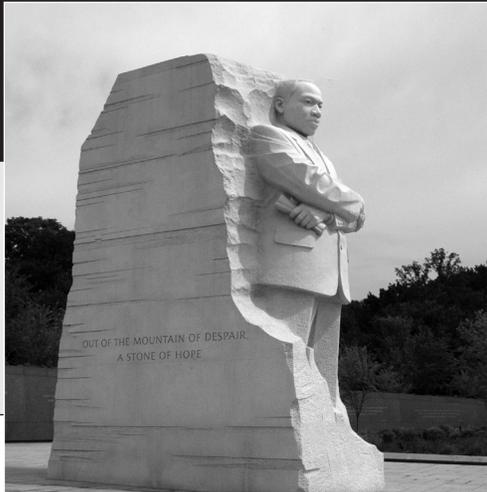


Management Effectiveness



The American people must be able to trust that their Government is doing everything in its power to stop wasteful practices and earn a high return on every tax dollar that is spent.

*President Barack Obama
June 12, 2011*

The Obama Administration has challenged Federal agencies to make the Nation's government more effective – to deliver more to the taxpayers and manage Federal resources more responsibly. To meet this challenge agencies are reviewing programs for savings opportunities, eliminating lower priority and under achieving programs, encouraging employees to identify savings opportunities, and investigating new ideas to increase the effectiveness and efficiency of government operations. The Administration's efforts focus on the following strategies with the highest potential to achieve meaningful performance improvement within and across Federal agencies:

- Focusing on agency top priorities.
- Cutting waste.
- Reforming contracting.
- Closing the information technology gap.
- Promoting accountability and innovation through open government.
- Attracting and motivating top talent.

The Department of the Interior is working aggressively to meet the Administration's focus on management and performance-based alignment of priorities and resources and the progress is reflected in the 2013 budget. Interior's 2013 budget:

- Manages for results by defining core mission priorities, with deliberate strategies, performance measures, and priority goals as the basis for a multi-year strategic plan and annual performance plans.
- Reflects a comprehensive review of programmatic priorities and consideration of Government Accountability Office and Inspector General input on high risk areas and management challenges.
- Implements the Administration's Campaign to Cut Waste to achieve a total of \$207.0 million in administrative savings from 2010-2013 in high cost areas such as supplies, travel, and advisory services.
- Continues to implement Department-wide policy changes to more effectively manage conferences, travel and relocation, information technology, and strategic sourcing.

- Reflects efforts to enhance Federal contracting and acquisition policies and procedures to ensure taxpayers get the best value possible including increased competition and high levels of small business contracting.
- Transforms the delivery of information technology services to a more consolidated and customer oriented business model.
- Fully funds fixed cost increases balancing these requirements with programmatic priorities.
- Reflects ongoing efforts to improve management of asset inventories, to reduce lease and real property costs, and in financial management, reduce improper payments, maintain a clean audit opinion, and ensure a robust set of internal controls.
- Reflects business decisions to consolidate functions and review the potential for organizational improvements to achieve greater efficiencies. This includes consideration of Government Accountability Office input on duplicative programs.

Cuts, Consolidations, and Savings – Interior’s use of these strategies is improving the alignment of resources with priorities, advancing partnerships and collaboration, and meeting the challenge of fiscal transparency and accountability. The 2013 request includes \$42.5 million in program terminations and \$474.3 million in programmatic reductions to offset support for operational requirements including programmatic and fixed costs.

Fixed Costs – The 2013 budget request fully funds \$92.3 million of increases in fixed costs. Fully budgeting for these costs provides a fuller description of their programmatic impact. These costs are limited based on an agreement with the Interior Appropriations Subcommittees and include space rental and associated security charges; workers and unemployment compensation; and centralized administrative and business systems, services, and programs financed through the Working Capital Fund. The request assumes a 6.8 percent increase in health benefits, an increase for one more paid day, and a 0.5 percent pay raise adjustment for 2013. The Department does not include within-grade increases in its fixed costs, nor increased costs related to postage, fuel, or other consumables. Significant

elements of the increase in 2013 are \$21.5 million for the employer share of health benefits, \$18.9 million for the additional paid day, and \$13.4 million in rent.

