MANAGEMENT INTEGRATION GOAL

Achieve organizational and management excellence

MANAGEMENT INTEGRATION GOAL TOTAL RESOURCES

Fiscal Dollars
(Dollars in Millions)

FY2002	FY2003	FY2004	FY2005
$75.1	$73.4	$77.1	$79.2

FTE[1] Resources

FY2002	FY2003	FY2004	FY2005
319	326	310	292

[1]*FTE — Full-Time Equivalent*
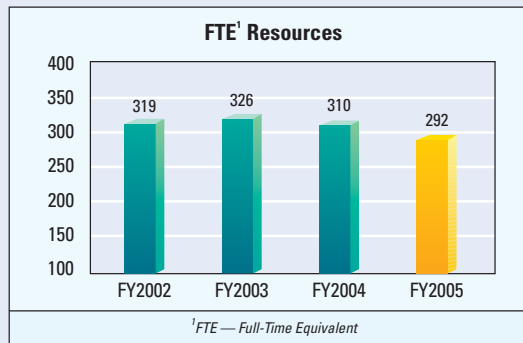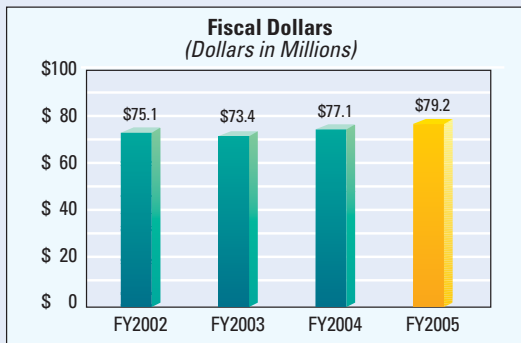
A chieving organizational and management excellence is a goal that requires extensive interaction and coordination among entities throughout the Department. Departmental Management (DM)—consisting of the Offices of the Secretary, Deputy Secretary, Chief Financial Officer and Assistant Secretary for Administration, Chief Information Officer, General Counsel, and Inspector General (OIG)—provides the policies and guidelines that support the management infrastructure the Department needs to carry out its mission. In addition, DM audit and inspection programs help promote consistency and integrity throughout the Department. Most of DM's work can be characterized as "behind-the-scenes," contributing to the efficiency with which operating units throughout the Department administer their programs.
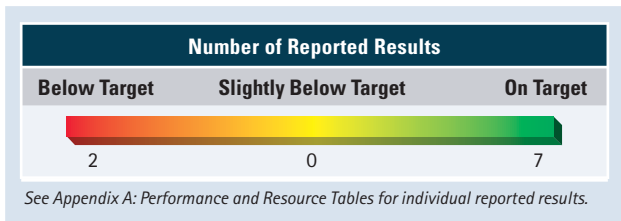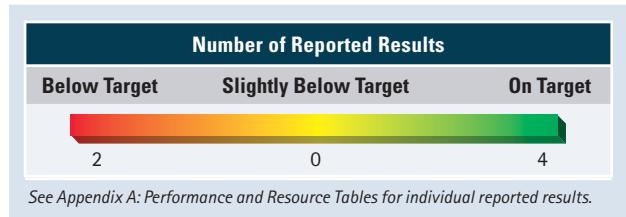
By achieving the specific targets associated with the DM performance goal, the Department met its strategic management integration goal for fiscal year 2005. Highlights of the Department's accomplishments are provided in the performance goal information that follows.

Number of Reported Results		
Below Target	**Slightly Below Target**	**On Target**
2	0	7

See Appendix A: Performance and Resource Tables for individual reported results.

> ### *Performance Goal:* Identify and effectively manage human and material resources critical to the success of the Department's strategic goals (DM)
>
> *The executive direction and coordination of program activities provided through centralized services contribute to the efficient administration of the Department to ensure that the overall mission is fulfilled.*

In order to ensure the accomplishment of its mission, the Department has developed and put into place policies and programs designed to enable the successful operation of its units, the effective and efficient use of both material and human resources, and the implementation of laws and regulations that govern the use of those resources. This performance goal represents the Department's commitment to ensuring the wise stewardship of its resources. Because this goal encompasses a wide range of administrative and operational tasks, the measures used to assess progress are highly diverse.

Number of Reported Results		
Below Target	**Slightly Below Target**	**On Target**
2	0	4

See Appendix A: Performance and Resource Tables for individual reported results.

Among its activities, DM accomplished the following in FY 2005:

◆ Clean audit opinion for the seventh consecutive year. This fulfills governmental financial reporting and accountability requirements.

