

Management Effectiveness



Interior's mission is vast in terms of our economic impact, physical presence, our direct impact on the American public. We have an obligation to the American taxpayer to look for better ways to get things done to deliver our mission more effectively.

Rhea Suh
Assistant Secretary – Policy, Management and Budget
November 15, 2012

The Obama Administration continues to challenge 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 challenge on management and performance-based alignment of priorities and resources, and the progress is reflected in the 2014 budget. Interior's 2014 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 operating 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.
- Sustains the savings achieved through the Administration's Campaign to Cut Waste, maintaining the \$217.0 million in administrative savings realized from 2010 through 2013 in 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 use 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, secure, 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 by reducing lease and real property costs and in financial management, by reducing improper payments, accelerating payments, maintaining a clean audit opinion, and ensuring 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 strategies to evaluate program performance and identify duplication, overlaps, and inefficient program delivery is improving the alignment of resources with priorities and meeting the challenge of fiscal transparency and accountability. Efforts are underway throughout the Department to identify ways to improve alignment of programs to improve effectiveness and efficiency and to leverage resources. In areas like land acquisition these efforts pay dividends by improving conservation outcomes while advancing partnerships and collaboration. Continuing efforts to achieve efficiencies and savings drive the need to propose reductions and elimination of programs that are lower priority or serve constituencies that could be addressed through other Federal programs. The 2014 request includes more than \$600.0 million in programmatic reductions to offset support for operational requirements including programmatic and fixed costs.

Fixed Costs – The 2014 budget request fully funds \$106.7 million of increases in fixed costs. Fully budgeting for these costs ensures transparency and reduces the erosion of program performance over time. These costs, limited to a set of costs based on an agreement with the Interior Appropriations Subcommittee, 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 1.4 percent increase in health benefits; a one-half percent pay raise adjustment for 2013; and a one percent pay raise adjustment for 2014. The Department does not include other payroll related increases in its fixed costs or increased costs related to postage, fuel, and other consumables. Significant elements of the increase in 2014, as compared to 2012, are \$18.9 million for an additional paid day, \$13.5 million for 2013 pay raise adjustments, \$41.0 million for 2014 pay raise adjustments, \$26.1 million for the employer share of health benefits, \$6.1 million for Working Capital Fund programs, and \$7.6 million in rent.

MANAGING FOR RESULTS

In 2010, the Department completed a new five-year strategic plan that simplifies Interior’s 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 overarching 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 Department’s Five-Year Strategic 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 Act Modernization Act of 2010. The Strategic Plan presents long-term goals across the Department and includes performance measures being used to track and

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 for 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. Together, the Secretary's direction and bureau strategies form a framework for improvement and accountability. Leaders and managers are held accountable for implementing their plans to make Interior the best place to work in America, where all of its employees are respected, quality of work life is valued, and people have the opportunity to reach their potential. A crucial aspect of Interior's Inclusive Workplace 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 conviction and overt actions of all employees.

Interior's diversity efforts are sustainable because they assess the entire system, including the infrastructure and processes surrounding the diversity and inclusion change process. Just as Interior uses sound science to manage and sustain America's natural resources, the Inclusive Workplace Strategy employs a data driven approach to assess the current state of diversity and inclusion and to identify and remove barriers to diversity at all levels of the workforce.

Interior's Inclusive Workplace 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 stakeholders and lead efforts to educate the workforce about diversity: what it is, why it is important, and how to guide people toward achieving it. The work of the diversity change agents extends the reach of Interior's equal employment opportunity and human resources professionals. Change agents keep diversity front-of-mind by initiating job-relevant conversations that position diversity as a continuing mission critical issue rather than a one-time training event.

demonstrate progress. Interior will release an Annual Performance Plan and Report for the 2014 Budget which includes supporting information on the annual achievement of the goals in the Strategic Plan and accomplishments.

The Department is using Priority Goals to achieve the President's key objectives. Progress toward achieving these Priority Goals is regularly reviewed among members of senior management through quarterly status reviews chaired by the Deputy Secretary. The quarterly and annual assessment of performance, funding, and necessary reforms to achieve these goals promotes improved communication and coordination, alignment of program activities, and helps to resolve impediments to success. All of

these efforts are helping to improve performance, accountability, and transparency across Interior.

