,579	1	37,579	1	37,579		0
National Back Country Byways - in miles	64	3,518	64	3,518	55	2,972	55	2,972	55	2,972		0
National Battlefield Parks	3	9,014	3	9,674	3	9,674	3	8,062	3	9,712		1,650
National Battlefields	11	13,057	11	13,123	11	13,175	11	13,187	11	13,006		-181
National Battlefield Sites	1	1	1	1	1	1	1	1	1	1		0
National Conservation Areas	8	11,692,190	8	11,692,190	9	11,796,146	13	14,353,957	12	13,927,708	-1	-426,249
National Fish Hatcheries other Fish Facilities	83	20,000	83	22,083	83	18,000	87	21,000	86	21,000	-1	0
National Historic Parks	38	162,714	38	162,889	39	162,896	39	163,293	40	163,235	1	-58
National Historic Sites	74	24,045	76	24,219	76	24,683	76	37,277	78	37,556	2	279
National Historic Trails - in miles	8	3,530	8	3,533	8	3,533	9	3,650	9	3,650		0
National Lakeshores	4	228,940	4	228,935	4	228,970	4	228,839	4	228,838		-1
National Memorials	28	8,173	28	8,531	28	8,531	28	8,532	28	8,532		0
National Military Park	9	38,241	9	38,259	9	38,723	9	38,841	9	38,875		34
National Monuments	74	3,965,059	74	3,945,653	79	5,140,833	87	7,473,804	90	7,550,495	3	76,691
National Natural Landmarks	43	599,042	43	599,042	43	599,042	45	417,429	45	417,429		0
National Parks	54	51,699,950	54	51,939,654	55	51,962,942	55	51,968,226	56	51,972,075	1	3,849
National Preserves	16	23,779,696	16	23,678,943	16	23,717,523	16	23,707,231	17	23,788,150	1	80,919
National Recreation Areas	20	4,723,897	20	4,723,800	20	4,724,061	20	4,691,862	19	4,690,851	-1	-1,011
National Recreation Trails - in miles	26	429	26	429	26	429	27	415	28	426	1	11
National Reserves	2	33,107	2	33,107	2	33,126	2	33,126	2	33,445		319
National Rivers	6	424,795	6	423,929	6	423,997	6	424,273	5	430,830	-1	6,557
National Scenic Area	1	101,000	1	101,000	1	101,000	1	101,000	1	101,000		0
National Scenic Trails - in miles	5	568*	5	226,091	5	27,837	5	31,323	5	4,205		-27,118
National Seashores	10	594,538	10	594,590	10	594,518	10	594,519	10	594,855		336
National Wild and Scenic River Segments	43	2038*	43	2038*	44	5,077	45	5,091	48	4,887	3	-204
National Wilderness Areas	136	5,243,012	136	5,243,332	138	5,279,532	148	6,253,783	147	6,254,512	-1	729
National Wildlife Refuges	516	90,414,000	521	90,645,516	530	90,859,000	537	92,056,000	540	92,104,000	3	48,000
Outstanding Natural Area	1	100	1	100	1	100	1	100	1	100		0
Parks (Other)	11	38,885	11	38,989	11	39,232	11	39,407	11	39,462		55
Parkways	4	171,251	4	171,460	4	173,558	4	174,865	4	175,179		314
Reclamation Project Lands				5,774,376		5,774,376		5,769,422		5,801,369		31,947
Refuge Coordination Areas	50	318,000	50	316,049	50	316,000	50	316,000	50	316,000		0
Research Natural Areas	152	347,214	152	347,214	152	347,214	152	347,214	152	347,214		0
Utah Reclamation Mitigation & Conservation										12,140		**
Waterfowl Production Areas	199	2,560,000	200	2,644,200	201	2,765,000	202	2,866,000	203	2,940,000	1	74,000
Wilderness Study Areas	622	17,298,430	622	17,298,430	618	18,017,211	604	17,191,707	601	16,328,238	-3	-863,469

* NPS reported in acres
** Not reported in previous years

Interior conducts the World Heritage Sites program for the federal government under applicable law (1980) and program regulations (1982). Sites, including non-federal properties nominated with their owners' support, are nominated by the Assistant Secretary for Fish and Wildlife and Parks in a public process and approved by the International World Heritage Committee. Eighteen of the 20 World Heritage Sites in the United States are located within the National Park Service. Several examples include Carlsbad Caverns National Park, New Mexico; Everglades National Park, Florida; Grand Canyon National Park, Arizona; the Statue of Liberty, New York; and Yosemite National Park, California.

TABLE 37

Types of Cultural Heritage Assets	
Type	**Description**
National Register of Historic Places	The National Register of Historic Places is America's official listing of sites important to history and prehistory. Properties listed in the National Register include districts, sites, buildings, structures, and objects that are significant in American history, architecture, archaeology, engineering, and culture. These resources contribute to an understanding of the historical and cultural foundations of the Nation.
Historic Structures	Historic structures are constructed works consciously created to serve some human activity or purpose. Structures are historic because they individually meet the criteria of the National Register of Historic Places or are contributing elements of sites or districts that meet National Register criteria. As such, historic structures are significant at the national, state, or local level and are associated with the important people and history of this Nation. Structures that do not meet National Register criteria may be considered historic due to management responsibilities established by legislation or through management planning processes. Such structures include moved, reconstructed, or commemorative structures as well as structures that have achieved significance within the last 50 years.
National Historic Landmarks	National Historic Landmarks are districts, sites, buildings, structures, or objects possessing exceptional value in commemorating or illustrating the history of the United States. The Historic Sites Act of 1935 authorizes the Secretary of the Interior to designate National Historic Landmarks as the federal government's official recognition of the national importance of historic properties. These places possess exceptional value or quality in illustrating or interpreting the heritage of the United States in history, architecture, archaeology, technology, and culture as well as possessing a high degree of integrity of location, design, setting, materials, workmanship, feeling, and association.
Cultural Landscapes	A cultural landscape is a geographic area, including both natural and cultural resources, associated with an historic event, activity, or person. Cultural landscapes are complex resources that range from large rural tracts covering several thousand acres to formal gardens of less than an acre. The Department of the Interior recognizes four cultural landscape categories: historic designed landscapes, historic vernacular landscapes, historic sites, and ethnographic landscapes. These landscapes individually meet the criteria of the National Register of Historic Places, are contributing elements of sites or districts that meet National Register criteria, or have value to associated communities.
Archeological Sites	Archeological sites are locations that contain material remains or physical evidence of past human activity of various sorts. Archaeological sites include prehistoric structures, middens, and roadways, such as those found on many of the lands managed by the Department of the Interior in the Southwest. Sites also include the ancient earthen mounds in the Midwestern and southern parts of the Nation, many of them managed by Interior bureaus. Other archaeological sites come from historic times and are associated with the settlement of the United States by Euroamericans, African-Americans, and Asian Americans.
World Heritage Sites	The preservation of uncommon world heritage is the objective of the International Convention Concerning the Protection of the World Cultural and Natural Heritage. This international agreement, signed to date by more than 150 nations, was adopted by the General Conference of the United Nations Educational, Scientific, and Cultural Organization (UNESCO) in 1972. Its primary mission is to (a) define and conserve the world's heritage by drawing up a list of sites whose outstanding values should be preserved for all humanity; and (b) ensure protection through a closer cooperation among nations.

TABLE 38

Number, Net Change, and Condition of Cultural Heritage Assets (Excluding Museum Collections)							
Type of Asset	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	Net Change in Assets FY 2001 to FY 2002	Condition
Bureau of Land Management							
National Register of Historic Places	248 Listings 3,625 Contributing Properties	255 Listings 3,610 Contributing Properties	263 Listings 4,107 Contributing Properties	272 Listings 4,177 Contributing Properties	277 Listings 4,206 Contributing Properties	+5 Listings +29 Contributing Properties	Acceptable
Archaeological and Historical Properties	220,800 Properties	227,993 Properties	235,574 Properties	245,977 Properties	255,225 Properties	+9,248 Properties	Acceptable
National Historic Landmarks	22 Landmarks	22 Landmarks	22 Landmarks	22 Landmarks	22	--	Acceptable
Fish and Wildlife Service							
National Register of Historic Places	93 Listings	99 Listings	81 Listings	84 Listings	84 Listings	--	Poor
Archaeological and Historical Properties	11,000 Properties	11,000 Properties	11,000 Properties	11,000 Properties	11,500 Properties	+500 Properties	Not available
National Historic Landmarks	9 Landmarks	9 Landmarks	9 Landmarks	9 Landmarks	9 Landmarks	--	Poor
National Park Service							
Historic and Prehistoric Structures	23,167 Structures	24,225 Structures	25,727 Structures	26,233 Structures	26,896 Structures	+663 Structures	Good 47% Fair 38% Poor 14%
Archaeological Sites	60,000 Sites	60,000 Sites	63,000 Sites	63,000 Sites 1/	63,000 sites	--	Good 41% Fair 39% Poor 15%
National Historic Landmarks	178 Landmarks	193 Landmarks	2,300 Landmarks	2,300 Landmarks	2,341 Landmarks	+41 Landmarks	
Inventoried Cultural Landscapes	1,593 Landscapes	359 Landscapes	2,743 Landscapes	2,921 Landscapes	2,930 Landscapes	+9 Landscapes	Good 30% Fair 49% Poor 21%
Bureau of Reclamation							
National Register of Historic Places	61 Listings	61 Listings	49 Listings	48 Listings	59 Listings	+11 Listings	Safeguarded
Archaeological and Historical Properties		10,724 Properties	10,936 Properties	12,182 Properties	13,385 Properties	+1,203 Properties	Safeguarded
National Historic Landmarks		5 Landmarks	5 Landmarks	5 Landmarks	5 Landmarks	--	Safeguarded
Bureau of Indian Affairs							
National Register of Historic Places	31 Listings	35 Listings	35 Listings	46 Listings	32 Listings	-14 Listings	Unclassified

1/ NPS estimates that as many as 1.5 million archeological sites may exist within units of the NPS; about 63,000 have been identified and 55,800 are recorded in the Archaeological Sites Management Information System.

Museum Collections (Non-Library)

Department of the Interior museum collections contain nearly 140 million museum objects, including 74 million artifacts and specimens and 66 million documents (*Tables 39 and 40*). Disciplines represented include art, ethnography, archeology, documents, history, biology, paleontology, and geology. Archeology (46%) and documents (47%) account for 93% (130 million items) of the total when documents are reported in number of objects. If converted to linear feet, the 66 million documents reported this year are equivalent to 41,000 linear feet of archival documents. The growth in the total number of objects is due primarily to improved reporting rather than to new acquisitions. Numbers are relatively stable for all disciplines as bureaus continue to refine estimates; National Park Service archival document collections account for most of the increase. Museum collections managed by Interior bureaus are important both for their intrinsic value and for their associations with federal lands and resources managed by Interior bureaus.

Departmental Manual Chapter 411, Section 3.4A (Managing Museum Property), states that bureaus may accession museum property by donation, transfer, or field collections, and, depending on bureau-specific authority, through exchange.

Collections may be deaccessioned due to loss, theft, destruction or repatriation to tribes in compliance with the Native American Graves Protection and Repatriation Act (NAGPRA). Only the National Park Service, Interior Arts and Crafts Board (IACB), and National Business Center (NBC) have specific authority for voluntary deaccessions, so most Interior bureaus do not dispose of museum property items. Reported collection sizes may also decrease as best-guess estimates are converted to precise numbers when items are cataloged.

Highlights for FY 2002 include documenting more than 5.7 million objects, improving accountability, and increasing the availability for public access. Information on accessions, deaccessions, and conditions is incomplete. Available information is provided below in individual bureau discussions.

TABLE 39

FY 2002 and FY 1998 Baseline Data on Interior Museum Collections that are Catalogued or Part of the Backlog						
	Total Collection Size*	Held Within Interior	Held in Other Institutions	Number of Objects Catalogued (1998 Baseline)**	Number of Objects Catalogued (2002 Baseline)	Estimated Cataloguing Backlog
Bureau of Indian Affairs	5,057,000	177,000	4,880,000	0	345,127	4.7m
Bureau of Land Management	23,842,000	5,900,000	17,942,000	2,157,134	2,461,782	>21 m
Bureau of Reclamation	10,004,000	5,542,000	4,462,000	1,960,745	7,827,865	2.2m
Fish and Wildlife Service	4,488,000	798,000	3,690,000	1,200,000	1,538,000	2.9m
National Park Service	96,181,000	94,524,000	1,657,000	31,018,410	42,463,000	53.7m
National Business Center	4,065	2,107	1,958	1,600	4,065	0
Minerals Mgmt Service	54	54	0	0	54	0
U.S. Geological Survey	39,788	322	39,466	63	39,788	0
Office of Trust Funds Mgmt	67	67	0	0	67	0
Other Interior Museum Collections						
Indian Arts and Crafts Board	11,050	11,050	0	13,943	10,888	162
Interior Totals	**139,627,024 (100%)**	**106,954,600 (76%)**	**32,672,424 (24%)**	**36,351,895**	**54,690,636 (39%)**	**84,936,000 (61%)**

*Survey-level estimates for large bureaus rounded to nearest 1,000
**Baseline data were first collected in FY 1998 with the goal of increasing that number by at least 5% per year.

TABLE 40

FY 1998 – 2002 Interior Museum Net Change in Collections						
Bureau	**FY 1998**	**FY 1999**	**FY 2000**	**FY 2001**	**FY 2002**	**Net Change FY 2001 to FY 2002**
Bureau of Indian Affairs	681,961	453,275	252,000	3,983,000	5,057,000	1,074,000
Bureau of Land Management	23,842,413	23,842,413	23,842,000	23,842,000	23,842,000	-
Bureau of Reclamation	7,027,484	8,427,502	8,274,000	9,391,000	10,004,000	613,000
Fish and Wildlife Service	4,445,736	4,096,210	4,430,000	4,713,000	4,488,000	-225,000
National Park Service	73,395,486	76,494,942	80,356,000	90,259,000	96,181,000	5,922,000
National Business Center	4,763	4,759	4,000	3,982	4,065	83
Minerals Management Service	54	54	54	54	54	-
U.S. Geological Survey	64	39,227	39,000	39,527	39,788	261
Office of Trust Funds Management	-	-	-	19	67	48
Other Interior Museum Collections						
Interior Arts and Crafts Board	19,805	12,396	12,000	11,184	11,050	-134
Interior Totals	109,417,766	113,370,778	117,209,054	132,242,766	139,627,024	5.6%

Management of the Interior Museum Program is divided between two offices. The Office of Acquisition and Property Management staff develop departmentwide policies and strategies and provides oversight for the museum programs in all Interior bureaus and offices. The Branch of Museum Services staff, in the Department's National Business Center, provide departmentwide training and technical assistance to bureaus and offices and manage operations of the Interior Museum and interpretation of the art and architecture of the headquarters building.

The number of objects reported as cataloged is a minimum number based on available data. More than 18.2 million objects have been cataloged since baseline data were collected in FY 1998 (*Table 41*).

Beyond basic accountability, the Department encourages increasing public access to and use of museum collections in support of the Department's missions. FY 2002 museum program highlights are summarized in *Table 52*.

TABLE 41

Interior Identification and Cataloging of Collections

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Total Museum Collection Size	109,418,000	113,371,000	117,209,000	132,243,000	139,627,000
Number of items cataloged	36,375,629	41,675,134	45,877,443	48,899,199	54,528,305

The Bureau of Indian Affairs (BIA) reports 5,057,000 museum objects, 4,880,000 (96%) of which are housed in 62 non-federal institutions (*Table 42*). The remainder is distributed among 108 units in the Bureau where the items support BIA relationships with tribes. The BIA continues to identify previously unreported collections and to clarify data based on previous estimates. Data on FY 2002 indicate the addition of 10 items via gifts and the withdrawal of 10 items via loss or theft (Boards of Survey were completed). All other changes reflect clarification through reporting for the first time or revising previous estimates.

TABLE 42

BIA Identification and Cataloging of Collections

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Total Museum Collection Size (estimates)	682,000	453,000	252,000	3,983,000	5,057,000
Number of items cataloged	0	116,718	128,241	238,587	345,127

The Bureau of Land Management (BLM) administers most of its collections through partnerships with more than 165 non-federal repositories. Total collection size was last estimated at nearly 24 million objects from the public lands; survey numbers need to be revised (*Table 43*). Approximately 18 million objects are reported to be at non-federal repositories, while 5.9 million objects and documents have been reported in bureau facilities. The Department is continuing to work with the BLM to collect revised data from all BLM field units and from non-federal institutions holding BLM collections.

TABLE 43

BLM Identification and Cataloging of Collections					
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Total Museum Collection Size (estimates)	23,842,000	23,842,000	23,842,000	23,842,000	23,842,000
Number of items cataloged	2,181,064	2,219,080	2,299,451	2,378,428	2,461,782

The Bureau of Reclamation (BOR) reports more than 10 million museum objects and documents (*Table 44*). Of these, 5.5 million (55%) are in 19 Bureau facilities and 4.5 million (45%) are in 62 non-federal institutions. The reduction in number of Bureau facilities (41 to 19) reflects a consolidation of collections held in multiple locations within a single BOR unit. The reduction in number of non-federal institutions (68 to 62) is due to changes in status of the repositories, loans returned, or laboratory processing completed. Most adjustments to collection size reflect improved reporting and clarifications achieved through cataloging the collections. The BOR exceeded documentation targets by cataloging 1.7 million museum objects and documents during FY 2002.

TABLE 44

BOR Identification and Cataloging of Collections					
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Total Museum Collection Size (estimates)	7,027,000	8,428,000	8,274,000	9,391,000	10,004,000
Number of items cataloged	1,960,745	3,272,444	4,804,510	6,112,143	7,828,000

The Fish and Wildlife Service (FWS) collections consist of 4.5 million objects and documents, of which 0.8 million (18%) are managed at 150 FWS units, while 3.7 million (82%) are managed at 226 non-federal institutions (*Table 45*). Data on accessions are not available. The condition of FWS museum collections is estimated to be generally adequate to good. The FWS estimates that it will require a minimum of 8 years to identify and confirm its collections, 15 years to catalog 80% of their collections, and at least 20 years to meet Departmental storage standards.

TABLE 45

FWS Identification and Cataloging of Collections					
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Total Museum Collection Size (estimates)	4,446,000	4,096,000	4,430,000	4,713,000	4,488,000
Number of items cataloged	1,200,000	1,200,000	1,327,000	1,537,300	1,538,000

National Park Service (NPS) collections include 36 million artifacts and specimens and 60 million archival documents (*Table 46*). Of the total 96 million objects and documents, 94.5 million objects (98%) are housed at 352 park units. A total of 1.7 million NPS museum objects are housed in 137 non-federal institutions. NPS museum management staff responded to over 35,000 public research requests and over 18,000 research requests from within the parks. Nearly 2,478 loans for over 15 million objects were initiated in FY 2002; in addition, nearly 322,000 objects, specimens, and archival documents were exhibited.

TABLE 46

NPS Identification and Cataloging of Collections					
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Total Museum Collection Size (estimates)	73,395,000	76,495,000	80,356,000	90,259,000	96,181,000
Number of items cataloged	31,018,410	34,814,431	37,265,175	38,580,584	42,463,000

The Minerals Management Service (MMS) maintains a collection of 54 objects in its administrative offices at five locations (*Table 47*). There were no accessions or deaccessions during the year. The collection is fully documented and is in stable condition.

TABLE 47

MMS Identification and Cataloging of Collections					
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Total Museum Collection Size (estimates)	54	54	54	54	54
Number of items cataloged	54	54	54	54	54

The National Business Center's (NBC) Interior Museum collections contain 4,065 objects, 2,107 (52%) of which are in the Main Interior Building and 1,958 (48%) of which are at a repository managed by the National Park Service (*Table 48*). The completion of cataloging aided in identifying a discrepancy of 11 objects in the item count. This discrepancy will be addressed in FY 2003. In FY 2002, 94 items were added to the collection via four accessions: one gift (1 item), one transfer (7 items), and field collections (86 items). There were no deaccessions. The condition of NBC collections is generally good, although there are concerns about deterioration from environmental threats and deferred preventive conservation measures.

TABLE 48

NBC Identification and Cataloging of Collections					
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Total Museum Collection Size (estimates)	4,763	4,759	3,982	3,982	4,065
Number of items cataloged	1,600	1,711	2,058	2,298	4,065

The Office of Trust Funds Management (OTFM) maintains a collection of 67 objects in its administrative offices at two locations (*Table 49*). The increase in number from 19 reported in FY 2001 reflects more complete reporting as staff awareness has increased. The collection is fully documented and is in stable condition.

TABLE 49

OTFM Identification and Cataloging of Collections					
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Total Museum Collection Size (estimates)	0	0	0	19	67
Number of items cataloged	0	0	0	19	67

Excluding the library collection, the U.S. Geological Survey (USGS) manages 39,788 artifacts and specimens; 322 objects are in five USGS facilities, while 39,466 specimens are housed in partnership with a non-federal institution (*Table 50*). During FY 2002, USGS staff added 200 biological specimens through field collections and 62 historical objects through donation and transfer. All USGS collections are fully documented and are in good condition.

TABLE 50

USGS Identification and Cataloging of Collections					
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Total Museum Collection Size (estimates)	64	39,277	39,339	39,527	39,788
Number of items cataloged	63	39,216	39,339	39,527	39,788

The Indian Arts and Crafts Board (IACB) is a separate federal agency located in the Department of the Interior. It was created by Congress to promote the economic development of American Indians and Alaska Natives. The IACB holds 11,050 museum objects at three regional museums (*Table 51*). The IACB continued its efforts in FY 2002 to obtain a more accurate count of items in the collections. This resulted in the adjustment of the reported size of collections from 11,184 to 11,050. The general condition of IACB collections is stable, as documented in conservation and fire protection surveys at the three IACB museums. Of the 11,050 objects at the three IACB museums in Montana, Oklahoma, and South Dakota, 10,888 (98.5%) are cataloged. There were no accessions or deaccessions during the year.

TABLE 51

IACB Identification and Cataloging of Collections					
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Total Museum Collection Size (estimates)	19,805	12,396	12,000	11,184	11,050
Number of items cataloged	13,747	11,480	11,615	10,259	10,888

TABLE 52

FY 2002 Interior Museum Program Highlights	
DOI Entity	**Selected Activities**
Bureau of Indian Affairs	- Continued to review data on bureau and non-federal locations holding BIA collections, resulting in more accurate estimates of collection size, and provided technical assistance for unit-level planning. - Opened a new Cultural Center and Museum at Haskell Indian Nations University (Lawrence, Kansas). - Issued BIA policy statement for implementing the Native American Graves Protection and Repatriation Act (NAGPRA). - Completed three NAGPRA notices regarding 27 human remains and 1,579 funerary objects; an additional six notices regarding 116 human remains and 1,487 funerary objects are pending. - Began developing BIA standards and guidelines for preparing BIA archeological collections for long-term storage. - Supported the Department's Assets Management Conference with presentations on accountability and reporting requirements for museum collections and other heritage assets.
Bureau of Land Management	- Maintained collections management, exhibit, and public programs at the Anasazi Heritage Center in Colorado, Billings Curation Center in Montana, and National Historic Oregon Trails Interpretive Center in Oregon. - Drafted internal BLM guidance for managing museum collections. - Expanded web pages devoted to BLM museum collections information. - Partnered with several non-Federal repositories to produce exhibits and interpretive materials.
Bureau of Reclamation	- Drafted BOR Directives and Standards on Museum Property Management. - Increased the number of objects cataloged from 6.1 million to 7.8 million. - Purchased and customized Museum Collections Management Software in preparation for migrating existing accession and catalog data to that system. - Placed National Council For Preservation Education interns at 15 repositories in Arizona, Colorado, Kansas, Montana, Nebraska, Oklahoma, South Dakota, Texas, Utah, and Wyoming to accession, catalog, and maintain BOR museum collections. - Kicked-off BOR centennial celebrations with exhibits and events at Hoover Dam and planned additional activities for the coming year. - Increased access to BOR collections through loans, exhibits, and enhanced Web pages. - Expanded assessment, planning, and consolidation activities to improve the security and management of BOR collections at non-Reclamation repositories.
Fish and Wildlife Service	- Cataloged and consolidated all FWS collections and records held at the Alutiiq Museum and Archaeological Repository in Kodiak, Alaska. - Continued to cooperate with the Museum of the Rockies to locate extensive paleontology collections from FWS lands in Montana, including production of a three-volume assessment report on paleontological collections from refuges. - Hired three temporary museum technicians to assist in collection management at D.C. Booth Historic National Fish Hatchery, where the hatchery building was renamed the Hector Von Bayer Museum of Fish Culture to help celebrate 130 years of the National Fish Hatchery System. - Upgraded permanent storage conditions for the Bertrand Collection at DeSoto National Wildlife Refuge in Iowa, including arranging and housing 25,000 photos in archival-quality materials. - Accessioned two collections at the National Conservation Training Center in West Virginia: one on FWS law enforcement history and one on historic FWS films. - Entered into a multi-year cooperative agreement with the U.S. Army Corps of Engineers to conduct a national inventory and assessment of FWS museum collections.
National Park Service	- Cataloged 5.4 million items and corrected 1,789 planning, environmental, storage, security, and fire protection deficiencies in parks. - Issued two supplements (10 leaflets) to Conserve-O-Gram publication sold through the Government Printing Office; posted Conserve-O-Gram leaflets as PDF files on the NPS Web site. - Continued expansion of museum pages on the NPS website, including electronic exhibits, posting notices of items proposed for deaccessioning outside the federal government, and hosted over 847,000 user sessions during the fiscal year. - Obtained the commitment of 45 parks to add park catalog data to the new Web Catalog, making data available on the Internet for searches by keyword, theme, etc. - Exhibited over 322,000 objects, responded to over 35,000 public research requests and 18,000 research requests from park staff, and managed 27,000 loans for over 15 million objects. - Installed 11 major exhibits in parks.

Library Collections (Non-Museum)

The Interior Department Library contains over 1.1 million holdings dealing with the broad range of matters related to the Department's mission to use and conserve natural resources and to meet its trust responsibilities to Native American Indians and Alaska Natives. Departmental policy dictates that copies of all publications produced for or by its bureaus and offices be deposited in the Library, thus assuring a continuing, reliable source of information.

The U.S. Geological Survey's (USGS) library collections cover all aspects of the earth sciences and related interdisciplinary subjects. The collection is comprehensive, covering as much as possible of worldwide literature in the library. There are 21 libraries within the USGS, including the Library Services Group Libraries at the National Center (the largest library) and three branch libraries. The libraries, with the exception of Library Services Group Libraries, serve USGS field office personnel, have separate administrations, and have small, specialized collections. Extensive sets of state and foreign geological survey publications, as well as publications from geological and other scientific societies, universities and institutions, and other government agencies throughout the world are included in the library's collection. Special collections include the George F. Kurt collection of books on gems and minerals, the Alvison collection on Russian geology, a minerals and mining collection, extensive photographs taken during USGS field work, field notebooks, and additional material relating to USGS projects.

The USGS library system contains 1.4 million books and periodicals and 1.6 million non-book items for a total of 3 million items. During FY 2002, 33,825 units were added and 9,932 units were withdrawn. Materials are acquired through extensive exchange agreements with institutions and agencies worldwide, as well as through research projects and purchases from a wide variety of publishers and institutions. Items are withdrawn only after the professional library staff has made a critical analysis of the collection. Approximately 35 percent of the collection is in good condition and 40 percent is in fair condition, while 25 percent is in poor condition.

Investment in Research and Development

The U.S. Geological Survey Research and Development program was authorized by the March 3, 1879, legislation that created the U.S. Geological Survey to provide for the examination of geological structures, mineral resources, and products within and outside the national domain. Earth science research and information is used to save lives and property, safeguard human health, enhance the economic vitality of the Nation and its people, assess resources, characterize environments, and predict the impact of contamination. The USGS provides credible, objective, and unbiased information needed by managers of the Nation's natural resources and resource managers within Interior. This information aids in solving critical societal problems through research, investigation, and the application of state-of-the-art geographic and cartographic methods. U.S. Geological Survey research assesses and predicts the biological consequences of various policies and management practices. Examples of research projects undertaken in FY 2002 include new methods for collecting noble gases from water; the measurement of pharmaceuticals, hormones, and other chemicals in wastewater; and support for the National Fire Plan.

In preparing the information for the FY 2001 report, the automated process that was used to distribute overhead expenses was not applied correctly resulting in an understated figure for the fiscal year. The increase for FY 2002 can be attributed to the correct distribution of overhead expenses, reorganization of mapping discipline activities which included more R&D work, and to the outlays resulting from increased appropriations.

The Natural Resource Research Support Program in the NPS addresses specific questions with immediate applications for natural resource management within the NPS. At present, the NPS is primarily involved in conducting and acquiring research related to physical science investigations. The costs associated with research for FY 2002 will not be available until late February; efforts are underway to correct the current reporting requirements to ensure that data will be available for future accountability reports.

The Bureau of Reclamation's research and development program focuses on the improvement of water management; the development of solutions pertaining to flood hydrology, water quality, irrigation return flows; and the delivery of hydropower to the West. The information obtained through these programs provides water management solutions and techniques that yield future benefits to the Nation as a whole.

The Utah Reclamation Mitigation and Conservation Commission utilized research funds to determine the means by which mitigation measures or programs can be achieved and to determine the best method or design for an identified mitigation measure. The Central Utah Project Completion Act research funds were utilized to address local development in lieu of irrigation and drainage, water management improvement, conservation measures, Utah Lake salinity control, mitigation and conservation measures, conjunctive use of surface and ground water, and similar study topics.

USGS expenses indicated below are included in the Strategic Goal 4 expense total. The costs for the remaining bureaus are included in expense totals for Strategic Goals 1 and 3.

Interior's investment in research and development is shown in *Table 53*.

TABLE 53

Investment in Research and Development

(in millions)

	FY 1998*					FY 1999					FY 2000					FY 2001					FY 2002				
	USGS	BOR	NPS	OS	Total	USGS	BOR	NPS	OS	Total	USGS	BOR	NPS	OS	Total	USGS	BOR	NPS	OS	Total	USGS	BOR	NPS**	OS	Total
Basic	62.6	0	0.5	0	63.1	78	0	0.5	0	78.5	63	0	0.5	0	63.5	63	0	1.6	0	64.6	82	0	**	0	82
Applied	506.6	11.5	29.1	7.5	554.7	672	13.8	22.9	15.2	723.9	656	13.6	34.2	15.2	719	572	16.3	8.3	4.6	601.2	799	16.3	**	0.1	815.4
Developmental	30.8	0	0	0	30.8	39	0	0	0	39	53	0	0	0.04	53.04	53	0	2.9	0.02	55.92	83	0	**	0.4	83.4
Total	600	11.5	29.6	7.5	648.6	789	13.8	23.4	0.2	826.4	772	13.6	34.7	0.2	820.5	688	16.3	12.8	0.1	717.2	964	16.3	**	0.5	980.8

* Obligation amounts

** NPS research data will not be available until late February 2003 because annual reporting of research outlays is not requested until late December or early January.

Investment in Human Capital

The Bureau of Indian Affairs (BIA) administers its trust responsibility for education with the long-range goal of promoting healthy Indian communities through lifelong learning. This goal is achieved by providing quality educational opportunities from early childhood throughout life, with consideration given to the mental, physical, emotional, spiritual, and cultural aspects of the people served.

Through various BIA programs, a significant investment in education has been made to benefit American Indians and Alaska Natives. Since 1995, there have been more schools operated by tribes through grants and contracts than operated by the BIA. For the 2001/2002 school year, 185 schools were provided with funding through BIA appropriations. A total of 121 of the 185 schools and dormitories were administered by tribes and tribal organizations, which is equivalent to 65 percent of the total number of schools. Approximately 48,000 students were enrolled in 2001/2002 school year, of which about 19,000 students were enrolled at BIA-operated schools and approximately 29,000 students at contract/grants schools.

The BIA provides scholarships, adult education opportunities, and a post-secondary associate and baccalaureate degree program in elementary education. In FY 2002, a total of $834.1 million was expended for education programs benefiting American Indians and Alaska Natives. In FY 2001, a total of $709.8 million was expended for education programs. Information concerning performance measures for the BIA investment in human capital can be found in the appendix. Goals and outputs relative to research and development expenditures can be found in Appendix D.

In FY 2002, the BIA. BOR, NPS, and FWS provided approximately $70.9 million in residential education and job training for disadvantaged youth through the Job Corps program. In FY 2001, these bureaus provided $61.6 million in residential education and job training for disadvantaged youth. Interior's investment in human capital is shown in *Table 54*.

TABLE 54

Investment in Human Capital (in millions)	FY 2001	FY 2002
Education		
BIA	$709.8	$834.1
Job Corps		
BOR	27.1	28.7
FWS	11.1	12.5
NPS	13.4	14.7
BIA	10.0	15.0
Total	$771.4	$905.0

Note - Total investments for FY 2000, FY 1999, and FY 1998 were $663.9 million, $904.8 million, and $546.5 million, respectively. These amounts are budget-based obligations rather than accrual-based expenses for BIA education programs.

Investment In Non-Federal Physical Property

The Department invests in non-federal physical property (*Table 55*). Non-federal physical property refers to expenses incurred by the federal government for the purchase, construction, or major renovation of physical property owned by state and local governments, including major additions, alterations, and replacements; the purchase of major equipment; and the purchase or improvement of other physical assets. Grants for maintenance and operations are not considered investments. In FY 2002, Interior expended approximately $607 million for non-federal physical property.

TABLE 55

Non-Federal Physical Property Investments (in millions)

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	Change from FY 2001 to FY 2002
Insular Area Capital Investment	$64.5	$80.0	$32.0	$38.3	$40.2	$1.9
CUPCA/Commission	0.3	6.0	2.2	1.8	4.0	2.2
FWS	*	*	*	179.0	168.7	-10.3
BOR	99.3	116.4	116.5	85.7	91.8	6.1
BIA	214.0	253.7	273.0	269.6	302.0	32.4
Total	**$378.1**	**$456.1**	**$423.6**	**$574.4**	**$606.7**	**$32.3**

* Since FY 1997, the FWS has reported on the purpose and monies awarded by all of its grants programs, including grant purposes and recipients. In FY 2001, FWS began separate reporting of that specific portion of its grant programs resulting in the acquisition of non-federal property.

The Office of Insular Affairs provides capital improvement grants to United States insular areas to assist the islands in developing more efficient and effective governments. The capital investment in non-federal physical property in the islands was approximately $40.2 million in FY 2002 (*Table 56*). While the assets for the Compact Free Association are non-federal assets, the investments are in foreign countries, not state or local governments as generally understood. The use of Compact Funds is subject only to the Compact and its related agreements and not to any other federal grant or contract regulation. In addition, the Compacts of Free Association do not require these governments to report on the use of a fiscal year's funds until the third quarter of the ensuing fiscal year. Thus, the data submitted for these two entities has not been reported since FY 1999.

The Central Utah Project Completion Act (CUPCA) expressly authorized the Utah Reclamation Mitigation and Conservation Commission to invest in fish and wildlife habitat improvements on non-federal properties because the federal reclamation projects in Utah affected fish and wildlife resources beyond the

TABLE 56

Insular Area Infrastructure Improvements (in thousands)

	Commonwealth of the Northern Marianas		Palau		Federated States of Micronesia		American Samoa		U.S. Virgin Islands		Guam		Total	
	FY 2001	FY 2002	FY 2001	FY 2002	FY 2001	FY 2002	FY 2001	FY 2002	FY 2001	FY 2002	FY 2001	FY 2002	FY 2001	FY 2002
Public Buildings 1/	$4,487	$4,348	$0	$68	$0		$161	$2,010	$590	$4,538	$1,549	$2,563	$6,787	$13,527
Schools 2/	5,693	7,485	0		0		4,587	2,242	1,004	31	0	0	$11,284	$9,758
Utilities 3/	2,046	1,006	0		337		706	971	755	359	2,701	573	$6,545	$2,909
Transportation 4/	2,226	1,056	0	401	0		85	485	0		5,092	1,268	$7,403	$3,210
Sewage 5/	2,040	6,177	0		646		2,952	3,693	66	560	490	86	$6,194	$10,516
Other 6/	0	0	0		0		83	319	0		0	0	$83	$319
													$0	$0
Total	**$16,492**	**$20,072**	**$0**	**$469**	**$983**	**$0**	**$8,574**	**$9,720**	**$2,415**	**$5,488**	**$9,832**	**$4,490**	**$38,296**	**$40,239**

1/ Includes public buildings and hospitals
2/ Includes schools and school gyms
3/ Includes electric, water, and power
4/ Includes transportation, roads, airports, tank farms (storage for airplane and boat gasoline)
5/ Includes sewage, solid waste, waste water, sewer/drainage
6/ Includes ports

boundaries of the BOR projects. The amount of money expended by the Commission in FY 2002 was approximately $4 million. CUPCA has not invested in non-federal physical property for the past two years.

The BIA's investments in non-federal physical property include schools, dormitories and other infrastructures and the Indian Reservation Roads and Bridges (IRRB) program. In FY 2002, approximately $47.5 million was expended for schools, dormitories, and other infrastructure. The BIA and the Federal Highway Administration jointly administer the IRRB program with expenditures of approximately $245 million.

In FY 2002, the Fish and Wildlife Service provided approximately $168.7 million in grants to state and local governments that resulted in the purchase, construction, or major renovation of physical property that they owned. These grants are awarded primarily to enhance fish and wildlife management. Since FY 1997, the FWS has reported on the purpose and monies awarded by all of its grants programs, including grant purposes and recipients. In FY 2001, an opinion was obtained from OMB stating that the FWS should identify in its annual report that specific portion of its grant programs resulting in the acquisition of non-federal property. Appropriate modifications were made to capture that subset of information for future reporting.

In the Bureau of Reclamation, regional specific programs provide for the construction or improvement of structures and facilities used in state and local irrigation projects, water management projects, and water quality improvement projects. In FY 2002, the BOR expended approximately $91.8 million on such projects.

A consolidated table for FY 2002 non-federal physical property investments by major expense area is shown in *Table 57*. Additional years are not available at this time; however, future reports will disclose additional year data.

TABLE 57

FY 2002 Non-Federal Physical Property Investments

	Facilities	Software	Roads	Bridges	Repair/Rehab	Total
Insular Areas	$37.0	-	$3.2	-	-	$40.2
CUPCA	3.9	$0.1	-	-	-	4.0
FWS	168.7	-	-	-	-	168.7
BOR	91.8	-	-	-	-	91.8
BIA	47.5	-	245.2	$3.1	$6.2	302.0
TOTAL	**$348.9**	**$0.1**	**$248.4**	**$3.1**	**$6.2**	**$606.7**

Other Supplementary Information (See Auditors' Report)

Other Supplemental Information includes the Consolidating Balance Sheet and the Consolidating Statement of Changes in Net Position.