MANAGING FOR RESULTS

Last year, the Interior Department completed a new five-year strategic plan that simplifies Interior’s mission objectives and outlines five mission areas with discrete goals, strategies, and measures to assess performance.

Interior’s Strategic Plan lays the framework for the integration of programs, allocation and alignment of resources to achieve key goals, and collaboration and coordination with stakeholders. Performance measures in the Plan are used to gauge progress and assess the Department’s performance. The following five mission areas provide the framework for the Department’s over arching stewardship responsibilities and define long-term areas of focus:

- Provide natural and cultural resource protection and experiences.
- Sustainably manage energy, water, and natural resources.
- Advance government-to-government relationships with Indian Nations and honor commitments to Insular areas.
- Provide a scientific foundation for decisionmaking.
- Build a 21st Century Department of the Interior.

Building upon the five-year Plan, Interior is working to expand the practical use of performance information to help planning, decisionmaking, budget formulation, and transparency, in accordance with the Government Performance and Results Modernization Act of 2010. The Plan presents long-term goals across the Interior Department and includes performance measures being used to track and demonstrate progress. An Annual Performance Plan and Report is being released with the 2013 Budget, which will include supporting information on the annual achievement of the goals in the Plan and accomplishments.

Interior is also continuing the use of Priority Goals to target aspects of reform to achieve the Secretary’s key priorities. Progress toward achieving these Priority Goals is regularly reviewed among members

INTERIOR'S INCLUSIVE WORKPLACE STRATEGY

On August 16, 2010, Secretary of the Interior Ken Salazar issued an *Inclusive Workplace Statement* to all employees of the Department of the Interior. This statement communicated his commitment to employing the best people to do the best job possible. Secretary Salazar noted that achieving a diverse workforce and creating an inclusive culture are integral to Interior's success.

Secretary Salazar and Assistant Secretary – Policy, Management and Budget, Rhea Suh, also issued an *Inclusive Workplace Strategy* directing each Interior bureau to develop its own inclusivity and diversity action plan. Leaders and managers are held accountable for implementing their plans to achieve the goal of making Interior the best place to work in America, where all of its employees are respected, quality of work life is valued, and everyone has the opportunity to reach their potential. A crucial aspect of Interior's Strategy is that all employees see themselves engaged in the initiative. The Strategy is based, in part, on the premise that the behaviors and actions that support diversity and inclusion will come through the actions of all Interior employees.

Just as Interior uses sound science to manage and sustain America's natural resources, the Strategy employs a data driven approach to assess the current state of diversity and inclusion and to uncover and remove barriers to diversity at all levels of the workforce.

Interior's Strategy aims at transforming workforce diversity training and education from traditional anti-discrimination compliance to having a laser focus on organizational development and talent management.

Among Interior's many initiatives for building and sustaining an inclusive workplace is the institution of a Diversity Change Agent program. This program is comprised of a cadre of fully committed and trained diversity change agents who affect and mobilize a critical mass of stakeholders and lead efforts to educate the workforce about diversity: what it is, why it is important, and how to guide people towards achieving it.

of senior management through quarterly status reviews chaired by the Deputy Secretary, thereby increasing the probability of success in reaching these goals. The quarterly and annual assessment of these goals supports improved coordination, alignment of program activities, and an integrated and collaborative assessment of resources, impediments, and paths forward. All of these efforts are helping to improve programmatic achievement and transparency across the Department.