Top 2014 priorities remain consistent with goals established in 2009 and first presented in the 2010 budget. These goals set out to achieve change in renewable energy development, water conservation and sustainable water management, the use of climate change adaptation to improve resource management, youth employment and engagement, and safety of Indian communities. A sixth Priority Goal was added in 2012 to promote and track improvements in the management of Interior's oil and gas resource programs. This goal recognizes the important high risk categorization by the Government Accountability Office for the Department's oil and

gas programs and incorporates 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 kept pace with inflationary increases and programmatic requirements by streamlining and improving the efficiency and effectiveness of programs, driving cost cutting to reinvest in program performance. Internal reviews and those performed by GAO, the OIG, and others are used to focus on opportunities and improve best practices. Interior is instituting major restructuring to achieve savings in areas like information technology. The Information Technology Transformation is going to achieve improved information technology support while reducing cost by consolidating infrastructure across the Department. Other ongoing efforts, while not as large in scale or scope, will also achieve significant benefits. These include increasing the use of shared services to achieve economies of scale, facility co-location to reduce Interior's footprint, creating acquisition centers of excellence to improve contracting expertise and reduce duplication, recycling and reuse, fleet and equipment life-cycle management to maximize efficiency, and many other administrative business management practices. Nonetheless, Interior continues to examine opportunities where innovative ideas could result in cost avoidance and savings and improved efficiency and effectiveness.

In three separate Executive Orders, President Obama outlined a challenge to Federal agencies to improve performance and reduce waste, fraud, and abuse across government. In response, Interior developed a plan to reduce administrative spending by \$217.0 million by the end of 2013. The implementation plan focuses on reducing travel, and certain areas of acquisition, printing, and supplies. It is fully integrated and leverages the Department's on-going initiatives in administrative areas including strategic sourcing and facilities downsizing, and Interior's sustainability initiative to reduce greenhouse gas emissions and improve facilities and fleet efficiency. To ensure accountability, Interior assigned savings targets to each bureau, developed an internal tracking process to monitor quarterly progress toward

efficiency savings goals, and continues to work in an integrated fashion to pursue key program, policy, and process reforms.

To achieve the \$217.0 million savings goal by the end of 2013, the Department is building on savings efforts launched in 2011 and 2012. Between 2010 and 2012, Interior achieved \$128.0 million in administrative savings. Another \$89.0 million is planned for 2013. The 2014 budget sustains three years of targeted

REACHING INTERIOR'S SAVINGS GOAL

The Department of the Interior will achieve \$217.0 million in savings from 2010-2013 as follows:

Travel.....	-\$47.0 million
Advisory and Assistance	
Services and Other	
Contractual Services	-\$100.0 million
Supplies and Equipment.....	-\$70.0 million

administrative cost savings efforts and supports the continuation of aggressive organizational solutions to achieve greater savings in the future.

Interior's strategy capitalizes on the implementation of Department-wide policy changes in travel and relocation, strategic sourcing, and information technology consolidation. The Department's 2014 request continues to support these reforms. Interior's Campaign to Cut Waste initiative has expanded to include improved management of conference activities, support service reductions, and other efforts underway to reduce spending and achieve more effective and sustainable use of fleet, assets, space, acquisition, and information technology.

Travel and Conferences – 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. Over 70,000 employees, along with more than 280,000 volunteers, carry out Interior's mission from more than 2,400 operating locations. Due to the vast footprint of the Department's operations, including the most remote locations in the Country, much of the travel performed is mission-essential. Exten-

sive travel is often required for management of public lands and resources including law enforcement activities, volcano and earthquake monitoring, migratory bird inventories, and firefighting. Conducting law enforcement on vast public lands and in Indian communities can require driving hundreds of miles. Transportation of Indian children to and from schools located in rural areas can accumulate significant mileage. Interior's missions and activities, by their very nature require travel to evaluate the status of resources, gather data, 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 ground vehicles and remote locations in the lower 48 States require the extensive use of aircraft.