Consolidating Balance Sheet
as of September 30, 2002
(dollars in thousands)

	Bureau of Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other
ASSETS				
Intragovernmental Assets:				
Fund Balance with Treasury	$ 1,232,812	$ 983,026	$ 4,307,839	$ 1,077,458
Investments, Net	63,638	164,992	-	369,043
Accounts and Interest Receivable, Net	64,756	6,493	329,123	118,730
Other				
Advances and Prepayments	258	3,601	19,308	54,957
Total Intragovernmental Assets	1,361,464	1,158,112	4,656,270	1,620,188
Cash	738	53	124	-
Investments, Net	1,192	-	-	137,410
Accounts and Interest Receivable, Net	22,560	8,986	23,508	5,983
Loans and Interest Receivable, Net	46,331	-	150,630	24,193
Inventory and Related Property	-	354,265	-	482
General Property, Plant & Equipment, Net	1,374,167	283,552	12,952,120	202,313
Other				
Advances and Prepayments	79	2,617	13,663	5,840
Other Assets	15,741	-	215,970	-
Stewardship Assets				
TOTAL ASSETS	$ 2,822,272	$ 1,807,585	$ 18,012,285	$ 1,996,409
LIABILITIES				
Intragovernmental Liabilities:				
Accounts Payable	$ 21,774	$ 12,575	$ 13,737	$ 104,427
Debt	25,115	1,309,204	96,674	23,970
Other				
Accrued Payroll and Benefits	27,210	27,015	20,487	6,494
Advances and Deferred Revenue	(1,413)	-	9,334	494,414
Deferred Credits	112,584	18,581	1,616	15,822
Custodial Liability	-	-	-	-
Aquatic Resource Amounts Due to Others	-	-	-	-
Judgment Fund	85,842	12,224	48,797	-
Other Liabilities	53,107	52,793	-	39
Total Intragovernmental Liabilities	324,219	1,432,392	190,645	645,166
Public Liabilities				
Accounts Payable	147,044	44,679	212,487	49,798
Loan Guarantee Liability	49,097	-	-	-
Debt Held by the Public	-	-	-	-
Federal Employees Compensation Act	121,404	83,600	83,378	20,270
Environmental Cleanup Costs	190,654	5,423	5,441	1,000
Other				
Accrued Payroll and Benefits	54,898	92,732	48,823	31,670
Deferred Credits	4,968	142,267	166,691	79,314
Contingent Liabilities	326,684	350	110,415	700
Other Liabilities	3,411	98,776	111,970	5,203
Total Public Liabilities	898,160	467,827	739,205	187,955
TOTAL LIABILITIES	1,222,379	1,900,219	929,850	833,121
Commitments and Contingencies				
Net Position				
Unexpended Appropriations	899,541	480,278	338,509	377,870
Cumulative Results of Operations	700,352	(572,912)	16,743,926	785,418
Total Net Position	1,599,893	(92,634)	17,082,435	1,163,288
TOTAL LIABILITIES AND NET POSITION	$ 2,822,272	$ 1,807,585	$ 18,012,285	$ 1,996,409

Consolidating Balance Sheet
as of September 30, 2002
(dollars in thousands)

Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intra Department Activity	Total
$ 94,120	$ 17,606,266	$ 47,653	$ 1,275,327	$ 252,041	$ -	$ 26,876,542
991,890	65	1,895,100	1,863,615	-	-	5,348,343
476,965	13,254	17	24,486	79,456	(482,974)	630,306
-	5,437	-	1,505	4,345	(83,903)	5,508
1,562,975	17,625,022	1,942,770	3,164,933	335,842	(566,877)	32,860,699
-	388	-	116	3	-	1,422
-	-	-	-	-	-	138,602
1,145,894	5,078	1,235	5,594	85,224	-	1,304,062
-	4,677	-	-	-	-	225,831
-	-	-	-	8,342	-	363,089
33,307	788,610	2,682	935,384	344,634	-	16,916,769
29	9,624	-	493	2,529	-	34,874
-	-	-	-	2,151	-	233,862
$ 2,742,205	$ 18,433,399	$ 1,946,687	$ 4,106,520	$ 778,725	$ (566,877)	$ 52,079,210
$ 4,077	$ 18,991	$ 220	$ 40,085	$ 7,481	$ (141,405)	$ 81,962
-	-	-	-	-	-	1,454,963
3,027	60,056	1,464	19,567	16,682	-	182,002
1,245	36,322	243	19,587	35,914	(78,582)	517,064
-	3,852	-	12,968	-	(16,941)	148,482
1,150,827	-	-	-	-	(314,876)	835,951
-	-	-	371,122	-	-	371,122
-	2,007	-	-	-	-	148,870
-	2,935	-	-	-	(15,073)	93,801
1,159,176	124,163	1,927	463,329	60,077	(566,877)	3,834,217
114,122	116,032	8,023	41,364	91,619	-	825,168
-	-	-	-	-	-	49,097
-	-	-	-	-	-	-
9,560	238,313	3,460	59,032	39,484	-	658,501
-	4,730	-	15,195	16,644	-	239,087
18,533	143,560	7,001	69,002	91,409	-	557,628
24,845	4,328	463	1,903	117	-	424,896
550,000	8,907	25,049	275	-	-	1,022,380
375,002	9,268	7,909	7,644	4,836	-	624,019
1,092,062	525,138	51,905	194,415	244,109	-	4,400,776
2,251,238	649,301	53,832	657,744	304,186	(566,877)	8,234,993
6,317	961,875	36,038	478,161	248,482	-	3,827,071
484,650	16,822,223	1,856,817	2,970,615	226,057	-	40,017,146
490,967	17,784,098	1,892,855	3,448,776	474,539	-	43,844,217
$ 2,742,205	$ 18,433,399	$ 1,946,687	$ 4,106,520	$ 778,725	$ (566,877)	$ 52,079,210

Consolidating Statement of Changes in Net Position for the year ended September 30, 2002
(dollars in thousands)

	Bureau of Indian Affairs	Bureau of Land Management	Bureau of Reclamation
Cumulative Results of Operations			
Beginning Balances, as restated	$ 625,959	$ (690,478)	$ 16,527,381
Cumulative Effect of Change in Accounting	-	-	-
Beginning Balances, as restated and adjusted	625,959	(690,478)	16,527,381
Budgetary Financing Sources			
Appropriations-Used	2,484,366	1,661,265	168,941
Royalties Retained	-	4,529	661,686
Transfers In/Out without Reimbursement	252,756	69,385	118,539
Tax Revenue	-	-	-
Abandoned Mine Fees	-	-	-
Donations and Forfeitures of Cash and Cash Equivalents	194	18	(166)
Other Non-Exchange Revenue	3,405	-	2,980
Other Budgetary Financing Sources and Adjustments	(2,746)	4,970	-
Other Financing Sources			
Imputed Financing from Financing absorbed from others	43,036	62,023	123,937
Transfers In/Out without Reimbursement	6,268	(56)	(69,456)
Donations and forfeitures of property	-	-	42
Other	-	-	-
Total Financing Sources	2,787,279	1,802,134	1,006,503
Net Cost of Operations	(2,712,886)	(1,684,568)	(789,959)
Ending Balance	$ 700,352	$ (572,912)	$ 16,743,925
Unexpended Appropriations			
Beginning Balances, as restated	$ 959,813	$ 471,044	$ 168,397
Cumulative Effect of Change in Accounting	-	-	-
Beginning Balances, as restated and adjusted	959,813	471,044	168,397
Budgetary Financing Sources			
Appropriations Received, General Funds	2,237,148	1,918,844	88,569
Appropriations Transferred In/Out	211,301	(247,232)	250,528
Appropriations-Used	(2,484,367)	(1,661,265)	(168,941)
Other Budgetary Financing Sources and Adjustments	(24,353)	(1,114)	(44)
Total Financing Sources	(60,271)	9,233	170,112
Net Cost of Operations			
Ending Balance	$ 899,542	$ 480,277	$ 338,509

Consolidating Statement of Changes in Net Position
for the year ended September 30, 2002
(dollars in thousands)

Departmental Offices and Other	Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	TOTAL
$ 740,422	$ 1,008,648	$ 16,423,825	$ 1,752,259	$ 2,776,948	$ 63,653	$ 39,228,617
-	-	(2,694)	-	-	-	(2,694)
740,422	1,008,648	16,421,131	1,752,259	2,776,948	63,653	39,225,923
711,407	152,542	2,032,544	105,471	1,044,397	871,888	9,232,821
-	823,842	1,050,178	-	891	-	2,541,126
(13,661)	6,104	(463,571)	-	102,322	879	72,753
-	-	-	-	656,923	-	656,923
-	-	-	285,580	-	-	285,580
1,069	-	15,249	3	4,090	178	20,635
15	18,424	-	36,505	85,210	283	146,822
(34,511)	-	20,567	-	7,810	-	(3,910)
10,280	125,305	83,141	4,285	39,971	49,045	541,023
(1,478)	(389)	17,682	(37)	15,422	256,841	224,797
4,422	-	-	-	-	-	4,464
-	-	-	(254)	-	-	(254)
677,543	1,125,828	2,755,790	431,553	1,957,036	1,179,114	13,722,780
(632,547)	(1,649,826)	(2,354,698)	(326,994)	(1,763,369)	(1,016,710)	(12,931,557)
$ 785,418	$ 484,650	$ 16,822,223	$ 1,856,818	$ 2,970,615	$ 226,057	$ 40,017,146

Departmental Offices and Other	Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	TOTAL
$ 438,661	$ 8,434	$ 896,024	$ 40,319	$ 466,047	$ 211,705	$ 3,660,444
-	-	(53,576)	-	-	-	(53,576)
438,661	8,434	842,448	40,319	466,047	211,705	3,606,868
682,582	150,667	2,105,957	102,799	1,006,867	914,003	9,207,436
(30,543)	-	56,839	-	51,135	1,446	293,474
(711,406)	(152,542)	(2,032,544)	(105,471)	(1,044,396)	(871,889)	(9,232,821)
(1,424)	(243)	(10,824)	(1,609)	(1,492)	(6,783)	(47,886)
(60,791)	(2,118)	119,428	(4,281)	12,114	36,777	220,203
$ 377,870	$ 6,316	$ 961,876	$ 36,038	$ 478,161	$ 248,482	$ 3,827,071

Part 3. Independent Auditors' Report

United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

January 31, 2003

Memorandum

To: The Secretary

From: Earl E. Devaney
Inspector General

Subject: Independent Auditors' Report on the U.S. Department of the Interior's Fiscal Year 2002 Annual Report on Performance and Accountability (No. 2003-I-0014)

We contracted with KPMG LLP (KPMG), an independent certified public accounting firm, to audit the Department of the Interior's (DOI) financial statements as of September 30, 2002 and for the year then ended. The contract required that KPMG conduct its audit in accordance with the Comptroller General of the United States of America's *Government Auditing Standards,* the Office of Management and Budget's Bulletin 01-02 *Audit Requirements for Federal Financial Statements*, and the General Accounting Office/President's Council on Integrity and Efficiency's *Financial Audit Manual*.

AUDIT RESULTS

In its audit report dated January 28, 2003, (Attachment 1), KPMG issued an unqualified opinion on DOI's financial statements for fiscal years 2002 and 2001. The report also identified 12 internal control weaknesses and 3 instances of noncompliance with laws and regulations related to the following areas:

INTERNAL CONTROL WEAKNESSES

Material Weaknesses

- Security and General Controls Over Financial Management Systems
- Controls Over Property, Plant, and Equipment
- Controls Over Financial Reporting
- Controls to Reconcile Intra-Governmental Transactions and Balances
- Controls Over Indian Trust Funds
- Financial Processes at the Geological Survey

Reportable Conditions

- Controls Over Undelivered Orders and Accruals
- Controls for Recording and Disclosing Claims and Assessments
- Controls Over Environmental Liabilities
- Controls Over Revenue Process
- Controls Over Interior Franchise Fund
- Reporting on Deferred Maintenance

NONCOMPLIANCE WITH LAWS AND REGULATIONS

- *Debt Collection Improvement Act of 1996*
- Public Law 104-208 *Advances for Interior Franchise Fund*
- *Federal Financial Management Improvement Act of 1996*

Most of the issues identified by KPMG are longstanding weaknesses that were identified in previous years. For the DOI to make meaningful and significant progress in correcting these weaknesses, major changes are needed in its financial management infrastructure. These changes include (1) developing DOI-wide financial policies that all finance and program offices are required to implement, (2) ensuring that DOI's policy-setting representatives have the authority to enforce financial policies and that sufficient resources are available to monitor compliance with the policies, (3) requiring that succession planning be done for financial positions to minimize the impact of turnover, and (4) providing periodic training to finance and program representatives to ensure they understand and effectively implement Interior's financial policies. DOI indicated general concurrence with the findings and recommendations.

KPMG is responsible for the auditor's report, dated January 28, 2003. We monitored the progress of the audit at key points, reviewed KPMG's report and selected related working papers, and inquired of its representatives. Our review, as differentiated from an audit in accordance with the *Government Auditing Standards*, was not intended to enable us to express, and we do not express, an opinion on DOI's financial statements, conclusions about the effectiveness of internal controls, conclusions on whether DOI's financial management systems substantially complied with the three requirements of the *Federal Financial Management Improvement Act of 1996*, or conclusions on compliance with laws and regulations. We continue to review KPMG's work as the final information is provided to us. Our review to date has disclosed no instances where KPMG did not comply, in all material respects, with the *Government Auditing Standards*.

MANAGEMENT CHALLENGES

We identified, in accordance with Public Law 106-531, *Reports Consolidation Act of 2000*, the most serious management challenges facing the DOI. The challenges, which are discussed in detail in "Management Challenges" (Attachment 2), are in the following areas:

- Financial Management
- Information Technology
- Health, Safety and Emergency Management
- Maintenance of Facilities
- Responsibility to Indians and Insular Areas
- Resource Protection and Restoration
- Revenue Collections
- Procurement, Contracts, and Grants

In accordance with Section 5(a) of the *Inspector General Act* (5 U.S.C. App. 3), we will list this report in our semiannual report to the Congress. In addition, a copy of this report will be provided to the Congress.

We appreciate the cooperation and assistance of DOI personnel during the audit. If you have any questions, please contact me at (202) 208-5745.

Attachments (2)

2001 M Street, NW
Washington, DC 20036

INDEPENDENT AUDITORS' REPORT

Secretary and Inspector General
U.S. Department of the Interior:

We have audited the accompanying consolidated balance sheets of the Department of the Interior (Interior) as of September 30, 2002 and 2001, the related consolidated statements of net cost and custodial activity for the years then ended, and the related consolidated statement of changes in net position, combined statement of budgetary resources, and consolidated statement of financing for the year ended September 30, 2002 (hereinafter referred to as the financial statements). The objective of our audits was to express an opinion on the fair presentation of these financial statements. In connection with our audits, we also considered Interior's internal control over financial reporting and tested Interior's compliance with certain provisions of applicable laws and regulations that could have a direct and material effect on its financial statements.

SUMMARY

As stated in our opinion on the financial statements, we concluded that Interior's financial statements presented in Interior's *Fiscal Year 2002 Annual Report on Performance and Accountability* as of and for the years ended September 30, 2002 and 2001, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. As discussed in Notes 21 and 24 to the financial statements, Interior restated its fiscal year 2001 consolidated balance sheet and statement of net cost, and its beginning of fiscal year 2002 unobligated budgetary balances. Also as discussed in Note 24 to the financial statements, Interior changed its method of accounting for allocation transfers as of October 1, 2001.

Our consideration of internal control over financial reporting resulted in the following conditions being identified as reportable conditions:

<u>Reportable Conditions that are Considered to be Material Weaknesses</u>

A. Security and general controls over financial management systems

B. Controls over property, plant, and equipment

C. Controls over financial reporting

D. Controls to reconcile intra-governmental transactions and balances

E. Indian Trust Fund controls

F. Financial processes at the U.S. Geological Survey

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Other Reportable Conditions

G. Controls over undelivered orders and accruals

H. Controls for recording and disclosing claims and assessments

I. Controls over environmental liabilities

J. Controls over revenue process

K. Controls over Interior Franchise Fund

L. Deferred maintenance reporting

The results of our tests of compliance with certain provisions of laws and regulations disclosed the following instances of noncompliance that are required to be reported herein under *Government Auditing Standards,* issued by the Comptroller General of the United States, or Office of Management and Budget (OMB) Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements:*

M. *Debt Collection Improvement Act of 1996*

N. Section 113 of Public Law 104-208 – Advances for Interior Franchise Fund

O. *Federal Financial Management Improvement Act of 1996* (FFMIA)

The following sections discuss our opinion on Interior's financial statements, our consideration of Interior's internal control over financial reporting, our tests of Interior's compliance with certain provisions of applicable laws and regulations, and management's and our responsibilities.

OPINION ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated balance sheets of Interior as of September 30, 2002 and 2001, and the related consolidated statements of net cost and custodial activity for the years then ended, and the related consolidated statement of changes in net position, combined statement of budgetary resources, and consolidated statement of financing for the year ended September 30, 2002.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interior as of September 30, 2002 and 2001, and its net costs and custodial activities for the years then ended, and its changes in net position, budgetary resources, and reconciliation of net costs to budgetary obligations for the year ended September 30, 2002, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 21 and 24 to the financial statements, Interior restated its fiscal year 2001 consolidated balance sheet and statement of net cost, and its beginning of fiscal year 2002 unobligated budgetary balances. Also as discussed in Note 24 to the financial statements, Interior changed its method of accounting for allocation transfers as of October 1, 2001.

The information in the Management's Discussion and Analysis, Required Supplementary Stewardship Information and Required Supplementary Information sections is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America or OMB Bulletin No. 01-09, *Form and Content of Agency Financial Statements*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

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Based upon our limited procedures, we determined that Interior did not complete the non-fiduciary intragovernmental reconciliations with its trading partners, as specified by OMB requirements because Interior's trading partners did not provide information by Interior component or Treasury fund symbol and Interior did not designate the appropriate trading partners for certain transactions.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information in the Other Supplementary Information section is presented for purposes of additional analysis of the consolidated balance sheet and consolidated statement of changes in net position, rather than to present the financial position and changes in net position of Interior's components individually. The consolidating information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The other accompanying information included in the Appendices is presented for purposes of additional analysis and is not a required part of the financial statements. We did not audit this information and, accordingly, we express no opinion on it.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Interior's ability to record, process, summarize, and report financial data consistent with the assertions by management in the financial statements.

Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

In our fiscal year 2002 audit, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. We believe that reportable conditions A through F are material weaknesses.

A. Security and General Controls over Financial Management Systems

Although Interior is working towards improving the security and controls over information systems, controls need to be improved in the areas described below, as required by OMB Circular A-130, *Management of Federal Information Resources.* These conditions could affect Interior's ability to prevent and detect unauthorized changes to financial information, control electronic access to sensitive information, and protect its information resources.

1. <u>Entity-wide Information Technology (IT) Security Program</u> – An entity-wide IT security program, including security policies and a related implementation plan, is the foundation of an entity's security control structure and a reflection of senior management's commitment to addressing security risks. As outlined in OMB Circular A-130, an effective security program includes a risk assessment process, certification process, and effective incident response and monitoring capabilities. Interior is making progress towards establishing a security infrastructure; however, continued efforts need to made in assigning security responsibilities, developing and implementing security policies and procedures, conducting security awareness training, and in monitoring the security program. Without a clear security program, Interior's systems are vulnerable to unauthorized access, use, or loss of sensitive information.

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2. Access Controls – Access controls should provide reasonable assurance that computer resources such as data files, application programs, and computer-related facilities and equipment are protected against unauthorized modification, disclosure, and loss or impairment. Interior needs to improve controls over the process of granting, terminating, and monitoring system access in specific applications. In addition, Interior has not fully limited access to system information and has not finalized and communicated guidelines regarding posting of information on the Internet.

3. Segregation of Duties – Proper segregation of duties should be ensured through the establishment of policies, procedures, and organizational structure such that one individual cannot control key aspects of financial transactions, and thereby conduct unauthorized actions or gain unauthorized access to assets or records. We noted that duties are not properly segregated, because application programmers responsible for making changes to customized bureau application software also approve these changes and move them into production; security managers perform primary and secondary security functions; and technology staff perform change management responsibilities and network monitoring.

4. System Software Controls – Controls over the modification of system software change controls should provide reasonable assurance that operating system controls are not compromised. Without proper system software controls, unauthorized individuals using the system software could circumvent controls to read, modify, or delete critical or sensitive information or programs. Interior should complete the implementation of the automated system for managing Interior's software library and the automated process for reviewing and securing the implementation of changes to software. Once these systems have been fully implemented, Interior needs to develop procedures and assign responsibility for monitoring these systems to ensure that system software is adequately protected.

5. Software Development and Change Controls – Establishing controls over the modification of application software programs helps ensure that only authorized programs and modifications are implemented. Without proper change controls, there is an increased risk that either intentional or unintended changes are made to the system's processing functionality, the wrong version of a program could be implemented, a virus could be inserted, or built-in security features could be disabled. Interior has not fully developed procedures for controlling changes over software that would prevent unauthorized programs or modifications to an existing program from being implemented. In addition, Interior has not fully developed procedures to ensure that tests of system software changes are performed and documented, system software changes are reviewed, and approval of changes is documented prior to implementation.

6. Application Controls – Application controls help ensure that transactions are valid, properly authorized, and completely and accurately processed and reported. Interior's accounting system incorrectly records certain budgetary transactions resulting in an overstatement of total budgetary resources and obligations incurred.

7. Service Continuity – Losing the capability to process, retrieve, and protect information maintained electronically could significantly affect Interior's ability to accomplish its mission. Thus, procedures should be in place to protect information resources, minimize the risk of unplanned interruptions, and recover critical operations should interruptions occur. Interior has not formalized an incident response capability to mitigate the risk of service interruptions.

Recommendation

We recommend that Interior develop and implement a formal action plan to improve the general and application controls over its financial management systems. This plan should address each of the areas

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discussed above, as well as other areas that might impact the information technology control environment to ensure adequate security and protection of Interior's information systems.

Management Response

Management concurs with this finding. IT security is currently being addressed as part of the Department's FMFIA material weaknesses. Substantial progress was made in 2002 and continues. Interior will conduct a comprehensive IT security assessment to determine the remaining security and control issues in bureaus and offices. Based on these findings, the Interior will develop and implement a comprehensive information security plan, including capital budgeting requirements, implement the plan on a phased basis, and monitor it under the Department's Management Control Program.

B. Controls Over Property, Plant, And Equipment

Interior needs to improve controls over the recording of property, plant, and equipment, as follows:

1. Capitalization of Assets – Interior does not consistently capitalize property, plant, and equipment. Specifically, we determined that Interior capitalized stewardship land, stewardship land improvements, heritage asset improvements, and investments in non-federal physical property that should have been expensed and conversely, Interior expensed certain property that should have been capitalized. In addition, we noted that Interior does not consistently apply its capitalization thresholds. Finally, we determined that Interior does not have adequate procedures to determine, at the inception of a lease, if it should be accounted for as a capital or an operating lease.

2. Inventory and Certification Processes – Interior completes annual inventory or certification processes to confirm the accuracy, existence, and completeness of certain property, plant, and equipment. We noted that the physical inventory and certification processes are not always effective, because they do not consistently identify acquisitions and disposals that need to be reflected in the financial statements. We also noted that Interior does not consistently adjust the general or subsidiary ledgers based on the inventory and certification results timely.

3. Acquisitions and Disposals – Interior does not consistently record property, plant, and equipment in a timely manner. Specifically, we determined that some Interior components expend a significant amount of time and resources identifying and recording property, plant, and equipment transactions after the end of the fiscal year. Furthermore, we noted that Interior does not consistently maintain source documents to support the acquisition and disposal of property, plant, and equipment.

4. Construction in Progress – Interior does not consistently record transactions in its construction in progress account. Specifically, we determined that Interior improperly capitalized disbursements in the construction in progress account that should have been expensed, expensed disbursements that should have been capitalized as construction in progress, and incorrectly recorded revenue as a reduction to construction in progress. In addition, we noted that Interior needs to improve processes for capturing internal payroll costs and donated labor related to the construction of property. We also determined that Interior does not consistently transfer completed construction projects at the time the asset is placed in service or consistently expense projects that will no longer provide any future benefit. When transfers are made, Interior does not consistently reconcile the transfers from the construction in progress account to the appropriate property, plant, and equipment account.

5. Transfers – Interior does not have controls to ensure property transferred within and to Interior is consistently recorded. We also noted that equipment transferred from other federal agencies is recorded at the original acquisition value, instead of the net book value or fair value at the time of the transfer, as required.

6. Land and Land Rights – Interior does not have a complete and accurate inventory system for Bureau of Reclamation land and land rights. In fiscal year 2000, Interior established a five-year action plan to develop a complete and accurate inventory of land and land rights. As of September 30, 2002, Interior expects to complete the inventory system within the five-year period.

7. Recording Depreciation – Interior has not established and implemented controls to ensure depreciation starts when assets are placed in service and to ensure useful lives of property and improvements to property are consistently applied for the purposes of recording depreciation. We also determined that depreciation is not always calculated properly, and that certain segments within Interior do not calculate or record depreciation until the end of the year.

8. Reconciliation of Subsidiary Ledgers to General Ledgers – Interior is not able to efficiently reconcile its subsidiary and general ledgers for property, plant, and equipment. This is because Interior does not consistently maintain and reconcile its subsidiary ledgers throughout the fiscal year and has several different subledgers, including manual spreadsheets, that add to the complexity of the reconciliation process.

As a result of our observations, Interior expended a significant amount of time and resources analyzing, counting, reconciling, and adjusting property, plant, and equipment to ensure the amounts were fairly stated.

Recommendations

We recommend that Interior perform the following to improve controls over its property, plant and equipment:

1. Capitalization of Assets – We recommend that Interior develop a formal property, plant and equipment capitalization policy to be used by all Interior components. This policy should indicate the types of disbursements that should be capitalized, expensed as acquisition and improvements to stewardship land, expensed because it is incidental to the acquisition of stewardship land, expensed as acquisition and improvements to heritage assets, and expensed as investments in non-federal physical property. This policy should also indicate the capitalization thresholds to be used for each property category. We also recommend that Interior establish procedures to determine, at the inception of the lease, if the lease should be accounted for as a capital or operating lease. Interior should also establish a database to track and monitor all operating and capital leases to enable Interior to properly report this information in its financial reports. Finally, we recommend that Interior communicate the property policy and lease procedures by providing training to individuals at all the bureaus regarding implementing the property policy and lease procedures.

2. Inventory and Certification Processes – We recommend that Interior improve its inventory and certification processes to verify accuracy, existence, and completeness of property, plant and equipment. Interior should establish required inventory and certification policies and train individuals on how to perform inventories. We also recommend that Interior record adjustments to the subsidiary and general ledgers as a result of the inventory observations in a more timely manner.

3. Acquisitions and Disposals – We recommend that Interior implement internal controls to ensure that property, plant, and equipment transactions are recorded in the subsidiary ledger and general ledger at the time the financial event occurs and at the proper amount. We also recommend that Interior maintain source documents related to property plant and equipment acquisitions and disposals.

4. Construction in Progress – We recommend that Interior establish and communicate policies defining the types of transactions that should be recorded in the construction in progress account

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versus expense accounts. We also recommend that Interior establish controls to ensure that construction in progress transactions are properly recorded. These controls should include verifying that transactions are properly recorded and supported, completed projects are properly transferred from the construction in progress account, and transfers from the construction in progress account reconcile to the other property accounts on a monthly basis. These controls should also include procedures for capturing internal payroll costs and donated labor related to the construction of property.

5. Transfers – We recommend that Interior review accounting transactions to ensure that assets transferred within and to Interior are properly recorded. This should include implementing posting models to properly record property transferred within Interior and revising the procedures to properly record property received from others at net book value of the transferring entity or fair value of the asset on the date of transfer.

6. Land and Land Rights – We recommend that Interior complete the five-year action plan to establish a complete and accurate inventory of land and land rights and to reconcile the inventory records (i.e., subsidiary ledger) to the general ledger.

7. Recording Depreciation – We recommend that Interior design, communicate, and implement internal controls to ensure that depreciation begins when assets are placed in service and useful lives are consistently applied. The process should establish useful lives of newly constructed/purchased property, property received and previously owned by other entities, improvements to property, and changes in useful lives of improved property. The process should also include improving the communication between the Interior financial departments and the managers, purchasers, and users of the property.

8. Reconciliation of Subsidiary Ledgers to General Ledgers – We recommend that Interior consider consolidating several of its subsidiary property systems. We also recommend that Interior reconcile its subsidiary and general ledgers on a monthly basis, including resolving any reconciling items.

Management Response

Management concurs with this finding and recognizes certain inconsistencies among bureaus related to property policies and the need to improve real and personal property management. The Department has established a team of property and finance personnel to address standardizing real and personal property policies to be implemented for FY 2004. However, certain systems issues will not be addressed until the new systems are implemented under the Finance and Business Management Systems Project.

C. Controls over Financial Reporting

Interior needs to improve controls over the recording and reporting of financial transactions as follows:

1. Financial Policies and Resources – Interior's financial processing is very decentralized as key financial transactions are initiated and processed by individuals located throughout finance and program offices. We also noted that Interior has not fully developed and communicated its financial policies. In addition, the policy-setting offices do not always have the authority to enforce and the resources to monitor compliance with financial polices. Furthermore, Interior's financial positions have experienced turnover and extended vacancies causing reassignment of critical financial functions to existing employees who already have full workloads.

2. Transaction Entry – Interior does not consistently utilize automated posting models to minimize manual entries. In addition, Interior does not consistently ensure manual entries are properly

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recorded. Finally, Interior does not consistently record entries throughout the year. As a result, Interior's interim financial information is not consistently complete or accurate and Interior expends a significant amount of time and resources recording transactions after the end of the year.

3. Reconciliation – Interior does not consistently reconcile subsidiary ledgers to general ledgers, budgetary to proprietary accounts, the statement of financing to other statements or consistently resolve reconciling differences in a timely manner. In addition, we noted that certain Interior segments did not ensure that interim SF-133 *Reports on Budget Execution and Budgetary Resources* were properly reconciled to the general ledger or interim general ledger balances for investments and fund balance with Treasury were properly reconciled to Treasury's records. Furthermore, Interior does not consistently investigate and resolve aged accounts, suspense accounts, or accounts with unusual balances, timely.

4. Activity-based costing – Interior does not consistently apply activity-based costing methodologies to allocate costs in accordance with accounting standards. Specifically, we determined that Interior has not fully developed activity-based costing policies and that certain Interior components do not code transactions in the accounting system to facilitate activity-based costing at the customer and program level. Furthermore, Interior components do not consistently capture costs in the accounting systems to enable them to efficiently report GPRA program activity in accordance with the Department's Annual Performance Plans.

5. Grant monitoring – Interior requests grant performance reports and related SF-269, *Financial Status Reports,* from grant recipients; however, Interior does not perform sufficient monitoring to ensure grant recipients submit these reports, timely. Interior uses the grant performance reports as the primary source for the required disclosure of certain investments in non-federal physical property and uses the SF-269s to help ensure that expenses are recorded in the proper period and funds are de-obligated at the end of the grant period.

As a result of our observations, Interior expended a significant amount of time and resources analyzing, reconciling, and adjusting its financial statement balances to ensure the amounts were fairly stated.

Recommendations

We recommend that Interior perform the following, to improve the recording and reporting of financial transactions:

1. Financial Policies and Resources – We recommend that Interior develop Department-wide financial policies that all finance and program departments are required to implement. In addition, we recommend that Interior provide the policy-setting representatives the authority to enforce financial policies and ensure the finance departments have the resources needed to monitor compliance with policies. We also recommend that Interior implement succession planning for financial positions to minimize the impact of turnover. Finally, Interior should provide periodic training to finance and program representatives to ensure they understand and effectively implement Interior's financial policies.

2. Transaction Entry – We recommend that Interior record transactions during the year at the time the transactions are incurred, and utilize automated posting models throughout the year as well as during the year-end reporting process. For manual journal entries, we recommend that Interior have a second individual review the entries to ensure that they are accurate and complete, prior to posting.

3. Reconciliation – We recommend that Interior develop and implement formal month-end and quarter-end financial reporting processes to reconcile subsidiary ledgers to general ledgers, SF-133 reports to the general ledger, Treasury's records to the general ledger, the statement of financing to

other statements, and the budgetary to proprietary relationships as appropriate. Interior should also investigate and resolve old account balances, suspense account items, and accounts with unusual balances, timely.

4. Activity-based costing – We recommend that Interior develop and implement an activity-based costing methodology to accumulate costs in accordance with the Department's Annual Performance Plans. We also recommend that Interior establish an account code structure to track costs consistent with activity-based costing in its accounting system. Furthermore, we also recommend that Interior establish controls to ensure costs are properly charged to its customers.

5. Grant monitoring – We recommend that Interior require grant recipients to submit grant performance reports and related SF-269s prior to receiving new grants.

Management Response

Management concurs with this finding. Interior will include the issues identified above in its efforts to improve financial management for 2003 and will address the activity-based cost issues identified in its initiative to implement activity-based costing consistently across the Department.

D. Controls to Reconcile Intra-governmental Transactions and Balances

Interior needs to improve controls to reconcile its intra-departmental and intra-governmental activity and balances.

1. Intra-governmental Transactions – Interior reconciles its fiduciary intra-governmental transactions and balances; however, Interior has not reconciled its non-fiduciary intra-governmental transactions and balances, because its trading partners did not consistently provide information by Interior component or Treasury fund symbol. In addition, Interior did not designate the appropriate trading partner codes for certain transactions. Furthermore, Interior does not consistently determine the costs incurred to generate intra-governmental revenue. As a result, Interior's transactions and balances with other federal entities may not properly eliminate on the government-wide financial statements. We also recommend that Interior code intra-governmental transactions and balances to the appropriate trading partners.

2. Intra-departmental Transactions – Interior does not reconcile its intra-departmental transactions and balances, timely. We noted that this is a manual reconciliation process, and that Interior expended a significant amount of time and resources completing this reconciliation after the end of the year.

Recommendations

We recommend that Interior improve the process to identify and reconcile the intra-departmental and intra-governmental activity and balances, as follows:

1. Intra-departmental Transactions – We understand that Interior is developing an automated process to facilitate the reconciliation of intra-Departmental transactions. We recommend that Interior complete and implement this automated process. Until the automated process is implemented, we recommend that Interior improve the manual process to reconcile intra-departmental activity and balances.

2. Intra-governmental Transactions – We recommend that Interior establish procedures to reconcile non-fiduciary transactions and balances with other federal entities. We also recommend that Interior consistently code transactions to the appropriate trading partners and determine costs incurred to generate intra-governmental revenue.

These reconciliation processes should be completed quarterly and should include procedures to resolve any differences identified, timely.

Management Response

Management concurs with this finding. Interior will continue to improve intra-governmental transaction processing begun in 2002. This effort includes addressing the issues identified above.

E. Indian Trust Fund Controls

The U.S. Congress has designated the Secretary of the Interior as the primary fiduciary with responsibility for monetary resources held in trust on behalf of American Indian Tribes, Individual Indians, and Other Trust Funds (hereafter collectively referred to as the Indian Trust Funds). The Secretary carries out this fiduciary responsibility through the Office of the Special Trustee (OST), the Bureau of Indian Affairs (BIA), and other Interior bureaus.

The Indian Trust Fund balances include balances considered federal funds and balances considered non-federal funds. The amounts considered federal funds are reflected in Interior's financial statements, while the non-federal trust funds are not reflected in Interior's financial statements. However, the Indian Trust Funds' transactions and balances are disclosed in a footnote to the Interior's financial statements, in accordance with federal accounting standards.

We noted that the procedures and internal controls are not adequate to ensure that the Indian Trust Fund activity and balances are recorded properly or timely. We noted the following weaknesses:

1. Cash Balances – OST is unable to reconcile the Indian Trust Fund cash balances that are disclosed in the footnotes to the Department of the Interior's financial statements with the cash balances reported by the U.S. Treasury. The Indian Trust Fund cash balances are approximately $33 million greater than balances reported by the U.S. Treasury as of September 30, 2002 and 2001. In addition, OST needs to resolve approximately $12.6 million of balances in Treasury suspense and budget clearing accounts as of September 30, 2002 and 2001.

2. Trust Fund Balances – OST is unable to provide accounting records to properly support the Indian Trust Fund balances. For example, the Individual Indian Monies (IIM) trust fund balances in the subsidiary ledger exceed the balance in the control account by approximately $6 million and $6.7 million as of September 30, 2002 and 2001, respectively. In addition, the Individual Indian Monies subsidiary ledger contains negative trust fund balances of approximately $44 million as of September 30, 2002 and 2001. OST also is in the process of investigating and resolving undistributed interest. Furthermore, certain account holders do not agree with the trust fund balances and have filed claims against the U.S. Government and Department of the Interior, that remain unresolved.

3. Special Deposit Accounts – In accordance with section 25 of the Code of Federal Regulations, OST records receipts into a special deposit account within the IIM subsidiary ledger when the recipient trust fund account is unknown at time of receipt. When BIA identifies the proper trust fund account, OST transfers the amount from the special deposit account to the proper trust fund account in accordance with BIA instructions. During fiscal years 2002 and 2001, OST in conjunction with the BIA and a contractor, developed a formal plan to address special deposit accounts. The Department needs to resolve approximately $62 million and $67 million of special deposit accounts included in the IIM subsidiary ledger as of September 30, 2002 and 2001, respectively. A significant number of special deposit accounts have remained inactive for the past several years and new accounts continue to be established.

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4. Trust Fund Information Systems –Interior needs to improve security and general controls over the Trust Fund information systems. Specifically, Interior needs to develop and implement a security policy and program, improve segregation of duties, accredit and certify its general and application systems, strengthen controls to prevent unauthorized access, and establish formal application software development and change controls.

5. Appraisal Compacts – One of the key elements in performing realty trust transactions is the requirement of obtaining appraisals for realty transactions. OST has a fiduciary duty to land title owners and monetary property recipients (e.g., life estate holders) to establish the fair value of property transactions, including establishing the fair value of property leases, before entering into lease agreements or sales transactions on behalf of the owners. Current laws allow the appraisal function to be compacted to tribes, who are often the named parties involved in realty transactions. As a result, transactions are consummated based on prices established or influenced by the eventual beneficial owners of the property. Controls are not in place to ensure that the fair value of property transactions are established by parties independent of the transaction.

6. Entering and Maintaining Trust Fund Information – The regional and agency offices of the Bureau of Indian Affairs (BIA) perform a critical role in the initial input and subsequent changes to the Indian Trust Funds information disclosed by Interior. We noted the following weaknesses related to the internal controls performed by regional and agency offices:

   a. Segregation of Duties – The responsibilities for trust fund processing are not properly segregated to prevent or detect errors. Specifically, in some locations an individual employee has the ability to initiate lease agreements; generate annual billings for property leases; collect payment for leases; send instructions to OST to create IIM accounts; and send instructions to OST via a change order directing OST to change the named monetary property recipients and IIM accounts to which future collections should be posted.

   b. Probate Backlog – The probate orders for land title are not entered into the trust management systems timely. One location has a probate backlog that is over a year old. This results in the potential for inaccurate distributions of lease income to the Indian Trust Fund account holders.

   c. Untimely Deposits – We determined that agency offices did not consistently forward trust receipts to OST in a timely manner. Some of these delays occurred at agency offices where OST and BIA personnel reside and other delays occurred at agency offices occupied by BIA personnel only.

Recommendation

We recommend that Interior develop and implement procedures and internal controls to address these deficiencies.

Management Response

Management concurs with this finding. A variety of actions are underway within the Department of the Interior to correct these deficiencies.

F. Financial Processes at the U.S. Geological Survey

The U.S. Geological Survey does not have adequate procedures and internal controls to ensure that its financial transactions are recorded properly or timely. We noted that the U.S. Geological Survey financial management processes are not designed to facilitate recording financial transactions. U.S. Geological Survey headquarters accounting personnel are not sufficiently integrated into the decentralized accounting structure to establish effective policy and controls as well as provide needed financial management oversight. In addition, U.S. Geological Survey does not have the financial personnel needed to manage accounting operations and ensure financial transactions are properly recorded and reported throughout the year. As a result, Interior expended a significant amount of time and resources reconciling and supporting financial statement balances as a result of our audit procedures.

Recommendation

We recommend that Interior develop and implement procedures and internal controls to ensure that U.S. Geological Survey financial transactions are recorded properly and timely during the year. Specifically, Interior should:

1. Re-design the financial processes at U.S. Geological Survey to ensure that they support recording financial transactions accurately and at the time the events occur.

2. Improve the finance department at U.S. Geological Survey to ensure that it has effective leadership, federal accounting experience, and authority to enforce financial policies.

Management Response

Management concurs with this finding. Currently, efforts are underway to correct these deficiencies during 2003.

G. Controls over Undelivered Orders and Accruals

Interior has not fully implemented internal controls to ensure that obligations are liquidated and liabilities are accrued for goods and services received prior to the end of the reporting period. In addition, Interior does not de-obligate funds in a timely manner. Specifically, we identified instances where the undelivered order balance and the accrued liability balance were either understated or overstated. As a result, Interior re-analyzed the undelivered order and accrued liability balances and adjusted the balances, appropriately.

Recommendations

We recommend that Interior:

1. Develop and communicate internal controls to ensure that accruals are recorded and undelivered orders are adjusted for services and products received prior to the end of the reporting period.

2. Implement internal controls to ensure that the accruals and undelivered orders that are recorded are properly supported. These procedures should be completed at least quarterly.

Management Response

Management concurs with this finding. In 2002, the National Park Service successfully piloted an approach to improve accrual processing. This approach will be reviewed as a possible standard for other bureaus to improve accrual processing. In 2003, the Department will be including full accruals as part of the quarterly financial statement reporting process.

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H. Controls for Recording and Disclosing Claims and Assessments

Interior has not fully implemented internal controls to ensure that claims and assessments are properly accrued or disclosed in the financial report. Specifically, we determined the following:

1. Communication with Solicitor – The financial management departments do not consistently communicate with the solicitor's office regarding claims and assessments. As a result, financial management departments generally do not receive or review any formal reports on the status of claims and assessments until after the end of the year.

2. Claims and Assessment System – Interior does not have an automated system to monitor claims and assessments and, therefore, relies on a time-intensive manual data collection process to summarize the claims and assessments for the year-end financial reporting process.

3. Consistency of Information Received from Solicitor – The claims and assessment information provided by the Solicitor for the year-end financial reporting process is not always complete and accurate. As a result, Interior spent a significant amount of time revising the year-end claim and assessment information and determining the claims and assessments that should be accrued and disclosed.

Recommendations

We recommend that Interior improve internal controls to ensure that claims and assessments are properly accrued or disclosed in the financial report as follows:

1. Communication with Solicitor – We recommend that the solicitor's office provide to Interior's financial management departments a quarterly analysis of all legal claims and assessments and record an accrual or prepare a disclosure for inclusion in the interim and year end financial statements. In addition, the solicitor's office should provide updates, more frequently than quarterly, on the status of major cases to Interior's financial management departments.

2. Claims and Assessment System – We recommend that Interior implement an automated system that contains the information needed to monitor and report on claims and assessments for management and financial reporting purposes.

3. Consistency of Information Received from Solicitor – We recommend that Interior establish internal controls to ensure that the claims and assessment information provided by the Solicitor for the year-end financial reporting process includes all claims and assessments, properly and clearly indicates the status of the case, and includes the estimated range of loss.

Management Response

Management concurs with this finding. Interior worked with the Office of the Solicitor to streamline the tracking of legal claims and assessments to accrue or disclose information in the year-end financial report. Improvements in this process will continue in 2003.

I. Controls over Environmental Liabilities

We noted that Interior has not fully developed policies and procedures for estimating environmental liabilities. Specifically, we determined the following:

1. Guidance – Interior does not have a Departmental prioritized list of cleanup activities, planned cost studies, and projects by risk score factor. In addition, Interior does not provide sufficient direction to regional locations to prepare and submit funding requests and to communicate funding results back to the regions. Furthermore, Interior does not have policies to ensure identification of the

responsible party for environmental liabilities on Interior approved leased properties or properties transferred to Tribal authorities.

2. Estimation Process – Interior does not consistently apply the same methodology to estimate liabilities, consistently refine the estimates, or record material changes in estimates throughout the year. In addition, Interior does not always involve the appropriate environmental personnel or specialists to assess environmental cleanup needs and estimate environmental liabilities. Furthermore, Interior needs additional specialists to assist with the estimation process and monitor cleanup efforts.

As a result of our observations, Interior analyzed and adjusted its environmental liabilities to ensure the amounts were fairly stated

Recommendations

We recommend that Interior improve its policies and procedures over environmental liabilities, as follows:

1. Guidance – We recommend that Interior develop a Departmental prioritized cleanup plan that includes all known areas of contamination and the potential responsible parties. In addition, Interior should develop and communicate policies on preparing and submitting funding requests and identifying the parties responsible for cleanup.
2. Estimation Process – We recommend that Interior require its components to apply the same methodology to estimate liabilities, refine the estimates periodically, and record changes in estimates throughout the year. We also recommend that Interior consider hiring additional environmental specialists to assist with the estimation process and to monitor cleanup efforts.

Management Response

Management concurs with this finding. The Department will investigate approaches to improve reporting on environmental liabilities under applicable rules and regulations to the extent possible with available resources.

J. Controls over Revenue Process

Interior needs to improve controls over the revenue process as follows:

1. Recording Activity - Interior does not consistently review revenue transactions to ensure that they are properly recorded. Specifically, we identified the following:

   a. Transactions recorded at the customer level instead of at the agreement level;

   b. Reimbursable agreements, collections, and revenue recorded at the incorrect amount;

   c. Billings in excess of customer agreements or in excess of expenses incurred;

   d. Increases in accounts receivables that should be reductions of advances from others;

   e. Expenses charged to the improper agreements; and

   f. Revenue recorded in the improper period.

2. Billing - Interior does not consistently issue bills in a timely manner. Specifically, we identified certain accounts that have not been billed for over twelve months. We also noted that Interior manually prepares certain bills, which increases the risk of error.

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3. Account Monitoring - Interior does not consistently analyze its balances of accounts receivable and advances from others. Specifically, we noted customer agreements with both an accounts receivable and an advances from others balance, accounts with unusual and older balances, and advance balances for projects that have ended and need to be returned to customers.

4. Documentation - Interior does not consistently maintain supporting documentation for reimbursable agreements. Specifically, we determined that agreements are not consistently signed, agreements do not consistently include fees to be charged to customers, and documentation supporting the related agreement revenue and expense is not always available.

As a result of our comments, Interior performed a detailed analysis of revenue transactions and adjusted the balances appropriately.

Recommendations

We recommend that Interior improve controls over the revenue process as follows:

1. Recording Activity – We recommend that Interior establish controls to ensure that transactions are recorded in the proper account, at the proper amount, and in the proper period. These controls should include system controls to automatically record transactions in the proper accounts as well as to prevent billings in excess of customer agreement amounts and in excess of expenses incurred. These controls should also include periodic inspections by a second individual to ensure transactions are properly recorded.

2. Billing – We recommend that Interior continue to automate the billing process and issue bills on a regular basis.

3. Account Monitoring – We recommend that Interior investigate and resolve customer agreements with both an accounts receivable and an advances from others balance, investigate and resolve accounts with unusual balances, review and collect older accounts receivable balances, and return advance balances for projects that have ended, monthly. We also recommend that Interior configure its accounting systems to prevent customer accounts from having both an accounts receivable and an advances from others balance.

4. Documentation – We recommend that Interior obtain signed customer agreements, document the fees charged in the customer agreements, and maintain documentation supporting transactions related to these agreements.

Management Response

Management concurs with this finding. The finding relates to services provided to other organizations on a reimbursable basis. Efforts to improve controls over revenue processing for reimbursable activities will include reviewing current practices and making modifications, as appropriate.