The 2013 Priority Goals remain consistent with the goals in place since 2009, allowing Interior to build on the tangible near-term achievements. These five Priority Goals define areas of notable reform

outlined by the Secretary with a particular emphasis on achieving results in the near-term, including renewable energy, sustainable water management and conservation, climate change adaptation, youth employment and engagement, and efforts to reduce crime in Indian communities. These priorities remain fully supported in the 2013 budget request. The 2013 budget includes a sixth Priority Goal regarding improvements in the Department's onshore oil and gas programs. This goal recognizes the important high risk categorization by the Government Accountability Office for the Department's oil and gas programs and puts in place a set of plans and milestones to address GAO's recommendations and Inspector General corrective actions.

CUTTING WASTE AND ACHIEVING EFFICIENCIES

The challenging economic situation makes it incumbent upon Federal agencies to bear in mind their role as stewards of taxpayer dollars with responsibility to ensure a high return on spending, and intolerance for waste and abuse.

Over the years, Interior has streamlined and improved the efficiency and effectiveness of its programs. The Department is a mission-focused organization. Interior works hard to leverage resources with State, local, tribal, and non-profit organizations through partnerships and cost-sharing arrangements. Departmental programs use strategic and workforce planning, employee development, and other business process improvement strategies to increase the effectiveness of management and operations.

Interior is increasing the use of practices such as shared services, facility co-location, centralized acquisition, recycling and reuse, equipment life-cycle management, and many other administrative business management practices. Nonetheless, opportunities remain where innovative ideas could identify potential additional savings and efficiencies.

In two recent Executive Orders, President Obama outlined a challenge to Federal agencies to improve their performance and reduce waste, fraud, and abuse across government. In response, Interior committed to reduce administrative savings by \$207.0 million by the end of 2013 and submitted an implementation plan to the President in December 2011. The implementation plan is fully integrated with Interior's on-going initiatives in a broad cross-section of administrative areas including strategic sourcing and facilities savings, and an ambitious Information Technology Transformation initiative to consolidate infrastructure.

As part of the Administration's Campaign to Cut Waste, Federal accountability to achieve these savings will be stepped up. The President's Executive Order 13589 directs Cabinet members to report progress in cutting waste and delivering results directly to the Vice President. The Vice President is committed to holding regular meetings with Cabinet members to maintain agency focus on efforts to eliminate government waste, save taxpayer dollars, and make government work better. Interior

has assigned savings targets, developed an internal tracking process to monitor progress toward efficiency savings goals to provide reports to senior leadership, and is working in an integrated fashion to identify and implement program, policy, and process reforms.

To achieve the \$207.0 million savings goal in 2013, the Department is building on savings efforts launched in 2011 and 2012. Between 2010 and 2011, Interior achieved \$52 million in administrative savings. Another \$75 million is planned to implement in 2012. The 2013 budget assumes efficiencies of \$80 million.

The 2013 budget continues two years of targeted administrative cost savings efforts and supports implementation of aggressive organizational solutions to achieve greater savings in the future.

Interior's savings strategy capitalizes on the implementation of Department-wide policy changes in travel and relocation, strategic sourcing, and information technology consolidation. The Department's 2013 request continues to support these reductions and advance their implementation. Interior's Campaign to Cut Waste has expanded to include improved management of conference activities, support service reductions, and other efforts underway to reduce spending and achieve more effective and efficient use of fleet, assets, space, acquisition, and information technology.

Travel, Conferences, and Relocation – Interior is charged with managing America's vast natural and cultural resources, spanning a geographic area from Palau, the western-most Pacific outpost, to the U.S. Virgin Islands, the eastern-most Caribbean station. Slightly less than 70,000 employees, along with more than 305,000 volunteers, carry out Interior's mission in more than 2,400 operating locations. Due to the vast footprint of Interior's operations, including the most remote locations in the Country, much of the travel performed is truly mission-essential. Extensive travel is often required for management of public lands and resources including law enforcement activities, volcano and earthquake monitoring, migratory bird inventories, and fire fighting. Interior's missions and activities, by their very nature require travel to evaluate the status of resources, to gather data, and to share technologies and conduct outreach with partners and stakeholders. A new, more expansive tribal consultation policy requires travel to ensure adequate effort is made to assess the views and concerns of Indian Tribes. In addition, much of Alaska is not accessible by vehicle and

remote locations in the lower 48 States require the extensive use of aircraft.