◆ Achievement of green status in Improving Financial Management on the President's Management Scorecard.

◆ Completion of a business case for leveraging the financial systems and processes in place to streamline financial management within the Department.

◆ Submission of FAIR Act inventory on time in order to further job competition between the federal government and the private sector to ensure the most effective use of government funds.

◆ Obligation of 50 percent of eligible service contracting dollars through performance-based contracts, ensuring that contractors who provided services to the Department are performing at an expected level of performance.

◆ Awarding of 62 percent of all contracts to small businesses.

◆ Increased the representation of underrepresented race and national origin groups within the department from 28 percent in FY 2004 to 29 percent in FY 2005.

◆ Transition to a new automated hiring tool that provides automatic notification of vacancies to more than 65 organizations with diverse memberships.

◆ Completion of an extensive evaluation of the Department's learning management system, resulting in improvements to online system capabilities.

◆ Certification and accreditation of all national critical and mission critical information systems in accordance with the Department's information technology (IT) security policy.

◆ Completion of privacy impact assessments for all IT systems that contain personal or business identifiable information, and publication of machine-readable privacy policies on the Department's principal Web sites.

◆ Completion of revised and updated Herbert C. Hoover Building Occupant Emergency Plan to establish procedures for safeguarding lives and property during emergencies.

◆ Certification of five security specialists by the Certified Protection Professionals Board. This certification is a prestigious designation, confirming expertise and recognized throughout the security industry as the gold standard of the profession.
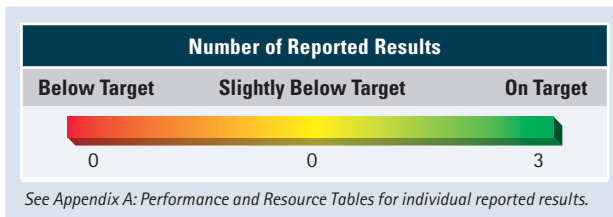
The Department uses reviews and reports generated by OIG, the Office of Management and Budget (OMB), the Government Accountability Office (GAO), other congressional organizations, government-wide task forces, and other objective sources to evaluate activities of the Department related to this goal. For example, DM works closely with OMB on implementing the five government-wide management initiatives established in the President's Management Agenda (PMA) and is rated quarterly on its success in implementing them. In addition, many of the laws pertaining to these activities have separate reporting requirements, which highlight both strengths and weaknesses of the Department's administrative functions. The Department uses the results of these efforts to assess achievement of performance targets.

The performance-based contracting metric was not met in FY 2005. A new formula based on the Federal Procurement Regulations was put in place this year for performance-based contracting. This target was met in FY 2004. To test the impact of this new formula on the targets, DM re-ran FY 2004 performance-based contracting data, and discovered that the FY 2004 goal would not have been met if this formula was applied. The Federal Procurement Data System-Next Generation (FPDS-NG) is the required governmental acquisition data reporting system. In addition, the FPDS-NG is not reporting over 3,000 fourth quarter transactions for NOAA which represent over $300 million. In FY 2006, DM will review FPDS-NG to ensure that all performance-based contracts are properly coded; work with NOAA and the other system users to ensure that data is entered into FPDS-NG properly and in a timely manner; revise the target; and evaluate and resolve the challenge of performance-based contracting in the fourth quarter of the fiscal year.

> **Performance Goal**: *Promote improvements to Commerce programs and operations by identifying and completing work that (1) promotes integrity, efficiency, and effectiveness; and (2) prevents and detects fraud, waste, and abuse (OIG)*
>
> *Promotes improvements to Departmental programs through audits, inspections, evaluations, and investigations and a variety of activities geared toward averting problems.*

Almost all OIG's recommendations made were accepted by senior Agency leadership; implementation of these recommendations will result in significant improvements to the Department's operations. OIG inspections and audits also captured significant financial benefits for the Department, including recovery of funds returned to the Department, expenditures that were not supported by adequate documentation, recoveries from criminal and civil investigations, future financial benefits from recommendations for more efficient use of Department funds, and expenditure of funds that may have been inconsistent with applicable laws and regulations.

Number of Reported Results		
Below Target	**Slightly Below Target**	**On Target**
0	0	3

See Appendix A: Performance and Resource Tables for individual reported results.

OIG criminal, civil, and administrative investigations continue to disclose instances of misconduct by employees, contractors, and grantees that threaten the integrity of the Department's programs and operations. In addition, auditors or inspectors frequently identify investigative issues, such as fraud and conflicts of interest, and refer such matters to OIG investigators.