K. Controls over Interior Franchise Fund

Interior Franchise Fund (IFF) is a "virtual organization" that utilizes personnel from both of its service providers. Although several personnel are fully dedicated to working on IFF activity, there are several personnel who only spend part of their time working on IFF activity. As a result of utilizing personnel from different service organizations, IFF does not have clear lines of responsibility or reporting and IFF activity does not consistently receive the same priority as the other activity processed by the service providers. We also determined that IFF did not record and reconcile transactions throughout the year and incorrectly recorded certain transactions. As a result, IFF expended a significant amount of time and resources analyzing and adjusting transactions during the year-end reporting process.

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Recommendation

We understand that Interior is in the process of re-organizing responsibilities of IFF. We recommend that Interior complete this re-organization process, ensure there is appropriate staffing to complete the day-to-day accounting processing during the year, and establish internal controls to ensure transactions are recorded properly.

Management Response

Management concurs with this finding. The Department is taking the appropriate action to implement this recommendation.

L. Deferred Maintenance Reporting

Interior has not fully established controls to identify and report deferred maintenance. We noted that Interior has not completed condition assessments for certain assets and, therefore, has not properly disclosed all deferred maintenance amounts. In addition, Interior does not report deferred maintenance by major asset category, and has not defined acceptable operating conditions for each major class of assets.

Recommendation

We recommend that Interior develop and implement internal controls to ensure that condition assessments are completed following a standard methodology and on a regular basis, deferred maintenance is calculated for each asset following a standard methodology, and condition and deferred maintenance information is summarized and reported by major asset category.

Management Response

Management concurs with this finding. Interior has identified "Department-wide Maintenance Management Capability" as a mission critical FMFIA material weakness. The corrective action plan includes implementing a comprehensive maintenance management system and appropriate linkages to the accounting systems, conducting comprehensive condition assessments, implementing a five-year deferred maintenance and capital improvement plan and utilizing a capital asset planning process. This process is underway. A new system is being implemented and condition assessments being conducted in all bureaus. The deferred maintenance and capital improvement plan has been in place for several years and the capital asset planning process was modified to be more effective in 2002.

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A summary of the status of prior year reportable conditions is included as Exhibit I.

COMPLIANCE WITH LAWS AND REGULATIONS

Our tests of compliance with certain provisions of laws and regulations, as described in the Responsibilities section of this report, exclusive of the FFMIA, disclosed the following instances of noncompliance with the following laws and regulations that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 01-02.

M. *Debt Collection Improvement Act of 1996*

In accordance with the *Debt Collection Improvement Act of 1996*, Interior is required to refer eligible receivables that are delinquent to the U.S. Department of the Treasury for collection or offset. Eligible receivables include those that are not the subject of litigation, related to foreclosure proceedings, or

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from organizations in bankruptcy. We determined that Interior did not consistently refer Bureau of Indian Affairs receivables that are over 180 days delinquent to the U.S. Department of the Treasury.

Recommendation

We recommend that the Interior establish a process, in fiscal year 2003 to ensure eligible receivables are referred to the U.S. Department of the Treasury in a timely manner.

Management Response

Management concurs with this finding. The Department has been working with the Bureau of Indian Affairs for a number of years and has made steady improvement. However, further work remains and the Department is committed to continue these efforts to bring Interior into full compliance with the related provisions of the Debt Collection Improvement Act.

N. Section 113 of Public Law 104-208 – Advances for Interior Franchise Fund

In accordance with Section 113 of Public Law 104-208, Interior is required to obtain advances from customers before costs are incurred to provide goods or services to the customer. We determined that Interior does not consistently obtain advances from customers as Interior Franchise Fund had accounts receivable of approximately $78 million as of September 30, 2002.

Recommendation

We recommend that Interior require customers to pay in advance, in accordance with the law or consider requesting the U.S. Congress to change the law governing this requirement.

Management Response

Interior developed, with approval by the Office of Management and Budget, appropriation language establishing the Interior Franchise Fund applying the Government Management Reform Act that created the franchise fund pilot program and guidelines provided by the Office of Management and Budget. The intent of the pilot program was to allow these franchise funds to provide quality services at reduced costs to Federal agencies through competition. Interior does not believe the recommended appropriation language was intended to require advances for all services, but was intended to allow the pilot program to receive advances so that the organizations could operate in a more business like manner. However, Interior can see how the existing language could be interpreted as described above. Interior is working with the Office of Management and Budget and Congress to adjust the appropriation to support the intent of the Government Management Reform Act objectives.

O. *Federal Financial Management Improvement Act of 1996*

The results of our tests of FFMIA disclosed instances, described below, where Interior's financial management systems did not substantially comply with the Federal financial management systems requirements, federal accounting standards, and the United States Government Standard General Ledger at the transaction level.

1. <u>Federal Financial Management Systems Requirements</u> – As discussed in the Internal Control over Financial Reporting section of this report, Interior has several weaknesses in its information technology general control environment that contribute to noncompliance with OMB Circular A-130. Interior needs to improve security policies and related training, monitor the security program, strengthen access controls, segregate information technology duties, fully develop and implement procedures for controlling changes to software, configure its accounting system to properly record

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budgetary recoveries, and formalize its incident response processes. As a result, Interior does not substantially comply with the system requirements of FFMIA.

2. Federal Accounting Standards – Interior is required to prepare its financial statements in accordance with federal accounting standards. As discussed in the Internal Control over Financial Reporting section of this report, we identified weaknesses that affected Interior's ability to prepare its financial statements and related disclosures in accordance with federal accounting standards. Specifically, we determined that Interior needs to improve controls over property plant and equipment, financial reporting, intra-governmental transactions, Indian trust funds, and financial processes at the U.S. Geological Survey.

3. United States Standard General Ledger at the Transaction Level – In accordance with OMB Circular A-127, *Financial Management Systems*, Interior is required to record financial events consistent with the applicable account descriptions and attributes reflected in the United States Standard General Ledger (SGL) at the transaction level. We noted that one of Interior's accounting systems (i.e., Federal Financial System) incorrectly records budgetary recoveries for certain transactions resulting in an overstatement of total budgetary resources and obligations incurred. As a result, Interior recorded correcting entries at the summary level. We also determined that certain posting models related to royalty transactions are not consistent with Treasury's guidance and therefore Interior must manually adjust these balances for reporting purposes. Furthermore, we determined that Interior records certain receivables and property, plant, and equipment in the general ledger at a summary level, rather than at the transaction level.

Recommendations

1. Federal Financial Management Systems Requirements – We recommend that during fiscal year 2003, Interior improve the security and general controls over its financial management systems to meet the requirements set forth in OMB Circular A-130.

2. Federal Accounting Standards – We recommend that during fiscal year 2003, Interior implement strengthened procedures and internal controls that ensure the financial statements and related disclosures are prepared in accordance with the federal accounting standards.

3. United States Standard General Ledger at the Transaction Level – We recommend that during fiscal year 2003, Interior analyze the budgetary recovery entries generated by the accounting system and record correcting entries at the transaction level, in accordance with the SGL. We also recommend that Interior revise its process for recording receivables, royalties, and property, plant and equipment during fiscal year 2003, to ensure that this activity is recorded consistent with the SGL at the transaction level.

Management Response

Management concurs with this finding. Efforts are underway to improve information technology security and general controls for the Department that effect financial management systems (see also management's response to item A above). Efforts are underway to strengthen procedures and internal controls to ensure financial statements and related disclosures are prepared in accordance with federal accounting standards at all levels in the Department (see also management's response to items B, C, D, E, and F above). Efforts are underway to improve compliance with the SGL in the isolated cases where non-compliance issues may exist in the Department that are now being corrected through manual procedures, however, the system changes necessary to reach full compliance are dependent on the implementation of the Finance and Business Management Systems project.

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RESPONSIBIILITIES

Management's Responsibilities

The *Government Management Reform Act of 1994* (GMRA) requires each federal agency to report annually to Congress on its financial status and any other information needed to fairly present its financial position and results of operations. To meet the GMRA reporting requirements, Interior prepares annual financial statements.

Management is responsible for:

- Preparing the financial statements in conformity with accounting principles generally accepted in the United States of America;
- Establishing and maintaining internal controls over financial reporting, and preparation of the Management's Discussion and Analysis (including the performance measures), the Required Supplementary Information, and the Required Supplementary Stewardship Information, and
- Complying with laws and regulations, including FFMIA.

In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies. Because of inherent limitations in internal control, misstatements, due to error or fraud may nevertheless occur and not be detected.

Auditors' Responsibilities

Our responsibility is to express an opinion on the financial statements of Interior based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards,* and OMB Bulletin No. 01-02. Those standards and OMB Bulletin No. 01-02 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used and significant estimates made by management, and
- Evaluating the overall financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

In planning and performing our fiscal year 2002 audit, we considered Interior's internal control over financial reporting by obtaining an understanding of Interior's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 01-02 and *Government Auditing Standards*. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*. The objective of our audit was not to provide assurance on internal control over financial reporting. Consequently, we do not provide an opinion thereon.

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As required by OMB Bulletin No. 01-02, we considered Interior's internal control over required supplementary stewardship information by obtaining an understanding of Interior's internal control, determining whether these internal controls had been placed in operation, assessing control risk, and performing tests of controls. Our procedures were not designed to provide assurance on internal control over the Required Supplementary Stewardship Information and, accordingly, we do not provide an opinion thereon.

As further required by OMB Bulletin No. 01-02, with respect to internal control related to performance measures determined by management to be key and reported in the Management's Discussion and Analysis, we obtained an understanding of the design of significant internal controls relating to the existence and completeness assertions. Our procedures were not designed to provide assurance on internal control over performance measures and, accordingly, we do not provide an opinion thereon.

As part of obtaining reasonable assurance about whether Interior's fiscal year 2002 financial statements are free of material misstatement, we performed tests of Interior's compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 01-02, including certain provisions referred to in FFMIA. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws and regulations applicable to Interior. Providing an opinion on compliance with laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

Under OMB Bulletin No. 01-02 and FFMIA, we are required to report whether Interior's financial management systems substantially comply with (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level. To meet this requirement, we performed tests of compliance with FFMIA Section 803(a) requirements.

DISTRIBUTION

This report is intended for the information and use of Department of the Interior's management, Department of the Interior's Office of the Inspector General, OMB, and the U.S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 28, 2003

Exhibit I

U.S. DEPARTMENT OF THE INTERIOR

Summary of the Status of Prior Year Findings

September 30, 2002

Ref	Condition Area	Status
A	Improve general and application controls over financial management systems.	This condition has not been corrected and is repeated in fiscal year 2002.
B	Improve timeliness of transaction entry and reconciliation.	This condition has not been corrected and is repeated in fiscal year 2002.
C	Improve controls over undelivered orders and accruals.	This condition has not been corrected and is repeated in fiscal year 2002.
D	Improve controls over property, plant, and equipment.	This condition has not been corrected and is repeated in fiscal year 2002.
E	Improve reconciliation of intra-departmental and intra-governmental transactions.	This condition has not been corrected and is repeated in fiscal year 2002.
F	Improve Indian Trust Fund management controls.	This condition has not been corrected and is repeated in fiscal year 2002.
G	Improve financial accounting processes at the U.S. Geological Survey.	This condition has not been corrected and is repeated in fiscal year 2002.
H	Improve controls over the revenue process.	This condition has not been corrected and is repeated in fiscal year 2002.
I	Improve controls for recording and disclosing claims and assessments.	This condition has not been corrected and is repeated in fiscal year 2002.
J	Improve controls over the Aquatic Resources Trust Fund.	This condition has been corrected.

Exhibit I

U.S. DEPARTMENT OF THE INTERIOR

Summary of the Status of Prior Year Findings

September 30, 2002

Ref	Condition Area	Status
K	Improve recording of budgetary transactions.	This condition has not been corrected and is repeated in fiscal year 2002.
L	Improve controls over Interior Franchise Fund financial reporting.	This condition has not been corrected and is repeated in fiscal year 2002.
M	Improve controls over credit card purchases.	This condition has been corrected.
N	Improve accounting for inventory.	This condition has been corrected.
O	Improve deferred maintenance reporting.	This condition has not been corrected and is repeated in fiscal year 2002.
P	Debt Collection Improvement Act of 1996.	This condition has not been corrected and is repeated in fiscal year 2002.
Q	Prompt Payment Act.	This condition has been corrected.
R	Section 113 of Public Law 104-208 – Advances for Interior Franchise Fund.	This condition has not been corrected and is repeated in fiscal year 2002.
S	Federal Financial Management Improvement Act of 1996 – Systems Requirements.	This condition has not been corrected and is repeated in fiscal year 2002.
T	Federal Financial Management Improvement Act of 1996 – Accounting Standards.	This condition has not been corrected and is repeated in fiscal year 2002.
U	Federal Financial Management Improvement Act of 1996 – United States Standard General Ledger.	This condition has not been corrected and is repeated in fiscal year 2002.

ATTACHMENT 2

United States Department of the Interior
OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

DEPARTMENT OF THE INTERIOR
TOP MANAGEMENT CHALLENGES

1. Financial Management

Department of the Interior (DOI or the Department) financial management does not maintain current and accurate financial data during the course of the year. As a result, the Department undertakes a massive effort every year to compile, analyze, and correct its financial data in order to prepare accurate financial statements. DOI must enhance both the depth and breadth of its financial management personnel, must improve its policies and procedures to ensure consistent accounting practices, and must continue its endeavor to secure funding for an updated, integrated financial management system Department-wide.

DOI has made some progress in correcting financial management weaknesses. However, it has not yet made the major changes needed to address the longstanding weaknesses in financial management.

2. Information Technology

Many shortcomings in policies, procedures, and controls need to be addressed before Information Technology (IT) systems and data at DOI are adequately protected. According to the Office of Inspector General (OIG) and General Accounting Office (GAO) reports, establishing effective security over information systems remains a material weakness in DOI.

OIG's September 2002 *Executive Summary of the Annual Evaluation of the Security Program and Practices Over the Department of the Interior's Non-National Security Information Systems* reported that:

- DOI had not ensured that all IT systems have security plans, empowered Chief Information Officers (CIOs) to fulfill all legislative duties and responsibilities necessary to effectively carry out the program, issued adequate guidance for reporting security incidents, adequately tested and evaluated security controls, and effectively trained key personnel.

DOI had not assessed risks and determined the appropriate level of security to adequately protect all IT systems. Further, the bureaus were not able to adequately manage risks for systems and supporting operations and assets because they have not yet identified all IT systems.

- Contractors engaged by the court-appointed Special Master conducted penetration tests of DOI networks and systems, finding that some systems that had been reconnected to the Internet (on December 6, 2001, a U.S. District Court Judge prohibited DOI from connecting to the Internet because Indian trust systems and data were not adequately safeguarded), such as those operated by the National Business Center and the Geological Survey, continued to have security weaknesses.

According to the October 2002 GAO Report No. GAO-03-225, DOI continues to have "computer systems riddled with weaknesses that make them highly vulnerable to computer-based attacks and place a broad range of critical operations and assets at risk of fraud, misuse, and disruption."

DOI needs to establish a monitoring program to ensure that the data contained in electronic information systems is factually based and therefore reliable for use in decision-making and historical support. DOI needs to develop and implement archival procedures to ensure that essential physical operating records are preserved and protected for retrieval and use. Such records provide the bases for past scientific conclusions and management decisions.

DOI information technology systems have achieved Level 1 (establishing documented security policies and standards) under the five-level framework used by the General Accounting Office to assess the security of Federal information technology systems. By fiscal year 2005, DOI plans to conduct a comprehensive information technology assessment and implement a security plan that will meet Level 5 requirements. In December 2002, the CIO for DOI was empowered to meet the information system management requirements of the Clinger-Cohen Act.

3. Health, Safety and Emergency Management

DOI must protect millions of visitors, hundreds of thousands of employees and volunteers, thousands of facilities, and millions of acres of property from both internal and external threats. Risk assessments conducted by the OIG and other entities conclude that:

- Water and power facilities and national icons remain vulnerable to outside threats.

- Visitor safety and security remains inadequate at many DOI parks and other facilities.

- Employee safety and security remains inadequate at many DOI facilities.

- The physical isolation of some DOI lands and facilities increases their vulnerability to threats and inhibits DOI's response time.

DOI has undertaken steps to address these vulnerabilities, but needs to continue these efforts within an aggressive timeframe.

4. **Maintenance of Facilities**

DOI must maintain a large and aging inventory of bridges, dams, schools, buildings, irrigation systems, roads, historical buildings, and other structures entrusted to its care. The deferred maintenance backlog on this inventory was estimated at $12.1 billion. The present decentralized maintenance operations, with their complex funding mechanisms and little or no standardized information, processes, or procedures, have contributed to this backlog. We issued a report in December 2001 outlining a comprehensive approach to maintenance management within DOI.

- DOI needs to implement a comprehensive maintenance management system to effectively plan, prioritize, conduct, and track the condition and maintenance of facilities within all bureaus, especially the National Park Service.

- DOI needs to provide long-term leadership to keep money available to address the long-standing issues of deferred maintenance.

DOI has adopted a computer-based facilities maintenance management system, which it tested at multiple locations during fiscal year 2002, and has been assessing the condition of facilities, developing a 5-year maintenance plan, and establishing goals to reduce the deferred maintenance backlog.

5. **Responsibility to Indians and Insular Areas**

DOI continues to labor to meet its overall trust responsibilities to American Indians, to improve Indian Education, and to address long-standing challenges with financial and operational management in the Insular Area governments.

The challenges facing the Department in the trust arena are being addressed under the scrutiny of a Federal District Court.

Low scores on standardized tests, recruitment and retention of qualified teachers, and the poor condition of Indian school facilities are issues that plague Indian education. There are 171 Indian schools and 14 dormitories, which serve about 50,000 Indian students in 23 states. OIG audits have identified problems in construction and operational planning. To improve Indian educational opportunities, DOI has developed programs, such as those for early childhood and family literacy, to begin to moderate the influences of economic and family conditions on students' academic performance. In addition, Congress substantially increased the funds that DOI can use to repair some education facilities and replace others.

Insular area governments experience difficulties in accurately accounting for expenditures, collecting taxes and other revenues, controlling the level of expenditures, and delivering program services. Contributing to the long-standing problems is the fact that, although each of the Insular Areas has an internal audit organization - known as public auditors, these organizations, with few exceptions, lack the staff, resources, or independence necessary to provide effective and objective audit coverage of local government operations.

To help address Insular Area challenges, the Secretary upgraded the head of the Office of Insular Affairs to the Assistant Secretary level. DOI also announced that it will allocate millions of dollars in discretionary grants among Insular Area governments by assessing the strength and independence of Insular Area public auditor offices and the responsiveness shown to our audit recommendations and DOI and other official inquires.

6. Resource Protection and Restoration

DOI resource managers face the challenge of safeguarding our natural resources, while meeting increasing and often competing demands from users of DOI lands and facilities. Major contributors to the challenge of effective resource management include increased population, environmental issues, shortages of resources such as water, oil and gas, and demands for more recreation areas.

DOI faces challenges in implementing policy goals for repairing and maintaining ecosystems within budget limitations. Of special concern are wildfires, water allocations, a changing land and recreation base, and invasive (non-native) species.

Federal lands account for 30 to 35 percent of energy produced in the United States. The primary challenge is developing energy resources while protecting natural resources, including endangered plant and animal species.

DOI has implemented a fire management plan in coordination with the Forest Service and state and local governments. DOI is working with the State of Florida and local governments to implement the Everglades Restoration Program. The National Invasive Species Council, established by DOI in 1999 to combat the threat of invasive species, is working to establish Federal and non-Federal task teams to implement the action items of the Council's 2001 Management Plan. According to an October 2002 General Accounting Office report, however, Federal efforts to control these species, including the Council's Plan, are stymied by a lack of "clear long-term outcomes and quantifiable measures of performance."

7. Revenue Collections

Although DOI collects over \$9.3 billion in revenues each year, OIG and GAO reports have shown that bureaus could enhance revenues collected for royalty payments, recreational fees, and costs recovered for services provided. In 16 reports issued over the last five years, OIG identified more than \$141 million in lost or potential additional revenues, including $71.7 million of under collected royalties, $17.5 million lost because excess lands were not sold, and $6.6 million of unrecovered firefighting costs. Also, since 1998, OIG, MMS, and the Department of Justice have recovered underpaid royalties of about $500 million through settlements with energy companies resulting from our investigations.

MMS collects the bulk of the revenues realized by the DOI, over $5 billion a year. Most of those revenues have been collected in the form of royalty in value (RIV) payments. An OIG evaluation issued in September 2002 concluded that RIV is much more susceptible to underreporting that taking royalties in kind (RIK). Under RIK, royalties are received as products (oil/gas) and then marketed by MMS. In its document, "Implementing Royalty in Kind, Business Processes and support Systems, Road Map to the Future," MMS outlined a strategy to move from piloting RIK to implementing an operational RIK program.

8. Procurement, Contracts, and Grants

DOI spends substantial resources each year in contracting for goods and services and in providing Federal assistance to states and Indian organizations. Procurement has historically been an area subject to fraud and waste government-wide, and managing procurement activities is an unending challenge requiring constant attention. In FY 2002, the volume of procurement activity was about $6.9 billion, of which over $3.8 billion was provided to states and Indian tribes in grants and other types of Federal aid assistance

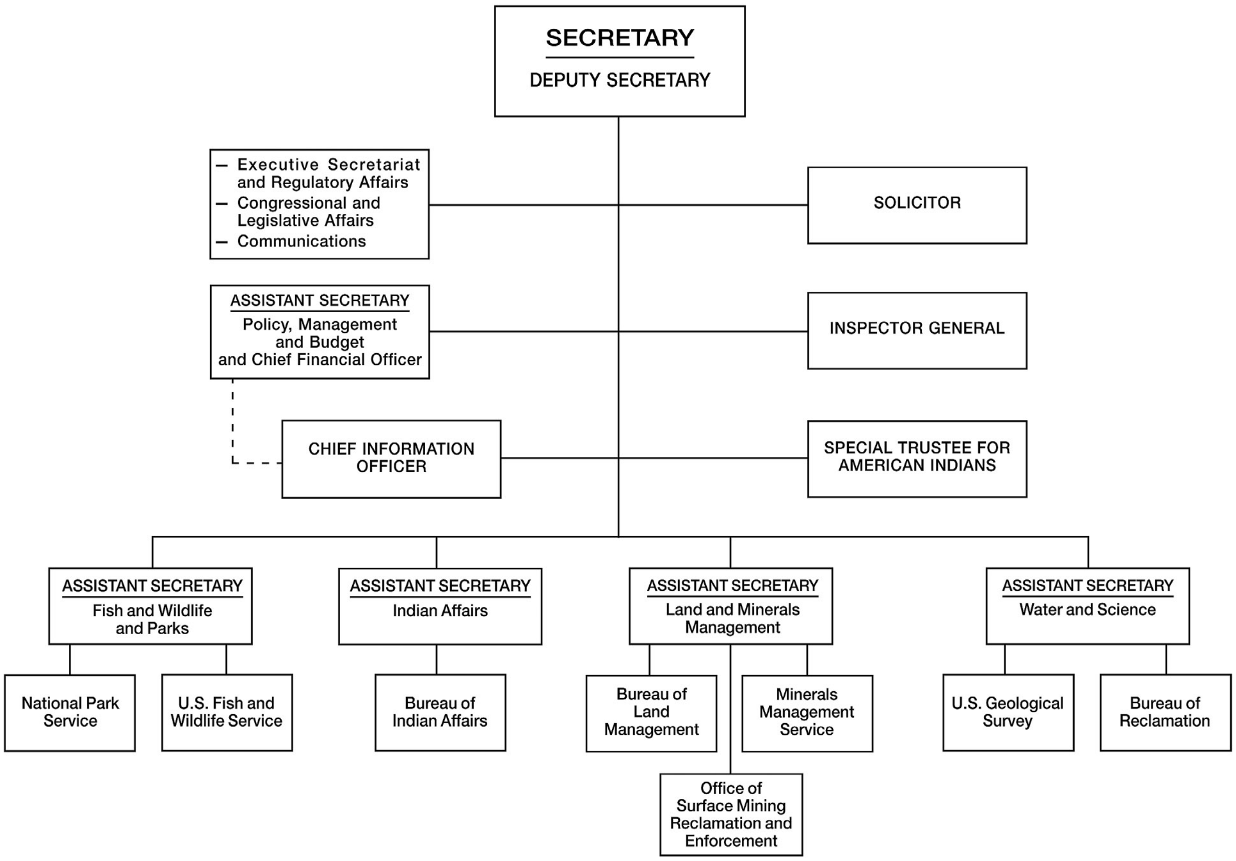
DOI has reported on the material inadequacy of BIA's acquisition management organization, policies, procedures, and guidelines since FY 1991. DOI has also reported since 1999 that controls over management oversight and accountability in FWS's Federal Aid Program have been materially weak because of inadequate management controls and lack of a centralized audit follow-up program and guidance governing the administration of the Program. Implementation of corrective actions has not yet been completed.

OIG completed an audit of procurement activities in DOI's integrated charge card program. We found that improper transactions went undetected because DOI had not established an effective process to review and validate purchases, sufficiently monitor and adjust credit limits, or deactivate ex-employee cards. The total effect of these deficiencies included not only the potential loss of monetary resources, but also the potential loss of confidence in the integrity of DOI operations.

Part 4. Appendices

FIGURE 40

U.S. Department of the Interior



Validation and Verification of Performance Measures and Data

The Department has historically addressed data reliability issues (including data validation and verification—"Data V&V") through internal reporting and tracking systems. These systems and other internal control mechanisms or methodologies have allowed considerable bureau discretion. Over time, a variety of bureau-specific approaches have been developed to accommodate the particular needs of offices with widely varying missions.

Because Data V&V appeared to be implemented inconsistently across Interior, in 2001, the Department began to develop a more systematic, organization-wide approach to address the issue. The result is a data validation and verification "matrix" that has been ground-tested at various organizational levels. The matrix is based on fundamental principles that are typically applied to technical data collection and auditing situations. To find best Data V&V practices, the Department reviewed recent literature, such as the General Accounting Office report on data validation and verification, and participated in local data verification and validation conferences. We also reviewed agency plans and conferred with federal organizations that have demonstrated leadership in the Government Performance and Results Act (GPRA) arena. The advice and perspectives of the Office of the Inspector General and a number of field-level personnel were also solicited. The product establishes minimum standards for data validation and data verification applicable to GPRA goals and measures.

In the Interior approach, data validation criteria address these central questions: (1) whether each goal and measure is relevant to an organization's mission, (2) whether a goal is realistic and progress toward it is measurable, (3) whether the goal or measure understandable to users, and (4) whether the goal or measure pertinent to decision-making. Data verification centers on five critical areas: (1) data standards and procedures, (2) data handling, (3) data quality, (4) data integrity, and (5) oversight. Each of the criteria includes a discrete set of core questions or factors for evaluating the strengths and weaknesses of that specific aspect of data verification.

The basic philosophy underlying the data validation and verification approach is to establish clear ground-tested guidelines for collecting and reporting performance data. The Data V&V matrix addresses every step of the performance data process from designing the performance goals and measures to reporting the performance results to decisionmakers. Organizations that rely on this matrix are positioned to succeed at the task of compiling and being accountable for producing relevant and credible data.

The Department pilot-tested the matrix concept for data validation and verification beginning in the latter part of 2001. Test results and related observations and recommendations for change, were evaluated by a working group consisting of departmental and bureau level planners and analysts. Final recommendations for implementation were presented to Department and bureau leadership for approval in November 2002 with implementation instructions expected before year's end.

The Data V&V matrix concept is not intended to replace viable existing bureau and office Data V&V procedures. It is intended to bring inadequate Data V&V systems up to an acceptable level of function and to serve as a mechanism for testing the effectiveness of existing systems. The Data V & V matrix will be available on the Interior Web site early in 2003.

Program Evaluations

Program evaluations are an important tool in analyzing the effectiveness and efficiency of our programs, and evaluating whether they are meeting their intended objectives. Our programs are evaluated through a variety of means, including performance audits, financial audits, management control reviews, and external reviews from Congress, OMB, Office of the Inspector General (OIG), and other organizations, such as the National Academy of Public Administration and the National Academy of Science. We use self-assessments to verify that performance information and measurement systems are accurate and supportive of our strategic direction and goals. Data collection and reporting systems processes are reviewed and improved through the use of customer and internal surveys.

During FY 2002, OMB developed the Program Assessment Rating Tool (PART) for federal agencies to use to assess their programs. The PART is a diagnostic tool that examines different aspects of program management and results to identify the strengths and weaknesses of a given program. It consists of questions designed to provide a systematic, transparent way of assessing program effectiveness to enable managers to make more informed managerial and budget recommendations. During FY 2002, 20% of DOI programs were analyzed using the PART methodology.

Table 58 lists some examples of program evaluations that occurred during FY 2002.

TABLE 58

FY 2002 Sample Program Evaluations		
Bureau	**Program/Goal**	**Methodology/Purpose**
Goal 1: Protect the Environment and Preserve Our Nation's Natural and Cultural Resources		
NPS	Condition of National Historic Landmarks	NPS internal evaluation
NPS	Facility Maintenance	PART
NPS	Natural Resource Challenge	PART
BLM	Restoration Activities	PART
BLM	Review management controls and check screening, compliance with Wild Horse and Burro pre-adoption, post-adoption inspections, and titling internal procedures	Internal alternative management control review
OSM	Small Operator Assistance Program	Internal alternative management control review
OSM	Assess Computer Security for the Abandoned Mine Land Inventory System	Internal alternative management control review
OSM	Abandoned Mine Lands	PART
FWS	National Fish Hatcheries	PART
FWS	Partners for Fish and Wildlife	PART
BIA	Assess Compliance with Federal Environmental Laws	Five audits conducted by EPA contractor
DOI	Wildland Firefighting	PART
Goal 2: Provide Recreation for America		
BLM	Review the extent of use on allowed lands—laws, rules, and policies	GAO Personnel Watecraft and Snowmobile Use
Goal 3: Manage Natural Resources for a Healthy Environment and a Strong Economy		
BLM	Check compliance of Federal Oil and Gas Royalty Management Act and ensure inactive wells are properly classified and plugged	OIG Inspection and Enforcement Program
BOR	Reduce risks—Dam Safety and Site Security Modifications	Internal four-phase review process
BOR	Hydropower	PART
BOR	Water Reuse and Recyling	PART
BOR	Rural Water	PART
MMS	Physical Security Over Propriety Data	Internal alternative management control review
MMS	Outer Continental Shelf Environmental Studies	PART
Goal 4: Provide Science for a Changing World		
BLM	Cadastral Survey	Surveys and site visits to state and field organizations
USGS	National Cooperative Geologic Mapping Program	The Federal Advisory Committee for NCGMP mandated by the National Geologic Mapping Reauthorization Act (Public Law 106-148) to perform biennial review of the NCGMP.
USGS	Review of Future Roles and Responsibilities	National Research Council
USGS	National Mapping	PART
Goal 5: Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities		
BIA	Assess Quality of Indian Education Programs	Annually by administrative programs reviews
BIA	Indian School Construction	PART
BIA	Indian School Operations	PART
OST	Tribal Land Consolidation	PART

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Bureau of Indian Affairs

GPRA Program Activity: Resources Management

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By 2005, the Bureau will restore and enhance natural resources on tribal lands.	1.BIA.1: The Bureau will provide for the reforestation and improvement of 22.8% of the 1.3 million acres of forestlands needing treatment.	52,622 Cum. 72,448	50,589 142,335	52,622 194,957	50,589 245,546
	1.BIA.2: The Bureau will provide for the restoration of 88,000 acres of trust lands infested with noxious weeds to productive agronomic uses.	80,000 Cum. 80,000	80,000 160,000	110,000 270,000	90,000 360,000
	1.BIA.3: The Bureau will provide for the enhancement of 6,500 acres of wetlands.	Cum. 6,500	16,832	24,098	30,598
	1.BIA.4: The Bureau will provide support for 230 tribal water management projects.	79	110	200	238
By 2005, the Bureau will provide support for tribes to exercise their off-reservation hunting;	1.BIA.5: The Bureau will provide for the exercise of off-reservation treaty rights by 43 tribes.	41	41	41	43
Fishing rights, to manage and conserve fish and wildlife resources on Indian lands, and for the operation of tribal fish hatchery; and	1.BIA.6: The Bureau will provide assistance in support of 17 inter-tribal resource co-management programs (tribes assisted).	17	17	17	17
Operation and maintenance programs.	1.BIA.7: The Bureau will provide support for 50 tribal fish hatchery maintenance projects (projects funded).	54	50	56	35

GPRA Program Activity: Trust Services

Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By 2005, the Bureau will increase the number of Integrated Resource Management Plans (IRMPs) to 50.	1.BIA.8: The Bureau will increase the number of tribes developing IRMPs by establishing an additional 12 planning grants. (Cum.)	N/A	12 (12)	12 (24)	10 (34)
The Bureau will ensure that obligations under the federal Indian trust responsibility are performed in accordance with the standards required by the laws and governmental policies of the United States.	1.BIA.9: The Office of American Indian Trust (OAIT) will perform 70 trust evaluations.	N/A	N/A	67	67
	1.BIA.10: The Bureau will assist 63 tribes by procuring defense services or private counsel in support of water and land claims and the protection of trust and cultural resources.	57	57	57	67

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
52,000 297,546	No Data	No Report. Forestry data is collected on a calendar year basis and will be included in the FY 2003 Performance Report.
88,000 448,000	90,000 450,000	Goal Exceeded. The Bureau was able to restore 90,000 acres of trust land infested with noxious weeds, an increase of 2,000 acres over the projected target. The Bureau expects to continue to achieve this level of success in the weed eradication program in FY 2003.
37,098	No Data	No Report. Wetlands data will be available in late December 2002 and included in the FY 2003 Performance and Accountability Report.
230	238	Goal Exceeded. The Bureau was able to fund 238 water management projects, which is an increase of 8 projects beyond the projected target. The Bureau expects to continue to achieve this level of success in water management projects in FY 2003.
43	43	Goal Met. The Bureau executes and administers contracts and grants with inter-tribal fish and wildlife authorities to provide services to their member tribes. In FY 2002, assistance was provided to the following authorities that extend to 43 tribes: Western Washington Fisheries Management; Washington State Timber-Fish-Wildlife; Columbia River Fisheries Management; Great Lakes Area Resources Management; Chippewa/Ottawa Treaty Fisheries; and the US/Canada Pacific Salmon Treaty. The Bureau will continue to provide this level of assistance to tribes to ensure the protection of their off-reservation treaty rights.
17	17	Goal Met. Primary funding was distributed to the Native American Fish and Wildlife Society to promote communications among fish and wildlife resource tribes; the Inter Tribal Bison Cooperative and its member tribes; the enhancement of wetlands and waterfowl resources in the Midwest Region; the Northwest Region for management of recreational resources at Lake Roosevelt for the Upper Columbia United Tribes; the Chugach Regional Resources Commission in Alaska; the Alaska Sea Otter Commission; the Bering Sea Fisherman's Association; and the Alaska Subsistence Program. Funding was also distributed to various tribes in the Great Plains, Midwest, Northwest, Southwest and Western regions to assist in the development of fish and wildlife resource codes and regulations. The Bureau will continue to provide this level of assistance to tribes to ensure their accomplishment of resource management objectives.
50	36	Goal Not Met. The Bureau funded 36 maintenance projects that benefited tribes in the Midwest, Northwest and Western regions. The projects funded in FY 2002 were larger in size, as well as impact, and the Bureau was, therefore, unable to fund the full 50 projects targeted. The Bureau will continue to provide the highest level and quality of fish hatchery maintenance possible in FY 2003 to assist in the hatching, rearing and stocking of salmon, steelhead trout, walleye, and other fish species to support subsistence, ceremonial needs and commercial and sport fisheries for Indians and Alaska Natives.
12 (46)	10 (44)	Goal Not Met. The Bureau funded the top 10 grant proposals in FY 2002, which fully expended available grants funding. In FY 2003, the Bureau will continue to provide the maximum grants possible for the development of IRMPs.
70	67	Goal Not Met. Three tribes requested to have their evaluations rescheduled late in the fourth quarter of FY 2002. In the spirit of cooperation, the Bureau agreed to reschedule these tribes, and the evaluations are expected to take place during the first quarter of FY 2003.
63	65	Goal Exceeded. The lower cost of representation for particular defense services allowed the Bureau to support two additional tribes in procuring legal representation for support of water and land claims. The Bureau will continue to review and fund as many eligible requests as funding allows.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Bureau of Indian Affairs

GPRA Program Activity: Trust Services

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
	1.BIA.11: The Bureau will fund 20 Departmental teams involved in land and water quantitative negotiations and implementation of Indian land and water rights claims.	20	27	20	21
	1.BIA.12: The Bureau will fund 82 project proposals for technical research and studies.	71	82	83	82
By 2005, the Bureau will improve conditions for the environment and endangered species in Indian Country.	1.BIA.13: The Bureau will train 550 Bureau and tribal employees in the areas of environmental management and endangered species preservation.	N/A	250	405	1,803
	1.BIA.14: The Bureau will conduct compliance assistance audits and perform corrective actions at 5 Bureau field offices.	N/A	5	3	22
	1.BIA.15: The Bureau will issue an additional 15 guidance documents on environmental management and endangered species preservation.	N/A	15	5	26
	1.BIA.16: The Bureau will provide technical or financial assistance to 100 tribes in the areas of environmental management and endangered species preservation.	N/A	N/A	59	250
By 2005, the Bureau will facilitate the growth of trust income through an increase in the efficient processing of trust transactions for tribal and individual Indian land owners.	1.BIA.17: The Bureau will facilitate the growth of trust income by processing 37,000 trust transactions for tribal and individual Indian landowners;	33,400	35,000	35,400	37,000
	1.BIA.18: Increasing the number of probate cases processed to 3,000;	3,094	2,480	3,795	3,924
	1.BIA.19: Increasing the boundary designation of trust lands to 2,989 miles;	624	853	1,421	1,700
	1.BIA.20: And, 4,630 monuments.	1,224	1,379	2,475	3,800

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
20	21	Goal Exceeded. The Bureau provided funding for approximately 21 negotiation teams, associated with this goal. This included funding associated with actual negotiation, settlement process, and implementation. The funds were provided in the following regions, and in the following numbers; Northwest (5 teams funded), Southwest (6 teams funded), Rocky Mt. (4 teams funded), Pacific (2 teams funded), Western (4 teams funded). The Bureau will continue to fund as many negotiation teams as possible.
82	83	Goal Exceeded. The Bureau provided funding for technical research & studies, associated with this goal, in the following regions and numbers; Northwest (10 projects), Southwest (10 projects), Rocky Mt. (7 projects), Western (5 projects), Pacific (10 projects), Great Plains (9 projects), Eastern (4 projects), Eastern Oklahoma (6 projects), Midwest (9 projects), Alaska (4 projects), Navajo (9 projects). The Bureau will continue to provide the highest level of assistance possible to tribes for technical research and studies.
550	994	Goal Exceeded. The Bureau provided environmental training for 444 individuals over the projected target. Due to a higher request than anticipated for National Environmental Policy Act (NEPA) Phase I and ARPA education, additional training sessions were held and additional individuals received training. The Bureau does not expect this to be common practice, but will continue to fulfill as many training requests as possible during FY 2003.
5	107	Goal Exceeded. The Bureau conducted 2 audits and a one-time independent verification audit was conducted of 105 BIA facilities pursuant to a consent agreement by the United States Environmental Protection Agency. The Bureau does not expect this to be a recurring incident and plans on conducting 5 audits in FY 2003.
41	26	Goal Not Met. Several guidance documents are under development, but were not completed by the end of fourth quarter. The Bureau expects the remaining documents to be complete during first quarter of FY 2003. With the completion of these final guidance documents, this goal will be complete and, therefore, discontinued in FY 2003.
100	180	Goal Exceeded. The Bureau had more requests from the tribes on technical assistance in environmental management than was anticipated. Thus, assistance levels exceeded the target level. While the Bureau does not anticipate this level of request to continue, we will continue to provide assistance to tribes as requested within allowable funding.
37,000	39,300	Goal Exceeded. Due to a new automated system designed for more thorough and easier collecting of data, we expect to increase the number of trust transactions processed.
3,000	3,706	Goal Exceeded. The Electronic Probate System was interrupted under court order during the final month of the 1st quarter and oversight of the probate casework was transferred to the Office of Indian Trust Transition and is no longer the responsibility of the BIA. This portion of the goal will be discontinued in FY 2003.
2,989	2,207	Goal Not Met. The surveys of Indian lands and monuments on these lands is being conducted solely by BLM. Any data that the BIA would report on this portion of the goal would be gathered from BLM and is not the result of BIA program work. Accordingly, this portion of the goal will be discontinued in FY 2003.
4,630	3,660	Goal Not Met. The surveys of Indian lands and monuments on these lands is being conducted solely by BLM. Any data that the BIA would report on this portion of the goal would be gathered from BLM and is not the result of BIA program work. Accordingly, this portion of the goal will be discontinued in FY 2003.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Bureau of Land Management

GPRA Program Activity: Preserve Natural and Cultural Heritage Resources

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By FY 2005, implement comprehensive environmental education and resource interpretative information programs for 100% of the National Landscape Conservation System (NLCS) units; establish cooperative associations and other non-profit partnerships on 100% of the National Conservation Areas (NCAs) and National Monuments (NMs); and initiate priority projects to achieve the resource condition objectives for 100% of the NCAs and NMs.	1.BLM.1: In FY 2002, establish the baseline cumulative % of NCLS units w/environmental education & interpretive programs	N/A	N/A	N/A	N/A
	1.BLM.2: Establish baseline cumulative % of cooperative associations and other non-profit partnerships on the NLCS units.	N/A	N/A	N/A	N/A
	1.BLM.3: Establish baseline cumulative % of resource inventory status of the NCAs and NMs.	N/A	N/A	N/A	N/A
By FY 2005, manage the wild horse and burro populations consistent with land health standards and healthy herds to achieve and maintain a thriving natural ecological balance for 100% of the Herd Management Areas.	1.BLM.4: In FY 2002, reach cumulative Appropriate Management Levels (AMLs) on 110 (or 56%) of the Herd Management Areas, as established through monitoring and planning, through the removal and successful placement of excess wild horses and burros.	N/A	51	52	77
	1.BLM.5: Issue 7,500 titles within six months of eligibility.	N/A	6,763	5,928	4,861
By FY 2005, protect cultural and paleontological resources on the public lands by restoring 1,700 at-risk properties, annually conducting "proactive" (non-Section 106) inventories on 25,000 acres, and ensuring that collections housed at 18% of the non federal curatorial facilities are available and accessible to the public through development of partnerships.	1.BLM.6: In FY 2002, protect cultural and paleontological resource values by restoring 230 "at risk" cultural and paleontological properties on the public lands (cumulative total is 1,102),	N/A N/A	128 N/A	519 (519) Cum. sites for FY 2000 -2005	353 (872)
	1.BLM.7: Conduct 25,000 acres of "proactive" (non-Section 106) cultural resource inventories	N/A	N/A	60,600	81,335
	1.BLM.8: Make BLM cultural and paleontological collections available and accessible to the public by developing 5 new partnerships with non-federal curatorial facilities (cumulative total is 22 partnerships).	N/A N/A	5 N/A	5 (5) Cum. Partnerships for FY 2000 - 2005	12 (17)