Despite significant mission-related travel, from 2011 to 2012, Interior reduced travel spending from \$196.0 million to \$174.0 million, a decrease of over 11 percent. Working with the Chief Financial Officers' Council within Interior, the Department is continuing to examine and update travel policies and procedures, deploy bureau travel best practices, and ensure consistency in approval levels. Interior will continue to strongly encourage use of technology alternatives such as video conferences, teleconferences, web tools, and telepresence.



The Department is 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 programs, people, and facilities are located in communities large and small and deliver services through partnerships that engage citizens, groups, and businesses. Many of Interior's missions involve resources that are not limited by the boundaries of Federal lands, so land managers work in partnership with their neighbors. Thus, extensive collaboration is essential for effective execution of Interior's mission; and Interior partners with States, local communities, Tribes, non-governmental organizations, universities, and others to ensure successful mission delivery. Conferences are a commonly used means for communication, training, information sharing, and staying current with technology and science. In addition, 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, particularly in highly technical areas, scientific fields, and for education programs. Conferences are also a means 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: 1) conferences funded or sponsored by another entity at which 15 or more Interior personnel will be attending; and 2) Interior funded or sponsored conferences at which 30 or more attendees will be present and half or more are in travel status. These policies require that travelers abide by Federal lodging and per diem limits, direct the use of Federal facilities, discourage speaker fees and other additive costs, direct minimal attendance, and require internal controls to ensure conference activities are effectively managed. Bureaus and offices have certified that effective internal controls are in place to manage conference activities and spending. The Department instituted annual planning and a robust process for coordination, review, and monitoring of conferences and conference sponsorships.

Management Support Services Contracts – The Department has set a goal to reduce spending on Management Support Services contracts by 20 percent from 2010 levels by the end of 2013. This goal is an important component of the Campaign to Cut Waste and the *Executive Order on Delivering an Efficient, Effective, and Accountable Government*. The MSS 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.

Acquisition Improvement – Interior continues to strengthen its acquisition program and promote efficiencies throughout the Department. Emphasis on buying smarter and encouraging innovation in contracting helps the agency achieve its many missions effectively and efficiently. Activities that provide savings and efficiencies include:

- Participation in the Federal Strategic Sourcing Initiatives.
- Achieving savings through agency Strategic Sourcing Initiatives such as IT hardware, office supplies, and multi-function copier devices.
- Advancing the use of the FedBid reverse auction program for commodity purchases and requiring the use of e-buy procurements, to the maximum extent possible, where reverse auctions are not suitable.
- Identifying and implementing new acquisition initiatives.
- Delivering a new Acquisition 101 training course.

Collectively, these activities will promote efficient spending, reduce the cost of acquiring common commodities, achieve savings, reward innovative performance, and provide greater awareness of proper acquisition procedures.

Vehicle Fleet – Interior has an extensive fleet composed of 23,882 government-owned and 9,938 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, management and protection of lands and resources, conducting scientific work and monitoring, and providing services to Indian communities. Interior is committed to maintaining an efficient fleet. Between 2005 and 2011, Interior reduced its vehicle fleet by 3,500 vehicles or nine percent, despite increases in law enforcement and other activities that require vehicles. Despite this achievement, Interior continues to manage toward additional efficiencies. Interior began a compre-

hensive review of its fleet operations in 2012 and utilizes annual Vehicle Allocation Methodology as a tool to identify opportunities to share vehicles across bureaus and offices; develops vehicle disposal plans for under-utilized vehicles; and uses its sustainability goals to drive improved use of alternative fuel vehicles. These efforts resulted in a three percent reduction in fleet vehicles during the past year.