REACHING INTERIOR'S SAVINGS GOAL

The Department of the Interior will achieve \$207.0 million in savings from 2010-2013 by efficiencies as follows*:

Travel.....	-\$37 million
Transportation of Things.....	-\$2 million
Advisory and Assistance Services/Other	
Contractual Services	-\$100 million
Supplies/Equipment	-\$70 million

**The Departmental savings estimates assume a \$2 million increase in publication and printing over the three year period.*

From 2010 to 2011, Interior reduced travel spending from \$261 million to \$242 million, a decrease of just over seven percent. Through the use of technology, including teleconferencing, video conferencing, shared web sites and web conferencing, as well as enhanced management attention and internal controls, Interior will continue to reduce travel through 2013.

Working with the Chief Financial Officers Council within Interior, the Department will examine and update travel policies and procedures, deploy bureau travel best practices, and ensure consistency in approval levels. The Department is also working to modernize, expand, and leverage video conferencing facilities to optimize investments in technology. Interior is leveraging data from GovTrip, the government-wide electronic travel system, to monitor travel across the Department to ensure achievement of goals, and identify candidate locations for technology solutions that could help to reduce travel.

Interior's employees serve communities large and small and deliver the Department's land and community-based programs in ways that engage the participation of citizens, groups and businesses. To effectively manage land and resources, Interior relies upon the use of partnerships. Extensive collaboration occurs with States, local communities, Tribes, non-governmental organizations, universities, and others. Conferences are a commonly used means for communication and information sharing. In ad-

dition, Interior's geographically dispersed activities necessitate the use of conferences to ensure effective and consistent policy implementation. Conferences are an important way to conduct training, often offering a less costly alternative to classroom or commercially offered training. Conferences are also a mechanism to share unique skills and knowledge that may not be available elsewhere.

In accordance with the Office of Management and Budget's memorandum, *Eliminating Excess Conference Spending and Promoting Efficiency in Government*, Interior implemented policies requiring prior approval from the Deputy Secretary or his designee for conferences funded or sponsored by another entity at which 15 or more Interior personnel will be attending, and Interior funded or sponsored conferences at which 30 or more attendees will be present and half or more are in travel status. Bureaus and offices have certified that effective internal controls are in place to manage conference activities and spending. The use of plans and Departmental coordination, review, and monitoring of conferences through GovTrip will help to identify opportunities for the use of alternatives.



The payment of relocation expenses has been an important incentive to encourage employees to move among Interior facilities to gain a variety of skills and experience in preparation for eventual leadership positions. It is also an important tool to improve diversity. The costs for relocation have increased in recent years due to fuel costs, air fare, and other factors. Requiring that employees bear the costs for relocation to some of Interior's remote locations can be a cost-prohibitive burden and impede the selection of the best candidates for positions. In 2010, Interior spent nearly \$66 million on relocations. In contrast, 2011 relocation spending totaled just under \$48 million, a decrease of 27 percent. The Department Chief Financial Officers Council is undertaking an

aggressive review of relocation policies across the agency to issue guidance and standardize practices to achieve further reductions.

Management Support Services Contracts – The Department has set a goal to reduce spending on management support services contracts by 15 percent from 2010 levels by the end of 2012, and an additional five percent by the end of 2013, for a 20 percent total reduction from 2010 levels. This goal is an important component of the Campaign to Cut Waste and the Executive Order on *Delivering an Efficient, Effective, and Accountable Government*. These support contracts are comprised of twelve OMB-designated Product Service Codes that include activities such as engineering and technical services, acquisition planning, information technology services, and program management. These functions are also referred to as Advisory and Assistance Services in the budget object classification 25.1 used in OMB Circular A-11.