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
Establish Strategy	17% Baseline (5 of 28 units)	Goal Met. In FY 2002, NLCS conducted a self-assessment and determined that 5 units out of 28 (or 17%) have comprehensive resource interpretive environmental education programs. Also, 25 of the 28 are incorporating comprehensive programs into their on-going land use plans (LUPs). In FY 2003, NLCS is planning to pilot 2 resource interpretive/education units: one for how to address in the LUP, and the other for how to implement in NCA/NMs in a collaborative process.
54% (15 units)	64% Baseline (18 of 29 units)	Goal Met. Through a self-assessment process, we determined that 18 units out of 29 (or 64%) have actively engaged partnerships. In FY 2003, NLCS is planning a workshop to help identify the opportunities for improving the effectiveness of our partnerships, to determine the barriers in establishing effective partners, and to determine how to measure/report success of the program. In FY 2003, the goal will be modified to plan for the establishment of partnerships on an additional four of the NCAs/NMs under bureau administration, bringing the total planned to 75% (22 out of 29 units).
Determine resource inventory status	Resource inventory status determined	Goal Met. The resource inventory status was determined in FY 2002. NLCS conducted a self-assessment and determined 5 of the 29 units have conducted land health assessments and incorporated this information into their land use plans (LUPs). These LUP planning processes are ongoing, and it will not be possible to establish a baseline until these planning efforts are completed. Seventeen LUPs are scheduled for completion in FY 2004. The resource inventory status of 17% of the NLCS units was completed in FY 2002 (5 out of 29 units). By FY 2004, the resource inventory status will be completed on 59% of the NLCS units (17 out of 29 units).
110	107	Goal Not Met. The wild horse and burro program did not meet this goal under severe drought conditions, wildfires, and litigations that required States to gather herd areas that were not scheduled to achieve AML for FY 2002. Efforts to meet the established goal will be maintained in FY 2003.
7,500	6,039	Goal Not Met. This is a customer driven measure and these external factors directly contribute to the success or failure of meeting the established goal. The number of titles issued is based on the number of applications for titles that the bureau receives. It is also a factor of the number of wild horses and burros adopted. If more animals are placed in long-term holding facilities rather than being adopted by the public, the number of titles issued will be fewer. In FY 2003, the goal will be modified to reflect the anticipated demand for adoption of wild horses and burros, and the target will be reduced to 6,000 titles issued.
230 (1,102)	339 (1,211)	Goal Exceeded. The high achievement can be attributed to completing a larger number of smaller, lower-cost projects, such as signing at sites. Additionally, estimates regarding the level of partner involvement is difficult to predict, and these partnerships can significantly add to the success of a program.
25,000	61,318	Goal Exceeded. Accomplishments under this measure have exceeded the planned target each year. An evaluation of the planned target and reported accomplishments will be conducted in FY 2003.
5 (23)	9 (26)	Goal Exceeded. This target was exceeded because there were a greater number of low-cost projects completed. Development of partnerships with non-Federal curatorial facilities generally does not involve funding. The number of new partnerships established cannot be easily determined at the beginning of the year as it is based on the active interest of the various institutions that house BLM collections.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Bureau of Land Management

GPRA Program Activity: Preserve Natural and Cultural Heritage Resources					
Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By FY 2005, the BLM will improve visitor understanding of the purpose of each National Conservation Area and National Monument and will improve visitor satisfaction with BLM's management of these areas by 5% over the baseline established in FY 2002.	1.BLM.9: In FY 2002, the BLM will establish the baselines for the % of visitor knowledge for each National Conservation Area and National Monument by (baseline projected to be 65% for visitor knowledge).	N/A	N/A	N/A	Establish Strategy and Protocol Met
	1.BLM.10: In FY 2002, the BLM will establish the baselines for the % of visitor satisfaction for each National Conservation Area and National Monument by (baseline projected to be 70% for satisfaction with management).	N/A	N/A	N/A	Establish Strategy and Protocol Met
GPRA Program Activity: Understand the Condition of Public Lands					
By 2005, assess the condition of the public lands in 50 priority sub-basins (cumulative number).	1.BLM.11: In FY 2002, assess the condition of public lands in 17 priority sub-basins.	N/A	N/A	N/A	5
By 2005, prepare a cumulative total of 29 new land use plans and complete approximately 250 amendments for existing land use plans to reflect new information or management strategies. By FY 2002, evaluate 100% of BLM's existing land use plans and associated National Environmental Policy Act (NEPA) documents.	1.BLM.12: In FY 2002, evaluate 100% of existing land use plans;	N/A	13	30	87 (117 Cum.)
	1.BLM.13: Prepare a cumulative total of 11 new land use plans;	N/A N/A	N/A N/A	3 (3)	1 (4)
	1.BLM.14: Complete a cumulative total of 118 existing land use plan amendments to reflect new information or management strategies;	N/A N/A	N/A N/A	33 (33 Cum.)	33 (66)
	1.BLM.15: Maintain 100% of "time-sensitive' land use plan actions on their approved schedule.	N/A	N/A	N/A	N/A
	1.BLM.16: Maintain a minimum of 75% of non-"time-sensitive' land use plan actions on schedule.	N/A	N/A	N/A	N/A

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
Establish Baseline	No Data	No Report. The customer survey data collection and analysis was not completed in FY 2002, but will be in FY 2003. The survey delay in FY 2002 was because of changes to the intended survey instrument. Baselines will be established in 2003 and targeted improvement of 2% knowledge over the baseline will be established for 2004.
Establish Baseline	No Data	No Report. The customer survey data collection and analysis was not completed in FY 2002, but will be in FY 2003. The survey delay in FY 2002 was because of changes to the intended survey instrument. Baselines will be established in 2003 and targeted improvement of 2% satisfaction over the baseline will be established for 2004.
17	6	Goal Not Met. This is a pilot program. What constitutes a priority sub-basin has not been fully defined. BLM anticipates completing 5 assessments in FY 2003. BLM accomplished 5 sub-basin assessments in FY 2001 and another 6 in FY 2002 to test the assessment strategy. Another 5 sub-basin assessments will be completed in FY 2003. BLM will not complete the identification of priority sub-basins until the end of FY 2003, and the target will be modified accordingly.
49 (166)	49 (166)	Goal Met. Completing all land use plans (LUP) evaluations was a priority for the BLM. In FY 2002 49 LUP evaluations were completed for a cumulative total of 166 (100%) plan evaluations. We misreported the number of plans reviewed and amended by the end of FY 2001; the corrected cumulative total is 117.
7 (11)	0 (4)	Goal Not Met. The completion of these plans has been delayed because of protests, delays in the completion of biological opinions, delays in Federal Register processing, and changing priorities. The 7 land use plans scheduled for completion in FY 2002 will be completed in FY 2003, along with the 8 plans previously scheduled for completion in FY 2003. Pending resolution of land use plan protests, obtaining biological opinions from FWS, and timely approval of Federal Register notices by the Department, 15 land use plan will be completed by the end of FY 2003. The completion of land use planning is a multi-year effort often requiring 3 years before completion.
52 (118)	26 (92)	Goal Not Met. The BLM completed 26 plan amendment actions in FY 2002. The completion of these plan amendments was hampered because of protest resolutions, litigation, delays in Federal Register processing, mediation efforts, addressing complex and controversial issues, responding to input from interested parties/stakeholders, and because of the absence of key personnel involved in wildfire suppression activities. BLM completed 5 EIS level and 21 EA level land use plan amendments in FY 2002 for the total of 26 reported. Additionally, 8 draft EIS level land use plan amendments were completed in FY 2002 and 14 final EIS level land use plan amendments were under progress. Plans in progress were held up by protests and litigation and the need for further public involvement. The FY 2003 target will include the 26 land use plan amendments that were not completed in FY 2002 and another 15 land use plan amendments that will be initiated in FY 2003 for a revised total of 41 land use plan amendments.
100%	90%	Goal Not Met. Of the 21 Time Sensitive Plans (TSPs), 19 plans are on schedule and 2 plans are not. Reasons for delays with the two plans include contracting issues and Section 7 consultations with the U.S. Fish & Wildlife Service. The two plans not on schedule were because of external factors. BLM will retain the target of attaining 100% of time-sensitive land use plans in the FY 2003 plan.
75%	75%	Goal Met. The BLM has met the target of having 75% of non-time sensitive plans on schedule.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Bureau of Land Management

GPRA Program Activity: Restore At-Risk Resources and Maintain Functioning Systems

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By FY 2005, implement water quality improvement prescriptions on BLM lands in 20% of watersheds within priority sub-basins that do not meet state/tribal water quality standards.	1.BLM.17: In FY 2002, implement water quality improvement prescriptions on BLM lands in 64 Cum. watersheds within priority sub-basins (6%) that do not meet state/tribal water quality standards.	N/A N/A	N/A N/A	N/A N/A	50 5% Cum.
	1.BLM.18: Remediate 60 abandoned mines.	N/A	45	68	47
	1.BLM.19: Plug/reclaim 60 orphan wells.	N/A	9	35	47
By FY 2005, achieve proper functioning condition (PFC) or an upward trend on BLM-administered riparian/ wetland areas in 80% of the watersheds within priority sub-basins.	1.BLM.20: In FY 2002, achieve proper functioning condition (PFC) or an upward trend in riparian/wetland areas in a cumulative total of 243 watersheds (approximately 24%) within priority sub-basins.	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	143 143 Cum. 14% Cum.
By FY 2005, achieve an upward trend in the condition of BLM- administered uplands in 50% of watersheds within priority sub-basins.	1.BLM.21: In FY 2002, achieve an upward trend in the condition of BLM-administered uplands in 80 watersheds within priority sub-basins.	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	84 84 Cum. 8% Cum.
	1.BLM.22: Treat 394,000 acres with wildland fire, prescribed fire, and mechanical fuels treatments to restore natural ecological processes.	N/A	254,000	165,900	448,729
	1.BLM.23: Treat 245,000 acres to prevent the spread of noxious weeds.	N/A	120,000	290,000	251,943
By FY 2005, achieve a stable or increasing trend in the resident populations of 50% of the plant and animal species listed or proposed for listing pursuant to the Endangered Species Act. Also, achieve a stable or increasing trend in the resident populations of 20% of the species identified by BLM as "sensitive."	1.BLM.24: In FY 2002, achieve a stable or increasing trend in the resident populations for 100 (35%) of the plant and animal species listed or proposed for listing pursuant to the Endangered Species Act (cumulative number).	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	80 80 Cum. 28% Cum.
	1.BLM.25: Achieve a stable or increasing trend in the resident populations for a total of 150 (approx. 12%) of the species identified by BLM as "sensitive."	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	122 122 Cum. 10%

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
64 6%	68 7%	Goal Exceeded. BLM accomplishments included 1,080,000 acres of shrub and grassland vegetation treatments and 460 miles of riparian/stream treatments that resulted in water quality improvement prescriptions being applied on 18 sub-basins.
60	94	Goal Exceeded. The national target (60) was exceeded. Accomplishments reflect multi-year projects, often carried out by States. This complicates the BLM's ability to set and meet planned targets several years in advance when partners manage the contractors' work.
60	54	Goal Not Met. The unit costs for plugging orphan wells is unknown until the actual work is performed. Higher unit costs affect our ability to reach planned accomplishments. The reverse can be true, also. The amount of work required for the contract remediation of orphan and temporary abandoned wells is a gross estimate based on the known depth of the well. Additionally, BLM adjusts priorities during the year to mitigate the most "offending/degrading" wells. BLM anticipates additional wells being remediated by unit operators or by other agencies (DOE or state DEQ) which can be difficult to plan for. BLM will adjust the FY 2003 target to 45 orphan wells plugged/reclaimed based on funding limitations and historic accomplishment levels.
100 243 24%	90 233 23%	Goal Not Met. For FY 2002, the annual accomplishments are at 90% (90 watersheds); however, the 2-year cumulative total (233) is at 96% of the established target.
80 164 16%	67 151 15%	Goal Not Met. Commitment of labor resources to addressing drought and wildfire suppression priorities prevented completion of rangeland assessment work required to determine the number of watersheds that have an upward trend.
394,000	313,429	Goal Not Met. Extreme drought and an intense wildfire season reduced the ability to attain this target. BLM treated 196,600 acres outside the wildland urban interface (WUI) (approximately 52% of the non-WUI target) and 115,800 acres within the WUI (approximately 90% of the WUI target) to complete the highest priority treatments. Hazardous fuels treatments cannot occur when not in prescription (fuel moisture, temperature, wind, etc) which cannot be predicted at the beginning of the FY. As such, BLM plans to revise the FY 2003 plan target from 450,000 acres of hazardous fuels treatments to 350,000 acres given historical averages.
245,000	312,561	Goal Exceeded. Exceeding the FY 2002 targets can be attributed to additional funding, cooperative efforts between BLM offices, an increase in volunteer efforts, weed eradication tied to fires, and an increased focus and efforts in specific weed management areas; e.g., the Knapweed Management Area in Utah.
20 100 35%	19 99 34%	Goal Not Met. BLM accomplished 593 special status species recovery and conservation activities in FY 2002, which enabled a stable or increasing trend for 19 listed species.
28 150 12.5%	36 158 13.2%	Goal Exceeded. BLM accomplished 593 special status species recovery and conservation activities in FY 2002, which enabled a stable or increasing trend for 36 sensitive species.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Bureau of Reclamation

GPRA Program Activity: Manage, Develop, and Protect Water and Related Resources

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By 2005, Reclamation will increase water use efficiency by completing water delivery and recycling / reuse projects, increasing the acres managed under water conservation provisions, and responding to drought emergency requests.	1.BOR.1: Complete Water Delivery and Recycling/ Reuse Projects. In FY 2002, complete four feasibility studies or cooperative agreements for water recycling / reuse projects. # of completed studies.	N/A	1	6	4
	1.BOR.2: Increase water availability by 33,600 acre-feet by completing water supply, energy, or recycling/ reuse projects or parts of projects.	N/A	N/A	N/A	111,559
	1.BOR.3: Facilitate Water Use Efficiency. In FY 2002, promote the efficient use of water supplies associated with federal water projects by assisting 275 entities in water conservation planning and management. # of entities receiving assistance:	160	416	284	356
	1.BOR.4: Work with entities to complete water conservation plans covering at least 9.1 million acres Acres of land served:	N/A	N/A	N/A	9.1 million
	1.BOR.5: Serve over 7.5 million people. Population served:	N/A	N/A	N/A	7.5 million
	1.BOR.6: CALFED Bay-Delta Program. In FY 2002, provide funds to purchase up to 185,000 acre-feet or equivalent Environmental Water Account (EWA) assets to provide additional water for fishery purposes beyond the regulatory baseline. Water assets will be acquired by the CALFED agencies, consistent with the goals of the CALFED Water Transfer Program.	N/A	N/A	N/A	346,000
	1.BOR.7: Mitigate Potential Impacts of Drought. In FY 2002, respond to requests for drought emergency assistance in a timely manner (within 60 days of receipt) 90% of the time. % met timely:	N/A	N/A	88%	100%

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
4	3	Goal Not Met. Reclamation completed Cooperative Agreements on the Haskell Reuse Project, El Paso, Texas; City of Espanola Reuse Feasibility Agreement; New Mexico, and the Long Beach Desalination Project. A water recycling plant feasibility study at Watsonville, California, was not completed by the end of the year due to delayed negotiations. The target will be forwarded to FY 2003 and is anticipated to be completed by the end of the year.
33,600	18,453	Goal Not Met. Reclamation provided an additional 18,453 acre-feet of water through completion of the Temescal Project and a small portion of the Mid-Dakota and Mni Wiconi projects, which have the potential to deliver 17,500 and 853 acre-feet of water, respectively. The goal was not met because the Los Angeles Department of Water and Power experienced construction and permit delays for the Terminal Island Project, which has the potential to provide 15,000 acre-feet of water. Completion of this project is now scheduled for the second quarter of FY 2003 and will be carried over into the FY 2003 performance target. Also, 500-acre feet water scheduled to be delivered though the North Dakota rural water system was not met.
275	369	Goal Exceeded. Reclamation exceeded the target by assisting 369 districts. There was an increase in demand for assistance due to the ongoing drought and greater focus on water conservation and joint partnerships to leverage funding.
9.1 million	9.3 million	Goal Exceeded. Because Reclamation has little control over submission and implementation of the plans and conservation efforts, this goal will be discontinued in FY 2003.
7.6 million	26.8 million	Goal Exceeded. Reclamation exceeded the target because it is extremely difficult to determine which districts will be submitting plans so averages are used when setting targets. The districts that had plans in effect had larger populations than estimated. Because Reclamation has little control over submission and implementation of the plans and conservation efforts, this goal will be discontinued in FY 2003.
185,000	287,000	Goal Exceeded. Reclamation, with its partners, provided 287,000 acre-feet of water for the Environmental Water Account (EWA). Funding of the EWA was a combination of federal and state monies. Approximately $28.5 million was required to purchase 243,000 acre-feet of water. The federal (Reclamation) share equaled $11.75 million. Three non-federal entities, Sacramento Groundwater Agency, Yuba County Water Agency, and Kern County Water Agency participated in this acquisition.
90%	76%	Goal Not Met. Overall, Reclamation answered 22 out of 29 requests on time for an annual accomplishment of 76%. A number of responses were delayed because Reclamation received requests for emergency and planning assistance totaling over $13 million. Because the drought program was only appropriated $582,000, Reclamation had to take additional time to determine critical needs and prioritize state, local, and tribal requests to ensure assistance was provided in the most effective manner. This prioritization process delayed response time. The approval process is under review for streamlining in FY 2003. FY 2002 performance will not affect performance in FY 2003 or future years.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Bureau of Reclamation

GPRA Program Activity: Manage, Develop, and Protect Water and Related Resources

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
Address Project Impacts to Water Quality By 2005, protect water quality by addressing Reclamation project impacts and working with tribes, states and local watershed groups to identify and implement efforts to improve water quality.	1.BOR.8: Assess and Improve Water Quality. In FY 2002, Reclamation will conduct 28 water quality assessments at Reclamation reservoirs and stream segments.	N/A	5 (new monitoring)	6 assessments	26 assessments
	1.BOR.9: Implement 5 operational changes and structural modifications.	N/A	N/A	N/A	7
	1.BOR.10: Provide technical assistance to 29 states and local watershed groups.	N/A	N/A	N/A	20
Protect Water Quality By 2005, improve water quality in the seven Colorado River Basin states by eliminating 125,000 new tons of salt from the river at a cost not to exceed $50/ton from a baseline of 371,000 as reported in the 1999 triennial review.	1.BOR.11: Remove Colorado River Salt. In FY 2002, improve water quality in the Colorado River Basin states by adding new projects to control an additional 25,000 tons per year of salt at a cost not to exceed $50/ton. Tons of salt controlled:	18,600 tons	26,300 tons	31,086 tons	36,437 tons
Provide Effective Delivery of Water and Power Generation By 2003, Area Offices will develop Management Plans to address critical issues and opportunities associated with their water and related resources.	1.BOR.12: Complete Management Plans. In FY 2002, five area offices will complete management plans to address critical issues and opportunities associated with their water and related resources. # plans completed:	N/A	N/A	N/A	6
	1.BOR.13: Complete Resource Management Plans (RMPs). In FY 2002, improve land stewardship by completing 14 Resource Management Plans. # plans completed:	N/A	N/A	4	6
	1.BOR.14: Verify Lands Asset Data. In FY 2002, improve land stewardship by updating and completing lands asset data and reconciling it to financial records at an additional 33% of projects.	N/A	N/A	N/A	13%

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
28 assessments	34 assessments	Goal Exceeded. Assessments and ongoing monitoring have addressed salinity, limnology, phosphorus, and other water quality issues. Reclamation slightly exceeded the target because new studies were implemented at the end of the year that were not anticipated when targets were set.
5	5	Goal Met.
29	30	Goal Met.
25,000 tons	36,500 tons	Goal Exceeded. Projects have been awarded that are estimated to remove an additional 36,500 tons of salinity at $33 per ton. Public Law 104-20 of 1995 required DOI to develop a report stipulating salinity program goals. The target to increase removal of salinity by 25,000 tons each year at a cost of $50 per ton stems from that report, which was also approved by the EPA, and will continue as the annual performance goal for FY 2003 and beyond.
5	3	Goal Not Met. Management plans were completed for the Lower Colorado Dam office, the Eastern Colorado Area Office, and the Western Colorado Area office. Reclamation is behind target because higher priority issues in the Klamath and Shasta offices limited time for creation of the plans. Because the goal measures an output with no indication of a change or effect and management has not found the plans to be useful, the goal does not continue into FY 2003.
14	5	Goal Not Met. In general, RMPs are taking longer, are more politically sensitive, and are costing far more than originally anticipated. RMPs that were not completed in FY 2002 are scheduled for completion in FY 2003. However, higher costs, and longer timeframes will be reflected in FY 2003 targets, resulting in a reduction in the number of RMPs scheduled for completion in FY 2003.
33%	59%	Goal Exceeded. Because this goal is related to IG recommendations, greater focus was placed on efforts to complete and reconcile land asset data in FY 2002. The targets for FY 2003 will likely be increased to reflect the accelerated completion schedule.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Bureau of Reclamation

GPRA Program Activity: Manage, Develop, and Protect Water and Related Resources

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
Enhance Fish and Wildlife Habitat By 2005, Reclamation will protect and enhance fish and wildlife habitat by preserving, restoring, and establishing wetlands and in-stream or riparian habitat affected by Reclamation projects.	1.BOR.15: Enhance Fish and Wildlife Habitat. In FY 2002, provide approximately 2.5 million acre feet of water to conserve threatened or endangered species;	N/A	N/A	1.9	1.7
	1.BOR.16: Protect and maintain, establish, restore, or enhance over 9,600 acres of wetlands and/or riparian habitat.	N/A	N/A	7,187	6,212
	1.BOR.17: Protect and maintain, establish, restore, or enhance 37 miles of in-stream and/or riparian habitat.	N/A	N/A	N/A	72

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
2.5	2.1	Goal Not Met. Water has been delivered to meet the Endangered Species Act and other needs in the following rivers: Rio Grande, Pecos, Colorado, and Upper Snake. The target was not met this year due to extreme drought condition in the Rockies and North West that has limit the amount of water available. For example, Upper Snake River basin was in its second consecutive year of drought conditions—2002 runoff in the Upper Snake Basin was 70% of normal this year. As a result, rental water was not available for flow augmentation above Milner Dam on the Snake River. Similar conditions affected other areas. However, it should be noted that water demands for the endangered fish of the Colorado River were reduced through cooperative efforts to provide water to meet competing water needs in western Colorado. Consequently, there was not as much demand for water as projected. If the drought continues, we might have a similar outcome in FY 2003 and have to reduce the targets.
9,600	41,425.5	Goal Exceeded. Due to increased emphasis on recognition of maintenance and enhancement activities and unexpected partnership proposals, Reclamation accomplishment greatly exceeded the assigned target. The focus on maintenance and enhancement will remain; however, future performance will not be as great. The wetlands line item will be eliminated from the FY 2005 budget. Future efforts will continue through project-specific funding.
37	26.05	Goal Not Met. Reclamation is slightly behind target due to delayed ESA consultations and a lack of non-Federal cost-share from partners. Non-federal cost-share for these projects is not anticipated in FY 2003. The goal will be revised to reflect only federal funding.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Fish and Wildlife Service

GPRA Program Activity: Sustainability of Fish and Wildlife Populations

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By 2005, 12% (48 populations) of migratory bird populations demonstrate improvements in their population status.	1.FWS.1: By September 30, 2002, five populations or about 6% (15/252) of migratory bird populations of management concern (for which adequate population information is available) demonstrate improvements in their populations status from baseline year.	N/A	N/A	5 of 250 populations	10 of 250 populations (+5 populations)
	1.FWS.2: By September 30, 2002, 4 populations or about 10% (15/148) of migratory bird populations that are of management concern will have baseline information available for establishing reliable population levels, and monitoring programs will be initiated or continued for those species.	N/A	5	9/150 (+4)	14/150 (+5)
By 2005, 404 species (approximately 43% of the 943) listed under the Endangered Species Act as threatened or endangered a decade or more are either stable or improving, 15 species are delisted due to recovery, and listing of 12 species at risk is made unnecessary due to conservation agreements.	1.FWS.3: By September 30, 2002, 347 species of the 705 (approximately 49%) listed under the Endangered Species Act as threatened or endangered a decade or more are either stable or improving,	N/A	155 of 499 (31%)	309 of 571 (54%)	320 of 616 (52%)
	1.FWS.4: 3 species are delisted due to recovery,	N/A	1	0	1

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
15 of 252 populations (+5 populations)	15 of 252 populations (+5 populations)	Goal Met. The Service met all performance targets for this goal. 1. American peregrine falcon -- Formerly endangered, delisted in 1999. Population at delisting was 1,091 nesting pairs. Population data for 2001 indicate an increased population of 1,417 pairs. 2. Black Tern -- Increasing at an annual rate of 14.5% over the past 10 years (1992-2000) compared to an annual decline of 7.9% over the preceding 25 years (1966-1990). This species has probably been a beneficiary of the wetland projects (enhancement, protection, restoration) initiated in the prairies under the auspices of the North American Wetlands Conservation Act. 3. Prairie Warbler -- (Population stable or slowly increasing over the past 10 years (average annual increase of 0.4%, 1992-2000) compared to an average annual decline of 3.6% over the preceding 25 years (1966-1990). This species has probably benefited indirectly from a variety of habitat management projects implemented as a result of the physiographic area conservation plans developed within the context of the Partners in Flight initiative. 4. Northern Flicker -- Population stable or slowly increasing over the past 10 years (average annual increase of 0.8%, 1992-2000) compared to an average annual decline of 5.6% over the preceding 25 years (1966-1990). This species may be responding to increases in the number of home owners who intentionally landscape their properties in ways that benefit birds, as well as decreased application of lawn chemicals, both of these practices being encouraged by the FWS and cooperating state wildlife agencies. 5. Aleutian Canada Geese -- 36, 834 (SE 5,011) up 23% from last year.)
15/148 (+4)	15/148 (+4)	Goal Met. The Service met all performance targets for this goal. 1. American Oystercatcher --The project was initiated to more accurately determine the population size of the American Oystercatcher, a species of concern in the U.S. Shorebird Conservation Plan. Field surveys began in August of 2002 and will continue through January of 2003. Aerial surveys, aerial photography, and ground counts will provide the best possible estimate of the population size of oystercatchers. 2. Red Knot (A Shorebird Technical Committee, organized by the Service, has been formed to assemble information on the population status of Red Knots in Delaware and their reliance on horseshoe crab eggs as a food resource). 3. Interior Population of Band-tailed Pigeons -- This project will develop a technique to obtain population indices for the purpose of determining population status and trends. Study being conducted in Arizona; results applicable to Colorado, New Mexico, and Utah. 4. Pacific Coast Population of Band-tailed Pigeons -- Mineral sites in California will be identified in California for use in a rangewide population index for Pacific Coast Band-tailed Pigeons. Searches being conducted to locate new mineral sites.
347 of 705 (49%)	320 of 705 (45%)	Goal Not Met. The Service did not meet all requirements for this goal. The Service achieved a level of 320 species stable or improving in FY 2002 falling short of its target of 347 species. There are several reasons why the Service fell short of its goal. The Service directly implements recovery actions for listed species and also serves as a facilitator in encouraging, planning, organizing, assisting, and overseeing the implementation of recovery actions by partners (e.g., other federal agencies, state agencies, conservation organizations, private landowners). Achievement of this goal, therefore, is largely dependent on the contributions of our partners, and is also dependent on the success of other environmental protection efforts and natural fluctuations in environmental conditions affecting the status of listed species. Service resources are increasingly being directed toward the greatest recovery challenges. For example, the increasing frequency and severity of water shortages due to development and/or drought pose especially difficult challenges for stabilization of many aquatic species. In addition, providing for greater stakeholder involvement in the recovery planning process has required additional resources and time. Furthermore, increasing litigation in the Recovery Program has required more resources to be directed toward litigation support.
3	1	Goal Not Met. The Service delisted one species in FY 2002 (Robbins' cinquefoil), falling short of its target of 3 delistings. The Service failed to finalize two delistings due to unforeseen circumstances. For example, the final delisting of the bald eagle is delayed until adequate regulations are in place to allow permits for take under the Bald and Golden Eagle Protection Act following delisting under the ESA. The Hoover's wooly-star's delisting has been delayed due to additional analysis required to justify the Service's decision and post-delisting monitoring requirements. The Service proposed delisting of one new species in FY 2002 (Columbia white-tailed deer) and has two additional actions currently in Washington for publication in early FY 2003 (brown pelican (Gulf Coast population) and Johnston's frankenia). We are also completing final analyses for species we anticipate delisting in FY 2004 and 2005 so that we can reach our cumulative target for FY 2005.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Fish and Wildlife Service

GPRA Program Activity:Sustainability of Fish and Wildlife Populations

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
	1.FWS.5: And listing of 3 species at risk is made unnecessary due to conservation agreements.	N/A	N/A	N/A	5
By 2005, 12 depressed interjurisdictional native fish or self-sustaining or, where appropriate, harvestable levels (based on applicable management plans).	1.FWS.6: By September 30, 2002, 3 depressed interjurisdictional native fish populations are restored to self-sustaining or, where appropriate, harvestable levels (based on applicable management plans).	N/A	N/A	0	2
By 2005, 3 marine mammal stocks will have current censuses available to maintain populations at optimum sustainable levels; harvest guidelines for all marine mammal stocks will be in place, through cooperative management agreements, for continued subsistence uses.	1.FWS.7: By September 30, 2002, current censuses for 2 of marine mammal stocks; and,	N/A	2	2	2
	1.FWS.8: Voluntary harvest guidelines for two of marine mammal stocks will be available.	N/A	2	2	2
By 2005, 40 priority species of international concern will be conserved.	1.FWS.9: By September 30, 2002, 26 priority species of international concern will benefit from improved conservation efforts. Note. Annual data reflects resources available for species conservation projects.	16	22	25	25

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
3	3	Goal Met. During FY 2002, the Service determined that 3 species did not need to be listed due to proactive conservation efforts. The species were the Wet Canyon tallussnail, blue diamond cholla, and the Rio Grande cutthroat trout. The Wet Canyon tallussnail was removed from the candidate list due to conservation efforts undertaken by the Forest Service in accordance with a candidate conservation agreement. The Coronado National Forest is implementing trail closures, campfire restrictions, and monitoring efforts. The blue diamond cholla habitat is actively managed in accordance with a candidate conservation agreement with the Bureau of Land Management, Nevada Division of Forestry, and James Hardie Gypsum Company, including habitat restoration, avoiding impacts, and monitoring. The U.S. Forest Service, the State of New Mexico, and the State of Colorado have developed management plans specific to this species and are implementing conservation activities for the Rio Grande cutthroat trout.
3	5	Goal Exceeded. The National Fish Hatchery System exceeded its FY 2002 annual goal for three depressed interjurisdictional native fish populations by restoring five populations: lake trout, Pacific salmon, steelhead trout, Atlantic Salmon, and striped bass. The Service expanded lake trout production at Saratoga NFH and Allegheny NFH. Propagation strategies for Pacific salmon and steelhead trout also were improved to help meet this goal. Olympia FHC monitored, tested and treated juvenile salmon to prevent losses of over 3,000,000 production fish in support of management and restoration plans. The Service's Lake Champlain Fishery Resources Office and Pittsford National Fish Hatchery worked with the State of Vermont and New York to restore the recreational fishery for landlocked Atlantic salmon in Lake Champlain, which today is worth $54 million annually. Restoration of depleted populations of Gulf Coast striped bass is a cooperative effort between the Fish and Wildlife Service, the Florida Fish and Wildlife Conservation Commission, and the Georgia Department of Natural Resources.
2	2	Goal Met. The Service has current censuses for 2 marine mammal stocks: sea otter: southwest Alaska stock and sea otter: southcentral Alaska stock.
2	1	Goal Not Met. The Service has voluntary harvest guidelines in place for one marine mammal stock – polar bear: southern Beaufort Sea stock. These guidelines are voluntary and developed on a (Tribal) village-by-village basis, therefore, developing and finalizing the number of agreements to cover the broad Southeast Alaska region is taking longer than anticipated.
26	26	Goal Met. In FY 2002, the Service met its goal of conserving 26 priority international species. The following are several examples of international species conservation efforts through the Multinational Species Conservation Fund. The Service funded 127 projects in support of African and Asian elephants; bonobos, chimpanzees, gibbons, gorillas, and orangutans; black, Indian, Java, Sumatran and white rhinoceros; and, Amur, Bengal, and Sumatran tigers. Additional funding supported a project implemented by the World Wide Fund for Nature Southern African Regional Program Office in liaison with the government in Zimbabwe, home to some 440 or some 16% of Africa's highly endangered black rhinoceros. Another project is located South Asia focused on the largest remaining tiger populations in South Asia. Through the Wildlife Without Borders - Russia cooperative effort, the Service supported argali sheep, polar bear, salmon, sea otter, spectacled eider, Steller's eider, sturgeon and walrus primarily through sponsoring specialists from the U.S., Russia and China to attend a variety of events related to their protection, management and conservation.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Fish and Wildlife Service

GPRA Program Activity: Sustainability of Fish and Wildlife Populations

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By 2005, the Service will prevent importation and expansion, or reduce the range (or population density) of aquatic and terrestrial invasive species on and off Service lands by controlling them on 113,585 acres off Service lands and 850,000 acres within the National Wildlife Refuge System, conducting risk assessments on 20 high-risk invasive species for possible amendment of the injurious wildlife list, and developing 5 additional cooperative prevention and/or control programs for aquatic invasive species (coordinated through the ANS Task Force.)	1.FWS.10: By September 30, 2002, the Service will control aquatic and terrestrial invasive species on 187,000 acres of the National Wildlife Refuge System.	143,000	135,000	170,000	187,000
	1.FWS.11: By September 30, 2002, the Service will control aquatic and terrestrial invasive species on 33,683 acres off Service lands.	N/A	N/A	N/A	40,800
	1.FWS.12: By September 30, 2002, the Service will conduct risk assessments on 9 high-risk invasive species being intentionally imported into the U.S.	N/A	N/A	N/A	1
	1.FWS.13: By September 30, 2002, the Service will cooperatively develop one prevention and/or control program for aquatic invasive species.	N/A	N/A	1	0

GPRA Program Activity: Habitat Conservation - A Network of Lands and Waters

Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By 2005, meet the identified habitat needs of Service lands by supporting fish and wildlife populations objective through the restoration of 850,000 acres, and annual management and/or enhancement of 3.2 million acres of refuge habitat, and add 1.275 million acres to the National Wildlife Refuge System.	1.FWS.14: By September 30, 2002, meet the identified habitat needs of the Service lands by annually managing or enhancing about 3.2 million acres of refuge habitat,	3,098,856	2,950,725	3,287,764	3,358,893
	1.FWS.15: Restoring 191,326 acres of refuge habitat; and,	105,420	137,000	186,000	105,601
	1.FWS.16: Adding 105,000 acres to the National Wildlife Refuge System.	438,000	316,000	325,710	1,213,396

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
187,000	217,945	Goal Exceeded. The Service enhanced 217,945 acres of National Wildlife Refuge (NWR) through control of aquatic and terrestrial invasive species, exceeding its target of 187,000. Definitions of invasive species control and habitat restoration were clarified at the beginning of FY 2002; this likely resulted in a shifting of some acreage to the controlling invasives category from what had previously been reported as habitat restoration.
33,683	34,066	Goal Met. The Service met this annual goal by controlling aquatic and invasive species on 34,066 acres of National Wildlife Refuge lands, exceeding the target of 33,683. The acres treated by burning, mechanical removal of invasive plants, and chemical spraying were replanted with native plant species to provide habitat for Federal trust species. In Minnesota, the Partners Program worked with the county weed control agencies in five counties to control leafy spurge. Leafy spurge is a non-native, invasive plant species that can completely overtake large areas of land. In FY 2002, 114 landowners participated in the program and treated 285 sites. More than two million leafy spurge beetles (which help control the pest) were released on these sites. The combined effort of the landowners, the county weed control agencies and the Partners Program has resulted in a dramatic decline of leafy spurge in the treated areas.
9	29	Goal Exceeded. The Service met the requirements of this goal. The Service conducted two risk assessments on 29 high-risk invasive species. A risk assessment was completed on the a highly predatory fish called a "snakehead," which was found in Florida in the summer of 2001 creating great concern among scientists. Snakehead fishes are air-breathing, top-level predators that are difficult to control once they become established in the wild. They have the potential to significantly impact native fish and wildlife species. Initially, the species target was based on completing a risk assessment on a single species, the snakehead. However, the evaluation of the scientific data using criteria established under the Lacey Act, indicated that all 28 species in the Channidae family were injurious to the wildlife and wildlife resources of the U.S. As a result of the information obtained in the risk assessment, the Service was able to add 28 species in the Family Channidae to the injurious wildlife list on October 4, 2002. The Service also completed a risk assessment for the Asian swamp eel and is evaluating the biological information contained within the risk assessment to determine if this species should be listed as injurious.
1	1	Goal Met. The Service met the requirement of this annual goal by cooperatively developing one prevention and/or control program for aquatic invasive species. The Service led the development of a cooperative control/management plan to address the invasive Asian swamp eel in Florida and Georgia. Implementation of this plan should reduce the impacts of the swamp eel and minimize the spread to other areas.
3,256,000	3,460,765	Goal Met. The Service annually managed/enhanced 3,460,765 acres in the NWRS, exceeding its FY 2002 target of 3,256,000 acres.
191,326	79,987	Goal Not Met. The Service fell short of meeting its target of 191,326 acres of restored refuge habitat by restoring 79,987 acres. This reduction is due to a variety of factors, such as high variability in cost per acre, and increased species control and annual habitat management needs.
105,000	233,961	Goal Exceeded. The Service added 233,970 acres in the NWR System, exceeding its target of 105,000 acres. Timing of acquisition is dependent on willing sellers and it is difficult to predict when a specific sale will occur. The estimate of 105,000 acres for FY 2002 was based on Land and Water Conservation Fund acquisitions only. The FY 2002 Actual Acres was 233,961. Migratory Bird Conservation Funds were used to acquire 16,360 acres of Migratory Bird Refuges and 53,845 acres of Waterfowl Production Areas in the Prairie Pothole Region. The bulk of the remainder of the difference was due to an unanticipated donation by The Conservation Fund of 33,805 acres at the Alaska Peninsula National Wildlife Refuge. Eight additional donations also accounted for an additional 2,488 acres that were unanticipated.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Fish and Wildlife Service

GPRA Program Activity: Habitat Conservation - A Network of Lands and Waters

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By 2005, 23% of mission critical water management and public use facilities will be in fair or good condition as measured by the Facilities Condition Index.	1.FWS.17: By September 30, 2002, 5% (534/10,159) of mission critical water management; and,	N/A	N/A	5.2% (533 facilities)	6% (602 facilities)
	1.FWS.18: 8% (337/4,289) of public use facilities will be in fair or good condition as measured by the Facilities Condition Index over the previous year.	N/A	N/A	4.1% (179 facilities)	7% (299 facilities)
By 2005, improve fish and wildlife populations focusing on trust resources, threatened and endangered species, and species of special concern by enhancing and/or restoring or creating 550,000 acres of wetlands habitat, restoring 1,000,000 acres of upland habitats, and enhancing and/or restoring 9,800 riparian or stream miles of habitat off-Service land through partnerships and other identified conservation strategies.	1.FWS.19: By September 30, 2002, improve fish and wildlife populations focusing on trust resources, threatened and endangered species, and species of special concern by enhancing and/or restoring or creating 53,548 acres of wetlands habitat; and,	47,384	66,029	64,726	144,729
	1.FWS.20: Restoring 232,663 acres of upland habitats; and,	70,516	58,840	149,431	389,057
	1.FWS.21: enhancing and/or restoring 1,204 riparian or stream miles of habitat off-Service land through partnerships and other identified conservation strategies.	913	1,043	1,409	2,021

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
5% (534 facilities)	9% (938 facilities)	Goal Exceeded. In FY 2002, the Service exceeded its target of 534 facilities with mission critical water management facilities in fair or good condition by achieving 938 facilities. The reason for this accomplishment is due to prior year funding maintenance increases that resulted in a higher than planned number of water management facilities in fair or good condition in FY 2002.
8% (337 facilities)	10% (425 facilities)	Goal Exceeded. In FY 2002, the Service exceeded its performance target for the number of mission critical public use facilities in fair or good condition (435 actual compared to 337 or 10% of the total number of facilities). Improved public use facilities will allow visitors to experience nature first hand and enjoy fish and wildlife dependent education and recreation. In providing recreational opportunities our goal is to provide non-intrusive access and modest facilities that allow people to enjoy nature without degrading it. This is an especially important need as the Refuge System observes its centennial year in 2003.
53,548	138,237	Goal Exceeded. The Service exceeded the target for this goal. Working with Partners, the Service significantly exceeded its wetland's target [138,237 (actual) compared to 53,548 (target)]. The main reason was an unexpected increase in the acres restored by the North American Wetlands Conservation Fund (NAWCF). The NAWCF is a volunteer program and, thus, is subject to the unpredictability of volunteer activities program.
232,663	212,975	Goal Not Met. The actual number of upland acres enhanced and/or restored in FY 2002 was 212,975 acres or 92% of the target of 232,663 acres. The upland habitat target of the annual goal was based on the participation of volunteers. In FY 2002, landowners volunteered for more projects for improving more wetlands than uplands. Thus, the wetland target was exceeded and the upland target was not met. It is difficult to accurately predict the number of projects in each habitat type in a wholly volunteer program.
1,204	4,444	Goal Exceeded. This significant increase is due to the unpredictability of volunteer efforts in the NAWCF.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

National Park Service

GPRA Program Activity: Preserve Park Resources

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By September 30, 2005, 10.1% of targeted parklands, disturbed by development or agriculture as of 1999 (22,500 of 222,300 acres) are restored; and exotic vegetation on 6.3% of targeted acres of parkland (167,500 of 2,656,700) acres is contained.	1.NPS.1: By September 30, 2002, 4% (8,900 acres) of targeted disturbed park lands, as of 1999, are restored, and	3.6% 8,700 acres (baseline .241 m acres)	14.7% 35,380 acres (baseline .241 m acres}	15.1% 36,410 acres (baseline .241 m acres)	3.4% 7,500 acres (baseline .222 m acres)
	1.NPS.2: 2.5% (66,400 acres) of priority targeted disturbances are contained.	2.5% 48,100 (baseline 1.9 m acres)	8.2% 155,869 (baseline 1.9 m acres)	10.9% 206,500 (baseline 1.9 m acres)	1.25% 33,300 (baseline 2.657 m acres)
By September 30, 2005, 14.4% of the 1999 identified park populations (64 of 442) of federally listed threatened and endangered species with critical habitat on park lands or requiring NPS recovery actions have improved status; and an additional 20.5% (91 of 442) have stable populations.	1.NPS.3: By September 30, 2002, 11.3% (50 of 442) of the 1999 identified park populations of federally listed threatened and endangered species with critical habitat on park lands, or requiring NPS recovery actions have an improved status; and,	13.1% 57 populations (baseline 436 populations)	12.4% 54 populations (baseline 436 populations)	14.6% 64 populations (baseline 436 populations)	10.4% 46 populations (baseline 442 populations)
	1.NPS.4: An additional 20.5% (91 of 442) have stable populations.	32.3% 141 populations (baseline 436 populations)	17.9% 78 populations (baseline 436 populations)	21.5% 94 populations (baseline 436 populations)	20.5% 91 populations (baseline 442 populations)
By September 30, 2005, air quality in 70% of reporting park areas has remained stable or improved.	1.NPS.5: By September 30, 2002, air quality in 60% of reporting park areas has remained stable or improved.	N/A	63%	59%	54%
By September 30, 2005, 75% (216) of 288 Park units have unimpaired water quality.	1.NPS.6: By September 30, 2002, 60% of Park units have unimpaired water quality.	N/A	N/A	N/A	56%