Real Property Cost Savings and Innovation – In response to Presidential direction to eliminate waste by disposing of excess assets and reducing real estate and leased space occupancy, Interior implemented a Real Property Cost Savings and Innovation Plan in 2010 and updated its Plan in 2011 and 2012. This plan has the added benefit of supporting sustainability goals and reducing the Department's energy and water usage and greenhouse gas emissions. The plan outlined an ambitious set of goals to achieve savings by eliminating government-owned real property assets, where possible and practical, and reducing the use of leased and GSA provided space. Through the enhanced utilization of owned and leased space, disposition of unused assets, and colocation/consolidation efforts, the Department set a goal and achieved savings and cost avoidance totaling \$166.0 million during 2010 – 2012. With the completion of the Real Property Cost Savings and Innovation Plan in 2012, Interior began implementing the new Freeze the Footprint initiative. Planning is underway now to identify how Interior bureaus and offices will limit facilities by freezing the current square footage of office and warehouse space. This effort will continue to improve utilization and control spending associated with real property through development and implementation of Real Property Strategic Plans.

Information Technology Transformation – One of the most significant undertakings to improve management effectiveness within the Department is the IT Transformation initiative. In December 2010, Secretary Salazar signed Secretarial Order 3309 to transform Interior's information technology into an agile, reliable, and cost-effective service that more effectively allows employees to better support Interior's mission.

Interior is in its second year of implementing the multi-year IT Transformation initiative and is applying a new business model for consolidated delivery of information technology services. The implementation phase of Interior's IT Transformation started in January 2012 and will continue over the next three years. An implementation plan



provides milestones and schedules for completing projects in service areas. Efforts are underway to complete workforce planning and detailed design in order to consolidate services in five major service areas. The Department's Chief Information Officer is leading these efforts in collaboration with bureau information technology coordinators. A senior team of bureau and Departmental management executives are providing oversight for this effort to ensure a smooth transition.

As plans mature they will guide implementation of the IT Transformation Strategic plan led by Interior IT Transformation service teams. To date, the teams have undertaken the following:

- *Workplace Computing/End User Services* – Interior implemented an enterprise wide BisonConnect e-mail, calendaring, and collaboration service. This marks the first Department-wide e-mail service, replacing multiple e-mail systems that did not communicate effectively. This team also developed and established agency-wide policy related to mobile computing and the use of personally owned devices laying the groundwork for initiatives slated for 2014.
- *Telecommunications* – Interior completed optimization of the Enterprise Services Network—the Department's communications backbone—and transitioned the agency from the FTS2001 to the Networx enterprise service contract.
- *Enterprise Hosting* – Interior continues Federal data center consolidation. Efforts to date are ahead of schedule resulting in the consolidation of 42 data centers. Interior's hosting team released a Request for Proposal for Cloud Hosting Services and expects to award a foundational cloud services contract to support hosting including hosting for the Financial and Business Management System.
- *Information Assurance/Risk Management Services* – An enterprise continuous monitoring strategic plan will be used in 2013 and

2014 to implement improvements in IT security including continuous monitoring and deployment of systems to automatically block unauthorized leakage of Personally Identifiable Information and other sensitive data.

- *Enterprise Service Desk* – Efforts continue to consolidate and improve services and response times for the Interior enterprise service help desk and provide support for e-mail. Interior issued a solicitation to get independent assistance to research best practices for expansion and improvement of enterprise service desk capabilities and services across the agency.

With a strong focus on IT Transformation, planning and development are underway for multiple Department-wide services including wireless managed services, voice services, and expansion of mobile capabilities.

The budget request for Interior's Working Capital Fund includes \$5.0 million to support IT Transformation initiatives. Funding is critically important to invest in developing the five new service areas while consolidation, workforce planning, and transition from bureau-hosted services to centrally-hosted services is underway. Funding would be used for:

- *Workforce Planning and Change Management, \$1.5 million* – IT Transformation will consolidate programs, services, infrastructure, and support from multiple bureau hosted environments to a single, centralized location. Significant realignments and reorganizations like this are more successful when adequate planning and change management are conducted in advance. Funding is needed to ensure an orderly transition from bureau-provided services to centrally-provided services in hosting, telecommunications, risk management, service desk, end user services, and the associated policy, planning and compliance efforts that support these services.
- *Data Center Closure, Migration and Consolidation, \$2.4 million* – This investment is needed to consolidate over 12,000 servers located in 407 decentralized data centers. Funds will be used for migrating equipment, data, and applications to cloud-based hosting services and consolidated data centers, decommissioning bureau and office legacy systems, and closing

existing centers. When IT Transformation is complete, Interior will have reduced the number of data centers by 45 percent—ahead of the Federal government’s goal of a 40 percent reduction.