As the Department works to accomplish its mission, OIG provides a unique, independent voice to the Secretary and other senior Commerce managers, as well as to Congress, in keeping with its mandate to promote integrity, efficiency, and effectiveness; and prevent and detect waste, fraud, and abuse in Department programs and operations. Moreover, OIG strives to ensure that it:

◆ Performs high quality, timely work.

◆ Concentrates its efforts on the Department's most critical programs, operations, challenges, and vulnerabilities.

◆ Achieves results that allow government funds to be put to better use and address criminal, civil, and other wrongdoing.

OIG performs its activities in accordance with the GAO's Government Auditing Standards and the President's Council on Integrity and Efficiency's (PCIE) Quality Standards for Inspections and Program Evaluations. OIG audit and investigations programs are subject to external peer reviews conducted under PCIE guidelines designed to evaluate their compliance with applicable standards.

STRATEGIES AND FUTURE PLANS

To meet the many management challenges facing the Department, a number of initiatives have been undertaken, some of which are described below.

◆ *Improving Information Security*

The Department will continue to enhance the protection afforded its information systems and data. Every automated system in the Department is subject to risk assessments, which include documenting successful testing or a specific plan for taking remedial action. The Department's IT and security policies and requirements reflect federal standards, best practices, and state-of-the-art advances in controls, evaluation, accreditation, and contingency planning. By carefully planning how the Department invests IT funds, ensuring that it has cohesive and well-constructed IT architecture, and safeguarding the integrity and availability of the Department's IT systems, DM can provide the IT support the Department needs to carry out its missions.

◆ *Preparing for Emergencies*

The Office of Security has aggressively worked to enhance the emergency preparedness, safety, and security of Department personnel and facilities. Efforts to provide for the security of National Security Information (NSI) have been improved by briefing 2,758 of 4,376 cleared employees in the last year on the proper handling of classified information.

In the current four-year cycle, anti-terrorism risk assessments based on criticality, threat, and vulnerability have been conducted for 304 of 784 Department facilities, with countermeasure upgrades being recommended to mitigate the identified risks. In this same cycle, assessments of 252 of the Department's 784 Occupant Emergency Plans (OEP) have been completed along with in-depth reviews of all bureau Continuity of Operations Plans (COOP).

The Office of Security continues to remain attentive to key issues central to mission success and to focus on the services necessary to make the Department a safer work environment for all.

◆ *Future Workforce Requirements*

The Department will continue to be challenged in the years ahead to cope with significant changes in the way the government hires and compensates its civilian workforce. Flexible approaches to recruiting and employee pay that are based on employee performance represent challenges that, if adopted and implemented with care, are likely to result in a more competent, satisfied, and successful workforce. The Department is already, in some organizations, preparing for the potential overhaul of human resources activities through its demonstration projects which highlight pay for performance. The Department will seek approaches to implementation of changes in human resources management that will help it compete with private sector employers to recruit a diverse, highly specialized, and increasingly technical workforce.

CHALLENGES FOR THE FUTURE

As demands for higher productivity and service levels grow, the Department frequently must adjust program operations to meet evolving needs while facing funding limitations. Smooth and sound integration of program demands, performance results, and budget realities will continue to be an objective and a challenge of the Department.

Managing its programs from within aging physical facilities and ensuring the safety and security of staff, information, and customers is a challenge the Department plans to meet through modernization efforts which will satisfy technical, scientific, and safety and security requirements.

The growing technological orientation of its work and a highly competitive market challenge the Department's managers to attract and retain high quality workers. The Department must employ the right people in the right jobs at the right time while assuring that its workforce is representative of the nation's population. Identification of competencies for mission-critical occupations will help the Department to perfect workable succession plans, and maintaining an ambitious fill-time with the help of automated rating tools will enable the Department to replace mission-critical employees expeditiously.

Information security and critical infrastructure protection are among the Department's most important challenges, as the Department, and society in general, depend more and more on electronic communication. The Department puts a high priority on these issues to ensure that our systems, data, products, and services are protected and operations continue unaffected by potential attempts at disruption. We also focus attention on challenges resulting from the increasing use of the World Wide Web to provide data and information to citizens and businesses in the Department's program areas, and to support transaction-oriented e-government that offers efficiencies for both Departmental operations and the Department's customers.

The specter of terrorism continues to challenge the Department to improve its security policies, programs, and initiatives so that its response to threats to personnel, assets, and operations is swift and effective.