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
4% 8,900 acres (baseline .222 m acres)	3.8% 8,565 (Partial)	Goal Not Met (Preliminary). NPS is within 335 acres of meeting this goal with 92% of reporting parks have completed data entry. NPS does not expect to meet this goal. Some parks that did not meet their goal target for FY 2002 reported planned funding and staff were reprioritized to fire suppression and/or drought conditions impacted ability to complete restoration work. Final performance, if different, will be reported in the Performance Report for FY 2003. FY 2003 target may be adjusted pending consideration of FY 2003 appropriation.
2.5% 66,400 (baseline 2.657 m acres)	3.9% 105,000 (Partial)	Goal Exceeded (Preliminary). Although the NPS exceeded this goal, data are still considered preliminary. Preliminary verification work has indicted some errors in park reporting and verification work is on-going. With 97% of parks reporting, NPS is confident that the goal was exceeded based on an increased focus and resources devoted to controlling damaging invasive species by all land management agencies. Final data should be available by February 2003 when field checks are completed. Final performance will be reported in the Performance Report for FY 2003. NPS will not revise the FY 2003 target until data verification is completed.
11.3% 50 populations (baseline 442 populations)	14.5% 64 (baseline of 442) (Partial)	Goal Met (Preliminary). Because data verification is still on-going, NPS considers this goal met rather than exceeded. NPS will not revise the FY 2003 target until data verification is completed. Final data should be available by mid-December 2002. Final performance will be reported in the Performance Report for FY 2003.
20.5% 91 populations (baseline 442 populations)	22.3% 99 (baseline of 442) (Partial)	Goal Met (Preliminary). Because data verification is still on-going, NPS considers this goal met rather than exceeded. NPS will not revise the FY 2003 target until data verification is completed. Final data should be available by mid-December 2002. Final performance, if different, will be reported in the Performance Report for FY 2003.
60%	55%	Goal Not Met. The NPS does not have the authority to directly control all air pollution affecting park resources. Instead, the NPS must work with states and EPA to develop new and utilize existing programs that improve air quality within the national park system. Activities, such as permit reviews; participation in regional air quality management planning organizations, and regulation and standard development; monitoring; and basic research enable the NPS to improve and protect parks' air quality. With about 50 parks reporting air quality trends this year, a change in a few parks not meeting the goal can make a relatively large difference in the goal performance indicator percentage. Next year the NPS will include over 100 additional parks by using representative air quality data collected outside those NPS units. Adding many additional reporting areas will provide a better estimate of the state of the national park system's air quality. The Natural Resource Challenge has provided additional staff that participates in regional planning organizations and funds to augment air quality monitoring networks. Such regular participation will keep issues important to the NPS under consideration and increase the likelihood of their resolution in a manner favorable to the attainment of the NPS air quality goal. Increasing the size of our monitoring networks will provide additional park monitors whose data will be analyzed for compliance with the air quality goal. Pending further performance trend analysis and the FY 2003 appropriation, the FY 2003 goal may be adjusted.
60%	64%	Goal Exceeded. Better than expected performance is credited to: (1) updates to lists maintained by states showing waterbodies previously identified as impaired as no longer impaired, and (2) water quality information obtained through Level I inventories and USGS partnership programs. No changes are planned to the NPS FY 2003 goal as states are still submitting updated state lists for 2002.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES
National Park Service

GPRA Program Activity: Preserve Park Resources

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By September 30, 2005, 48% of the historic structures listed on the current List of Classified Structures are in good condition.	1.NPS.7: By September 30, 2002, 45% (12,150 of 27,000) historic structures on the current list of Classified Structures are in good condition.	43.1%	44%	43.6%	44%
By September 30, 2005, 72.3% of preservation and protection standards for park museum collections are met.	1.NPS.8: By September 30, 2002, 68.7% of preservation and protection standards for park museum collections are met.	61.7%	63.4%	65.6%	67.5%
By September 30, 2005, 35% of the cultural landscapes on the current Cultural Landscapes Inventory with condition information are in good condition.	1.NPS.9: By September 30, 2002, 32% of the cultural landscapes on the current Cultural Landscapes Inventory with condition information are in good condition (162 of 506).	32.6%	26.4%	28.6%	30.8%
By September 30, 2005, 50% of the recorded archeological sites with condition assessments are in good condition.	1.NPS.10: By September 30, 2002, 47.5% of the recorded archeological sites with condition assessments are in good condition (9,975 of 21,000).	33.3%	34.1%	37%	47.3%
By September 30, 2005, 40% of known paleontological localities in parks are in good condition; and 105,000 square feet of cave floors in parks are restored.	1.NPS.11: By September 30, 2002, 25% of known paleontological localities in parks are in good condition; and,	N/A	N/A	N/A	23%
	1.NPS.12: 81,320 square feet of cave floor in parks are restored.	N/A	N/A	N/A	66,820 Cum.
By September 30, 2005, acquire or develop 87% (2,203) of the 2,527 outstanding data sets identified in 1999 of basic natural resource inventories for all parks.	1.NPS.13: By September 30, 2002, acquire or develop 44.4% (1,121) of the 2,527 outstanding data sets identified in 1999 of basic natural resource inventories for all parks.	8%	9.75%	19.9%	30.7%

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
45%	44.5% (11,946 of 26,859)	Goal Not Met. NPS missed achieving the goal by 0.5%. Historic structures include a great diversity of built works. Some are quite small. Some are very large. Prescribed treatments to bring structures into good condition vary considerably. Costs associated with treatments may vary from $50,000 to $10,000,000. Parks and regions set the priorities of which projects to do annually and those priorities are often are set or changed by natural disasters and other exigencies beyond NPS control. There is, nonetheless, always a trade-off between the number of projects completed and the average cost of projects. Several expensive projects can easily reduce the total number of structures brought into good condition servicewide such that the servicewide goal is not quite reached. FY 2003 target may be lowered based upon past performance trends and the FY 2003 appropriations.
68.7%	68.8%	Goal Met.
32% (162 landscapes	30.1% (158 of 525 landscapes)	Goal Not Met. The Cultural Landscapes Inventory (CLI) is a new inventory listing and condition information has been assessed for only about 17% of the known cultural landscapes. Park data often does not agree with certified data and work is ongoing to make corrections. Because this database is relatively new, each year information on many additional landscapes is added and most of those landscapes are in less than good condition, keeping the overall percentage in good condition relatively stable, or declining, over time. It appears that the landscapes in the best condition were entered in the database first, resulting in slower progress in raising the percentage now. Out-year targets will be revised to better reflect current performance trends and FY 2003 appropriations.
47.5% (9,975 sites)	47.6% (10,144 sites)	Goal Met.
25%	44.6% (Partial)	Goal Exceeded. Additional funding resulted in much better performance than planned by a major paleonto-logical park. That trend cannot be depended on in FY 2003. However, the FY 2003 target may be adjusted upward to reflect past performance and FY 2003 appropriation.
81,320 Cum.	106,856 (Partial)	Goal Exceeded. Parks with cave resources were able to conduct more rehabilitation work than expected. Fi-nal results will be reported in the FY 2003 Performance Report. The FY 2003 target may be revised to reflect FY 2002 performance and the FY 2003 appropriation.
44.4% (1,121 data sets)	49% (1,355 data sets)	Goal Exceeded. The baseline number of needed data sets has been increased by 240. The FY 2003 target may be adjusted to reflect that change and FY 2003 appropriation.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES
National Park Service

GPRA Program Activity: Preserve Park Resources

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By September 30, 2005, archeological sites inventoried and evaluated are increased by 35% (from FY 1999 baseline of 48,188 sites to 65,054); cultural landscapes inventoried and evaluated at Level II are increased by 89.9% (from FY 1999 baseline of 137 to 260); 100% of the historic structures have updated information (24,225 of 1999 baseline of 24,225); museum objects cataloged are increased by 34.3% (from FY 1999 baseline 37.3 million to 50.1 million); ethnographic resources inventory is increased by 634.5% (from FY 1999 baseline 400 to 2,938); and 14.2% of parks have historical research that is current and completed to professional standards (112 of 385 parks).	1.NPS.14: By September 30, 2002, archeological sites inventoried and evaluated are increased by 17% (from 48,188 to 56,612);	43,167 sites	48,188 sites	52,198 sites	55,733 sites
	1.NPS.15: Cultural landscapes inventoried and evaluated at Level II are increased by 54.7% (from 137 to 212);	134 landscapes	137 landscapes	152 landscapes	184 landscapes
	1.NPS.16: 68.2% of historic structures have updated information (16,520 of 24,225);	N/A	N/A	7%	62.9%
	1.NPS.17: Museum objects cataloged are increased by 23.6% (from 37.3 million to 44.3 million);	31.4 m	37.3 m	38.6 m	42.3 m
	1.NPS.18: Ethnographic resources inventory is increased by 145% (from 400 records to 980 records); and	0	400	947	1,246
	1.NPS.19: 9.3% of parks have historical research that is current and completed to professional standards (36 of 384).	N/A	N/A	N/A	30
By September 30, 2005: Ib3. Vital Signs: 80% (216) of 270 parks with significant natural resources have identified their vital signs for natural resource monitoring.	1.NPS.20: By September 30, 2002, 20% of 270 parks with significant natural resources have identified their vital signs for natural resource monitoring.	N/A	N/A	N/A	13%
By September 30, 2005, geological processes in 20% (54) of 270 parks are inventoried and human influences that affect those processes are identified.	1.NPS.21: By September 30, 2002, geological processes in 6.3% (17) of 270 parks are inventoried and human influences that affect those processes are identified.	N/A	N/A	N/A	4
By September 30, 2005, the National Park Service has completed an assessment of aquatic resource conditions in 265 parks.	1.NPS.22: By September 30, 2002, a draft procedure to assess aquatic resource condition is produced for internal review (for qualitatively evaluating the condition of nation park aquatic resources).	N/A	N/A	N/A	N/A

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
56,621 sites (+17%)	55,791 sites (15.8%)	Goal Not Met. A significant change was made in the total site inventory count in FY 2002. All destroyed sites were removed from the site inventory count. Note that 897 destroyed sites were removed, while the goal was missed by 830 sites. The goal would have been met if the FY 1997-2001 reporting method had been used. Destroyed sites were included in the FY 1997-2001 inventories since the former site data is still very important to resource management by park archeologists and managers. Information on destroyed sites is still retained in the Archeology and Ethnographic Program's Servicewide database (ASMIS) for park use. Also, a change was made in the annual reporting cycle giving park archeologists less time for data entry and verification than in FY 2001. Pending FY 2003 appropriation, FY 2003 target may not be changed. Program personnel are confident NPS can meet FY 2003 target.
212 landscapes (+54.7%)	219 landscapes (59.8%)	Goal Exceeded. NPS exceeded this goal by 7 landscapes. Prescribed treatments to bring landscapes into good condition vary considerably resulting in high variability in performance, knowing how much funding is available does not easily translate into expected performance. Parks and regions set the priorities of which projects to do annually and those priorities are often are set or changed by natural disasters and other exigencies beyond NPS control. No adjustments are expected to the FY 2003 target pending FY 2003 appropriations.
68.2% (16,520)	72.9% (17,665)	Goal Exceeded. New goal reporting instructions are expected to result in lower performance in FY 2003. FY 2003 target may need revision.
44.3 m	45.4 m	Goal Exceeded. Due to reprioritization of projects, more time was allotted to move the backlog catalog records into the automated national catalogue system, resulting in a substantial increase in the number of items catalogued. FY 2003 target may be adjusted if the FY 2003 appropriation for this activity is significantly different from budget.
980	1,090	Goal Exceeded. An emphasis by the servicewide program manager has resulted in a clearer understanding and renewed activity in regions for recording information in the official database. The FY 2003 target may be revised to account for past performance trends and the FY 2003 appropriation.
36	36 (Partial)	Goal Met (Preliminary). Final data will be reported in FY 2003 Performance Report.
20%	17% (46 of 270 parks)	Goal Not Met. New more stringent requirements resulted in fewer than planned parks with vital signs identified. Out-year goals may need to be adjusted pending FY 2003 appropriation. Additional funding from the Natural Resources Challenge is expected to keep this goal on track.
17	17	Goal Met.
1 draft procedure	1 draft procedure	Goal Met. NPS is on track to meet its FY 2003 goal, pending consideration of FY 2003 appropriation.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

National Park Service

GPRA Program Activity: Strengthen and Preserve Natural and Cultural Resources

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By September 30, 2005, an additional 6.9% (158) properties are designated as National Historic Landmarks (NHL) (2,277 to 2,435); an additional 11% (7,800) significant historical and archeological properties are listed in the National Register of Historic Places (71,019 to 78,819); an additional 28.6% (221,800) significant archeological properties in federal ownership are inventoried and evaluated (733,200 to 943,200 contributing properties); and, an additional 24.7% (1,163,000) significant historical and archeological properties are either inventoried and evaluated, or officially designated by states, tribes, and certified local governments (4,701,000 to 5,864,000 contributing properties).	1.NPS.23: By September 30, 2002, an additional 3.6% (83) properties are designated as National Historic Landmarks (2,277 to 2,360);	2,252 cumulative properties	2,277 cumulative properties	2,310 cumulative properties	2,341 cumulative properties
	1.NPS.24: an additional 5% (3,900) significant historical and archeological properties are listed in the National Register of Historic Places (71,019 to 74,919);	69,553 cumulative properties	71,019 cumulative properties	72,412 cumulative properties	73,855 cumulative properties
	1.NPS.25: An additional 14.3% (105,000) significant archeological properties in federal ownership are inventoried and evaluated (733,200 to 838,200 contributing properties); and,	740,000 properties	733,200 properties	760,200 properties	724,181 properties
	1.NPS.26: An additional 11.8% (559,000) significant historical and archeological properties are either inventoried and evaluated, or officially designated by states, tribes, and certified local governments (4,701,000 to 5,260,000 contributing properties).	4.559 m	4.701 m	5.022 m	5.158 m (+9.73%)
By September 30, 2005, National Historic Landmark Protection: 92% of National Historic Landmarks (2,224 of 2,418 designated landmarks) are in good condition; 1% of federally recognized historical and archeological properties (22,100 of 2,205,000 contributing properties) are protected through NPS administered programs or assistance; and 4% of significant historical and archeological properties (228,800 of 4,857,000 contributing properties) recognized by states, tribes, or certified local governments are protected through their administered programs or assistance.	1.NPS.27: By September 30, 2002, 93% of National Historic Landmarks (2,202 of 2,360 designated landmarks) are in good condition;	2,038 landmarks	2,004 landmarks	2,199 landmarks	92% (2,192)
	1.NPS.28: 1% of federally recognized historical and archeological properties (21,500 of 1,987,000 contributing properties) are protected through NPS administered programs or assistance; and,	17,900 properties	18,800 properties	19,600 properties	1.33% (24,700 of 1,862,000 properties)
	1.NPS.29: 4.9% of significant historical and archeological properties (216,100 of 4,410,000 contributing properties) recognized by states, tribes, or certified local governments are protected through their administered programs or assistance.	111,300 properties	122,000 properties	188,100 properties	4.3% (186,100 properties)
By September 30, 2005, 85% of users are satisfied with historic preservation-related technical assistance, training and educational materials provided by NPS.	1.NPS.30: By September 30, 2002, 85% of users are satisfied with historic preservation-related technical assistance, training, and educational materials provided by NPS.	84.9%	85.2%	85.1%	92%

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
2,360 cumulative properties (+3.6%)	2,341	Goal Not Met. The National Park System Advisory Board did not meet to consider National Historic Landmarks (NHL) candidates in FY 2002 so no new landmarks were added. FY 2003 target may be revised based on past performance trends and FY 2003 appropriation.
+5% (74,919 cumulative properties)	75,254	Goal Exceeded. Partners outside the NPS (states, other federal agencies, and tribes) submitted more National Register listings than anticipated. Although NPS provides some funds to these partners, the partners determine if the funds are spent to submit listing or to research properties for listing. FY 2003 target will not be revised, unless dictated by the FY 2003 appropriation.
838,200 properties (+14.3%)	673,424 (Partial)	Goal Not Met (Preliminary). NPS does not believe the performance reported is an accurate reflection of the number of archeological sites evaluated or inventoried. NPS relies on sources outside of the NPS for reporting and has identified ongoing inconsistencies in reporting. If available, revised FY 2002 performance will be reported in the FY 2003 Performance Report.
5.26 m (11.8%)	5.158 m (Partial)	Goal Not Met (Preliminary). Final data will not be available until May 2003. By law, we cannot even ask for this data until December 31, 2002. As noted in the FY 2001 APR, beginning with the FY 2002 PAR, we will report on the last year with final data ratter than providing preliminary data for the just completed year. In FY 2001, we did not meet this goal. The increase over the FY 1999 baseline was 457,300 or 9.73% rather than the planned 519,000 or 11%. The higher than expected figures for CLGs did not overcome the lower than expected numbers that states reported. Revised Report for FY 2001. Goal Not Met. The increase properties inventoried or evaluated over the FY 1999 baseline was 457,300 or 9.73% rather than the planned 519,000 or 11%. The higher than expected figures for CLG's did not overcome the lower than expected numbers that states reported.
93% (2,202)	94% (2,226)	Goal Met. Approximately 94% of NHLs are in good condition. FY 2003 target has not been adjusted pending validation of information and FY 2003 appropriation.
1% (21,500 of 1,987,000 properties)	No data	No Report. Final data will not be available until May 2003. By law, we cannot even ask for this data until December 31, 2002. This information will be reported in the FY 2003 Performance Report. Revised Report for FY 2001. Goal Met. 24,700 of 1,862,000 (1.33%) of federally recognized properties were protected by NPS programs. We have adjusted the planned figures for FY 2003 and FY 2004 accordingly.
4.9% (216,100 properties)	No data	No Report. Final data will not be available until May 2003. By law, we cannot even ask for this data until December 31, 2002. As noted in the FY 2001 Performance Report, beginning with the FY 2002 Performance Report, we will report on the last year with final data rather than providing preliminary data for the just completed year. This information will be reported in the FY 2003 Performance Report. Revised report for FY 2001. Goal Exceeded. 186,100 out of 4,250,000 (or 4.3%) of state, tribal, and CLG recognized properties were protected by the NPS partners' program. This exceeded the FY 2001 goal of 3% (163,200 of 4,250,000). The FY 2003 target may be adjusted, pending consideration of FY 2003 appropriation.
85%	No data	No Report. FY 2002 data will be available May 15, 2003, and will be reported in the FY 2003 Performance Report. Revised Report for FY 2001. Goal Exceeded. With a final customer satisfaction level in FY 2001 of 92% (revised based upon final figures for the year), we exceeded the FY 2001 goal.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Office of Surface Mining

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
GPRA Program Activity: Environmental Restoration					
Increase the number of acres reclaimed (FY 2005 target of 40,000 additional acres restored).	1.OSM.1: In FY 2002, the Abandoned Mine Land Program will reclaim 8,200 acres during the FY. The accomplishments reported may include more than one FY. Actual project completion may occur one to three years after funding is awarded.	7,201	10,949	12,176	13,808
Increase the number of new cooperative Acid Mine Drainage Projects under the Clean Streams Program (FY 2005 target of 230 additional projects).	1.OSM.2: In FY 2002,The Office of Surface Mining will provide funding for 46 new cooperative Acid Mine Drainage Projects under the Clean Streams Initiative. In recent years the number of projects initiated has been less, but the size of the projects are larger, thus resulting in fewer projects getting done.	9	29	35	37
GPRA Program Activity: Environmental Protection					
Maintain the percentage of sites free of off-site impacts (FY 2005 target of 94%).	1.OSM.3: In FY 2002, maintain 94% of sites free from off-site impacts.	93%	94%	94.1%	93.9%
Increase the number of acres released from Phase III bonds (FY 2005 target of 400,000 additional acres released).	1.OSM.4: In FY 2002, The Surface Mining Program will release 75,000 acres from Phase III Performance Bonds.	85,301	72,749	63,071	81,853

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
8,200	8,019	Goal Not Met (Preliminary). This is below the FY 2002 target goal; however, there is a delay in reporting projects completed by the states and it is anticipated that the goal will be attained when all on-the-ground reclamation is reported. Final results for FY 2002 will be reported in the Performance Report for FY 2003.
46	33	Goal Not Met. The target number, set several years ago, was based on available information at the time, and was set too high for FY 2002. In recent years, the Appalachian Clean Stream states have started concentrating their efforts on larger projects, thus reducing the overall number of new projects. This trend is reflected in our target number of new projects for FY 2003 - 28 new projects. FY 2003 is the last year the measure will be used. The new measure will be as follows: " (a) number of new partnering and leveraging agreements, and (b) amount of increased funds thereby derived."
94%	92.8%	Goal Not Met. OSM strives to ensure a high percentage of mine sites are free from off-site impacts. In FY 2002, we failed to achieve the target by 1.2%. Overall on a state-by-state basis, the percentage of sites free of off-site impacts remains high. Although we did not achieve the target, we do not think it is significant to warrant revising the target for 2003. The target was achieved in 1999 and 2000, an indication the current level is attainable. Maintenance of the 94% level for FY 2003 will promote continued program improvement. At the end of 2003, we will revisit the issue again.
75,000	73,407	Goal Not Met. The target was adjusted up for FY 2002 from 70,000, due to the fact we far exceeded the 2001 target. An annual appropriate target has been hard to establish since OSM does not control when operators apply for release of the performance bond. For 2004, OSM will redefine the performance measure to be more reflective of actual accomplishment.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
Restore the Health of Public Lands	Public Lands Restored: In FY 2002, 185,700 acres of mined lands, refuges, park lands, and forests will be restored.	N/A	253,100	287,300	177,500
	Damaged Lands and Resources Restored: In FY 2002, increase the cumulative number of restoration projects to 100; and,	N/A	59	70	82
	Increase the cumulative amount of damage settlement funds within the DOI Restoration Fund to $250 million.	N/A	$75.6 million	$96.5 million	$188.5 million
Maintain Healthy Natural Systems	South Florida Natural Systems Restored: In FY 2002, continue the restoration of the South Florida ecosystem by constructing 6,250 acres of Storm Water Treatment Areas (STA) (for a cumulative total of 24,338 acres); and,	N/A	N/A	N/A	18,088
	Acquiring 48,000 acres of land for habitat protection. (Performance reflects combined efforts of federal/ state agencies.);	N/A	39,500	79,147	28,917
	California Desert Protection and Restoration: In FY 2002, coordinate and integrate multiple agency efforts to recover the desert tortoise in the California Desert. Measures: -838 wild burros removed from critical desert tortoise habitat;	N/A	N/A	N/A	N/A
	-5 illegal dumps on public lands cleaned up;	N/A	N/A	N/A	N/A
	-38 miles of desert tortoise fences installed along freeways and major highways in critical desert tortoise habitat.	N/A	N/A	N/A	N/A

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
260,426	97,168 (Partial)	No Report (Partial). Final performance data for two bureaus (see measures 1.BIA.1 and 1.NPS.1) that contribute to this goal are not available. Data for the other two contributing bureaus (see measures 1.FWS.15 and 1.OSM.1) indicate that one (i.e., FWS) did not meet the target and the other (i.e., OSM) has incomplete performance data. Final land restoration performance data for FY 2002 will be reported in the FY 2003 Performance Report. Note: The final 2002 target published in the FY 2003 Departmental Overview Plan (i.e., 185,700 acres) was revisited in this report to more accurately reflect the FWS planned FY 2002 contribution (i.e., 191,326 acres) to this departmental goal.
100	114	Goal Exceeded. The Restoration Program ended FY 2002 with a total of 114 restoration projects underway or completed, exceeding the goal of 100. A total of 19 new restoration project starts occurred during FY 2002. In addition, as the result of a management review of the Restoration Program, another 13 restorations were identified and added to the total number of restorations either started or completed. These additional sites were instances where restoration actions were conducted by the responsible parties, and did not involve a release of restoration settlement dollars from the DOI Restoration Fund. However, it is appropriate to include such sites, as such restoration would not have taken place if not for the efforts of DOI bureaus acting in their role as natural resource trustee under the auspices of the Program.
$250.0 million	$211.0 million	Goal Not Met. The Restoration Program did not meet its goal for cumulative settlement dollars deposited into the Department's Restoration Fund. Settlement recoveries totaled $22.5 million for FY 2002, reaching a cumulative total of $211.0 million, which was short of the goal of $250 million. There were a number of settlement agreements that were projected to be finalized during FY 2002 that did not occur due to various and intermittent delays in settlement negotiations and the legal process. Those settlement agreements are still on track and should occur during FY 2003.
24,338	20,850	Goal Not Met. Construction has started on 6,200 acres for STA-1East and 4,118 acres for STA-5 but is not completed as of this reporting period. Both projects are scheduled for completion in Spring CY 2004. Construction has been completed on a cumulative total of 20,000 acres of STA's and an additional 850 acres of detention basins, a type of structure related to storm water treatment. The South Florida Water Management District is continuing construction of an additional 18,822 acres of STA's (STA-3/4 Works and STA-6). This work is scheduled for completion in Spring CY 2004. Note: Performance targets reflect combined efforts of federal and state agencies.
48,000	47,453	Goal Not Met. The acres of land acquired included in this reporting period and through October 31, 2002 are listed as follows: Florida Department of Environmental Protection: 37,771 acres; National Park Service: 4,659 acres; U.S. Fish and Wildlife Service: 156 acres; South Florida Water Management District 3995 acres; U.S. Army Corps of Engineers: 872 acres. Note: Performance targets reflect combined efforts of federal and state agencies.
838	620	Goal Not Met. In FY 2002, 620 wild burros were gathered in the California deserts of which 486 were gather in or near critical desert tortoise habitat. The shortfall in meeting the established goal is attributed to the lower than expected capture success in some areas and a backlog of burros awaiting adoptions (this backlog increased the costs of holding burros in corrals and impacted the BLM capability to conduct all the anticipated gathers). In addition, some burro gathers focused in the northern Mojave Desert outside critical desert tortoise habitat.
5	6	Goal Exceeded. Six illegal dumps were cleaned up on BLM administered lands in or near desert tortoise critical habitat, including Nipton Town dump (San Bernardino County); Essex Town dump (San Bernardino County); Charleston View dump (San Bernardino County); Amboy dump (San Bernardino County); Chambless dump (San Bernardino County); and, Crevasse/High Vista dump (Los Angeles County). In addition, clean up of four illegal dumps in the Lucerne Valley was initiated in FY 2002 should be completed in early FY 2003.
38	43.2	Goal Exceeded. The California Department of Transportation installed a total of 43.2 miles of desert tortoise fences along Interstate Highway 15 north of Baker, CA. I-15 borders desert tortoise critical habitat in this area.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
	Natural Processes Restored Through Fire Management: In FY 2002: -95% of fires contained by initial attack;	N/A	N/A	92%	95%
	-33% and (#) of rural fire districts receive funding assistance;	N/A	N/A	N/A	44% (1,445)
	-7% of the highest priority communities-at-risk projects completed;	N/A	N/A	N/A	3%
	-77 fire facilities under construction, reconstruction, or maintenance; and,	N/A	N/A	16	45
	-1.1 millions of acres will receive fuels treatments to reduce hazards and maintain ecosystem health.	N/A	905,700	502,718	728,000
Protect and Recover Imperiled Species	Species Protected: In FY 2002, 347 of 705 species populations listed a decade or more by FWS are improving or stable.				
	3 species are delisted due to recovery;				
	50 of 442 species in NPS areas show improving status; and				
	91 of 442 species in NPS areas have stable status.				
Protect and Restore Cultural Resources	Cultural Properties (Sites) Restored: At the end of FY 2002, 12,150 of 27,000 (or 45%) structures are in good condition;				
	And, 162 of 506 (or 32%) cultural landscapes are in good condition.				

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
95%	97% (Partial)	Goal Exceeded (Preliminary). Final data will not be available until January 2003 for BIA.
33% (1,085)	46% (1,491)	Goal Exceeded.
7%	7%	Goal Met.
77	89	See measure 3.BLM.28 under strategic goal Manage Natural Resources for a Healthy Environment and Strong Economy
1,100,000	1,119,878	Goal Exceeded.
		See measure 1.FWS.3 under strategic goal Protect the Environment and Preserve our Nation's Natural and Cultural Resources.
		See measure 1.FWS.4 under strategic goal Protect the Environment and Preserve our Nation's Natural and Cultural Resources.
		See measure 1.NPS.3 under strategic goal Protect the Environment and Preserve our Nation's Natural and Cultural Resources.
		See measure 1.NPS.4 under strategic goal Protect the Environment and Preserve our Nation's Natural and Cultural Resources.
		See measure 1.NPS.7 under strategic goal Protect the Environment and Preserve our Nation's Natural and Cultural Resources.
		See measure 1.NPS.9 under strategic goal Protect the Environment and Preserve our Nation's Natural and Cultural Resources.

STRATEGIC GOAL 2. PROVIDE RECREATION FOR AMERICA
Bureau of Land Management

GPRA Program Activity: Responsible Recreation

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By FY 2005, 85% of physical facilities in Special Recreation Management Areas are in good or fair condition and 10% of the physical facilities in Special Recreation Management Areas (SMRAs) are universally accessible.	2.BLM.1: In FY 2002, 81% of physical facilities in Special Recreation Management Areas (SMRAs) are in good or fair condition.	N/A	80%	84%	84%
	2.BLM.2: 5% of the physical facilities in Special Recreation Management Areas are universally accessible.	N/A	N/A	N/A	3% baseline
By FY 2005, 95% of Special Recreation Management Area users are satisfied with the quality of recreation experience on the public lands and 77% are satisfied with the BLM's interpretation and environmental education for Special Recreation Management Areas.	2.BLM.3: In FY 2002, 92% of recreation users are satisfied with the quality of recreation experience on the public lands.	N/A	93%	94%	90%
	2.BLM.4: 70% of recreation users are satisfied with the BLM's interpretation and environmental education in Special Recreation Management Areas.	N/A	N/A	76%	66%

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
81%	87%	Goal Exceeded. Accomplishments under this performance measure were met for FY 2002.
5%	5.1%	Goal Met. As of August 2002, 246 sites evaluations, encompassing the evaluation of 5,826 individual site components, have been completed. The BLM found that 5% (5.1%) of its recreation fee sites and other selected recreation sites are universally accessible to people with disabilities.
92%	No data	No Report. Customer survey data collection and analysis was not completed in FY 2002, but will resume in FY 2003. The survey delay in FY 2002 was because of changes to the survey instrument. The FY 2003 plan target will be changed to the FY 2002 planned level of accomplishment (92% satisfaction with quality of experience).
70%	No data	No Report. Customer survey data collection and analysis was not completed in FY 2002, but will resume in FY 2003. The survey delay in FY 2002 was because of changes to the survey instrument. The FY 2003 plan target will be changed to the FY 2002 planned level of accomplishment (70% satisfaction with interpretation and environmental education).

STRATEGIC GOAL 2. PROVIDE RECREATION FOR AMERICA
Bureau of Reclamation

GPRA Program Activity: Land Management and Development

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
Provide Quality Recreation By 2005, Reclamation will improve the quality of its recreation areas by completing recreational compliance reviews, action plans, and 50% of the identified corrective actions.	2.BOR.1: Conduct Recreation Reviews and Implement Corrective Actions. By the end of FY 2002, increase the quality of recreation areas by completing recreation management reviews at approximately 125 (Cum.) recreation areas on Reclamation project lands. (the total includes the number of reviews completed between FY 2000-2002).	N/A	N/A	64	93
	2.BOR.2: Ensure compliance for 75% of the corrective actions scheduled for FY 2002 identified in previous reviews.	N/A	N/A	N/A	32%

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
125	132	Goal Exceeded. The area offices track the recreation areas reviewed and any deficiencies identified. Reclamation exceeded the goal because some reviews were completed ahead of schedule. Reclamation does not anticipate increasing the target for FY 2003.
75%	104%	Goal Exceeded. Corrective actions are identified in the reviews. Reclamation works with partners to implement the corrective actions to better manage the recreation areas. In FY 2002, partnerships and cost sharing allowed for more work to be completed than originally planned for. However, it's difficult to predict at this time if these efforts will accelerate accomplishment of work in FY 2003.

STRATEGIC GOAL 2. PROVIDE RECREATION FOR AMERICA
Fish and Wildlife Service

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
GPRA Program Activity: Greater Public Use on Public Lands					
By 2005, compatible wildlife recreational visits to National Wildlife Refuges and National Fish Hatcheries have increased by 20% from the 1997 level.	2.FWS.1: By September 30, 2002, hunting, fishing, wildlife observation and photographic education visits to National Wildlife Refuges and National Fish Hatcheries increased by 5% over the previous year. (Baseline= 33,206,405 visits)	+6% (35,300,300)	+4% (36,803,070)	+3% (37,905,234)	+8% (41,051,029)
By 2005, volunteer participation hours in Service programs increased by 7% and refuges and hatcheries have 155 new friends groups from the 1997 levels.	2.FWS.2: By September 30, 2002, volunteer participation hours in Service programs increased by 2%; and,	1,396,000 hours (+4%)	1,277,207 hours (-4.4%)	1,332,875 hours (-0.2%)	1,267,830 hours (-5.1%)
	2.FWS.3: Refuges and hatcheries have 170 new friends groups from 1997 levels. (Cum.)	95	120	135	149
GPRA Program Activity: Partnerships in Natural Resources					
By 2005, the Service will improve grants management through automation for 80% of the state's and territories' grant proposals.	2.FWS.4: By September 30, 2002, 20 of state and federal aid staff trained in modern management processing.	N/A	N/A	60 trained	20 trained
	2.FWS.5: By September 30, 2002, complete 100% of Federal Assistance Information Management System (FAIMS) Phase 1 implementation.	N/A	N/A	80%	95%
By 2005, the Service will have in place processes and procedures to ensure accuracy, consistency, and integrity in all its Federal Aid internal and external financial programs.	2.FWS.6: The Service will deliver 3 of 13 draft audit reports to states within 60 days of completion of the audit.	N/A	N/A	0% (0 of 9)	0% (0 of 9)
	2.FWS.7: The Service will prepare 3 of 15 corrective action plans within 120 day of completion of the audit.	N/A	N/A	0% (0 of 9)	0% (0 of 9)
	2.FWS.8: By September 30, 2002, the Service will publish 6 audit policy chapters.	N/A	N/A	0% (0 of 9)	0% (0 of 6)
	2.FWS.9: The Service will resolve 60% of audit findings with external stakeholders.	N/A	N/A	10%	34%
	2.FWS.10: The Service will resolve 100% of the internal administrative audit findings.	N/A	N/A	N/A	In process

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
+5% (43,145,805)	-1% (40,457,449)	Goal Not Met. The Service did not meet the target for this annual goal. In FY 2002, about 40.5 million people visited the National Wildlife Refuges and National Fish Hatcheries. This fell short of the target of 43.1 million, or 94% of the target. A number of the refuges reported a decline in visitors, likely due to the overall reduction in travel and tourism following the 9/11/2002 terrorist actions and subsequent war in Afghanistan.
1,359,995 hours (+2%)	1,298,445 hours (-3%)	Goal Not Met. The Service did not meet both targets of this annual goal. (1) In FY 2002, the number of volunteer participation hours was 1,298,445 hours. This represented 95% of the target of 1,359,995 volunteer hours. This decline in volunteer hours is likely due to the overall reduction in travel and tourism following the 9/11/2002 terrorist actions and subsequent war in Afghanistan.
170	176	Goal Exceeded. The number of planned New Friends Groups was 170 (cumulative), a total increase of 105 from the FY 1997 baseline of 63. The actual number was 176 (cumulative), an increase of 113 from the 1997 level, and, thus, met the FY 2002 target.
20 trained	45 trained	Goal Exceeded. The Service met the target for this annual goal. The Service trained 45 state and Federal Aid staff in modern grant/management processing and accomplishment reporting systems throughout all Service Federal Aid offices. The Service exceeded its target of 20. There were three different training courses for FAIMS completed during FY-2002. The number reflected for Region 9 includes personnel from the Division of Finance.
100%	100%	Goal Met. The Service met the target for this annual goal. The Federal Aid Office achieved 100% FAMIS Phase One implementation. Phase One is the full development and implementation of the internal system, which serves as the backbone for the entire grants management process in Federal Assistance, and includes a basis for electronic granting. It ensures consistency and reliability in grants data, financial data, accountability, and accomplishment reporting. Note: This measure, 100% FAMIS Phase One implementation, ends in FY 2002.
23% (3 of 13)	69% (9 of 13)	Goal Exceeded. The Service exceeded its target of three draft audit reports delivered to states within 60 days of completion of the audit by delivering nine audit reports. Draft audit reports were delivered for Delaware, District of Columbia, Hawaii, Kansas, Maine, Minnesota, North Dakota, Pennsylvania, and Virginia. This has resulted from increased communication and cooperation between the Inspector General, the Service, and the state fish and wildlife agencies.
20% (3 of 15)	13% (2 of 15)	Goal Not Met. The Service completed two of the 15 planned Corrective Action Plans (CAPs) written within 120 days of completion of the audit. The CAPs for New Mexico and New York were completed and the audit issues were resolved during this fiscal year.
100% (6 of 6)	0% (0 of 6)	Goal Not Met. The Service did not publish any audit policy chapters. Draft versions of the audit chapters were published in the Federal Register during this FY. The final versions of the audit chapters will be published in the Federal Register in FY 2003.
60%	100%	Goal Exceeded. In FY 2002, the Service reported a 100% resolution of audit findings completed within 180 days of issuing the Corrective Action Plan. This exceeded the target of 60%. The reason for this is that the Service worked in close cooperation with the Office of Inspector General and the states' grant recipients to get outstanding audits resolved in an efficient and timely manner.
100%	93%	Goal Not Met. The Service resolved 93% of internal administrative audit findings. The Service addressed 45 of 48 deficiencies identified in audits or reviews of the division. Some of the activities completed have included completely revising the record keeping procedures, developing a new file plan, implementing guidelines for records retention. The Division has also instituted improved fiscal document control through the use of tracking logs and signature requirements.

STRATEGIC GOAL 2. PROVIDE RECREATION FOR AMERICA
Fish and Wildlife Service

GPRA Program Activity: Partnerships in Natural Resources

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By 2005, the Service will have in place processes and procedures to ensure accuracy, consistency, and integrity in all its Federal Aid internal and external financial programs.	2.FWS.11: By September 30, 2002, the Service will require 29 Service staff to take training courses in basic grants management, audit preparation management, and audit resolution, and offer these training courses to state staff, using existing government grants management.	N/A	N/A	98 personnel trained	40 personnel trained
	2.FWS.12: By September 30, 2002, the Service will provide additional grants management training to 74 Service personnel.	N/A	N/A	58 personnel trained	25 personnel trained
	2.FWS.13: By September 30, 2002, the Service will provide additional grants management training to 180 state personnel.	N/A	N/A	28 personnel trained	69 personnel trained

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
72 personnel trained	29 personnel trained	Goal Not Met. The number of state and Service staff completing basic grants management courses was 29 compared to the target of 72. This objective was accomplished by providing training to fewer numbers of personnel than was originally projected. This class is primarily designed for federal and state personnel that are new to their respective agencies or grants management related positions. As such, the overall number of Service personnel taking the class will primarily be associated with the training of only individuals that are new to the Service or have transferred in from other divisions.
74 personnel trained	19 personnel trained	Goal Not Met. In FY 2002, the Service did not meet the three grants management training targets. The reason why the targets were not met was that primary Service personnel administering grants have previously taken grants management training in prior years provided by the National Conservation Training Center in Shepherdstown, WV and by Management Concepts Incorporated in Alexandria, VA. Any additional training would have duplicated information presented by these training offices. However, as new employees are hired, they will take appropriate grants management training.
180 personnel trained	173 personnel trained	Goal Not Met. The number of state staff completing additional grants was 173, meeting 96% of the target of 180. This measure is difficult to quantify because state personnel may have received training by other departments, agencies, or companies. In addition, many states have imposed travel restrictions that prevent personnel from attending training.

STRATEGIC GOAL 2. PROVIDE RECREATION FOR AMERICA
National Park Service

Goals					
GPRA Program Activity: Provide for Public Enjoyment and Visitor Experience of Parks					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By September 30, 2005, 95% of park visitors are satisfied with appropriate park facilities, services, and recreational opportunities and, 78% of park visitors are satisfied with commercial services.	2.NPS.1: By September 30, 2002, maintain 95% of park visitors satisfied with appropriate park facilities, services, and recreational opportunities and,	95%	94%	95%	95%
	2.NPS.2: 73% of park visitors are satisfied with commercial services.	N/A	70%	71%	72%
By September 30, 2005, the visitor accident/incident rate will be at or below 7.96 per 100,000 visitor days (a 16% decrease from the FY 1992 - FY 1996 baseline of 9.48 per 100,000 visitor days).	2.NPS.3: By September 30, 2002, the visitor accident/incident rate will be at or below 8.46 per 100,000 visitor days (a 10% decrease from the FY 1992 - FY 1996 baseline of 9.48 per 100,000 visitor days).	9.48 per hundred thousand visitor days	7.24 per hundred thousand visitor days	5.14 per hundred thousand visitor days	8.64 per hundred thousand visitor days
By September 30, 2005, 86% of visitors understand and appreciate the significance of the park they are visiting.	2.NPS.4: By September 30, 2002, 83% of park visitors understand and appreciate the significance of the park they are visiting.	75%	80%	83%	83%
GPRA Program Activity: Enhance Recreational Opportunities Managed by Others					
By September 30, 2005, an additional 8,400 miles of trails, an additional 6,600 miles of protected river corridors, and an additional 1,113,300 acres of parks and open space, from 1997 totals, are conserved with NPS partnership assistance.	2.NPS.5: By September 30, 2002, an additional 6,900 miles of trails,	700	2,116	4,343	6,465
	2.NPS.6: An additional 3,700 miles of protected river corridor, and	1,100	1,504	2,540	3,172
	2.NPS.7: An additional 759,400 acres of park and open space, over the 1997 totals, are conserved with NPS partnership assistance.	33,700	45,425	655,551	726,900
By September 30, 2005, 95% of communities served are satisfied with NPS partnership assistance in providing recreation and conservation benefits on lands and waters.	2.NPS.8: By September 30, 2002, 94.4% of communities served are satisfied with NPS partnership assistance in providing recreation and conservation benefits on lands and waters.	91.5%	94.5%	94.1%	94.1%
By September 30, 2005, 100% of the 38,656 recreational properties assisted by the Land and Water Conservation Fund, the Urban Park and Recreation Recovery Program, and the Federal Lands to Parks Program are protected and remain available for public recreation.	2.NPS.9: By September 30, 2002, 100% of the recreational properties assisted by the Land and Water Conservation Fund, the Urban Park and Recreation Recovery Program, and the Federal Lands to Parks Program are protected and remain available for public recreation.	100%	100%	100%	100%

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
95%	95%	Goal Met.
73%	72%	Goal Not Met. Analysis of visitor surveys was refined to include only those parks with “concessions.” Previous years analysis had included all parks with “commercial services.” NPS is not planning to change the FY 2003 target unless dictated by FY 2003 appropriations.
8.46 per hundred thousand visitor days	5.06 per hundred thousand visitor days (Partial)	Goal Exceeded (Preliminary). Although a few parks have not reported, NPS is about 40% below its target (the lower the number the better) and does not expect the performance result to change from exceeded. NPS is investigating a new Incident Reporting System that should facilitate timely reporting of visitor accidents. Final results will be published in the FY 2003 Performance Report. The FY 2003 goal may be adjusted downward based on this performance and past trends.
83%	82% (Partial)	Goal Not Met (Preliminary). Based on 96% of parks reporting, NPS does not expect to meet this goal. Because of the dynamic swings caused by low performance at the park level, the 4% of parks not yet reporting could lower the servicewide performance. Therefore, NPS cannot predict meeting this goal. Final results will be reported in the FY 2003 Performance Report.
6,900	7,704	Goal Exceeded. Exceptional results were reported for three trails (Hatfield McCoy, Florida Statewide Greenways, and Mississippi River Trail). These results are credited to exceptional efforts by cooperators and good local support. Performance results for FY 2002 indicate the need for review of the proposed FY 2003 targets.
3,700	4,058	Goal Exceeded. This goal was exceeded by 358 miles of river corridor protected. This result is credited to good local support. FY 2003 targets will not be adjusted pending FY 2003 appropriations.
759,400	782,710	Goal Exceeded. This goal was exceeded by about 3% across the United States. This accomplishment was achieved through good local support. FY 2003 targets will not be adjusted pending FY 2003 appropriations.
94.4%	No data	No Report. Results of this survey will not be available until mid-December 2002. NPS will attempt to revise the survey and analysis schedule over the next few years to meet this earlier reporting data. Final results for FY 2002 will be reported in the FY 2003 Performance Report.
100%	100%	Goal Met.