- *Strategic Sourcing for Enterprise Service Desk, Cellular, Enterprise Software, and Hardware, \$335,000*—This funding will be used to develop requirements and contract vehicles that can be used to support the acquisition of wireless services, software, and hardware. The use of strategic sourcing vehicles can result in savings as lower costs can be negotiated on higher volumes of purchasing. Currently, the Department is utilizing strategic sourcing vehicles managed by other agencies for hardware, but is planning for future needs. Included in this investment is funding for an enterprise service desk function, which will replace dozens of bureau and office help desks. This will be launched as a managed service at the Department level.
- *Records Management, \$765,000* – This funding will be used to acquire tools that are needed for electronic records management. This would create capability for all Interior bureaus and offices to access, search, and retrieve electronic data from e-mail and electronic documents. This information would be available in a records repository and would greatly expedite document production and responses to Freedom of Information Act requests. This solution is critically important for the Department to discontinue the current practices that involve paper records and costly and inefficient print and file requirements. There is an electronic forms component that will allow Interior to consolidate and standardize thousands of duplicative forms and terminate costly software licenses required for redundant forms systems.

OPEN GOV – Interior is 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 122,637 datasets, second only to the Department of Commerce. Interior is working closely with the Data.gov team to provide direct support for enhancements to the Data.gov catalog, supporting Office of Management and Budget requirements pertaining to open data.

Of the thousands of datasets Interior has made available, many are widely used across the Country by a broad array of organizations for countless purposes. This includes nationally authoritative data describing river and stream flow and quality; data describing topography and land cover; and aerial and satellite imagery that gives users the ability to look back in time and study the changing landscape of the Country over the last few decades. Aside from traditional uses in the natural resources management and academic communities, many businesses, including industry innovators like Microsoft, Google, and ESRI, rely on these datasets to build and improve commercial mapping products used by millions of citizens every day.

The Department serves as the Federal leader in the development and refinement of the government-wide Geospatial Platform, www.geoplatform.gov, an interagency initiative led by the Assistant Secretary for Water and Science and the Department’s Geospatial Information Officer. The Geospatial Platform is an activity of the interagency Federal Geographic Data Committee, a body comprised of over 30 agencies led by OMB and the Department of the Interior. The Platform is a shared, cloud-based geospatial data and technology environment that will be used by all Federal Geospatial Data Committee partners to help them more efficiently and effectively utilize and share geospatial tools, data, and maps. By leveraging shared infrastructure and pooled investments, the Platform will help agencies reduce their individual investments in geospatial data and technology. As of 2013, the geospatial platform has been formally introduced as one of the Federal government’s e-Government shared IT services.

The Department is developing a landscape decision tool. Working with Interior bureaus and partners including the U.S. Forest Service, the Department will use this tool to support land management decisionmaking by allowing employees to use geospatial data from Federal, State, and local governments and non-government entities to map locations for many purposes including restoration, land acquisition, and siting renewable energy projects. The tool will avoid duplication by publishing information across the Department and by integrating with the Geospatial Platform in order to share information and access government-wide data resources.

Information Technology Investment Management Reforms – Since the inception of the iStat Investment Review process in late 2010, Interior has used this process to conduct deep dive reviews of its IT

systems and applications. The Department is conducting iStat reviews of IT investments to assess performance against a set of operational, funding, and schedule metrics. The reviews recalibrate projects and result in more focused implementation and operations and, in some cases, reduced system scope, redirection, and more defined requirements. This has resulted in changes in planned investments and the modification of plans to improve functionality and reduce costs. In addition, the Department has begun developing functional road maps to compare IT applications across defined functional areas in order to identify duplication and redundancy in IT investments.

As a result of the Department-wide Facilities Management Systems iStat review, Interior has taken significant action to resolve conflicts and align bureau-specific systems, and has taken definitive steps toward standardization of systems used to help manage facilities. Based on the review, efforts are underway to move all five bureaus using these systems to a consolidated platform and a road map to guide future investments is being developed.