Acquisition Improvement – Interior’s efforts to implement strategic sourcing and implement an Acquisition Improvement Plan are contributing to the \$207.0 million overall savings goal and have generated efficiencies across the Department. Acquisition improvements include:

- Promoting use of the FedBid reverse auction program for commodity purchases.
- Requiring the use of e-Buy procurements to the maximum extent possible, where reverse auctions are not suitable.
- Increasing the savings achieved through strategic sourcing initiatives.
- Improved reporting in the Federal Procurement Data System-Next Generation.
- Improving the capability of the acquisition workforce through professional certification programs and training in core competencies such as cost and price analysis and contract reductions, terminations, and close outs.

Interior has awarded Department-wide strategic sourcing contracts for information technology hardware, office supplies, and multi-function copier devices; and issued a policy to make the use of these contracts mandatory. The Department is exploring additional strategic sourcing opportunities to further increase buying power Department-wide. Interior participates in Federal Strategic Sourcing initiative

acquisitions for office supplies and will participate in other planned Federal initiatives.

Vehicle Fleet – Interior has an extensive fleet composed of 24,545 government-owned and 10,366 leased vehicles used to carry out its diverse missions throughout the United States. The fleet is critical in the delivery of mission essential activities, including fire-fighting, monitoring of lands and resources, and providing services to Indian communities. The Department is committed to an efficient fleet. The size of the executive fleet in Washington, D.C. has already been reduced by one-third. Interior is analyzing the size of the owned and leased fleet using creative solutions that ensure continued support for the mission.

The Department began a comprehensive review of its fleet operations in 2012 and will complete GSA’s Vehicle Allocation Methodology to identify opportunities to share vehicles across bureaus and offices; develop a vehicle disposal plan for under utilized vehicles; and evaluate the opportunities to expand the use of the Working Capital Fund to achieve efficiencies in fleet management.

Real Property Cost Savings and Innovation – In response to Presidential direction to eliminate waste by disposing of excess assets and reducing real estate and rental space occupancy, the Department implemented a Real Property Cost Savings and Innovation Plan in 2010 and updated its Plan in 2011. These reductions have the added benefit of reducing the Department’s energy and water usage and greenhouse gas pollution. The plan outlines an ambitious set of goals to achieve savings by eliminating Government-owned assets, where possible and practical, and reducing the use of leased space. Through the improved use of owned and leased space, disposition of unused assets, and co-location efforts, the Department has set a goal to achieve savings and cost avoidance totaling \$160 million during 2010 – 2012.

Information Technology Transformation – One of the most significant undertakings to improve management effectiveness within the Department is the Information Technology Transformation initiative. This will implement a new business model for consolidated delivery of information technology services to Interior’s programs and employees and realize energy and cost savings.

In December 2010, Secretary Salazar signed Secretarial Order 3309 to transform Interior’s information

technology into an agile, reliable, and cost-effective service that allows employees to better support Interior's mission. Since that time, the Department has completed an IT Transformation Strategic Plan, established seven high-priority IT service areas for consolidation, selected Assistant Directors of Information Resources as bureau leaders for each IT service area, and completed IT Transformation "quick wins" to show improvement to key business challenges identified by Interior employees.

The implementation phase of Interior's IT Transformation started in January 2012 and will continue over the next three years. An implementation plan has been completed providing detailed milestones and schedules for completing projects in each of the seven IT service areas. The detailed plan includes a project to analyze the current workforce to determine what technology positions currently exist, determine what will be needed in the future, and a plan to transition Interior's IT workforce into the future state.

Interior will also complete projects to provide information technology services on a Department-wide basis such as a single agency e-mail system, an enhanced single Interior network that can be used by all bureaus, a cloud computing blanket purchase agreement, and a Department-wide mobile computing platform to increase the availability of technology to Interior employees.