STRATEGIC GOAL 2. PROVIDE RECREATION FOR AMERICA
National Park Service

GPRA Program Activity: Ensure Organizational Effectiveness

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By September 30, 2005, increase by 26% the number of volunteer hours (from 3.8 million hours to 4.8 million hours).	2.NPS.10: By September 30, 2002, increase by 18% the number of volunteer hours [from 3.8 million hours in 1997 to 4.5 million hours].	4.1 million hours	4.2 million hours	4.3 million hours	4.4 million hours
By September 30, cash donations are increased by 60% (from $14.476 million in 1998 to $23.2 million); and the value of donations, grants, and services from Cooperating Associations is increased by 35% (from $19 million in 1997 to $25.6 million).	2.NPS.11: By September 30, 2002, cash donations are increased by 27.1% (from $14.476m in 1998 to $18.4m); and	$14.476 million	$14.515 million	$14.575 million	$27.537 million
	2.NPS.12: The value of donations, grants, and services from Cooperating Associations is increased by 23.1% (from $19 m in 1997 to 23.1 m).	$19 million	$22.6 million	$36.1 million	$30 million
By September 30, 2005, returns from park concession contracts are 5% of gross concessioner revenue.	2.NPS.13: By September 30, 2002, returns from park concession contracts are 3% of gross concessioner revenue.	6.6%	7.1%	7.3%	7.3%
By September 30, 2005, receipts from park entrance, recreation, and other fees are increased by 33.1% over 1997 level (from $121 million to $161 million).	2.NPS.14: By September 30, 2002, receipts from park entrance, recreation, and other fees are increased by 22% over 1997 level [from $121 million to $148 million].	18% (to $144 million)	24% (to $150 million)	22% (to $148.8 million)	20.6% (to $146 million)

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
4.5 million hours	4.5 million hours	Goal Met.
$18.4 million	$15.2 million	Goal Not Met. It appears that the FY 2001 actual cash donations represented a one-time spike in donations. Actual FY 2002 donations are more in line with traditional donation levels. The FY 2003 target may be adjusted to reflect more traditional donation levels.
$23.1 million	No data	No Report. FY 2002 data will not be available until May 2003. Results for FY 2002 will be reported in the FY 2003 Performance Report. Revised Report for FY 2001. Goal Exceeded. Data for FY 2001 were not available when FY 2001 Annual Performance Report was published. FY 2003 target will not be revised to reflect the actual number for FY 2001. NPS believes that number was unusually high and does not reflect the historic donation trend.
3%	1.9%	Goal Not Met. Ongoing impacts of 9/11/01 were felt in FY 2002 in part because of payment relief granted to concessions in the NY area. Historically, over 35% of franchise fees come from concessions at the Statue of Liberty, which was closed for many months in FY 2002. Out year targets may be revised based on the expectation that concession operations will not fully recover in FY 2003.
22% (to $148 million)	22% (to $147.6 million)	Goal Met. Lower visitation numbers in FY 2002 were directly responsible for lower receipts.

STRATEGIC GOAL 2. PROVIDE RECREATION FOR AMERICA
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
Provide quality experience to visitors on federal lands and facilities	Ensure Visitor Satisfaction: In FY 2002, target levels are 95% satisfaction with facilities, services, and recreational opportunities for NPS visitors;				
	And 94% satisfaction with the recreation experiences for BLM visitors, for those responding to surveys.				
Provide for Safe Visits to Public Lands	Ensure Visitor Safety: Reduce the NPS visitor accident/ incident rate to 8.53 incidents/ accidents per 100,000 visitor days or lower.				

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
		See measure 2.NPS.1 under strategic goal Provide Recreation for America.
		See measure 2.BLM.3 under strategic goal Provide Recreation for America.
		See measure 2.NPS.3 under strategic goal Provide Recreation for America.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY
Bureau of Land Management

GPRA Program Activity: Provide Opportunities for Environmentally Responsible Commercial Activities

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By FY 2005, implement 100% of planned tasks in the Bureau's Energy Policy Plan and Initiative, consistent with the National Energy Policy.	3.BLM.1: In FY 2002, implement 37% of planned tasks in the Bureau's Energy Policy Plan and Initiative, consistent with the National Energy Policy.	N/A	N/A	N/A	N/A
By FY 2005, authorize 5,900 energy mineral lease actions on federal lands, process 36,300 energy mineral post-lease actions on Federal lands, and complete 22,050 energy mineral compliance, inspection and enforcement actions on federal lands.	3.BLM.2: In FY 2002, authorize 5,010 energy mineral lease actions on federal lands.	N/A	N/A	4,140	5,197
	3.BLM.3: Process 31,400 energy mineral post-lease actions on federal lands.	N/A	N/A	27,525	34,404
	3.BLM.4: Complete 18,600 energy mineral compliance, inspection and enforcement actions on federal lands.	N/A	N/A	14,800	17,102
By 2005, complete 4,100 non-energy and other mineral authorization actions; process 960 non-energy and other mineral post-authorization actions; complete 9,050 non-energy and other mineral compliance, inspection, and enforcement actions; and complete 190,000 mining claim adjudication actions, fee collections, and waivers processed on federal lands.	3.BLM.5: In FY 2002, complete 3,850 non-energy and other mineral authorization actions.	N/A	N/A	4,546	4,274
	3.BLM.6: Process 960 non-energy and other mineral post-authorization actions.	N/A	N/A	1,151	1,115
	3.BLM.7: Complete 7,650 non-energy and other mineral compliance, inspection, and enforcement actions.	N/A	N/A	9,178	10,139
	3.BLM.8: Complete 215,050 mining claim adjudication actions, fee collections, and waivers processed on Federal lands.	N/A	N/A	251,125	195,773
By 2005, support rural communities in the West and achieve healthy, sustainable rangelands by issuing 11,600 grazing permit renewals consistent with the Fundamentals of Rangeland Health established in the grazing regulations (cumulative number from FY 2002).	3.BLM.9: In FY 2002, issue 1,580 for a cumulative total of 8,371 grazing permits or leases consistent with the Fundamentals of Rangeland Health.	N/A N/A	3,872 3,872	4,190 4,190 Cum. for FY 2000 - FY 2005	2,601 6,791

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
37%	32% (14 of 44 total tasks)	Goal Not Met. Of the 44 tasks, 14 have been completed (32%). The majority of the remaining tasks (30 remaining tasks) will be completed in FY 2003 and the remainder will be completed by December 2004. Several of the short-range tasks took longer to complete than planned, primarily because of the requirement to maintain close coordination with other federal agencies, state and tribal governments, local communities, private industry and the general public. Key targets, i.e., the EPCA studies and report, remain on schedule. The FY 2003 target of 74% and FY 2005 target of 100% of planned tasks will be retained.
5,010	4,656	Goal Not Met. Public demand drives the accomplishments under this measure. Based on the demand, the BLM processed 100% of the lease actions. This measure reflects the number of lease parcels identified based on industry demand. The targets are based on previous year accomplishments and the anticipated public demand of the next fiscal year. The projection is for the number of identified lease parcels to increase over the FY 2002 level by approximately 10%. As such, BLM will adjust the FY 2003 target from 5,360 to 5,100. The better indicator of access to energy resources is production that will be instituted as a measure in the FY 2004.
31,400	30,413	Goal Not Met. Public demand drives the accomplishments also under this measure. The targets are based on previous year accomplishments and the anticipated demand of the next fiscal year. The projection is for the number of identified lease parcels and corresponding post-lease actions to decrease over the FY 2002 level by approximately 10%. As such, BLM will adjust the FY 2003 target downward.
18,600	17,187	Goal Not Met. The primary reason for not achieving the target is because of the lack of qualified personnel to conduct the inspections, compliance, and enforcement. The BLM is actively hiring field inspectors to accomplish this work at the targeted level. There was an unanticipated number of retirements and resignations of petroleum engineering technicians. Approximately 25 new field inspectors were hired in FY 2002 and another 30 will be hired in FY 2003. BLM's FY 2003 target of 19,500 inspection and compliance actions will be retained because an adequate workforce and sufficient funding should be available.
3,850	6,783	Goal Exceeded. This performance measure was exceeded because of a 62% increase in the number of mineral material authorizations during FY 2002. This is a public demand workload, and we strive to meet this demand. We expect continued growth in mineral material authorizations because this program supports both community growth and increased energy development.
960	785	Goal Not Met. These actions occur after the initial authorization is granted, and we can, therefore, expect the number of actions to increase in FY 2003 and beyond. Future efforts will focus on completing a higher number of these actions to keep pace with the increased demand associated with these initial authorizations. The number of post lease non-energy minerals actions is based on the industry demand. BLM is processing applications on a timely basis. As the demand is basically stable, BLM will adjust the FY 2003 target to 800 down from the planned target of 960 actions.
7,650	7,765	Goal Exceeded.
215,050	429,596	Goal Exceeded. The reported accomplishments under this measure were double the target. A contributing factor in significantly exceeding the target may be based on an inconsistent interpretation of the defined measure. An evaluation of this measure will be conducted in FY 2003 to further define the measure and establish a higher estimated APP target.
1,580 8,371	2,171 8,972	Goal Exceeded. In FY 2001, we under achieved our planned target by 140 permits. These permits were completed in FY 2002. The primary reason that accomplishments have been exceeded is because leases and permits reauthorized under the appropriation rider were also included. The target for FY 2003 will remain 1,200. The better measure is the number of animal unit months authorized that will be instituted as a new measure in FY 2004.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY

Bureau of Land Management

Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
GPRA Program Activity: Provide Opportunities for Environmentally Responsible Commercial Activities					
Goals					
By FY 2005, annually offer for sale on a decadal average, 203 million board feet (MMBF) of timber in the Pacific Northwest and 32 MMBF outside the Pacific Northwest.	3.BLM.10: In FY 2002, consistent with the established land health standards, offer 150 million board feet (MMBF) of timber for sale in the Pacific Northwest.	N/A	61.7	69.2	56.4
	3.BLM.11: In FY 2002, consistent with the established land health standards, offer 28 MMBF of timber for sale outside the Pacific North-west.	N/A	12.5	12.1	17.2
By FY 2005, annually process 6,900 rights-of-way and 1,400 lease, per-mit, license and easement actions on the public lands.	3.BLM.12: In FY 2002, complete a cumulative of 6,500 rights-of-way ac-tions on the public lands, consistent with established land health stan-dards to minimize future liabilities.	N/A	N/A	5,490	6,104
	3.BLM.13: In FY 2002 Process a cumulative of 1,200 lease, permit, license, and easement actions on the public lands, consistent with established land health standards to minimize future liabilities.	N/A	N/A	1,156	1,631
By FY 2005, 60% of customers and 50% of stakeholders understand and are satisfied with commercial use authorization procedures on public lands.	3.BLM.14: In FY 2002, 65% of cus-tomers understand and are satisfied with commercial use authorization procedures on public lands.	N/A	N/A	67%	N/A
	3.BLM.15: In FY 2002, 50% of stakeholders understand and are satisfied with commercial use autho-rization procedures on public lands.	N/A	N/A	50%	N/A
GPRA Program Activity: Reduce Threats to Public Heath, Safety, and Property					
By 2005, 92% of administrative facilities, 99% of bridges and 68% of dams will be structurally maintained in fair or good condition. 85% of facilities will be in good safety, health and environmental condition.	3.BLM.16: In FY 2002, the per-centage of administrative facilities maintained in fair or good condition will increase to 88%.	N/A	86%	84%	87%
	3.BLM.17: In FY 2002, the percent-age of dams maintained in fair or good condition will increase to 61%.	N/A	56%	61%	61%
	3.BLM.18: In FY 2002, the percent-age of bridges maintained in fair or good condition will increase to 95%.	N/A	92%	92%	91%
	3.BLM.19: In FY 2002, the percent-age of facilities in good safety, health, and environmental condition will increase to 55%.	N/A	N/A	59%	50%

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
150	162.5	Goal Exceeded. The original sales volume and small sales offered in the FY 2002 plan does not include modifications approved during the FY. The allowable sale quantity based on the Pacific Northwest Plan is 203 MMBF, which is our FY 2003 target. We intend to report as a % of allowable sale quantity offered beginning in FY 2004.
28	26	Goal Not Met. The allowable sale quantity for timber offered from public domain lands is 32 MMBF, which is our FY 2003 target. We intend to report as a percent of allowable sale quantity offered beginning in FY 2004.
6,500	5,681	Goal Not Met. Accomplishments under this measure are demand driven. The demand for processing right-of-way (ROW) reassignments and modifications were down in FY 2002. This measure is being modified in FY 2003 to include only rights-of-way grants issued and to exclude the number of modifications and relinquishments that cannot be projected. The FY 2003 target will be adjusted to 2,400 rights-of-way grants issued.
1,200	1,324	Goal Exceeded. Reported accomplishments were 10% over the target of 1,200 leases, permits, licenses, and easement actions processed. There were a higher number of geophysical permits processed in FY 2002. The work associated with this measure is customer demand driven, and an increase in the demand has contributed to exceeding the established target.
65%	No data	No Report. Customer survey data collection and analysis was not completed in FY2002, but will resume in FY2003. The survey delay in FY2002 was because of changes to the survey instrument and sampling methodologies. The FY 2003 target will be changed to the FY 2002 planned level of accomplishment.
50%	No data	No Report. Customer survey data collection and analysis was not completed in FY2002, but will resume in FY2003. The survey delay in FY2002 was because of changes to the survey instrument and sampling methodologies. The FY 2003 target will be changed to the FY 2002 planned level of accomplishment.
88%	87%	Goal Not Met. In FY 2002, 87% of the BLM's administrative facilities are in fair or good condition. Some facilities that were in fair condition in FY 2001 were not in FY 2002 because of an increasing level of deferred maintenance, while some facilities that were in poor condition in FY 2001 were upgraded to fair condition in FY 2002 because the deferred maintenance project was accomplished. The goal was not met because of additional deferred maintenance requirements.
61%	69%	Goal Exceeded. In FY 2002, 69% of the dams on BLM-managed lands are in fair or good condition. This is 8% over the established FY 2002 APP target of 61%.
95%	92%	Goal Not Met. In FY 2002, 92% of the planned target of having 95% of the bridges on BLM-managed lands in fair or good condition was attained.
55%	66%	Goal Exceeded. This significant increase in performance can be attributed to the following: (1) Bureau's decision to identify a portion of the Deferred Maintenance Program specifically for funding CASHE recommendations; and, (2) The first issuance of Facility Compliance Progress Reports to all organizational units that summarized their incomplete findings.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY

Bureau of Land Management

GPRA Program Activity: Reduce Threats to Public Health, Safety, and Property

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By 2005, assess condition of 75% of BLM-maintained roads to identify public and administrative access needs, maintenance requirements to resolve public safety and environmental concerns. Improve 75% of roads to be in good or fair condition.	3.BLM.20: In FY 2002, cumulatively assess condition of 35% of BLM-maintained roads to identify access needs, maintenance requirements, and prospective road closures.	N/A	N/A	4%	12%
	3.BLM.21: In FY 2002, improve 65% of BLM roads to be in fair or good condition.	N/A	60%	62%	62%
By FY 2005, correct physical safety hazards at 1,700 abandoned mines and clean up 1,000 hazardous material sites on public lands.	3.BLM.22: In FY 2002, identify and correct physical safety hazards at 200 abandoned mines (cumulative total is 1,357 mines sites).	N/A N/A	N/A N/A	650 650 Cum. mines	507 1,157
	3.BLM.23: In FY 2002, clean up 150 hazardous materials sites on public lands (cumulative total is 617 hazardous materials sites).	N/A N/A	103 103	290 290 Cum. sites for FY 2000 - 2005	177 467
By FY 2005, investigate and take enforcement action on 52% of reported violations of federal laws and regulations.	3.BLM.24: In FY 2002, investigate and take enforcement action on 50% of reported violations of federal laws and regulations.	N/A	46%	53%	69%
By FY 2005, 99% of wildland fires will be contained by initial attack; 30% (over 1,000) of the rural fire districts (RFDs) will have received assistance to improve safety, training, and equipment standards; and 10% of the communities' at-risk highest priority projects to restore the natural ecological process by increasing the use of fire (wildland and prescribed) and other land treatments will be implemented. (Note: Targets are departmentwide.)	3.BLM.25: In FY 2002, 95% of wildland fires will be contained by initial attack;	N/A	N/A	92%	95%
	3.BLM.26: 33% (1,085) of the rural fire districts (RFDs) will receive assistance to improve safety, training, and equipment standards.	N/A N/A	N/A N/A	N/A N/A	44% 1,445
	3.BLM.27: 7% of the communities' at-risk highest priority projects to restore the natural ecological process by increasing the use of fire (wildland and prescribed) and other land treatments will be implemented.	N/A	N/A	N/A	3%
	3.BLM.28: In FY 2002, 77 fire facilities will be under construction, reconstruction, or maintenance to bring them to approved standards. (Note: Targets are departmentwide.)	N/A	N/A	16	45
	3.BLM.29: # of acres receiving fuels treatments to reduce hazards and maintain ecosystem health.	N/A	N/A	N/A	728,000

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
35%	16%	Goal Not Met. This goal was not met for FY 2002 because the Department of Interior suspended road condition assessments pending development of methodology for calculating Facilities Condition Index (FCI) for roads. All future road condition assessments will follow the industry standard Facilities Condition Index when this methodology is completed by the Department. The Bureau anticipates establishing a target of 20% for FY2003. However, this target could be modified based on the FY2003 funding level which is yet to be determined and the timely completion of the FCI methodology.
65%	63%	Goal Not Met. In FY 2002, 63% of the roads on BLM-managed lands were reported to be in fair or good condition.
200 1,357	536 1,693	Goal Exceeded. There is an inconsistency between the title of the performance standard and the underlying program element. The performance standard title implies that sites are being cleaned up, when in reality many are being addressed through mitigation measures (signs/markers, fencing). Two states accounted for 80% of the reported accomplishments and these actions are largely mitigation. The national target was premised on greater use of remediation actions (site cleanup) rather than mitigation actions. Though mitigation actions are acceptable, their inclusion needs to be factored into a higher national target.
150 617	208 675	Goal Exceeded. The number of completed cleanup actions is variable from year-to-year depending on the amount of illegal dumping that occurs. In general, there has been a steady increase in illegal dumping each year. The increase in reported accomplishments can also be attributed to other factors: (1) educational efforts with a focus on accurately reporting accomplishments; and, (2) increased financial resources earmarked for cleaning up large hazardous waste sites. The BLM has applied both appropriated and off-appropriated funds from the Department's Central Hazardous Materials Fund to this effort.
50%	72%	Goal Exceeded. Actual reported accomplishment level was 69% in FY 2001 and 72% in FY 2002. BLM deferred changing the target in FY 2002 because many of our law enforcement personnel were assigned to national security details. A final review of accomplishments with our National Law Enforcement Office will occur before setting final FY 2003 APP targets.
95%	94%	Goal Not Met. Much of the West saw an above normal fire season as the long-term drought continued to persist. Record high fire dangers were reported in many areas. As a result, the 2002 wildland fire season was remarkable for its intensity, the records it set, and its duration. With the need for suppression personnel on the large fires, the fact that the BLM contained 94% of the total fires with initial attack is a somewhat remarkable accomplishment.
33% 1,085	25% 590	Goal Not Met. There were more requests for higher dollar value projects than in previous years and that resulted in fewer total awards.
7%	7%	Goal Met.
77	89	Goal Exceeded. NOTE: The target of 77 is departmentwide. This total includes unplanned maintenance and or reconstruction due to unforeseen circumstances.
1,100,000	313,495	Goal Not Met. The BLM completed 95% of the Wildland Urban Interface (WUI) protection fuels treatment projects and met that goal, but fell way short on the hazardous fuels treatment target. Fire fighter safety concerns and firing equipment safety study resulted in the restriction of the use of batch mixers, terra torches, and other identified fire devices and this had a significant effect on fuels treatment activities. Extreme drought conditions and increased fire danger resulted in unsafe burning conditions. Field offices shifted from prescribed fire to mechanical treatments where and when possible.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY
Bureau of Reclamation

GPRA Program Activity: Operate and Maintain Facilities Safely, Reliably, and Efficiently to Provide

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
Meet Water and Power Contracts Reclamation will ensure operational effectiveness to deliver or release the amount of water contracted for and to meet 100% of power and water commitments to achieve project benefits each year.	3.BOR.1: Meet Water Contracts. In FY 2002, deliver or release the amount of water contracted for from Reclamation owned and operated facilities, expected to be no less than approximately 25 million acre feet (MAF).	29.8 MAF	31.3 MAF	30.0 MAF	29.1 MAF
	3.BOR.2: Deliver Power to Meet Contracts. In FY 2002, generate power to meet Reclamation's contractual commitments 100% of the time, subject to water availability. % MW hours contracted:	100%	100%	100%	100%
Complete Water Contract Renewals Reclamation will complete water contract renewals that are expiring to provide project benefits to customers and ensure full collection of contract obligations.	3.BOR.3: Complete Water Contract Renewals. Execute contracts under certain conditions and upon mutually agreeable terms for 100% of the water service contracts that will expire in FY 2002. % of expiring contracts:	N/A	N/A	N/A	100%
Ensure Effective Operations of Facilities By 2005, Reclamation will ensure that facilities provide project benefits in a safe and reliable manner.	3.BOR.4: Develop and implement Standing Operating Procedures. In FY 2002, review, update and implement changes in SOPs for 40% of Reclamation's facilities (this is a cumulative % goal).	N/A	N/A	N/A	20%
Achieve Cost-effective Power Production Maximize power generation and efficiency by maintaining power production costs at a level comparable to the most efficient and lowest cost sector of the hydropower industry and forced outage below the industry average.	3.BOR.5: Achieve Cost-effective Power Production. In FY 2002, attain power production costs at less than $7,300 per Megawatt in order to rank in the 75th (upper 25th) percentile for cost efficiency for comparable hydropower facilities. Power production costs-$/Net generation in Megawatt capacity.	$5,128 (within 25%)	$5,879 (within 25%)	$6,009 (within 25%)	$6,120 (within 25%)
	3.BOR.6: Maintain a Low Forced Outage Rate. In FY 2002, attain a 3% or lower forced outage rate for Reclamation's hydropower units.	2.0%	1.3%	1.5%	1.6%

Project Benefits

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
27.0 MAF (estimated)	29.4 MAF	Goal Exceeded. Reclamation exceeded target by delivering more water to help meet increased needs caused by drought. In the northern part of the region, continuing drought caused higher demands for water releases. In some cases, where water was available, the demand was met, depleting reserves to all-time lows in many reservoirs. In other cases, where reservoir levels were already low, all available water was delivered, but was still insufficient to meet demand. If snow pack runoff is at or below normal, and if the drought continues, there will be far less water to release to customers during FY 2003. Since snow pack data is usually not available until late March, and the runoff profile is not established until May or June, it is impossible to give a quantitative impact on projected water deliveries at this time. However, FY 2003 targets may be slightly lower than FY 2002.
100%	100%	Goal Met. This goal does not provide relevant information for managers and is discontinued in FY 2003.
100%	114%	Goal Exceeded. Reclamation was able to renew one additional contract than anticipated in FY 2002. Contracts were renewed for: Polk, Shoshone Project, WY. Individual, Long-term contract. Lower Marias Unit, Robert Sisk, Jr. Interim 6/02, MT. Lower Marias Unit, Morkrid Enterprises, Interim, 6/02, MT.1. Lower Yellowstone Project, Savage Irrigation District, Interim, 3/02, MT. Parks and Recreation Board, City of Dickinson, ND. Pueblo Board of Water Works, Fryingpan-Arkansas Project, CO. City of Rapid City, SD. Western Heart Irrigation District, ND.
40%	43%	Goal Exceeded. Slightly ahead of schedule.
$7,300 (within 25%)	$6,895 (Partial)	Goal Exceeded (Preliminary). Reclamation's draft cost of power production for FY 2002 is $6,855. Reclamation fell within the upper quartile of lowest cost hydropower facilities. Final financial numbers and comparisons will be included in the FY 2003 Performance Report.
<3.0%	1.3%	Goal Exceeded. Reclamation continues to exceed the industry average, even though our facilities are aging.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY

Bureau of Reclamation

GPRA Program Activity: Operate and Maintain Facilities Safely, Reliably, and Efficiently to Provide

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
Ensure Facility Reliability By 2005, Reclamation will maintain reliability of operations by conducting O&M and facility reviews at all Reclamation water and power facilities, and will implement the scheduled corrective actions identified in the reviews to reduce breakdown incidence.	3.BOR.7: Operations and Maintenance Reviews. In FY 2002, conduct O&M and facility reviews at 130 Reclamation water and power plant facilities, and, at Reclamation-operated facilities.	N/A	N/A	N/A	140
	3.BOR.8: Implement 100% of the scheduled corrective actions identified in the reviews or reasonable substitute actions determined to be a priority during the year.	N/A	N/A	N/A	106%
Reduce Risks to Public Safety	3.BOR.9: Reduce Risks. In FY 2002, reduce risks to the downstream public and resources by completing Safety of Dams modification at 4 dams.	N/A	7	4	3
	3.BOR.10: Implement 100% of scheduled site security improvements.	N/A	N/A	100%	87%
	3.BOR.11: Assess Risk In FY 2002, Complete comprehensive and periodic facility reviews.	N/A	N/A	108	105

Project Benefits

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
130	168	Goal Exceeded. Reclamation is slightly ahead of target because the long, dry summer season allowed for more time to conduct reviews. This may result in a reduced FY 2003 target since some of the required reviews were completed ahead of schedule.
100%	136%	Goal Exceeded. Work crews took advantage of low reservoir levels caused by the drought to complete work on structures normally under water. There may be no impact on FY 2003 targets.
4	4	Goal Met. Two modifications originally targeted for completion in FY 2001, Caballo and Avalon, were completed in the second quarter. Work on Clear Lake and Red Willow was completed in the last quarter.
100%	130%	Goal Exceeded. Final targets for this goal were established before the site security impacts of September 11, 2001, which increased focus on security. Work reported for this goal included both “scheduled and budgeted” and additional work funded through the supplemental appropriation. In some cases, security improvements funded by the supplemental appropriation have replaced regularly scheduled work, in other instances, these improvements have been added to the originally scheduled work. Continuing priority given to security work has been reflected in the FY 2003 appropriation request and will likely continue at an accelerated pace. In light of this increased priority, Reclamation will be developing an “improved” security goal for FY 2003.
81	84	Goal Exceeded. Reclamation accomplished slightly more than planned.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY

Minerals Management Service

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
GPRA Program Activity: Ensure Safe Outer Continental Shelf (OCS) Mineral Development					
Maintain or show a decrease in the safety index of .594.	3.MMS.1: Achieve a safety index not greater than .594.	.583	.578	.837	.658
GPRA Program Activity: Ensure Environmentally Sound OCS Mineral Development					
By 2005, show a decrease in the environmental impact indicator from the 1999 baseline.	3.MMS.2: By 2005, show a decrease in the environmental impact indicator from the 1999 level of 8.10.	10.45	8.10	5.02	7.46
	3.MMS.3: Maintain an oil spill rate of no more than 10 barrels spilled per million barrels produced.	4.70	6.90	5.35	1.00
GPRA Program Activity: Ensure that the Public Receives Fair Market Value for Outer Continental					
From 2000-2005, the ratio of high bids accepted for OCS leases to the greater of MMS' estimate of value or the minimum bid is maintained at the 1989-1995 average level of 1.8 (+/- 0.4) to 1.	3.MMS.4: In FY 2002 we will maintain the current high bids accepted for OCS leases to MMS' estimated value ratio of 1.8 (+/- 0.4) to 1.	2.73 to 1	1.8 to 1	2.02 to 1	2.26 to 1
GPRA Program Activity: Provide Revenue Recipients with Access to Their Money Within 24 Hours					
By the end of FY 2005, provide recipients access to 90% of revenues within one business day of MMS receipt and disburse 98% of revenues to recipients by the end of the month following month received.	3.MMS.5: By the end of FY 2002, provide access for ultimate recipients of 10% of revenues within one business day of MMS receipt.	N/A	N/A	N/A	N/A
	3.MMS.6: By the end of FY 2002, disburse 98% of revenues to recipients by the end of the month following month received.	98.7%	98.15%	98.49%	98.4%

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
.594	.752	Goal Not Met. The safety index is the ratio of the number of incidents (times the severity factor) to the number of activities (times the complexity/risk factor). The FY 2002 result is higher than last year, but lower than FY 2000. The severity and number of incidents is about the same (slightly higher) as FY 2001. However, the activity, the numbers of wells drilled and completed, and the number of wells plugged and abandoned all decreased in FY 2002. We will continue to employ strategies and policies directed at further improvements in the excellent offshore safety records.
8.10	No data	No Report. This index is calculated by calendar year because the data for the measures that are the basis of the index are collected by calendar year. OMM is continuing to gather the data for 2002. We plan to have the results by the middle of May 2003, post them on our website and will report them in the FY2003 Performance Report. Revised Report for FY 2001. Goal Exceeded. MMS did not report the FY 2001 environmental index result in last year's report because it was not available at the time of publication. The rate was based on calculations derived from data on four resource activities in the three OCS regions. This was an increase over the year 2000 result of 5.02, primarily because of more stringent air quality inspection on the Pacific OCS.
10.0	No data	No Report. We have not yet performed the calendar year 2002 annual review of oil spill data. We will do it between January and March 2003. We hope to tabulate the results by the middle of May 2003, post them on our website, and report them in the FY 2003 Performance Report. Revised Report for FY 2001. Goal Exceeded. We did not report the FY 2001 oil spill result last year because it was not available at the time of report preparation. The low rate of 1.00 barrel spilled per million barrels produced was primarily due to having no 'large' spills of 1,000 barrels or greater in FY 2001.
Shelf Mineral Development		
1.8 (+/- 0.4 to 1)	2.4 to 1	Goal Not Met. The ratio slightly exceeded the target range of 1.8 (+/- 0.4) to 1. However, the result of higher than expected revenues is not, of course, an entirely negative program result and must be viewed within the general context of uncertainty as to estimates of value. The inclusion of a sale in a frontier area (Sale 181) affected the final ratio for the 3 sales covered during this year.
of the Due Date		
10%	0%	Goal Not Met. A court-ordered system shutdown from December 2001 through March 2002 and the subsequent recovery efforts precluded our system developers from making progress toward developing the system capability to implement this new goal. We are focusing near-term efforts on ensuring timely disbursement; therefore, we will not develop and implement the capability to provide earlier access to funds until future years.
98.0%	80.0%	Goal Not Met. Because of a court-ordered system shutdown and subsequent recovery efforts, data are available only for fourth quarter Federal disbursements. The shutdown (from December 2001 through March 2002) has delayed the achievement of our goals because it prevented us from providing detailed supporting mineral revenue data along with mineral revenue payments to states. MMS made estimated payments to states from December 2001 to July 2002 to minimize the disruption of mineral revenue to states. MRM is applying a concerted development effort to address system limitations that are preventing more timely disbursement of funds. MRM expects to achieve significant improvement by the end of FY 2003.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY

Minerals Management Service

GPRA Program Activity: Assure Compliance with Applicable Laws, Lease Terms, and Regulations					
Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By the end of FY 2005, ensure payments are within the expected payment range at the due date for 95% of properties.	3.MMS.7: In FY 2002, achieve a compliance index (Ratio comparing actual payments to expected revenues) of .9775 (for calendar year 2000).	.9610	.9809	.9730	.9835
By the end of FY 2005, complete compliance work and issue necessary orders within 3 years of the due date for 95% of royalties associated with converted properties.	3.MMS.8: By the end of FY 2002, complete compliance work through the random audit stage for 95% of royalties associated with year 1999 converted properties.	N/A New Goal	N/A New Goal	N/A New Goal	N/A New Goal
	3.MMS.9: By the end of FY 2002, complete compliance work through the company cycle-order stage for 90% of royalties associated with year 2000 converted properties.	N/A New Goal	N/A New Goal	N/A New Goal	N/A New Goal
GPRA Program Activity: Interact with Our Customers in an Open and Constructive Manner to					
Interact with our customers in an open and constructive manner to ensure that we provide quality services to satisfy our customers' needs.	3.MMS.10: By 2005, show an increase in customer satisfaction with our data and information services.	N/A	N/A	N/A	N/A

for all Leases in the Shortest Possible Time, but No Later than 3 Years from the Due Date

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
.9775	.9870	Goal Exceeded. Until the end of FY 2002, we used the compliance index as the measurement most closely aligning with our long-term goal. For FY 2003, we will use a new compliance measurement methodology to measure our progress in meeting this goal.
95%	97.2%	Goal Exceeded. We have almost completed work on the CY 1999 converted properties from our operational models, representing $416.5 million in total royalties. The MRM CAM staff and Colorado auditors will continue to work on the remaining 1999 royalties until we complete compliance work for 100% of those royalties.
90%	50%	Goal Not Met. A court-ordered system shutdown from December 2001 through March 2002 and the subsequent recovery efforts prevented us from achieving this goal because we were unable to verify compliance during this time. Once we regained system access, our priority focus was on completing work on CY 1999 properties. The CY 2000 converted properties include properties in our 3-year compliance cycle, representing $2.7 billion. During FY 2003, MRM will also focus priority on ensuring 2000 properties are completed during FY 2003 -- within the 3-year compliance goal.
Ensure that We Provide Quality Services to Satisfy Our Customers' Needs		
Establish baseline	No data	No Report. We developed the baseline customer service survey, but did not administer it. Upon further managerial review of the survey, we decided that the survey would not be useful to management because it would not provide a useful indicator of program performance. The goal will not continue in FY 2003.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
Interact with our customers in an open and constructive manner to ensure that we provide quality services to satisfy our customers' needs.	By 2005, show an increase in customer satisfaction with our data and information services, expressed in percent.				
Ensure Environmentally Sound Development	Helping to Meet Water Resource Needs: In FY 2002, ensure operational effectiveness to deliver or release the amount of water contracted for and to meet 100% of power and water commitments (Target = 27 million acre-feet of water);				
	In FY 2002, reduce risks to the downstream public and resources by completing dam safety modifications for 4 dams; and,				
	Implement 100% of scheduled site security improvements.				
	Decrease Environmental Impacts of Offshore Production: In FY 2002, show a decrease in the environmental impact index for OCS development compared to the FY 2000 baseline. (Target is < 8.10)				
	In FY 2002, show a decrease in the amount of oil spilled to a level of 10 barrels of oil spilled per million barrels produced.				
	Pacific Northwest Forest Plan: In FY 2002, offer 203 mmbf of timber for sale and,				
	Restore 35,700 acres of forested lands.	N/A	N/A	43,600	37,343
	Authorize Sustainable Grazing: In FY 2002, authorize 1,580 livestock grazing permits or leases consistent with established land health standards. (Cumulative 8,371).				

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
		See measure 3.MMS.10 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.BOR.1. under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.BOR.9 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.BOR.10 Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.MMS.2 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.MMS.2 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.BLM.10 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
35,700	34,092	Goal Not Met. Drought and wildland fire in the Pacific Northwest precluded several planned projects.
		See measure 3.BLM.9 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY

Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
	Energy Conservation, Waste Diversion and Green Product Use: Promote energy efficiency and reduce energy consumption at Interior facilities by 20% from 1985 levels.	N/A	N/A	N/A	-0.04%
	Energy Conservation, Waste Diversion and Green Product Use: Divert through recycling 40% of the solid waste from disposal in landfills (DOI main complex only).	N/A	N/A	30% (estimated)	50% (incomplete data set)
	Energy Conservation, Waste Diversion and Green Product Use: Establish a baseline to measure DOI's use of pre-selected recycled content, environmentally preferable, and bio-based products.	N/A	N/A	N/A	N/A
Manage Resources to Ensure Economic Viability and Sound Management of Mineral Receipts	Cost-effective, Efficient Hydropower Generation: In FY 2002, deliver power at a cost that is as low, or lower than, the cost of the 75th percentile for comparable hydropower facilities (Target = $7,300 per megawatt).				

Performance

FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
-20%	6.33	Goal Not Met. Although progress was made over FY 2001 accomplishments, the goal to reduce energy consumption by 25% over the FY 1985 baseline was not achieved. In FY 2002 the Department reduced energy consumption at its facilities and buildings by 6.21% (81,688 billion Btu's) from the 1985 baseline (87,093 billion Btu's), i.e., overall in its buildings and facilities, the Department consumed 6.21% less energy on a Btu/gross square foot average in FY 2002 than it did in 1985. In FY 2002 departmentwide energy consumption at DOI buildings and facilities was as follows (amounts are in billions of Btu's): Electricity: 1,867 (+24.01% over 1985 baseline); Fuel Oil: 643 (-39.98% from 1985 baseline); Natural Gas: 1,372 (-5.28% from 1985 baseline); LPG, Propane: 435 (-16.53% from 1985 baseline); Coal: 0; Steam: 31 (-79.81% from 1985 baseline). Given increased plug load and other factors that have, and continue to play a role since the baseline's establishment, achievement of the governmentwide energy consumption reduction goals remains a challenge since Interior was one of four agencies to meet the 1985 10-year goal, thereby setting its baseline very low. Alternative Fueled Vehicle (AFV) Acquisitions: With the acquisition by lease and/or purchase of 550 AFV's the Department of the Interior met its agencywide goal for the acquisition of AFV's for a fifth consecutive fiscal year. (Note: Goals are based on weighting factors in Executive Order 13149, which give extra credit for heavy and medium duty trucks and buses and dedicated and electric (zero emission) vehicles.) Through its acquisition of 150 ethanol fueled vehicles, the U.S. Fish and Wildlife Service was instrumental in Departmental achievement of its FY 2002 goal. The use of AFVs, which are cleaner burning than conventionally fueled vehicles, are important to Interior's energy strategy for helping to reduce the Nation's dependence on foreign crude oil.
40%	No data	No Report. The metrics for this performance goal were not available for this reporting cycle because of the delay in the development of a Web-based reporting system as a result of the DOI Internet shutdown. This new Web-based reporting system will provide the metrics so that Interior can quantify departmentwide, for the first time, the diversion rate achieved through these efforts. Resource recycling efforts have been on-going at DOI facilities for many years. Partial reporting from individual facilities has documented some exceptional efforts, such as at the Statue of Liberty National Park where 73% of visitor waste is diverted from landfill disposal. Electronic waste recycling has been emphasized during this year through a relationship with Federal Prison Industries. The contract to renovate the Main Interior Building calls for the recycling of construction and demolition waste at the rate of 75%. When facility solid waste data are more completely available for FY 2002, this information will be used to target promotional efforts toward enhancing recycling program development. DOI will report FY 2002 performance results in the FY 2003 Annual Performance Report.
Establish baseline	No data	No Report. The establishment of the baseline to measure the useage of nine environmentally preferred products was dependent upon the collection of the data through the same web-based facility survey system developed to capture waste diversion data. The development of the system was delayed because of the DOI Internet shutdown. A baseline will be established when the new survey system contains the FY 2002 report data. The Department continues to make progress in using environmentally preferred and bio-based products. This year, DOI was recognized by the Office of the Federal Environmental Executive for developing successful efforts to promote and use environmentally preferred products. Interior received the 2002 White House Closing the Circle Award.
		See measure 3.BOR.5 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY
Overview

GPRA Program Activity: Overview					
Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
	Power production cost percentile relative to comparative facilities.				
	Maximize Power Generation and Enhance Revenues: In FY 2002, maximize power generation and enhance revenues by attaining a 3%, or lower, forced outage rate for BOR hydropower units.				
	Fair Market Value for Resources: In FY 2002, maintain the current high bids received for OCS leases to MMS estimated value ratio at 1.8 (+/-0.4) to 1. * 1.8 (+/- 0.4) to 1 ratio.				
	Sound Management of Mineral Receipts: In FY 2002, achieve a compliance index of .9775 (for calendar year 2000). % of revenues disbursed to recipients by the end of month following MMS receipt.				
	% of revenues accessible to recipients by the end of the month following MMS receipt.				
	Sound Revenue Management: In FY 2002, disburse 98% of revenues to recipients by the end of the month following the month received.				
	Sound Revenue Management: In FY 2002, provide access for ultimate recipients of 10% of revenues within one business day of MMS receipt.				

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
		See measure 3.BOR.5 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.BOR.6 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.MMS.4 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.MMS.7 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.MMS.6 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.MMS.6 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.MMS.5 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.