Interior Business Center – In 2012 and 2013, the Department realigned functions formerly within the National Business Center to improve customer service and accountability. The Department’s shared service provider was renamed the Interior Business Center and is narrowing its focus to three major lines of business: Acquisition Services, Financial Management Services, and Human Resources Services. The realignment of functions was based on a strategic assessment of the IBC’s service offerings. The assessment recommended IBC narrow its focus to a core set of complementary shared services with clear benefit to Interior, achieve major performance improvements over the next two years, and pursue opportunities to expand services and deliver strategic value over the next three to five years.

As part of the IT Transformation implementation plan, the Information Technology Directorate will transfer from IBC to the Office of the Chief Information Officer in 2014. This Directorate provides hosting services for Interior business systems including the Financial and Business Management System and the Federal Personnel and Payroll System. The IBC Customer Support Center will also transfer to OCIO in 2014. The CSC provides help desk support for all IBC service offerings and FBMS. The 2014 budget for the Working Capital Fund reflects the transfer of these two groups from IBC to OCIO.

LOOKING FORWARD

Interior recognizes the need to manage effectively and efficiently, to operate within constrained budgets, and increase reform efforts to better align and deliver services to the American people. This commitment sets the stage for a series of actions underway in 2013 and proposed in the 2014 budget. These actions are taking place on the broad landscape of Interior programs and reflect focused management.

Service First – The Department operates out of over 2,400 locations and manages over 146,000 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 goal of the Service First initiative is to maximize resource sharing across bureaus and offices to improve service delivery and operational effectiveness and efficiency. Through Service First, Interior will rationalize its regional boundaries and locations, consolidate functions that can be conducted in a more centralized manner, create Centers of Excellence to create economies of scale, co-locate bureaus and offices to the greatest extent possible, and foster innovative service delivery models.



Service First began as a partnership authority between the Bureau of Land Management and U.S. Forest Service. Congress provided Service First authority so these agencies could 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. In 2012, the Service First partnership authority became permanent and was expanded to include the Fish and Wildlife Service and National Park Service. In addition to pursuing specific opportunities, the Department intends to expand Service First partnership authority to all Interior bureaus and offices to more broadly empower field and regional resource sharing and co-location.

In 2012, Interior started efforts to expand the Service First approach to help address shared improvements in service delivery across all bureaus and offices. In an initial effort, Interior examined its Wildland Fire Management Program to identify ways to improve the effectiveness and efficiency of the program and direct resources from duplicative or redundant operations to on-the-ground Wildland Fire Management services.

In 2013, Interior is performing a comprehensive review to identify and prioritize short- and long-term opportunities that achieve cost savings or avoidance, rationalize regional locations, decrease leased space, decrease fleet size, and decrease acquisition costs while improving landscape-based management and fostering seamless interaction with partners. Interior is also pursuing additional pilot projects to assess existing administrative functions, future needs, and cost effectiveness of service providers. The Department will also explore opportunities to optimize revenue and fee collection systems and related processes Interior-wide.

The 2014 President's budget requests for the Working Capital Fund appropriation includes \$2.0 million to implement high-priority short-term opportunities. Further planning on longer-term initiatives also will be conducted.

Financial Accountability—In 2012, Interior received the 16th consecutive favorable financial audit opinion from KPMG LLP, an independent certified public accounting firm and the Department's external auditor. In addition, the fiscal year 2012 audit noted the removal of the fiscal year 2011 material weakness relating to contingent liabilities, and only three significant deficiencies remain. Efforts are currently underway to mitigate, if not eliminate, the three significant deficiencies. Other efforts are underway to improve financial management including:

- In 2012, Interior implemented accelerated contractor payments as required by the Office of Management and Budget's memorandum M-12-16. All contractor payments by Interior are made within 15 days of invoice approval.
- Interior successfully used financial information to identify parties that should not receive Federal payments as part of the Do Not Pay initiative.
- Interior also received a positive report from the OIG about its compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012.