In 2013, the Department will use its Working Capital Fund to fund the Information Technology Transformation, shifting the costs for the initiative from appropriated WCF funding to the Departmental WCF Centralized Bill. Under this funding model, the Department will self fund IT infrastructure enhancements through investment from the benefiting bureaus and offices. In 2013, the request for appropriated funds for IT is reduced by \$5.0 million. Following the new approach, the WCF Centralized Bill supports \$11.7 million for the following IT Transformation activities:

- \$5.0 million for planning, coordination, and implementation of IT services for the entire Department, cutting costs, and transforming the Office of the Chief Information Officer into a service delivery organization.
- \$5.0 million for a new cloud computing blanket purchase agreement. This cloud computing agreement is the next phase

of the data center consolidation efforts which will save the Department money, energy, and space.

- \$1.7 million to support enterprise-wide mobile computing, expanding the use of non-government furnished equipment for work activities. This will provide employees with the tools they need to get their jobs done from anywhere, at any time, in multiple ways.

Bureaus and offices will be charged for their proportional share of 2013 IT Transformation costs, using an algorithm based upon their current costs for IT infrastructure and enterprise architecture and planning. Interior has committed to achieve \$100 million of annual cost savings from 2016 to 2020 through the consolidation of its IT infrastructure and the delivery of common services, for a total projected savings of a half-billion dollars by 2020.

OPEN GOV – Interior is also committed to the principles of an open, transparent, collaborative, and participatory government. The Department continued its efforts to publish high value datasets to the public through Data.gov. To date, Interior has published 122,612 datasets, second only to the Department of Commerce.



Information Technology Investment Management Reforms – The Department has initiated a process called "iStat" to bring rigor and thoroughness to the Department's IT investment management and review functions. Modeled after the Office of Management and Budget's TechStat review process, iStat briefings focus on the overall management of the investment and examine program performance against expected business value. Findings and recommendations provide an opportunity for discussion among key stakeholders on needed improvements and commitments to a course of action within the fiscal year.

As a result of an OMB TechStat and an internal iStat performance review, Interior ended its OCS Connect investment in 2011. The OCS Connect was an

investment intended to enable electronic submission of permit requests and facility inspection paper work from the offshore oil and gas operations to provide a reliable common data base of information. The TechStat and iStat performance reviews found development of OCS Connect to be problematic, behind schedule with significant development issues, and with the potential for significant cost overruns without achieving its intended outcome. This action resulted in \$26 million in savings and \$41 million in cost avoidance. Since the iStat process has been in place, the review process and related decisions have resulted in increased transparency and accountability of information technology projects and have also created a forum for development of future plans. The information technology project terminations from iStat reviews have totaled \$50.5 million in lifecycle cost avoidance.

The Office of the Secretary Investment Review Board is developing roadmaps for enterprise investments that will be used to guide decisions about the Department's investment portfolio. These roadmaps, piloted in activities including environmental management, financial management, human resources, planning and budgeting, revenue collection, and wildland fire will be used to build a five-year plan for investments to modernize and operate existing systems, invest in new systems and applications, terminate legacy systems and applications, and improve the alignment of information technology with strategic agency goals.

LOOKING FORWARD

Interior recognizes the need to manage effectively and efficiently, to live within constrained budgets, and increase reform efforts to better align and deliver services to the American people. This sets the stage for a series of actions underway in 2012 and proposed in the 2013 budget. These actions are taking place on the broad landscape of Interior programs and reflect sacrifice and tough choices.

Better Government – Secretary Salazar signed Secretarial Order 3315 on October 26, 2011, to better align certain functions of the Office of Surface Mining, Reclamation and Enforcement, the Bureau of Land Management, and the Office of Natural Resources Revenue. In order to plan for this, Secretary Salazar has asked the Directors of OSM and BLM and other Interior officials to report by February 15, 2012, on consultations with the bureaus' employees, congressional committees, and interested parties such as Tribes, State regulatory officials, industry,

and representatives of communities affected by coal mining.