STRATEGIC GOAL 4. PROVIDE SCIENCE FOR A CHANGING WORLD
Bureau of Land Management
GPRA Program Activity: Improve Land, Resources, and Title Information

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By FY 2005, post 3,600,000 cumulative public land records on the Internet to assist title, survey, historical, and genealogical research and retrieval.	4.BLM.1: In FY 2002, post 200,000 public land records on the Internet, providing customers with on-line query, image viewing, and ordering of certified documents.	N/A	250,000 2,250,000 Cum.	335,000 2,585,000	200,500 2,785,000
By FY 2005, provide accessibility to 20% of BLM's western townships with land status, boundaries, and geographic coordinates in digital format on the Internet.	4.BLM.2: In FY 2002, provide accessibility to a cumulative of 12% of BLM's western townships with land status, boundaries, and geographic coordinates in digital format on the Internet.	N/A	3%	9%	11%
By FY 2005, provide information on the Internet regarding the status, condition, and use of BLM lands for 6 priority program areas.	4.BLM.3: In FY 2002, provide information on the Internet about the status, condition, and use of BLM lands for 3 priority program areas. (Cum.)	N/A N/A	N/A N/A	N/A N/A	1 1
By FY 2005, conduct on-line services (E-Government) in 12 business lines with the public, tribes, and other agencies.	4.BLM.4: In FY 2002, conduct on-line services (E-Government) in 7 total business lines with the public, tribes, and other agencies.	N/A	N/A	N/A	4

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
200,000 2,985,500	170,211 2,955,711	Goal Not Met. Requirements of the Court Order in the Cobell Lawsuit contributed to a decrease in accomplishments. Under the court order, Indian records are not to be made available on the internet. Subsequently, over 15,000 images and data were processed and are awaiting posting in FY 2003. Increasing demand by customers for on-line query access and the higher costs of system maintenance also precluded the attainment of the target. The long-term goal should remain on target, and the FY 2003 APP target of 200,000 records posted on the Internet will be retained. This measure was also previously shown under Goal 3. It more appropriately belongs here under Goal 4.
12%	12%	Goal Met. In FY 2002, we provided accessibility to 12% of BLM's western townships with land status, boundaries, and geographic coordinates in digital format on the internet.
3 4	2 3	Goal Not Met. Access to data in two additional program areas became available in FY 2002: the National Integrated Land System and the Rangeland Administration System. This is in addition of the National Fire Program that provides real-time information about fire suppression activities and was implemented in FY 2001. Reporting a cumulative number. The FY 2003 planned target of 4 program areas (cumulative) will be retained
7	8	Goal Exceeded. The BLM has established a total of 8 new on-line services for the public, Tribes, and other agencies. In FY 2002, 4 new business lines have been added: 2 new National Integrated Land System (NILS) modules; the National Photo Database System; the Regulation Comment System; and, public access to the BLM's grazing information went online.

STRATEGIC GOAL 4. PROVIDE SCIENCE FOR A CHANGING WORLD
U.S. Geological Survey

GPRA Program Activity: Hazards

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
Ensure the continued transfer of hazards-related data, risk assessments, and disaster scenarios needed by our customers before, during, and after natural disasters, and by 2005, increase the delivery of real-time hazards information by increasing the average number of stream-gages reporting real-time data on the Internet during each quarter to 5,500 (thus reducing the time it takes to provide flood information at that site from 6 to 8 weeks to 4 hours) and installing 500 improved earthquake sensors (thus reducing delivery time of information on potentially damaging earthquakes from 40 to 20 minutes) to minimize the loss of life and property.	4.USGS.1: Develop, maintain and improve monitoring networks and techniques of risk assessment.	6	6	6	6
	4.USGS.2: Maintain the baseline of data and risk assessments transferred to customers.	16	16	17	26
	4.USGS.3: Maintain the average number of stream-gages (5,574) delivering real-time data on the Internet.	N/A	4,500	4,872	5,280
	4.USGS.4: Increase by 120 improved earthquake sensors to deliver real-time information on potentially damaging earthquakes to minimize loss of life and property. (Cum.)	100	120	201	329
	4.USGS.5: Hold 23 Stakeholder Meetings.	16	16	40	27
	4.USGS.6: Establish a Hazards Customer Satisfaction baseline.	Pilot	Pilot	Baseline	Baseline Single Goal Not met

GPRA Program Activity: Environmental and Natural Resources

Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
Ensure the continued availability of long-term environmental and natural resource information and systematic analysis and investigations needed by customers, and by 2005, develop 20 new decision support systems and predictive tools for informed decision-making about natural systems.	4.USGS.7: Provide and improve long-term environmental and natural resource information, systematic analyses and investigations, and predictive options for decision-making about natural systems by providing essential information to address environmental and natural resources issues by maintaining 45 long-term data collection/data management efforts and supporting 2 large data infrastructures managed in partnership with others for a total of 47 efforts.	40	40	46	46
	4.USGS.8: Deliver 1,008 new systematic analyses and investigations to our customers.	865	959	1,113	1,018
	4.USGS.9: Improve and develop 7 new decision support systems and predictive tools for decision-making.	5	7	7	7

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
6	6	Goal Met.
17	24	Goal Exceeded. Risk assessments are generated in response to specific user requests, the timing of which is difficult to forecast. Not only the number of requests but also the length to completion is very difficult to target 1 or 2 years into the future. For FY 2001, we had targeted 8 and completed 26. This FY we targeted 17 and completed 24 – an improvement in estimation and a product of additional need for risk assessments.
5,574	5,626	Goal Exceeded. The streamgage performance measure relies on two separate but related components: (1) installation of new real-time streamgages and upgrading of existing streamgages to give them real-time capability; and (2) improvements to the national computer infrastructure. Additional increase in performance above the target is due to improvements in computer hardware infrastructure and in the software that allows users to view real-time streamgages data on the Internet.
449	425	Goal Not Met. Did not meet target on installing 120 sensors. Government regulations required a re-competition of the contract to purchase equipment. A new manufacturer won the bid. Therefore, there was a delay in the delivery of instruments and a need for an extended training period on the new equipment. Plan should be recovered in first quarter FY 2003.
23	37	Goal Exceeded. Newly formed Scientific Earthquake Studies Advisory Committee scheduled meetings that had not been planned. Stakeholders for Volcano Hazards requested an additional meeting. The Landslide Hazards Program was invited to participate in an additional workshop by the Canadian Geological Survey and NATO. More than planned hazards-related streamgaging network meetings were also held.
Baseline Hazards Goal	97%	Goal Met. Baseline derivation was deferred from FY 2001 to FY 2002 due to product attrition and lower than anticipated response rates for the survey of hazards products. In FY 2002, USGS expanded the hazards survey and derived an independent metric baseline at 97% for hazards products. 97% of our surveyed customers reporting that they were either satisfied or very satisfied with our hazards products. Customers rated satisfaction with various aspects of each product, such as timeliness, usability, usefulness, and level of detail.
47	47	Goal Met. 45 long-term efforts and 2 large data infrastructures managed.
1,008	993	Goal Not Met. Actual performance is 1% below target, a reasonable variance for prediction of the timing of research results.
7	9	Goal Exceeded. Two additional surface-water models were updated or improved.

STRATEGIC GOAL 4. PROVIDE SCIENCE FOR A CHANGING WORLD
U.S. Geological Survey

GPRA Program Activity: Environmental and Natural Resources

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
	4.USGS.10: Collaborate with university partners to understand natural systems and facilitate sound management practices through 209 external grants and contracts.	270	238	209	239
	4.USGS.11: Hold 529 stakeholder meetings to learn our customer needs.	212	473	468	592
	4.USGS.12: % Customers satisfied.	Pilot	Pilot	Baseline	95%

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
209	182	Goal Not Met. Cooperative Research Units vary in methodologies for issuing Research Work Orders (RWOs). More units than usual lumped RWOs this year rather than keeping them as separate projects to gain efficiencies in processing.
529	767	Goal Exceeded. In keeping with program evaluation recommendations by the National Research Council, USGS has redoubled efforts to formally listen and respond to stakeholders and customers. In addition, final implementation this year of a strong regional structure to administer research programs in the USGS has resulted in the increased need for stakeholder meetings and increased opportunities for meeting with customers.
90%	95%	Goal Exceeded. The satisfaction measures are in the nature of a statistical quality control; falling below the target would be significant, but the exact percentage above the target is not significant.

STRATEGIC GOAL 4. PROVIDE SCIENCE FOR A CHANGING WORLD
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
Add to the Environmental and Physical Science Knowledge Base	In FY 2002, provide and improve long-term environmental and natural resource information, systematic analysis, and investigations about natural systems by maintaining 45 long-term data collection efforts, and two improved infrastructures (for a total of 47).				
	Deliver 1,008 new systematic analyses and investigations to our customers.				
	Improve and develop 7 decision support systems and predictive tools for decision-makers.				
Increase Hazard Knowledge and Warning	In FY 2002, increase by 120 improved earthquake sensors to deliver real-time information on potentially damaging earthquakes to minimize loss of life and property.				
	Maintain the average number of stream-gages (5,574) delivering real-time data on the Internet.				

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
		See Measure 4.USGS.7 under Provide Science for a Changing World.
		See Measure 4.USGS.8 under Provide Science for a Changing World.
		See Measure 4.USGS.9 under Provide Science for a Changing World.
		See Measure 4.USGS.4 under Provide Science for a Changing World.
		See Measure 4.USGS.3 under Provide Science for a Changing World.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES
Bureau of Indian Affairs

Goals					
GPRA Program Activity: Trust Government					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By 2005, the Bureau will promote Indian Self- Determination by enhancing training and technical assistance by more than 200% and minimizing impediments to tribal contracting, compacting and grants.	5.BIA.1: The Bureau will promote Indian Self Determination: by conducting 70 P.L. 93-638 training sessions.	2	4	22	65
	5.BIA.2: The Bureau will promote Indian Self Determination: by providing 2,200 instances of technical assistance and minimizing the impediment to tribal contracts and compacts.	0	45	57	2,189
By 2005, the Bureau will strengthen Tribal Courts to assist in responding to their implementation of the revised regulations under 25 CFR 15, 115, Trust Funds for Tribes and Individual Indians.	5.BIA.3: The Bureau will ensure that 10 tribal codes and court procedures are developed to assist tribal courts in adequately enforcing the regulations under 25 CFR 15, 115.	N/A	N/A	N/A	N/A
	5.BIA.4: The Bureau will ensure that 10 tribal training sessions are implemented to assist tribal courts in adequately enforcing the regulations under 25 CFR 15, 115.	N/A	N/A	N/A	N/A
GPRA Program Activity: Public Safety and Justice					
By 2005, the Bureau will improve law enforcement services on Indian lands and preserve public safety for the citizens of Indian Country by reducing the 2000 crime rate by 6%.	5.BIA.5: The Bureau will reduce the Indian Country crime rate to 13.5%.	N/A	N/A	16.5%	19%

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
70	355	Goal Exceeded. The Bureau provided 355 training sessions, exceeding the projected target by 285 sessions. This overwhelming increase is due to the Alaska Provider's Conference that took place over several days and offered many different types of *P.L. 93-638* training to tribes and Alaska Natives. The Bureau will continue its efforts to increase tribal knowledge and expertise in all areas of *638* to promote tribal operation of Bureau programs.
2,200	3,756	Goal Exceeded. The Bureau provided 3,756--*638* technical assistance sessions, exceeding the target by 1,556. This increase is due in part to stronger data collection methods, as well as the Bureau's push to increase the cooperation and consultation levels provided to tribes and Alaska Natives. The Bureau will continue its efforts to increase tribal knowledge and expertise in all areas of *638* to promote tribal operation of Bureau programs.
10	0	Goal Not Met. Implementation of this goal effort was not undertaken until FY 2002. The goal targets were estimated without the benefit of baseline data to accurately project goal achievement. The Bureau will reevaluate program capabilities to determine more appropriate goal targets and to determine how to more effectively promote tribal court implementation of the regulations under 25 CFR 15, 115.
10	3	Goal Not Met. Same as above.
13.5%	No data	No Report. Crime statistics are gathered on a calendar year basis and are not available until January of the following year. The Bureau is attempting to modify the data collection efforts to include all reporting sources within the monthly reporting process being implemented by the Office of Law Enforcement services. Final data will be included in the FY 2003 Performance and Accountability Report. Revised Report for FY 2001. Goal Not Met. Although the crime rate in Indian Country experienced an increase in FY 2001, this increase actually reflects an improvement in the effectiveness of the Law Enforcement program. Additional officers in Indian Country caused citizens to be less frightened, to proceed with reporting crimes and pressing charges. Additional officers also allowed for increased patrols which led to a greater detection of crimes in progress and the apprehension of criminals. Incomplete crime data Office of Law Enforcement Services (OLES) has collected throughout FY 2002 indicates that crime rate statistics are improving.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES
Bureau of Indian Affairs

GPRA Program Activity: Community Development

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By 2005, the Bureau will improve human capital in Indian communities and reduce the unemployment rate in Indian Country to 38%.	5.BIA.6: Indian Country Unemployment Rate.	N/A	N/A	43%	41%
	5.BIA.7: The Bureau will provide for a 93% success rate of participants in reaching their educational, training and employment objectives.	60%	70%	84%	92%
	5.BIA.8: The Bureau will provide subsidy leverage to allow for private sector funding of 45 businesses that will create or sustain 900 jobs.	31	45	41	46
	5.BIA.9: See above; 900 jobs.	415	415	843	1,238
	5.BIA.10: The Bureau will increase Tribal revenue and jobs by ensuring that forest product sales total 650 million board feet.	673	681	509	604
By 2005, the Indian Arts and Crafts Board (IACB) will promote the economic development of Indians through their arts and craft work. The IACB will initiate 60 trademark registrations for Indian arts and crafts marketing purposes; promote 75 Indian art exhibitions; promote public awareness of authentic Indian art by increasing public visitation to museum property by 270%; and increasing public awareness and understanding of the Indian Arts and Crafts Act of 1990.	5.BIA.11: The IACB will establish a Trademark program.	Program Not Established	Program Not Established	Program Not Established	Program Not Established
	5.BIA.12: The IACB will promote an additional 15 Indian artist sale exhibitions for a Cum. total of 71 artists promoted.	14	29	44	56
	5.BIA.13: The IACB will increase public access to museum property by 1% for a total of 292,249 visitors.	80,000	99,430	606,662	289,355
By 2005, the Bureau will improve the quality of life in Indian communities.	5.BIA.14: The Bureau will provide repair or replacement work to an additional 585 applicants for a total of (2,182) eligible housing applicants served. (Cum.)	N/A	800 (800)	440 (1,240)	357 (1,597)
	5.BIA.15: The Bureau will increase the Cum. number of tribes operating comprehensive welfare plans to 70.	12	16	35	65

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
41%	No data	No Report. Unemployment statistics in Indian Country are calculated in the Bi-annual Labor Force Report the FY 2001 and FY 2002 report is not yet available. Final data on the FY 2002 unemployment rate will be included in the FY 2003 Performance Report.
93%	92%	Goal Not Met. While the Bureau continues to have great success in the P.L. 102-477 program and the Job Placement and Training Programs, the down swing in the economy caused job availability to decline. The Bureau was able to maintain the 92% success rate achieved in FY 2001, a 27% increase over FY 1999 levels, but was unable to gain the 1% increase projected. Despite the continued decline in the economy, an external factor over which the Bureau has no control, all efforts will be made to work in conjunction with the loan program to create additional jobs in Indian Country and increase our success rate.
45	45	Goal Met. The Bureau was able to provide subsidy leverage to 45 businesses.
900	1,274	Goal Exceeded. Of the 45 businesses subsidized, several were large-scale businesses that were able to provide more jobs than projected. In FY 2002, the loan subsidy program created/sustained 1,274 jobs. To assist in reducing unemployment in Indian Country and to promote successful Job Placement and Training participants, the Bureau will continue to operate the guaranteed loan program at maximum capacity.
650	No data	No Report. Final forestry data is calculated on a calendar year basis and will not be available until late December. Final data will be included in the FY2003 Performance Report.
Establish Trademark Program	Program Not Established	Goal Not Met. Legislation that changes the trademark provisions of the Indian Arts and Crafts Act (IACA) to resolve conflicts between the Lanham (Trademark) Act and IACA is pending with the final passage of the FY 2003 DOI Appropriations Act. This will enable the Board to establish the trademark program.
71	71	Goal Met. The IACB promoted 15 Indian art sale exhibitions.
292,249	308,036	Goal Exceeded. The IACB increased public access to museum property for a total of 308,036 visitors. This exceeds the projected target by 15,787 visitors, due to an increase in visitors at major exhibitions. The IACB will continue to provide the maximum level of visitation possible.
585 (2,182)	572 (2,169)	Goal Not Met. While the Bureau did not achieve the projected goal target, they did provide repair and replacement work to 572 eligible applicants, an increase of 209 applicants over FY 2001 levels. The Bureau will continue to strive to improve the priority identification process at the regions to reduce funding delays and increase the amount of applicants served annually.
70	78	Goal Exceeded. There are 78 tribes operating comprehensive welfare plans, 8 more than the projected target for FY 2002. The Bureau will continue its efforts to promote welfare-to-work reforms at the tribal level.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Bureau of Indian Affairs

GPRA Program Activity: Community Development

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By 2005, the Bureau will improve Highway Trust Fund (HTF) constructed and other Bureau system roads and bridges through inspection and maintenance activities to protect the public investment and to provide safe transportation systems that are vital to Tribal economic development.	5.BIA.16: The Bureau will maintain 2,221 miles of HTF and Bureau system paved roads to a passable standard.	1,200	1,331	1,600	2,221
	5.BIA.17: The Bureau will maintain 7,070 miles of other surface type Bureau system roads to a passable standard.	N/A	5,682	11,500	7,070
	5.BIA.18: The Bureau will inspect and maintain 198 Bureau system bridges to a passable standard.	N/A	N/A	N/A	198
By 2005, the Bureau will improve the safety and functionality of Bureau schools and facilities for clients.	5.BIA.19: The Bureau will begin replacement construction on 6 primary and secondary schools on the FY 2001 Replacement School Construction Priority List.	N/A	N/A	1993 List Schools 3	2000 List Schools 6
	5.BIA.20: The Bureau will award 10 Facilities Improvement and Repair (FI&R) projects to reduce unsafe conditions at Bureau facilities.	4	7	6	9
	5.BIA.21: The Bureau will meet 63% of the reported need required to operate detention facilities.	N/A	67%	66%	63%
	5.BIA.22: The Bureau will prepare 10 radio sites for conversion to narrowband technology. (Cum.)	N/A	10 (10)	4 (14)	10 (24)
	5.BIA.23: The Bureau will replace three of the 19 fire trucks noted on the 2002 Fire Truck list as being unsafe or unserviceable.	1997 List Trucks (Cum.) 5 (5)	1997 List Trucks 10 (15)	1997 List Trucks 2 (17)	1997 List Trucks 8 (25)
By 2005, the Bureau will ensure that Bureau owned dam structures do not create unacceptable risks to public safety, welfare, property, the environment, and cultural structures by completing construction on 26 dams and maintenance on 9 dams.	5.BIA.24: The Bureau will complete rehabilitation construction on 2 dams for a total of 19 (Cum.) dams with completed construction; and,	1 (13)	1 (14)	1 (15)	2 (17)
	5.BIA.25: Will complete recurring and repair maintenance on 6 dams for a total of 15 (Cum.) dams with completed repair maintenance.	N/A	N/A	4 (4)	5 (9)

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
2,221	3,638	Goal Exceeded. The Bureau maintained 3,683 miles of paved roads to a passable standard. This exceeds the projected target by 1,462 miles. The Bureau will continue to provide the maximum maintenance possible under current resources.
7,070	9,345	Goal Exceeded. The Bureau maintained 9,345 miles of other surface type roads to a passable standard. This exceeds the projected target by 2,275 miles. The Bureau will continue to provide the maximum maintenance possible under current resources.
198	265	Goal Exceeded. The Bureau provided inspection and maintenance to 265 bridges, an increase of 67 over the projected target. The Bureau will continue to provide the maximum maintenance possible under current resources.
2001 List Schools 6	2001 List Schools 5	Goal Not Met. The Bureau awarded 5 of the projected 6 new school construction projects. Ojibwe School was not awarded due to pending resolution of issues related to enrollment and facility square footage. The Bureau expects to resolve these issues and award the contract for Ojibwe School during the 2nd quarter of FY 2003.
10	4	Goal Not Met. The Bureau was unable to award 6 of the FI&R projects due to funding and design clarification problems. These issues are being resolved, and the Bureau expects to award the remaining 6 projects during the 2nd quarter of FY 2003.
63%	63%	Goal Met. The Bureau is currently operating its law enforcement facilities at 63% of need. The Bureau will strive to improve the level of operating costs provided to detention facilities.
10 (34)	14 (38)	Goal Exceeded. The Bureau awarded a contract to develop a plan for narrowband conversion, including validation of each region's inventory for accuracy, usage and frequency management. Full implementation of the plan is expected in FY 2003.
2001 List Trucks 3 (28)	2001 List Trucks 3 (3)	Goal Met. Three new fire trucks were serviced and delivered to 3 sites on August 29, 2002. The Bureau will continue to replace the remaining 19 firetrucks noted on the 2002 Fire Truck list as being unsafe and unserviceable
2 (19)	2 (19)	Goal Met. Washakie Dam had successful first fill and is in final closeout. Kyle dam is undergoing first fill.
6 (15)	6 (15)	Goal Met. There are 117 BIA dams throughout the western U.S. that are a high or are a significant hazard to the public. All 117 dams received funding for recurring maintenance to prevent deterioration and mitigate the hazard to the public. The 6 dams that were provided repair maintenance in 2002 were Dulce – Southwest, Tsaile – Navajo, Tabor, Lower Dry Fork, Equalizer, Jocko – Northwest.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Bureau of Indian Affairs

GPRA Program Activity: Administrative and Support Services					
Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
The Bureau will provide for continued achievement of minimum acceptable standards for successful administrative processes by improving internal controls and eliminating identified material weaknesses/high risk factors, producing unqualified opinions to the financial statements, maintaining prompt payment performance at 97%, and utilizing customer service surveys to measure efficiency, timeliness and overall quality of Bureau customer service.	5.BIA.26: The Bureau will improve 3 of the 7 internal controls cited by the Inspector General in FY 2000 to eliminate administrative weaknesses and ensure an unqualified audit opinion.	N/A	N/A	N/A	1999 Internal Controls 2
	5.BIA.27: The Bureau will bring prompt pay performance up to 97%.	86%	88%	86%	88%
	5.BIA.28: In FY 2002, the Bureau will develop a customer satisfaction survey for the Office of Law Enforcement Services and distribute the cleared Office of Tribal Services survey.	N/A	N/A	1st Survey Developed	Survey in the Clearance Process
By 2005, the Bureau will ensure a capable, well staffed workforce with the vital skills necessary to carry out all aspects of Bureau services and duties by lowering staffing needs to 3% and training needs by 6%.	5.BIA.29: In FY 2002, the vacancy/staffing need rate will be lowered by 1%.	N/A	N/A	N/A	Level of staffing need 6.3%
	5.BIA.30: In FY 2002, the Bureau will establish a baseline level of training need.	N/A	N/A	N/A	N/A
GPRA Program Activity: Education					
By the end of School Year 2004-2005, the Bureau will improve the succession of Indian students to each educational level from early childhood development to job placement.	5.BIA.31: The Bureau will provide for a 2% increase in the proficiency of students in the areas of Math and Language Arts.	Math 41% Language 41%	Math 43% Language 41%	No data	Math 50% Language 50%
	5.BIA.32: The Bureau will increase the student attendance rate at Bureau/tribal schools to 91%.	90%	91%	90%	90%
	5.BIA.33: The Bureau will improve the percentage of teachers proficient in new assessments to 71%.	45%	54%	68%	69%
	5.BIA.34: The Bureau will provide for 100% accreditation at Bureau and tribal schools.	94%	98%	96%	96%
	5.BIA.35: The Bureau will confer 1,395 degrees at Tribally Controlled Community Colleges (TCCCs) and postsecondary schools.	1,179	1,105	1,395	1,383

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
2000 Internal Controls 3 (3)	2000 Internal Controls 3 (3)	Goal Met. During FY 2001, the Bureau reduced internal control weaknesses from 7 to 3. The Bureau has continued to work with regional accounting officers in FY 2002 to assist in resolving the 3 remaining weaknesses.
97%	88%	Goal Not Met. While the bureauwide prompt pay rate is at 88%, the regional prompt pay level is averaging 92%. Large payments, which are processed at headquarters and under contract, continue to have a low performance, which brings down the average. The Bureau is analyzing the causes of delinquencies in large payments and hopes to correct the problem and improve the prompt pay rate in FY 2003.
2nd Survey Developed 1st Survey Distributed	2nd Survey Developed 1st Survey Not Distributed	Goal Not Met. The redirecting of resources to higher priority matters caused the Bureau to be unable to achieve this goal. While both surveys have been developed, the redirecting of staff to high priority matters made it impossible to complete the necessary information collection clearance paperwork.
Level of staffing need 5%	Level of staffing need 6.3%	Goal Not Met. Although the staffing need did not improve, staffing and retention initiatives in the form of recruitment and retention bonuses and allowances increased substantially in FY 2002. A draft Bureau Merit Promotion Plan, including new hiring flexibilities, is in the final stages of development to assist in increasing staffing levels.
Baseline established	Baseline not established	Goal Not Met. The Bureau hired a full-time Organizational Employee Development Specialist within the office of Human Resources to develop, establish, and manage BIA-wide training and program development.
Math 52% Language 52%	Math 49% Language 49% (Partial)	Goal Not Met (Preliminary). The results have been prepared based on data contained in the BIA/OIEP Annual School Goal Reports, maintained at the Center for School Improvement. As of this date there are 102 reports that have been completed and approved as submitted. This is 58% of the schools with academic scores to report. The information presented in the report may be considered as preliminary based on the contents of the approved reports and could change substantially as other reports are approved. Final performance will be reported in the Performance Report for FY 2003.
91%	89% (Partial)	Goal Not Met (Preliminary). See 5.BIA.31.
71%	73% (Partial)	Goal Met (Preliminary). See 5.BIA.31.
100%	98% (Partial)	Goal Not Met (Preliminary). See 5.BIA.31.
1,395	1,438	Goal Exceeded. Exceeded the target level by 43. With 24 of the 25 TCCCs' reports indicating a total of 1,227 degrees conferred, and Haskell with 129 and Southwestern Indian Polytechnic Institute (SIPI) with 82 degrees conferred.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Bureau of Indian Affairs

GPRA Program Activity: Education

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By the end of SY 2004-2005, the Bureau will provide for an improvement in technology, infrastructure, and safety management measures to maximize learning opportunities and to ensure the general well being of American Indian and Alaska Native students.	5.BIA.36: The Bureau will improve the percentage of teachers proficient in technology use by 2%.	38%	45%	67%	74%
	5.BIA.37: The Bureau will provide for a 10% (actual number) reduction in the incidences of violence among students.	-10% (9,963)	-10% (12,331)	-10% (10,706)	-10% (8,471)
	5.BIA.38: The Bureau will provide for $2.30 in Indian student transportation funding in an effort to bring funding up to a rate comparable to the national average.	$1.90	$2.10	$2.30	$2.30

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
76%	73% (Partial)	Goal Not Met (Preliminary). See 5.BIA.31.
-10% (7,623)	3,111 (Partial)	Goal Met (Preliminary). See 5.BIA.31.
$2.30	$2.29	Goal Met. Transportation funds for School Year 2001-2002 were distributed at $2.29 per mile, a .01 difference between the target and actual achievement.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Bureau of Land Management

GPRA Program Activity: Provide Economic and Technical Assistance

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By FY 2005, establish and maintain 15 formal agreements with federally recognized tribes for managing tribal minerals, and cadastral survey and for administering public lands (through P.L. 93-638 contracts, self governance agreements, cooperative agreements and technical assistance).	5.BLM.1: In FY 2002, complete baseline survey of all existing agreements. Subsequently, establish and maintain formal agreements with federally recognized tribes in the management of tribal minerals, cadastral survey and the administration of public lands.	N/A	N/A	24 Cum.	40
By FY 2005, annually process 5,300 energy and mineral post lease actions and complete 4,500 energy and mineral compliance, inspection and enforcement actions on Indian lands. Assure that all actions authorized on the Indian lands are consistent with established land health standards to minimize future liabilities.	5.BLM.2: In FY 2002, process 5,000 energy and mineral post-lease actions.	N/A	N/A	4,100	4,692
	5.BLM.3: In FY 2002, complete 3,800 energy and mineral compliance, inspection and enforcement actions on Indian lands.	N/A	N/A	3,400	3,086
By FY 2005, BLM will at least triple the FY 2000 level of technical assistance provided to the Bureau of Indian Affairs and federally recognized Native American tribes in the acquisition and management of land tenure data needed to facilitate the growth of trust income through increased efficiency of the tribal land tenure infrastructure.	5.BLM.4: In FY 2002, complete 3,000 miles of field cadastral survey.	N/A	853	1,421	1,997
	5.BLM.5: In FY 2002, 2,500 miles of approved (office) survey on Indian Lands.	N/A	926	1,361	1,256
	5.BLM.6: In FY 2002, establish and maintain two Land Information Infrastructure Project Offices in partnership with tribes.	N/A	N/A	1	1
	5.BLM.7: In FY 2002, establish a percentage baseline for providing Internet accessibility of the townships with Indian trust land.	N/A	N/A	N/A	N/A
By FY 2005, complete 2.6 million acres of projected land disposals and land conveyances in Alaska. Meet 80% of expected public demand for land disposal and land conveyance actions outside Alaska in support of local community and State economic needs.	5.BLM.8: In FY 2002, complete 600,000 acres of projected land disposal and land conveyance actions in Alaska.	N/A	N/A	580,000	719,000
	5.BLM.9: In FY 2002, complete 200,000 acres of land disposal actions outside Alaska in support of local community and State economic needs.	N/A	N/A	95,127	246,280

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
Complete baseline survey of all existing agreements	Baseline established (70)	Goal Met. A baseline of 70 Native American agreements was established. This includes self-governance agreements under PL 93-638 and agreements under the Federal Oil and Gas Royalty Management Act (FOGRMA). The FY 2003 final target is expected to be adjusted to 75 Native American Agreements (baseline +5).
5,000	5,101	Goal Met. The FY 2003 final target will be increased to 5,300 energy and mineral post-lease actions on Indian lands based on actual experience over the past 2 years and a 5% projected increase in demand.
3,800	2,918	Goal Not Met. The accomplishments under this measure are influenced by customer demand (federally recognized tribes/governments). The demand in FY 2002 was lower than anticipated. The FY 2003 final target is expected to be adjusted to 3,300 energy and mineral compliance, inspection and enforcement actions on Indian lands based on actual experience over the past two fiscal years and a 10% projected increase in demand.
3,000	2,719	Goal Not Met. There were 2,719 actual miles of field cadastral survey done for BIA/tribes in FY 2002. This production was at a level 9% below the goal of 3,000 miles. Most of the funds provided to complete the work did not reach the field until after the midpoint of the fiscal year causing production figures to lag behind. In FY 2002, 4,263 survey monuments were set marking the boundaries associated with the 2,554 miles of survey. The field cadastral survey work done for BIA/tribes is done on a cost reimbursable basis in the 1910 subactivity account. BLM is unable to predict the miles of survey accomplished until the level of BIA funding available for the work is known. Given the level of accomplishment in FY 2002 and projected 10% increase in funding for reimbursable funding for cadastral survey on Indian lands, BLM expects to adjust the FY 2003 final target to 3,000 instead of the 3,600 that had originally been projected for FY 2003.
2,500	1,486	Goal Not Met. There were 1,486 miles of surveys approved for BIA/tribes in FY 2002. This was 41% below the goal of 2,500 miles. There is a lag time between when the field miles of cadastral surveys are completed and when the miles of cadastral surveys are approved, causing most of the production figures for this performance measure to be reported in the following FY. The 2,700 miles of cadastral field surveys accomplished in FY 2002 will have final approved surveys completed in FY 2003. The final FY 2003 target is expected to be adjusted to 2,700 miles of approved survey completed.
2	3	Goal Exceeded. There were three Land Information Infrastructure Project Offices in operation in FY 2002, exceeding the goal by one.
Establish baseline	No data	No Report. The baseline for the fourth performance measure cannot be established. Access to the databases containing information on Indian/tribal land ownership was blocked as of December 2001. The continuation of this measure in FY 2003 will be contingent on database accessibility.
600,000	554,469	Goal Not Met. Land disposals and conveyances completed in FY 2002 total approximately 93% of the APP target of 600,000 acres. The final FY 2003 APP target for Alaska land disposals and conveyances is expected to be adjusted to include the 50,000 acres not conveyed/patented in FY 2002. The final FY 2003 target will be 650,000 acres.
200,000	130,281	Goal Not Met. A number of land exchanges were either delayed or discontinued in FY 2002. It is anticipated that this downward trend in accomplishments will continue. The established targets will be evaluated in FY 2003. Land disposals are based on demand, primarily from state, county and local governments. Based on this reduced demand, the final FY 2003 target will be reduced to a more realistic figure of 130,000 acres.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Bureau of Reclamation

GPRA Program Activity: Water and Energy Management and Development

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
Increase Opportunities for Tribes to Develop, Manage and Protect Their Water Resources. By 2005, increase tribal opportunities to develop, manage, and protect their water resources.	5.BOR.1: Provide technical assistance to tribes In FY 2002, complete 34 technical assistance activities that will increase tribal opportunities to develop, manage, and protect their water resources. # of technical assistance activities completed	N/A	N/A	N/A	38

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
34	51	Goal Exceeded. Reclamation completed 51 technical assistance activities for tribes in FY 2002 in such areas as assessment, water measurement, irrigation systems improvement, drought management and other water resource management activities. The target was exceeded due to several unexpected requests from tribes that may be due in part to severe drought conditions and efforts to increase program outreach. FY 2002 results will not affect FY 2003 target.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Fish and Wildlife Service

GPRA Program Activity: Partnerships in Natural Resources

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By 2005, improve fish and wildlife populations and their habitats by increasing the annual Service fish and wildlife assistance to Native American tribes in furtherance of the Native American Policy to 200 training sessions, 2,688 tribal participants, 500 technical assistance projects, 325 new cooperative agreements, and 525 tribal consultations.	5.FWS.1: By September 30, 2002, increase technical assistance to tribes by providing for: 142 training sessions,	N/A	N/A	17	142
	5.FWS.2: 1,217 tribal participants;	N/A	N/A	N/A	1,217
	5.FWS.3: 330 technical assistance projects;	N/A	N/A	36	330
	5.FWS.4: 101 new cooperative agreements; and	N/A	N/A	44	101
	5.FWS.5: 471 tribal consultations.	N/A	N/A	94	471

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
142	212	Goal Exceeded. The Service exceeded the target for this annual goal. The Service is committed to advancing conservation by working cooperatively with our tribal partners. In many instances, the Service's trust species are deeply linked to the Native American culture and tradition. Tribes benefit directly from the cultural, traditional, spiritual, and subsistence values related to their fish and wildlife resources. When Fish and Wildlife Management Assistance provides training and technical assistance to tribal governments, conservation benefits for tribal lands and ecosystems are maximized. These activities help to empower tribal resource managers to establish long-range resource goals, increase the tribe's economic potential, foster trust and communication with tribal partners, and help tribes have a greater degree of flexibility and autonomy in managing resources on their lands.
1,217	1,366	Goal Exceeded. See general comments above under training sessions.
330	348	Goal Exceeded. See general comments above under training sessions.
101	145	Goal Exceeded. See general comments above under training sessions.
471	773	Goal Exceeded. See general comments above under training sessions.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Minerals Management Service

GPRA Program Activity: Fulfill Our Mineral Revenue Indian Trust Responsibilities

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By the end of FY 2005, ensure 100% of Indian gas producing properties are in compliance with index zone/major portion and dual accounting requirements for the time period 1984-2004.	5.MMS.1: By the end of FY 2002, ensure for the time period January 1, 2000, through March 31, 2002, that 64% of Indian gas producing properties are in compliance with index zone/major portion requirements.	N/A	45%	60%	60.2%
	5.MMS.2: By the end of FY 2002, ensure for the time period 1984-1999, that 85% of Indian gas producing properties are in compliance with dual accounting requirements.	N/A	9%	31.2%	51.2%
By the end of FY 2005, ensure 100% of Indian oil producing properties are in compliance with major portion for the time period 1984-2004.	5.MMS.3: By the end of FY 2002, ensure for the time period 1984-2001 that 30% of Indian oil producing properties are in compliance with major portion requirements.	N/A	8%	25%	30%

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
64%	100%	Goal Exceeded. MMS has completed 100% of calendar year 2000 gas properties major portion/index zone work. Changes provided in the Indian gas valuation regulation, which became effective January 1, 2000, have simplified the burden of complying with these major portion and dual accounting lease term requirements. Following implementation of this rule, we provided training and guidance to industry, Mineral Resources Management (MRM), and the Indian community. We also established a web site for companies to obtain the major portion prices, index zone prices, and due dates to report this data. This has increased our efficiency in ensuring major portion and dual accounting compliance for gas related properties after January 1, 2000.
85%	86.34%	Goal Exceeded. The dual accounting goal is ahead of schedule because we have focused additional staff toward this goal. There are only 84 companies with 695 leases remaining to be completed. In addition to project lease coverage, MRM audits have ensured dual accounting compliance for 2,780 additional lease-payor combinations, representing low dollar leases and others not in the original universe.
30%	30%	Goal Met. We do not plan to make any additional progress on the oil annual goal until after the new Indian Oil rule is published, at which time we will develop a new oil goal. Also, for March 1988-current, we are not calculating the major portion due to IBLA decisions. To date, all progress with the oil major portion has been made through settlements with companies.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Office of Insular Affairs

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
GPRA Program Activity: Improve Infrastructure					
By 2005, all insular governments are implementing multi-year capital infrastructure plans, that adequately identify operations and maintenance needs.	5.OIA.1: Complete one additional multi-year capital plan (cumulative total of 3).	1	2	2	2
Increase grant productivity by increasing the ratio of capital projects completed to projects started and reducing the average completion time of capital projects.	5.OIA.2: Increase the ratio of capital projects completed to projects started to 1.1.	N/A	.29	.56	.8
	5.OIA.3: Reduce the average time from grant award to project completion for capital projects to 36 months.	N/A	32	31	43.4
GPRA Program Activity: Improve Governmental Systems and Services					
By 2005, all insular governments are implementing long-term plans to improve financial management.	5.OIA.4: Complete 1 additional financial management plan (cumulative total of 6).	2	4	5	5
Increase grant productivity by increasing the ratio of technical assistance projects completed to projects started and reducing the average completion time of technical assistance projects.	5.OIA.5: Increase ratio of technical assistance projects completed to projects started to 1.1.	N/A	.39	.51	.78
	5.OIA.6: Reduce average time from grant award to project completion for technical assistance projects to 27 months. (Avg. mos.)	N/A	61	11	24
GPRA Program Activity: Improve Governmental Relations					
Improve federal-insular communications to facilitate the resolution of insular areas' problems.	5.OIA.7: Conduct a survey and develop a baseline of insular governments' satisfaction regarding communications with the federal government.	N/A	N/A	Baseline not completed	Baseline not completed

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
3	3	Goal Met. The Federated States of Micronesia Infrastructure Development Plan was completed during FY 2002.
1.1	1.0	Goal Not Met. We have exceeded the goal in all insular areas except for the Commonwealth of the Northern Mariana Islands (CNMI). The CNMI is now contracting for projects and closing out a sizeable balance of unobligated funds. We expect this goal to be met next year.
36	41.6	Goal Not Met. This goal was not met due to the CNMI government's difficulties in planning and managing the project workload. With technical assistance from OIA, these problems are being resolved and construction activity has accelerated.
6	5	Goal Not Met. Plans for the Federated States of Micronesia and the Republic of the Marshall Islands have been delayed pending completion of negotiations with the United States on future financial assistance. These negotiations are nearing completion and financial management improvement plans will be developed during FY 2003.
1.1	.50	Goal Not Met. A large number of new grants were awarded, but grantee governments were slow to initiate project work and to complete grant projects on time. OIA is developing new policies and guidelines to require grantees to meet deadlines for initiating and completing grants and submitting closeout documents.
27	9.8	Goal Exceeded. Inordinately low number is due to a large number of grants for travel completed within days or weeks. OIA is considering dropping travel-related grants from the database.
Complete baseline	70%	Goal Met. A comprehensive survey of the insular governments' satisfaction regarding communications with the federal government was concluded in FY 2002. A baseline of 70% favorable was established. The focus for FY 2003 will be to improve satisfaction regarding communication with the federal government above the current baseline.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
Protect Indian Trust Assets	Protect Natural Resource Assets: In FY 2002, BIA will complete repair construction for 19 dams (cumulative);				
	BLM will process 5,000 post-lease technical assistance actions on Indian energy and mineral leases;				
	And, BOR will complete 34 technical assistance activities to increase tribal opportunities to develop, manage, and protect their water resources.				
	Fiscal Resources Protected for Tribes and Indians: In FY 2002, BIA will facilitate the growth of Trust income by processing of 37,000 trust transactions for tribal and individual Indian land owners.				
	Fiscal Resources Protected for Tribes and Indians: Target addressing completion of milestones for the 11 subprojects in the High Level Implementation Plan (HLIP) will be replaced in FY 2003 upon completion of the Indian Trust Business Plan.	N/A	N/A	74 (159)	33 (192)
	Fiscal Resources Protected for Tribes and Indians: Number of Breach of Trust Milestones. (Cum.)	N/A	N/A	25 (25)	14 (39)
Improve the Indian Quality of Life	Improve Facilities and Services: In FY 2002, 2,182 housing applicants will receive repair and replacement work on homes;				
	Improve Facilities and Services: In FY 2002, 7,070 miles of existing BIA system roads will be maintained;				
	Improve Facilities and Services: In FY 2002, and 70 tribes will operate comprehensive welfare plans;				
	Improve Quality of Education: In FY 2002, 100% of schools will be accredited;				
	Improve Quality of Education: In FY 2002, 52% of students will be proficient in math; and				
	Improve Quality of Education: In FY 2002, 52% of students will be proficient in language arts.				

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
		See measure 5.BIA.24 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities.
		See measure 5.BLM.2 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities.
		See measure 5.BOR.1 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities.
		See measure 1.BIA.15 under the strategic goal Protect the Environment and Preserve our Nation's Natural and Cultural Resources.
N/A	No data	No Report. Based on an independent evaluation of the progress of trust reform that was performed by an outside contractor, the Department concluded that the HLIP milestones have become increasingly disconnected from the overall objectives of trust reform. During FY 2002, a senior management team began coordinating the development of a new Indian Trust Business Plan to replace the HLIP. This goal will be discontinued in FY 2003.
N/A	No data	No Report. This goal will be discontinued in FY 2003.
		See measure 5.BIA.14 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities.
		See measure 5.BIA.17 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities.
		See measure 5.BIA.15 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities.
		See measure 5.BIA.34 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities.
		See measure 5.BIA.31 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities.
		See measure 5.BIA.31 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
Improve Management of Island Communities	Improve Government Services: In FY 2002, complete one additional financial management plan (cumulative total of 6).				
	Increase ratio of technical assistance projects completed to projects started to 1.1.				

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
		See measure 5.OIA.4 under strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities.
		See measure 5.OIA.5 under strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities.