Financial and Business Management System—The Financial and Business Management System will be deployed to the Bureau of Reclamation in November, 2013, completing bureau deployments. The FBMS will then be delivering a modernized, integrated, secure system that supports and facilitates improved management, accountability, and transparency in budget execution, financial management, acquisition and financial assistance, fleet and facilities management, and property management to all Interior bureaus. The most recent deployment migrated the National Park Service, Bureau of Indian Affairs, and Bureau of Indian Education in the fall of 2012.

The system has delivered on promised improvements in functionality, consistency in reporting, standardized internal controls and processes, and improved data availability. These advances provide the tools necessary for the Department to actively manage its fiscal resources and promote efficient spending to support operations and cut waste. 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 2014, Interior will deploy a standardized and integrated Department level budget formulation and performance management tool, utilizing a Federal government shared service provider, to improve data quality and consistency across the Department while decreasing manual processes.

Main Interior Modernization – The modernization of five out of six wings within the Main Interior Building has been completed. The modernization project has installed new heating and cooling systems, upgraded fire alarm and sprinkler systems, installed fire rated stairwells and building egress routes, upgraded wiring and cabling for communications and information technology, replaced outdated lighting, installed a green roof, renovated rest rooms, constructed a new cafeteria and child care center, upgraded elevators, and improved energy efficiency and sustainability.

With the challenges facing the Federal Building Fund, the modernization of the final wing of the Main Interior Building has been delayed by almost two years. Funding to support the completion of modernization of the Main Interior Building is included in the budget of the General Services Administration. To reduce costs and improve building utilization, 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 is being pursued as potential office space to consolidate Interior bureaus and offices and reduce the need for leased properties elsewhere in Washington, D.C.

Cultural and Scientific Collections – The budget requests an increase of \$2.0 million for the Cultural and Scientific Collections program, which will be funded through the Working Capital Fund appropriation. The proposed increase will implement a multi-year corrective action plan to address recommendations included in an assessment published by the Department's OIG in December 2009, regarding Interior's accountability for its cultural and scientific museum holdings.

The OIG 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 backlogs, and consolidating curatorial facilities. The OIG 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 2014 proposal has three components: reduce the museum collections' accessioning and cataloging backlog; identify and assess collections housed at non-Federal locations by a qualified contractor; and correct identified deficiencies in accountability, preservation, and protection of Interior cultural and scientific collections, which includes identifying and acting on opportunities for collections consolidation.

Office of Natural Resources Revenue – The ONRR is entrusted with an important fiduciary role as it collects, accounts for, analyzes, audits, and disburses an average of \$10.0 billion in annual revenues from energy and mineral leases and other monies owed for the utilization of public natural resources on the Outer Continental Shelf and onshore Federal and American Indian lands. The ONRR also serves as a trustee of the royalty asset from Indian trust properties and as an advocate for the interests of Indian mineral owners.

As the result of an agency-wide strategic review, ONRR has identified the following Strategic Goals for 2013 and beyond:

- *Overarching Policy* – Strengthening holistic management of oil, gas, and other natural resources by developing policies on Department-wide collaboration and communication, focused on joint strategies and procedures for natural resource revenue collection and risk mitigation.
- *Revenue Collection Road Map* – Inventorying and analyzing the Department's technology systems and statutory requirements related to revenue collection, and developing a strategy to efficiently and effectively align Interior's revenue collection, disbursement, and verification efforts.
- *Royalty Reform* – Improving return to taxpayers by finalizing key reforms, including clarification and simplification of regulations governing valuation of oil and gas on Federal land and coal on Federal and Indian lands, and other strategic initiatives.
- *Data and Information Sharing across Interior* – Providing more efficient exchange of

production, well, lease, and revenue data across the Department.

- *Production Measurement Verification* – Leveraging ONRR’s expertise to improve Interior’s production measurement inspection program to ensure accurate measurement of production volumes and assure that the Department is collecting every dollar due.
- *Revenue Transparency* – Increased focus on making ONRR’s data more accessible to the general public, including ONRR’s lead role in supporting Interior’s implementation of the Extractive Industries Transparency Initiative in consultation with other key stakeholders.