Service First – The Department operates out of over 2,400 locations and manages over 165,000 physical assets, second only to the Department of Defense. While effective program delivery relies on close coordination at the local level and a field level presence, alignment of operational models, standardization of administrative and support functions, centralization of common services, and other actions can be taken to improve efficiency, cut costs, and avoid future cost increases. The 2013 budget for the Working Capital Fund appropriation includes \$5.0 million to look in-depth at longer term savings solutions like the consolidation of services, facilities, and infrastructure. The objective of the Service First transformation initiative is to identify opportunities to integrate and leverage resources used by Interior bureaus and offices and to shrink the Department's footprint, maximize efficiency, and identify savings while maintaining the level of mission delivery.



Service First began as a partnership authority among four agencies including BLM, FWS, NPS, and the Forest Service. The authority allows these agencies to conduct projects, planning, permitting, leasing, contracting and other activities, either jointly or on behalf of one another; co-locate in Federal offices and facilities leased by an agency of either Department; and promulgate special rules as needed to test the feasibility of issuing unified permits, applications and leases. The Secretaries of the Interior and Agriculture may make reciprocal delegations of their

respective authorities, duties and responsibilities to promote customer service and efficiency. Service First has effectively demonstrated that leveraging and taking a more strategic approach to operations can save costs and result in more seamless service to the public.

The Department will build on the successful Service First partnership approach and seek to identify opportunities for improved service delivery. In an initial effort, Interior is examining the Wildland Fire Management Program to identify the most effective and efficient organization. The program is operated by four bureaus including BLM, FWS, NPS, and BIA. The review will result in a set of options for a comprehensive suite of Wildland Fire Management services that support core mission needs.

National Business Center – The NBC performed a strategic assessment of its service offerings to determine the optimal array that would provide best-in-class service and add value to the Department. The assessment conducted a thorough analysis of all NBC services and generated recommendations including strategies for achieving productivity and performance improvements. The assessment recommended NBC narrow its focus to a core set of complementary shared services with clear benefit to Interior, address critical performance challenges over the next two years and achieve major performance improvements over the next three years, and pursue opportunities to expand services and deliver strategic value over the next three to five years.

As part of this process, the aviation management and administrative operations functions currently located in NBC will devolve to other Departmental locations. Aviation services will be moved in order to align with law enforcement and wildland fire management programs. The 2013 budget for the Working Capital Fund reflects the transfer of Aviation Management from NBC to the Office of the Assistant Secretary – Policy, Management and Budget, reporting to the Deputy Assistant Secretary – Law Enforcement, Security and Emergency Management.

Administrative operations, primarily responsible for management of the Main Interior Building complex, will report to the Deputy Assistant Secretary – Technology, Information, and Business Services. Both of these functions primarily support the Interior Department versus external customers and are more appropriately realigned from NBC, a shared service provider, to the Department.

Financial Accountability – In 2011, the Interior Department received its 15th consecutive favorable financial audit opinion from KPMG LLP, an independent certified public accounting firm. The Department’s sustained financial reporting success highlights Interior’s commitment to the highest standards of accountability, transparency, and ethics, and underscores the seriousness of its responsibility to the American public for financial excellence.

Financial and Business Management System – The Financial and Business Management System is a key component of the Department’s management strategy. The deployment is delivering modernized systems support and is facilitating improved management, accountability, and transparency in budget execution, financial management, acquisition and financial assistance, fleet and facilities management, and property management.

Today six bureaus and all of the Departmental Offices have an operating system for core financials, acquisition, personal property, fleet management, real property, travel, financial assistance, enterprise management information, and reporting in a single integrated system. The deployment to Departmental Offices included 60 entities namely the Office of the Special Trustee for American Indians, the Office of Inspector General, the Solicitor’s Office, the Office of the Secretary, and others. The FBMS will be deployed to NPS and Indian Affairs in the fall of 2012, and the Bureau of Reclamation in the fall of 2013.