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY

Bureau of Reclamation

GPRA Program Activity: Advance Reclamation's Organizational Effectiveness

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
Improve Customer Service: By 2005, achieve a measurable customer satisfaction level rating of 85%. Meeting or exceeding benchmarks for at least eleven (11) Reclamation business practice improvement recommendations will accomplish improved service delivery.	6.BOR.1: Customer Service Benchmarking. In FY 2002, initiate one additional customer service improvement.	N/A	N/A	5	5
	6.BOR.2: Attain a 75% customer satisfaction rating. % of customers satisfied—1998 baseline 65%.	Not measured	Not measured	Not measured	Not measured
Improve Financial Business Practices: By 2005, improve financial business practices through improved communication with customers on Operations and Maintenance (O&M) program development, improving management of revenues, and transferring facilities to willing partners.	6.BOR.3: Customer Feedback on O&M Program. In FY 2002, solicit feedback from at least 425 customers on Reclamation's O&M program to assist Reclamation in identifying issues and resource needs.	N/A	N/A	N/A	230
	6.BOR.4: Transfer Project Titles to Interested and Capable Parties. In FY 2002, Reclamation will facilitate the title transfer of projects or parts of projects to local non-federal entities by completing one title transfer process agreement.	N/A	N/A	9	1
	6.BOR.5: No terms and conditions agreements with districts interested in owning and managing projects are scheduled for this fiscal year.	N/A	3	3	0
	6.BOR.6: Transfer title to one project(s)/facilities that are authorized by Congress.	N/A	1	1	5
Improve Information Technology Management (To be developed as a future amendment to the FY 2000-2005 Strategic Plan once program goals are better defined.)	6.BOR.7: IT Security. In FY 2002, continue implementation of an IT security program to assure Reclamation IT assets are managed in a consistent, secure manner by increasing by 50% the number of computers that are not directly accessible from the Internet (i.e., are protected by a security device).	N/A	N/A	N/A	N/A

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
1 (11 Total)	1	Goal Met. One additional customer service improvement was implemented. A total of 1,200 employees have received customer service training in FY 2002. This exceeds the target of 1,000 to be given customer service training.
75% (follow-up survey)	0	Goal Not Met. Reclamation suspended the planned FY 2002 customer survey to focus on assessing performance measures under the new strategic planning effort. Consequently, the FY 2002 GPRA goal was not met. In FY 2003, Reclamation intends to conduct a Web-based survey at the regional level. This survey will concentrate on specific issues and each region's unique customer base. The results will create a new customer satisfaction baseline. Future customer service initiatives will be based on the data gathered. The new customer survey will fulfill one of the basic components of a citizen-centered governance: effectively assessing and meeting the needs of customers of governmental agencies and organizations. Prior efforts to assess customer satisfaction were oversimplified and generic in nature, when in the real world, Reclamation serves a variety of contractors and customers with very specific needs and expectations. The concept behind this new survey is to customize the process by enabling Reclamation's contractors and customers to respond to the service that they receive based on their specific needs, expectations, and requirements by region.
425	458	Goal Exceeded. Reclamation slightly exceeded the target due to additional requests for meetings and higher attendance at those meetings. In order to streamline the number of performance measures, this goal does not continue into FY 2003. The customer satisfaction goal above is a better measure of the effectiveness of Reclamation's communication with its customers.
1	1	Goal Met. Reclamation has signed a title transfer process agreement (MOA) with American Falls Reservoir District #2, Minidoka Project, ID.
0	0	No terms and conditions agreements were targeted for FY 2002. The facility title transfer process includes three distinct steps: 1) negotiation of the process; 2) identifying the terms and conditions, including EIS/NEPA work; and 3) Congressional authorization. Often, the process takes a few years and each phase of the process may last a year or more. As a result, there will not always be a performance target for each performance indicator or phase of the process.
1	4	Goal Exceeded. Reclamation completed title transfer of approximately 10 acres of land at La Feria, TX. The La Feria title transfer has been completed and is not expected to impact FY 2003 title transfer targets. NOTE: In order to continue to streamline the number of performance indicators and focus on results – not process, Reclamation will measure only the number of titles transferred in FY 2003.
50%	90%	Goal Exceeded. Reclamation made significant progress in improving IT security during FY 2002. With the implementation of the IT Perimeter Security Architecture, more than 90% of our systems are no longer directly accessible from the Internet.

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY
Bureau of Reclamation

GPRA Program Activity: Advance Reclamation's Organizational Effectiveness

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
	6.BOR.8: Implement 6 IT security directives.	N/A	N/A	N/A	N/A
Create a Capable and Diverse Workforce and Environment By 2002, ensure work, administrative, and public facilities provide adequate access for the disabled and support a diverse workforce.	6.BOR.9: Identify and Address Deficiencies in Facility Accessibility. By the end of FY 2002, provide access for the disabled by retrofitting 17% of Reclamation's places of employment and public areas with identified deficiencies.	N/A	N/A	N/A	N/A
	6.BOR.10: Workforce Representation. Reclamation will show 10% improvement in its workforce diversity representation as compared with the diversity of these occupations in the relevant civilian workforce from a 1999 baseline.	N/A	N/A	-45% improvement	6.4% improvement

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
6	9	Goal Exceeded. Reclamation made significant progress during FY 2002 in developing IT security directives due to greater attention by Interior to this issue. The following directives were completed: 1) Audit and Systems Logging, 2) IT System Security Accreditation, 3) Configuration Management of Security Mechanisms, 4) IT Intrusion Detection Systems, 5) IT Security Awareness and Training Requirements, 6) Physical Controls for IT, 7) System Backup Requirements, 8) Network Systems, 9) Computer Protections, Anti-virus, Access Control and Passwords. Reclamation has exceeded its target. Implementation is on-going.
17%	8%	Goal Not Met. Reclamation is below target because a significant amount of work was required to correct data in the ADMS database used to track progress in accessibility. Data corrections resulted in changes to the inventory and baseline level of accomplishment. The corrected data is showing a lower accomplishment than was estimated using data at the beginning of the year. Because progress was overestimated in FY 2002, it is likely that the FY 2003 target will be reduced to take into account the new baseline and reflect a more realistic goal.
10% improvement	7.75% improvement	Goal Not Met. While significant gains were made earlier in the year, Reclamation did not reach its annual goal of 10%. However, since the goal is to maintain a percent increase over the FY 1999 baseline, we carry over the FY 2002 accomplishment and start out the new FY at +8.1%. However, the goal may be reduced slightly to set a more realistic target. For the fourth quarter of FY 2002, the population percentage change in the diversity of the permanent workforce was +7.75%. Minorities were +5.08%; white women were +2.67%, resulting in an overall change of +7.75%. This percentage change covers all occupations. The total number of permanent employees increased by 103 positions (started with 5,447 positions as of 9/30/99 and ended with 5,550 positions as of 09/30/02). The separation rates for the following groups continue to exceed their on-board representation: White women, African-American men and women, Asian American/Pacific Islander women and American Indian /Alaskan Native men and women. To address this under-representation, Commissioner Keys approved Reclamation's Affirmative Employment Program Plan (AEP) for Women and Minorities for FYs 2002 - 2004, a Retention Study currently being conducted is an action item in the AEP to examine separation rates. Other action items outlined in the AEP Plan will support this GPRA goal. The following strategies were implemented to improve workforce diversity: a Reclamation-wide "corporate approach" to outreach and recruitment, a recruitment website, a recruitment brochure, partnership agreements with Minority-Serving Institutions, advertisements in minority publications, an annual outreach and recruitment calendar, increased usage of human resources tools like recruitment, retention, and relocation bonuses, and various other efforts.

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY
National Park Service

GPRA Program Activity: Ensure Organizational Effectiveness

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By September 30, 2005, 65% (25) of the 38 major NPS data systems are integrated/interfaced.	6.NPS.1: By September 30, 2002, 50% [19 of 38] of the major NPS data systems are integrated/interfaced.	N/A	5%	20%	34%
By September 30, 2005, 75% of NPS employees are satisfied with their job (as measured through employee satisfaction surveys); and 75% of NPS employees believe the organization is functioning effectively (as measured through customer service and organizational effectiveness surveys).	6.NPS.2: By September 30, 2002, establish baselines for employees satisfied with their job; and,	N/A	N/A	N/A	N/A
	6.NPS.3: Employees believe organization is functioning effectively.	N/A	N/A	N/A	N/A
By September 30, 2005, 100% of employee performance agreements are linked to appropriate strategic and annual performance goals and position competencies, and 95% of NPS employees demonstrate that they fully meet their competency requirements.	6.NPS.4: By September 30, 2002, 75% of employee performance agreements are linked to appropriate strategic and annual performance goals and position competencies; and	N/A	40%	63%	69%
	6.NPS.5: 95% of NPS employees demonstrate that they fully meet their competency requirements.	N/A	N/A	N/A	95%
By September 30, 2005, increase the servicewide representation of underrepresented groups over the 1999 baseline by 25% in the 9 targeted occupational series; by 25% of women and minorities in the temporary and seasonal workforce; by 10% of individuals with disabilities in the permanent workforce; by 10% of individuals with disabilities in the seasonal and temporary workforce.	6.NPS.6: By September 30, 2002, increase the servicewide representation of underrepresented groups over the 1999 baseline by 10% in the 9 targeted occupational series in the permanent workforce; and	N/A	3%	4.2%	8.4%
	6.NPS.7: By 10% of women and minorities in the temporary and seasonal workforce;	N/A	N/A	N/A	12.9%
	6.NPS.8: By 4% of individuals with disabilities in the permanent workforce; and	N/A	N/A	N/A	5.9%
	6.NPS.9: By 4% of individuals with disabilities in the seasonal and temporary workforce.	N/A	N/A	N/A	59.1%
By September 30, 2005, 60% of employee housing units listed in poor or fair condition in 1997 assessments are rehabilitated to good condition, replaced, or removed.	6.NPS.10: By September 30, 2002, 35% of employee housing units, classified as being in poor or fair condition in 1997, have been removed, replaced, or upgraded to good condition.	4.3%	13.2%	16.32%	18.14%

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
50%	50%	Goal Met.
Develop baselines	No data	No Report. Goal suspended in FY 2002 – FY 2003 pending implementation of FY 2004 goal that is believed to be a better goal for NPS. We do not plan to report on this measure for FY 2003.
Develop baselines	No data	No Report. Goal suspended in FY 2002 – FY 2003 pending implementation of FY 2004 goal that is believed to be a better goal for NPS. We do not plan to report on this measure for FY 2003.
75%	82%	Goal Exceeded. Goal suspended for FY 2003 pending implementation of a goal more reflective of workforce development and performance.
95%	98.9%	Goal Exceeded. Goal suspended for FY 2003 pending implementation of a goal more reflective of workforce development and performance.
10%	No data	No Report. Because of the diversity of needs in each of the non-targeted occupations, there is no longer a legitimate method to report a single result. Because of this, reporting on this NPS goal will not be reported for FY 2002 and will be discontinued for FY 2003. NPS will continue its efforts to market the organization and partnering with minority and women organizations, colleges, universities and associations to recruit, hire, and develop and maintain a workforce that reflects the diversity of the citizenry of this Nation.
10%	No data	No Report. NPS met its goal for 4 groups but did not meet it for 3 groups. Because of the diversity of needs by minority group, there is no longer a legitimate method to report a single result. Because of this, reporting on this NPS goal will not be reported for FY 2002 and will be discontinued for FY 2003. NPS will continue its efforts to market the organization and partnering with minority and women organizations, colleges, universities and associations to recruit, hire, and develop and maintain a workforce that reflects the diversity of the citizenry of this Nation.
4%	3.5%	Goal Not Met.
4%	13.2%	Goal Exceeded. NPS was exceptionally successful in recruiting individuals with disabilities for its seasonal and temporary work forces in FY 2002. Unfortunately, success in one year cannot be projected into another year because of the variations in individuals available for employment each year. FY 2003 targets will not be adjusted because two years of highly variable data cannot be used to determine trends.
35%	16%	Goal Not Met. Errors were found in calculations for FY 2000 (16.32% rev) and FY 2001 (18.14% rev) performance. The revised numbers do not change the reported performance for those years (Goal Not Met). Those errors resulted in unrealistic targets being set for FY 2002 and FY 2003. Out year targets will be adjusted.

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY
National Park Service

GPRA Program Activity: Ensure Organizational Effectiveness

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
By September 30, 2005, the NPS employee lost time injury rate will be at or below 2.989 per 200,000 labor hours worked and, the servicewide total number of hours of Continuation of Pay (COP) will be at or below 50,500 hours.	6.NPS.11: By September 30, 2002: the NPS employee lost time injury rate will be at or below 3.487 per 200,000 labor hours worked (100 FTE); and,	6.34	5.3	4.73	3.67
	6.NPS.12: The servicewide total number of hours of Continuation of Pay (COP) will be at or below 59,100 hours.	72,944	77,068	77,484	66,220
By September 30, 2005, 100% of line-item projects funded by September 30, 1998, and each successive FY, meet 90% of cost, schedule, and construction parameters.	6.NPS.13: By September 30, 2002, 100% of line-item projects funded by September 30, 1998, and each successive FY, meet 90% of cost, schedule, and construction parameters.	N/A	N/A	100%	82%
By September 30, 2005, the average time between the appropriation and offer of just compensation is 171 days (a 5% decrease from 1997 level of 180 days).	6.NPS.14: By September 30, 2002, the average time between the appropriation and offer of just compensation is 171 days [a 5% decrease from 1997 level of 180 days].	180 days	343 days	246 days	183 days
By September 30, 2005, 100% of NPS units and concessions operations will undergo an environmental audit to determine baseline performance; and 100% of parks/offices and concessions operations have fully implemented the regulatory recommendations arising from environmental audits, resulting in more sustainable planning and operations.	6.NPS.15: By September 30, 2002, 50% of NPS units and concession operations will undergo an environmental audit to determine baseline performance; and,	N/A	N/A	15%	30%
	6.NPS.16: 20% of parks/offices and concessions operations have fully implemented the regulatory recommendations arising from environmental audits, resulting in more sustainable planning and operations.	N/A	N/A	4.9%	10%
By September 30, 2005, deploy facility management software system to 100% of NPS parks (298 of 298), and complete initial annual condition assessments in 100% of NPS units (385 of 385).	6.NPS.17: By September 30, 2002, deploy facility Management Software System to 73% of NPS parks (217 of 298); and,	N/A	N/A	N/A	44%
	6.NPS.18: Complete initial annual condition assessments in 32% of NPS units (124 of 385).	N/A	N/A	N/A	1.5%
By September 30, 2005, 15% of commercial jobs listed on the 2000 Federal Activities Inventory Reform (FAIR) Act inventory for the National/ Park Service will have cost-comparisons conducted.	6.NPS.19: By September 30, 2002, 5% of commercial jobs listed on the 2000 Federal Activities Inventory Reform (FAIR) Act inventory for the National Park Service will have cost-comparisons conducted.	N/A	N/A	N/A	N/A

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
3.487	3.96 (Partial)	Goal Not Met (Preliminary). NPS failed to meet this goal because there was 1 percent data duplication, caused by multiple submissions of the same CA-1 and/or CA-2 forms. When the errors are corrected by the Department of Labor, we are confident we will have met the goal. We are working with the Department of Labor to make these corrections. Final FY 2002 performance will be reported in the FY 2003 Performance Report.
59,100	54,247	Goal Exceeded. NPS exceeded this goal through aggressive efforts to manage workers' compensation cases. For example, Workers' Compensation Coordinators are proactively returning employees to work through extensive workers' compensation training, using modified work assignments and alternative work assignments. This goal was also exceeded because extensive training has been completed in the proper use of COP by timekeepers. In addition, parks have reviewed and corrected timesheets as required in the Federal Personnel Pay System. The FY 2003 target may be lowered to reflect actual performance in FY 2002 and FY 2003 appropriation.
100%	88%	Goal Not Met. To improve schedule projections, the NPS has secured new project management software that utilizes earned value logic. Once the software is in place, the overall precision of projecting schedules should improve. However, because of unforeseen variables in the construction industry, such as labor strikes, material shortages, and labor shortages, there will always be uncertainties in this goal. Cost control for projects was not met because of rapidly increasing construction industry costs in certain parts of the country. NPS has updated park construction cost adjustment factors, which will improve cost estimating reliability especially in remote areas. NPS has also integrated commercial cost estimating software as part of our MAXIMO program. This effort should improve reliability of cost estimates prepared during the programmatic phase of development.
171 days	261 days	Goal Not Met. Ongoing issues regarding appropriations for sites not requested, resulting in no up-front work, continues to contribute to the inability of the NPS to reach this goal. Alternative goal language is needed but had not been developed. The FY 2003 goal will not be changed.
50%	35%	Goal Not Met. Because of contract agreements between the NPS and concessions operators, a number of additional issues slowed the implementation and progress of this component of the overall NPS audit program. These issues are related to required legal reviews of all new concession contracts and limitations found in existing concessioner contracts. As a result of this, audit criteria, audit protocols and the overall audit process needed to be modified. At current completion levels, it may take 10-12 years to complete the baseline audits for concession operations. Performance results for FY 2002 indicate the need for review of proposed FY 2003 performance targets, pending appropriation.
20%	11%	Goal Not Met. Because of contract agreements between the NPS and concessions operators, a number of additional issues slowed the implementation and progress of this component of the overall NPS audit program. These issues are related to required legal reviews of all new concession contracts and limitations found in existing concessioner contracts. As a result of this, audit criteria, audit protocols and the overall audit process needed to be modified. At current completion levels, it may take 10-12 years to complete the baseline audits for concession operations. Performance results for FY 2002 indicate the need for review of proposed FY 2003 performance targets, pending appropriation.
73% (217 of 298 parks)	44.6% (133 of 298 parks)	Goal Not Met. Wide-area network connectivity issues and emergency related reassignments of staff contributed to not meeting this goal; FY 2003 target may be revised.
32% (124 of 385 units)	24.6% (95 of 385 units)	Goal Not Met. Wide-area network connectivity issues and emergency related reassignments of staff contributed to not meeting this goal. FY 2003 target will be adjusted.
5%	2.5%	Goal Not Met. NPS was unable to get supplemental funding to pay for additional studies. FY 2003 target will have to be revised.

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
Lead People to Succeed	Increase Workforce Diversity: Diversity in Interior's workforce will increase by 3.1% from 1997 levels.	Cum. % increase 0.6%	1.4%	2.0%	2.4%
	Workforce Planning and Management Delayering: Complete a Departmental 5-Year Workforce Plan.	N/A	N/A	N/A	Developed workforce analysis
	Training and Development Programs: Develop policy and standards for one new Departmental training program.	N/A	1	1	1
	Training and Development Programs: Continue operating 7 existing Departmental training and development programs.	N/A	5	6	7
Use Information Technology to Better Manage Resources and Serve the Public	Implement Information Technology Architecture Strategy: In FY 2002, all Interior organizations will achieve a level 2 on 80% of the established Capability Maturity Model (CMM) measurements.	N/A	N/A	N/A	Level 2 on 69%
	Implement Information Technology Security Strategy: In FY 2002, achieve a rating of Level 2 on the Federal Information Technology Security Assessment Framework for all National Critical Infrastructure Systems.	N/A	N/A	N/A	Level 1
	Implement Information Technology Security Strategy: All National Security Information Systems.	N/A	N/A	N/A	Level 1
	Implement Information Technology Security Strategy: All Interior Mission Critical Systems.	N/A	N/A	N/A	Level 1

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
3.1%	2.28%	Goal Not Met. The Department's workforce diversity increased by 2.28% from the 1997 level of 44.6% to 46.85%, falling slightly short of the goal of 3.1%. The decrease is attributed to separations offsetting the increase in the number of hires. Interior continues to take proactive outreach and recruitment steps to address its workforce diversity issues. The recently developed Strategic Human Capital Management Plan provides the framework for identifying the skills and abilities that will be needed in the workforce over the next 5 years and recruitment strategies that include greater diversity in the Department's internship and entry-level positions. It is the road map for ensuring that we focus our recruitment efforts.
Complete 5-Year workforce plan	Competed 5-year workforce plan	Goal Met. The Department completed its Strategic Human Capital Management Plan on September 9, 2002. The Plan sets forth the actions we will take, over the next 5 years, to ensure we have the right employees, with the right skills, in the right jobs at the right time. The Plan links human capital strategies to the Department's strategic goals.
1	3	Goal Exceeded. Completed policies and standards for three new programs -- the Human Resource Professional Certificate Program (to improve the competencies of Human Resource Professionals across the Department); the Denver Governmentwide Forums "Growth Leadership and Transitions" (developed to provide opportunities for Interior, Labor, EPA, and Forest Service employees to expand their knowledge base) and the Financial Management Intern Program (a 2-year intern program developed in conjunction with the Department's financial management community).
7	7	Goal Met. The 7 existing programs are Senior Executive Service Candidate Development Program (SESCDP), Team Leadership Program (TLP), DOI Executive Forums, Career Balance and Diversity Governmentwide Forums, Executive Assistant Certificate Program, Office of the Secretary Intern Program, and the Government-wide Acquisition Management Intern Program.
Level 2 on 80%	Level 2 on 80%	Goal Met. IT strategic planning is currently undergoing a change affecting, among other things, the method of measuring progress. The new approach is to measure IT progress along GAO's IT Investment Management framework. It is viewed as advantageous to implement the GAO's IT Investment Management framework approach as it is all encompassing and has been successfully used by a number of Federal organizations to track progress in information technology. This goal will be discontinued in FY 2003.
Level 2	No data	No Report. IT strategic planning is currently undergoing a change affecting, among other things, the method of measuring progress. The new approach is to measure IT progress along GAO's IT Investment Management framework. No metrics were established to measure this goal against the "Federal IT Security Assessment" model. Instead in FY 2002, a formal process for evaluation of IT Systems was established for IT Security, with quantitative measures and scoring following the NIST Capability Maturity Model (CMM), in NIST Pub 800-26 "Security Self Assessment Guide for Information Technology Systems" using a sub-set of 'Management Controls' directly related to OMB Circular A-130 Appendix III for Certification and Accreditation of IT Systems. In FY 2002, OCIO has conducted 8 of 13 bureau/organization assessments as of November 2002, and all 13 will be complete by December 2002. This goal will be discontinued in FY 2003.
Level 2	No data	No Report. IT strategic planning is currently undergoing a change affecting, among other things, the method of measuring progress. No metrics were established to measure this goal. National Security Systems are excluded - they are certified and accredited separately by other Federal agencies and are not included in this program. For all other systems, in FY 2002 a formal process for evaluation of IT Systems was established for IT Security, with quantitative measures and scoring following the NIST CMM model, in NIST Pub 800-26 "Security Self Assessment Guide for Information Technology Systems" using a sub-set of 'Management Controls' directly related to OMB Circular A-130 Appendix III for Certification and Accreditation of IT Systems. OCIO has conducted 8 of 13 bureau/organization assessments as of November 2002, and all 13 will be complete by December 2002. This goal will be discontinued in FY 2003.
Level 2	No data	No Report. The Office of the Chief Information Officer has established a team to develop a Department certification and accreditation (C&A) process. To assist in this process, a contractor was hired on December 9, 2002. The team is developing the C&A handbook, training, templates, checklists, and reviews of selected certification packages.

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
	Implement an E-Government Strategy: In FY 2002, move on-line 50% of the appropriate paper-based transactional services identified through a baseline inventory of all DOI transactional services, both electronic and non-electronic, by the end of FY 2002. [New Overview goal in FY 2002]	N/A	N/A	N/A	N/A
	Expand On-Line Procurement: Department of the Interior will post on the governmentwide point-of-entry website (www.FedBiz.Opps.gov) all notices of acquisitions valued over $25,000 for which widespread notice is required, and all associated solicitations unless covered by an exemption in the Federal Acquisition Regulation.	N/A	N/A	N/A	N/A
Ensure Financial and Managerial Accountability	Number of Unqualified (clean) Audit Opinions: Obtain unqualified (clean) audit opinions for Interior's Department's consolidated financial statements.	Yes	Yes	Yes	Yes
	Obtain unqualified audit opinions on Bureaus' & DOI Offices' financial statements.	7 of 8	7 of 8	8 of 9	7 of 9
	Receive no more than 9 noted exceptions from the auditors on the Report on Internal Controls (maximum 6 exceptions).	N/A	N/A	11	6
	Report on Compliance with Laws and Regulations in the Department's Accountability Report (DAR) (maximum 3 exceptions).	N/A	N/A	3	3
	Timely Correction of Material Weaknesses and Implementation of Audit Recommendations: Timely implementation of OIG and GAO audit recommendations and timely completion of corrective action plans for material weaknesses by their original target date. Implementation of OIG and GAO Audit Recommendations (75%).	N/A	61%	77%	63%
	Completion of Corrective Plans for Material Weaknesses (75%).	+6% of corrective plans for material weaknesses completed N/A	50%	33%	50%

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
Electronic access is provided for 50% of appropri-ate Interior services	50%	Goal Met. Bureaus and offices have completed assessments of 259 information collections approved by OMB and identified 80 collections that are eligible for potential conversion to a fully electronic process by the deadline of October 21, 2003. Of the 80 eligible information collections identified for conversion, 50% were completed by October 2002, and the remaining 50% will be completed by October 2003.
Use FedBiz. Opps	Used FedBiz. Opps	Goal Exceeded. Through bureau and office use of IDEAS-EC, a Web-based electronic commerce module of the Interior Department Electronic Acquisition System (IDEAS) which is indexed to FedBizOpps.gov, the Department was able, by the end of FY 2001, to meet the FY 2002 performance goal for using FedBizOpps.gov, the governmentwide point-of-entry Web site, to post all notices of acquisition valued over $25,000 for which widespread notice is required, and all associated solicitations unless covered by a FAR exemption. As of January 1, 2002, FedBizOpps.gov was the sole system available for the posting of acquisition synopses governmentwide. This goal will be discontinued in FY 2003.
Yes	Yes	Goal Met. The Department was successful in achieving an unqualified (clean) opinion for a sixth consecutive year. This was the second year that the audit of the Department's consolidated financial statements was completed by an independent certified accounting firm.
9 of 9	6 of 9	Goal Not Met. The lack of appropriate internal controls and procedures in financial processes prevented the U.S. Geological Survey from achieving an unqualified audit opinion. Further, internal control issues in property, plant, and equipment prevented the U.S. Fish and Wildlife Service (FWS) and Departmental Offices from achieving unqualified audit opinions in FY 2002. Actual results for FY 2001 have also been revised to reflect a change in the auditors' opinion for the FWS's FY 2001 financial statements.
6	6	Goal Met. The Department resolved 2 of the 6 exceptions reported in FY 2001 and 2 additional exceptions were identified in the FY 2002 audit process.
3	2	Goal Met. The Department resolved the exception related to the Prompt Payment Act but the exceptions related to the Debt Collection Improvement Act and Advances for the Franchise Fund remain unresolved.
75%	88%	Goal Exceeded. FY 2002 was the first time this GPRA performance goal was met or exceeded. This achievement was primarily due to the following three actions taken during FY 2002: Improved communication of specific goals in the GPRA Performance Goal Base; Improved monitoring via the new PFM Audit Tracking System; and, Department Management Control and Audit Follow-up Quarterly Scorecard.
75%	80%	Goal Exceeded.

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
	Reduce Erroneous Payments. In FY 2002, maintain adequate controls over federal assistance payment processes to ensure any erroneous payments are kept below .07% of the program area as measured by audit disallowance, and 35% of the amounts disallowed are returned to the government. Grants of federal assistance—% of amounts provided that were disallowed.	N/A	N/A	N/A	.02%
	Grants of federal assistance—% of amounts provided that were disal-lowed actually recovered.	N/A	N/A	N/A	13%
	Internal Payment—number of pre-audit programs	N/A	N/A	N/A	1
	Internal Payment—number of post-audit programs	N/A	N/A	N/A	0
Provide Safe and High Quality Places to Work	Facilities Maintenance and Capital Improvements. In FY 2002 complete 70% of repair and construction proj-ects funded through the Depart-ment's 5-year Facilities Maintenance and Capital Improvement Plan by the end of the fiscal year, complete 95% by the end of the second year after funding, and greater than 95% after the third year.	N/A	N/A	Yr. 1: 48% Yr. 2: 71% Yr. 3: No data	Yr. 1: 61% Yr. 2: No data Yr. 3: No data
	In FY 2002 complete initial environmental audits of 75% of all internal facilities.	N/A	50%	90%	80%

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
.07%	.03% (Partial)	Goal Met (Preliminary). Complete data not available. Final data will be included in the FY 2003 Performance Report.
35%	65% (Partial)	Goal Exceeded (Preliminary). Complete data not available. Final data will be included in the FY 2003 Performance Report.
1	1 (Partial)	Goal Met (Preliminary). Final data will be included in the FY 2003 Performance Report.
0	0 (Partial)	Goal Met (Preliminary). Final data will be included in the FY 2003 Performance Report.
Yr. 1: 30% Yr. 2: 70% Yr. 3: 90%	No data	No Report. The final data for computing this performance measure is derived from the number of Five-Year Plan deferred maintenance and construction projects each bureau completes in a given year as of September 30. The performance data for FY 2002 will not be available until the end of December 2002. Final data will be included in the FY 2003 Performance Report.
75%	83%	Goal Exceeded. The FY 2002 target of 75% was exceeded using 2000 data (2,509 Interior-owned and operated facilities) as the base. Interior bureaus reported that they had performed 416 audits for a cumulative total of 2,092 audits (83%) completed. The Department expects that the base number of facilities will continue to change over the years, which affect both projections and reported outcomes. The Department intends to work with bureaus to continue to improve overall environmental compliance.

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY02 Annual Goal	FY98 Actual	FY99 Actual	FY00 Actual	FY01 Actual
Ensure Efficient and Effective Business Practices	Amount of Purchase Card Transactions. Purchase card transactions will exceed $450 million.	$278 million	$312 million	$393 million	$441.8 million
	Museum Objects Inventoried. Accurately inventory an additional 2.5 million museum objects for a cumulative total of 50.8 million.	36.4 million	41.7 million	45.8 million	48.9 million
	Make Greater Use of Performance-Based Service Contracting (PBSC): In FY 2002, 20% of total eligible service contract dollars applicable to actions over $25,000 that meet PBSC criteria will be awarded through PBSC.	N/A	N/A	N/A	N/A
	Expand A-76 Competition and Conduct More Accurate Federal Activities Inventory Reform Act Inventories: In FY 2002, complete public-private competitions or direct conversions involving 5% of the full-time equivalents listed on the departmentwide Federal Activities Inventory Reform Act.	% FTE listed on DOI-wide FAIR Act inventories for which competitions are held N/A	N/A	N/A	N/A

Performance		
FY02 Plan	FY02 Actual	FY02 Performance Report and Discussion
>$450 million	$470 million	Goal Exceeded. In FY 2002, the dollar volume of purchase card transactions totaled over $470 million, exceeding the revised performance goal of >$450 million. Growth in FY 2001 purchase card transactions exceeded the originally estimated performance goal of $410 million by 31.8 million. As a result, goals for FY 2002 and 2003 were adjusted upward to >$450 per year. The >$450 million goals for FY's 2002 and 2003 are level in anticipation of budget reductions, natural diminishing returns (e.g., growth in increasingly smaller increments) and efforts to possibly limit purchase card growth as a management control mechanism.
50.8 million	54.6 million	Goal Exceeded. The Department exceeded its performance goal by 3.8 million museum objects in FY 2002 (a total of 5.7 million museum objects were catalogued during the fiscal year), increasing the total number of objects catalogued to approximately 54.6 million or 39% of total collections (estimated at 140 million items). As a result of FY 2002 accomplishments, the originally proposed FY 2003 performance goal for the number of museum objects catalogued (i.e., 53.9 million objects) will be raised from FY 2002 actuals by 2.73 million objects for a planned total of 57.3 million objects.
20%	42.9% (Partial)	Goal Exceeded (Preliminary). The Department of the Interior's performance requirement that in FY 2002 20% of total eligible service contract dollars applicable to actions over $25,000 that meet PBSC criteria be awarded as PBSC was exceeded. Based on preliminary Interior/Federal Procurement Data System data, 42.9% of eligible DOI service contract dollars were awarded as PBSC's. Continued emphasis will be placed on PBSC training and reporting requirements to ensure that the Department meets the governmentwide PBSC goal of 50% in FY 2005. Final data will be included in the FY 2003 Performance Report.
5% 2002 Plan: (1,014 FTE)	1% (243)	Goal Not Met. The competitive sourcing goal, as verbally amended by the Office of Management and Budget, is to compete 15% of the FTE listed on the FY 2000 DOI FAIR Act Inventory by the end of FY 2003. The Department's goal for FY 2002/2003 is 3,041 FTE (15% of 20,272). For FY 2002, DOI competed a total of 243 FTE prior to the end of FY 2002. Competition methods used were Direct Conversion (184 FTE), Express Review (39 FTE), Streamlined (19 FTE) and Full A-76 Study (1 FTE). The Department's shortfalls in competitive sourcing is due to a number of factors including the extensive learning process required to support competitive sourcing studies. The competitive sourcing process is new to the Department. Thus, we are still experiencing a tremendous learning curve as we implement competitive sourcing across the Department.

Glossary of Acronyms

ABC	Activity-Based Costing
ADR	Alternative Dispute Resolution
AEP	Affirmative Employment Program
AFV	Alternative Fueled Vehicle
AHERA	Asbestos Hazard Emergency Response Act
AML	Abandoned Mine Land
APP	Annual Performance Plan
ARTF	Aquatic Resources Trust Fund
ASG	American Samoa Government
ASMIS	Archeology and Ethnographic Program Servicewide database
BBO	Billion Barrels of Oil
BIA	Bureau of Indian Affairs
BLM	Bureau of Land Management
BOR	Bureau of Reclamation
BRD	Biological Resources Division
BSF	Budget Subfunction
BTU	British Thermal Units
C&A	Certification and Accreditation
CAA	Clean Air Act
CADR	Collaborative Action and Dispute Resolution
CAP	Corrective Action Plan
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act
CFO	Chief Financial Officer
CIO	Chief Information Officer
CLF	Civilian Labor Force
CLI	Cultural Landscape Inventory
CMM	Capability Maturity Model
CNMI	Commonwealth of the Northern Marianas
COP	Continuation of Pay
COTS	Commercial Off-the-Shelf Software
CSOP	Combined Structural and Operational Plan
CSRS	Civil Service Retirement System
CUPCA	Central Utah Project Completion Act
DAM	Division of Accounting Management
DAPM	Division of Acquisition and Property Management
DAR	Department's Accountability Report
Data V&V	Data Validation and Verification
DOE	Department of Energy
DO	Departmental Offices
DOI	Department of the Interior
EA	Environmental Assessment
EIRF	Environmental Improvement and Restoration Fund
EIS	Environmental Impact Statement
EPA	Environmental Protection Agency
EPCA	Energy Policy Conservation Act
ESA	Endangered Species Act
EWA	Environmental Water Account

FACE	Family and Child Education
FAIMS	Federal Assistance Information Management System
FAIR	Federal Activities Inventory Reform
FASAB	Federal Accounting Standards Advisory Board
FBI	Federal Bureau of Investigation
FBU	Funds Put to Better Use
FCI	Facilities Condition Index
FECA	Federal Employees Contribution Act
FEGLI	Federal Employee Group Life Insurance
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act
FFS	Federal Financial System
FI&R	Facilities Improvement and Repair
FIRM	Foundation Information for Real Property Management
FMFIA	Federal Managers' Financial Integrity Act
FOGRMA	Federal Oil and Gas Royalty Management Act
FTE	Full-Time Equivalent
FWS	Fish and Wildlife Service
GAAP	Generally Accepted Accounting Principles
GAO	General Accounting Office
GED	General Equivalency Diploma
GIS	Geographic Information System
GMRA	Government Management Reform Act
GPRA	Government Performance and Results Act
GSA	General Services Administration
HIF	Hydrologic Instrumentation Facility
HIP	Housing Improvement Program
HLIP	High Level Implementation Plan
HTF	Highway Trust Fund
IACA	Indian Arts and Crafts Act
IACB	Indian Arts and Crafts Board
IBLA	Interior Board of Land Appeals
IDEAS	Interior Department Electronic Acquisition System
IFF	Interior Franchise Fund
IIM	Individual Indian Monies
IOP	Interim Operational Plan
IPDS	Interior Procurement Data System
IRMP	Integrated Resource Management Plan
IT	Information Technology
LRIS	Land Records Information System
LUP	Land Use Plan
M&I	Municipal and Industrial
MAF	Million Acre Feet
MCAF	Management Control and Audit Followup
MIT	Management Initiative Team
MMBF	Million Board Feet
MMS	Minerals Management Service
MRM	Minerals Revenue Management

NAGPRA	Native American Graves Protection and Repatriation Act
NARA	National Archives and Records Administration
NATO	North American Treaty Organization
NAWCF	North American Wetlands Conservation Fund
NBC	National Business Center
NCA	National Conservation Area
NCGMP	National Cooperative Geologic Mapping Program
NEPA	National Environmental Policy Act
NHL	National Historic Landmark
NILS	National Integrated Land System
NIIMS	National Irrigation Information Management System
NLCS	National Landscape Conservation System
NM	National Monuments
NPS	National Park Service
NRCS	National Resources Conservation Service
NRDAR	National Resources Damage Assessment and Restoration Fund
NSTC	National Science and Technology Center
NWR	National Wildlife Refuge
O&M	Operation and Maintenance
OAIT	Office of American Indian Trust
OCS	Outer Continental Shelf
OCSLA	Outer Continental Shelf Lands Act
OED	Office of Economic Development
OHA	Office of Hearings and Appeals
OIA	Office of Insular Affairs
OIEP	Office of Indian Education Programs
OIG	Office of Inspector General
OLES	Office of Law Enforcement Services
OMB	Office of Management and Budget
OPA	Oil Pollution Act
OPM	Office of Personnel Management
OSM	Office of Surface Mining
OST	Office of the Special Trustee for American Indians
OTFM	Office of Trust Funds Management
OTR	Office of Trust Records
OTRM	Office of Trust Risk Management
PART	Program Assessment Rating Tool (OMB)
PBSC	Performance Based Service Contracting
PFC	Proper Functioning Condition
PFM	Office of Financial Management
PILT	Payment in Lieu of Taxes
PL	Public Law
PMA	President’s Management Agenda
PP&E	Property, Plant, and Equipment
RCRA	Resource Conservation and Recovery Act
RFD	Rural Fire District
RIK	Royalty-in-Kind
RMP	Resource Management Plan
RSFMO	Regional Structural Fire Management Officers
RSSI	Required Supplementary Stewardship Information
RWO	Research Work Orders

SCA	Student Conservation Association
SDWA	Safe Drinking Water Act
SFFAS	Statement of Federal Financial Accounting Standards
SGL	U.S. Standard General Ledger
SIPI	Southwestern Indian Polytechnic Institute
SMRA	Special Recreation Management Areas
SOP	Standard Operating Procedure
STA	Stormwater Treatment Area
TAAMS	Trust Asset and Accounting Management System
TCCC	Tribally-Controlled Community College
TFAS	Trust Funds Accounting System
TLP	Team Leadership Program
TMIP	Trust Management Improvement Project
TSP	Time Sensitive Plan
UMWA CBF	United Mine Workers of America Combined Benefit Fund
UNESCO	United Nations Educational, Scientific, & Cultural Organization
URMCC	Utah Reclamation Mitigation and Conservation Commission
USBM	U.S. Bureau of Mines
USGS	U.S. Geological Survey
WUI	Wildland Urban Interface

List of Figures and Tables

Figures

Tables

Footnote Tables

TALK BACK

Like everything the Department undertakes, our performance planning and measurement is an iterative process: we learn as we go, we listen to interested citizens and customers, and we follow the ideals of the Secretary's 4 C's.

We'd like to hear from you about the FY 2002 Annual Report on Performance and Accountability. Did it present the information in a way that you could use? Where did it succeed and where did it fall short? What can we do better in the future?

You can send written comments to:

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Or, if you prefer, visit ***www.doi.gov/ppp/feedback.html*** and submit your comments to us electronically.

An electronic version of this report is available at ***www.doi.gov/pfm/par2002***. We encourage you to visit ***www.doi.gov/about.html*** where you will find links to the other documents that describe the Department's ongoing journey towards 21st Century Stewardship: Our new integrated and outcome-oriented Strategic Plan, the Secretary's Citizen-Centered Governance Plan, and our Strategic Plan for Human Capital Management.

We encourage you to read—and respond—to all of them. Let us hear from you about how we can serve you better.

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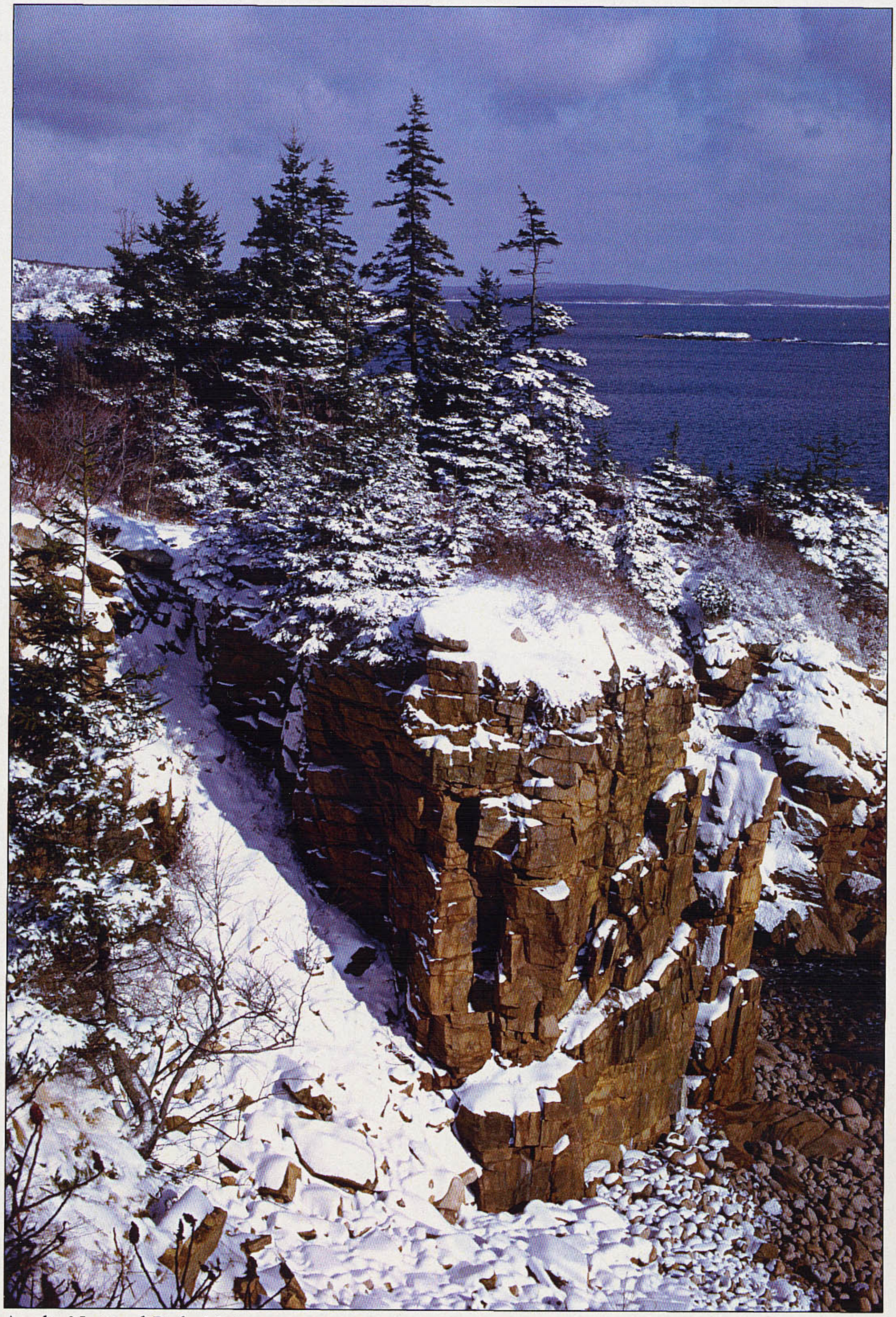

Acadia National Park, Maine

"Conservation is a state of harmony between men and land."

Aldo Leopold

U.S. DEPARTMENT OF THE INTERIOR

Office of the Secretary

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