Extractive Industries Transparency Initiative – In September 2011, President Obama announced the United States’ intention to implement the Extractive Industries Transparency Initiative, and in October 2011, named Secretary Salazar as the U.S. Senior Official responsible for implementing EITI. In response, Secretary Salazar committed to working with industry and civil societies and designated the Assistant Secretary for Policy, Management and Budget to lead the implementation effort.

The EITI offers a voluntary framework for governments to disclose revenues received from oil, gas, and mining assets belonging to the country, with parallel disclosure by companies of what they have paid the government in royalties, rents, bonuses, taxes, and other payments.

The design of each EITI framework is country-specific and developed through a collaborative process by a multi-stakeholder group comprised of government, industry, and civil societies representatives. The EITI principles align with the Obama Administration’s Open Government Initiative and its pledge of a more transparent, participatory, and collaborative government.

The Office of Natural Resources Revenue provides expertise to support the implementation of EITI in the United States. As a member of Interior’s Implementation Team, ONRR led efforts to establish the Multi-Stakeholder Group that was convened as a Federal Advisory Committee. In December 2012, Secretary Salazar announced the membership of the Stakeholder Group, which consists of 21 members and 20 alternates representing government, industry, and civil society. The Stakeholder Group held its first meeting in February 2013, and will meet routinely to develop a fully-costed work plan, apply

for EITI candidate country status, and obtain EITI compliant status.

The implementation of the United States EITI provides additional oversight of the collection and disbursement of the Nation’s mineral resources revenues and helps ensure the full and fair return to the American people for the utilization of these public resources. Supporting EITI advances the revenue reform efforts underway in ONRR and strengthens the public’s trust in ONRR’s stewardship through enhanced public participation, transparency, and accountability.

Sustainability and Adaptation Planning – In October 2009, President Obama signed Executive Order 13514 on *Federal Leadership in Environmental, Energy, and Economic Performance*, setting aggressive targets for reducing waste and pollution in Federal operations by 2020. Interior is on track to achieve targets for reducing greenhouse gas emissions from building energy use, fleet fuel use, and other sources. Interior bureaus and offices decreased direct and indirect greenhouse gas emissions in 2012 from the 2008 baseline and remain on track to achieve potable water intensity reduction targets by 2020. New appendices in the 2012 Strategic Sustainability Performance Plan include a Fleet Management Plan and Bio-based Purchasing Strategy that will continue to drive the Department toward its sustainability goals.

Interior’s plan also includes the Climate Change Adaptation Plan for 2013, which outlines initiatives to reduce the vulnerability of Interior’s programs, assets, and investments to address the impacts of climate change. This plan facilitates the Department’s internal efforts to adapt natural and cultural resource management activities to changing conditions, avoiding or minimizing impacts to people and built assets, working with Tribes in adaptation efforts, and providing scientific information and tools to support a range of activities and programs in the face of climate change. Interior’s plan is consistent with a new Department-wide climate change adaptation policy finalized in December 2012, which provides guidance to ensure accountability, engender a consistent approach, foster internal and external coordination, and allow for monitoring and evaluation of climate change adaptation efforts.

Evidence-based and Program Evaluations – The budget also funds four independent evaluations to increase the use of evidence and analysis to promote rigor, transparency, and independence in

decisionmaking at the Department of the Interior. The Bureau of Indian Education will commission an independent evaluation to examine the role of BIE and guide future reforms to improve educational opportunities for Native American children. Interior will also conduct a comprehensive evaluation of Federal policy and engagement on Indian water rights issues that analyzes options to improve policies, programs, and budgetary coordination. This evaluation will help to strengthen the oversight, management, and analytical capabilities of the Indian Water Rights Office and other bureaus and offices that work on these issues. The budget also

supports the Bureau of Reclamation's in-house analytical capabilities to allow for more rigorous economic and evidence-based evaluation of Reclamation's programs, projects, and operations. Finally, the Department will investigate the commission of an independent public evaluation of the Payments in Lieu of Taxes program, which expires at the end of 2013 and is proposed for a one-year extension. The proposed evaluation would review the PILT program—in both concept and practice—with a goal of developing options to put the program on a sustainable long-term funding path.