The system has delivered on promised improvements in functionality, consistency in reporting, standardized internal controls and processes, and improved data availability. The system has successfully supported the Department’s clean financial audits, allowed bureaus and offices to conduct quarterly closings and reconciliations, and allowed Interior to terminate the operation of numerous legacy systems.

During the spring of 2011, the Department in coordination with OMB undertook a third-party review of the system, evaluating risks, complexities, and costs. The third party reviewer confirmed FBMS is delivering a standard enterprise system and as intended. They recommended completion of the deployments on schedule with some adjustments to improve deployment efficiency.

Main Interior Modernization – The Main Interior Building is undergoing final touches on the

modernization of five of the six wings that make up the structure. The modernization has installed new heating and cooling systems, upgraded wiring and cabling for communications and information technology, replaced outdated lighting, and improved energy efficiency and sustainability. With the challenges facing the Federal Building Fund, the modernization will not reach the sixth wing in 2012 and completion of the modernization project will be delayed.

However, Interior is examining opportunities to make incremental changes to increase energy efficiency and realize other improvements in the sixth wing. In addition, the decision has been made not to reopen the Interior building museum, a feature of the building since it was dedicated in 1936. Although there will be no museum, efforts will continue to inventory, catalog, and restore items in the Interior collections and evaluate the feasibility of making the collection available to scholars and for exhibit. The area previously allocated for museum space will be turned into conference facilities and other space that can be used to consolidate Interior bureaus and offices, thereby reducing the need for leased properties elsewhere in Washington, D.C.

Cultural and Scientific Collections – The budget requests an increase of \$3.5 million for the Cultural and Scientific Collections program, which will be funded through the Working Capital Fund. The proposed increase would implement a multi-year corrective action plan to address recommendations included in an assessment published by the Department's Office of Inspector General in December 2009, regarding Interior's accountability for its cultural and scientific museum holdings.

The IG followed this report in January 2010, with reports on specific preservation and protection issues concerning collections maintained by BLM, Reclamation, FWS, NPS, and BIA. The IG developed a list of 13 recommendations to mitigate the problems identified in the audit, including developing and implementing policy, strengthening Departmental oversight and bureau management practices, eliminating the accessioning and cataloging of backlogs, and consolidating curatorial facilities.

The 2013 proposal has three components: support for oversight and technical assistance; a pilot study

to identify and assess collections at non-Federal repositories in three States; and a consolidation study of bureau and non-bureau facilities housing museum collections using a qualified contractor to determine the potential for economies of scale, improvements of oversight and accountability, and space reduction.

Office of Natural Resources Revenue – As part of the reorganization of the former Minerals Management Service, the Office of Natural Resources Revenue was established within the Office of the Secretary under the Assistant Secretary – Policy, Management and Budget on October 1, 2010. Entrusted with an important fiduciary role for all Americans, ONRR collects, accounts for, analyzes, audits, and disburses revenues from energy and mineral leases and other monies owed for the utilization of public resources on the Outer Continental Shelf and onshore Federal and Indian lands.

During the transition to the Office of the Secretary, ONRR initiated an agency-wide strategic review and developed new strategic outcomes aligned with the Department's Strategic Plan. The ONRR is implementing numerous strategic initiatives identified in the agency-wide review, including better data mining capabilities, enhanced audit and compliance reviews, and improved communications with stakeholders. The Department is also studying its other revenue management functions to identify potential benefits of realigning these functions within ONRR.

The ONRR is taking the lead for the Department's participation in the Extractive Industries Transparency Initiative. Interior has been named the U.S. lead on the application process to join the EITI. This is an international effort to utilize a voluntary consensus based-process to promote transparency in the collection and payments of royalties and revenue associated with extractive industries. The President announced the U.S. intention to apply for candidacy within EITI as part of the Open Government Partnership's National Action Plan publication. The Department is creating a work group comprised of extractive industry stakeholders, Federal agencies, and the public. This multi-stakeholder group will collaboratively develop and publish a fully-costed work plan and a timetable for implementation of the EITI as part of the application for candidacy.