

# MANAGEMENT INTEGRATION GOAL

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**IMPORTANT HIGHLIGHTS FOR  
MANAGEMENT INTEGRATION GOAL**

**T**he Department implemented three leadership development programs to contribute to its succession planning efforts. The programs target employees at various stages in their careers, and are intended to develop management potential in individuals from the GS-9 through Senior Executive Service (SES) levels.



**O**ver 90 percent of the Department's major information technology (IT) projects met cost, schedule, and performance targets.



**C**ommercer has established competitive sourcing as a permanent program within the Department, and this ensures that it has the resources it needs to conduct its commercial activities studies each year.

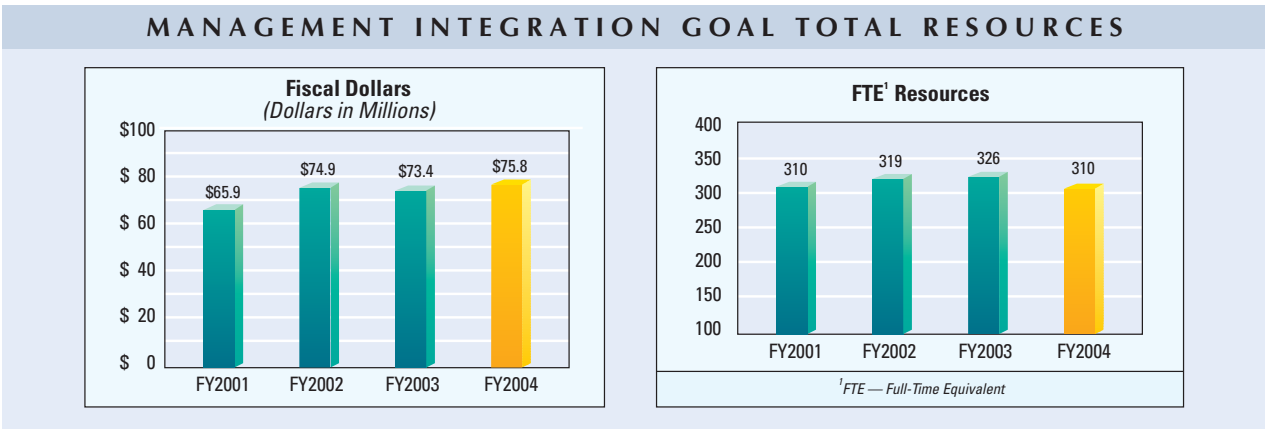


**T**he Department has over 100 different transactions available on the Internet. Members of the public can apply for fishing permits, file patent and trademark applications, order nautical charts and environmental data, file economic census data, and read publicly available patent and trademark files—all electronically.

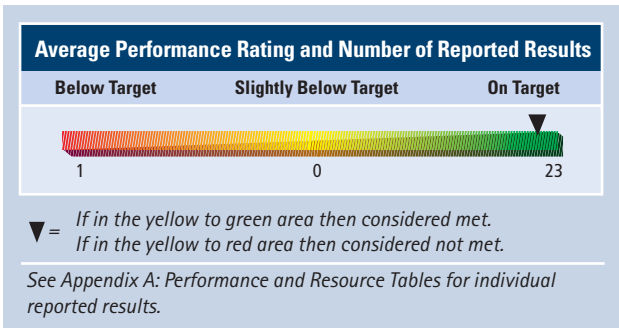


**MANAGEMENT INTEGRATION GOAL**

*Achieve organizational and management excellence*



**A**chieving organizational and management excellence is a goal that requires extensive interaction and coordination among entities throughout the Department. The organizations that support this goal are the Offices of the Secretary (OS), Deputy Secretary, Chief Financial Officer and Assistant Secretary for Administration (CFO/ASA), Chief Information Officer (CIO), General Counsel, and Inspector General (OIG). These offices provide the guidelines and policies that support the management infrastructure the Department needs to carry out its mission. In addition, the audit and inspection programs help promote consistency and integrity throughout the Department.



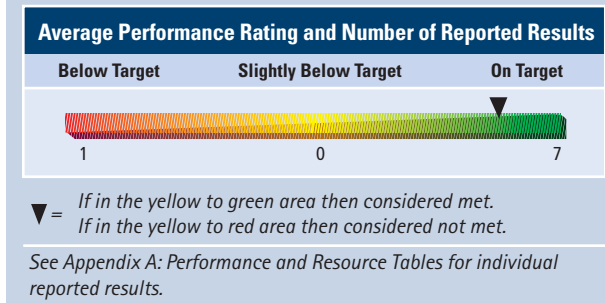
The objectives that underlie this goal provide benefits to the public that are not transparent as they represent the "behind the scenes" activities and functions that contribute to the efficiency with which the operating units administer their programs.

The Department successfully accomplished its strategic goal. Highlights of its accomplishments are provided in the performance goal information that follows.

**Performance Goal: Ensure effective resource stewardship in support of the Department’s programs (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.*

The Department must have the capacity to successfully conduct business with the public and its partner agencies, both as a \$6 billion, worldwide enterprise and as an integrated set of individual programs. This requires that it identify, adopt, and maintain the business practices needed to successfully operate its units; use its resources wisely; and effectively implement the laws that affect it. Because this performance goal encompasses a wide range of administrative and operational tasks, the measures used to assess DM’s progress are by necessity highly diverse.



DM accomplished the following:

- ◆ A clean audit opinion, which fulfills governmental financial reporting and accountability requirements.
- ◆ Departmental FAIR Act Inventory guidance was developed, and as a result of this guidance furthers job competition between the government and the private sector to ensure the most efficient use of government funds.
- ◆ Forty-two percent of eligible service contracting dollars were obligated through performance-based contracts, ensuring that contractors who provide services to the Department are performing at an expected level of performance.
- ◆ Ninety percent of procurements under \$25,000 were made using the government credit card, minimizing the lead time involved in obtaining needed products and reducing the administrative costs of acquiring goods and services.
- ◆ More than 60 percent of all contracts were awarded to small businesses.
- ◆ Conducted compliance reviews of 1,762 sensitive documents and 368 security containers, and conducted 141 physical security risk assessments, ensuring a safe and secure work environment and protection of classified and sensitive information.

DM did not accomplish its performance goal of reducing the number of platforms running its financial systems from five to three, although it did reduce the number of platforms to four. DM continues to work towards meeting this goal to further enhance efficiency of operations. DM continues to work toward meeting that goal to further enhance efficiency of operations.

The Department uses reviews and reports generated by OIG, the Office of Management and Budget (OMB), the Government Accountability Office (GAO) (formerly the General Accounting



*Information Sharing/Integration: The Office of Security continues to enhance its liaison relationships and information sharing with other Federal, State and local government entities involved in law enforcement, security and emergency management.*

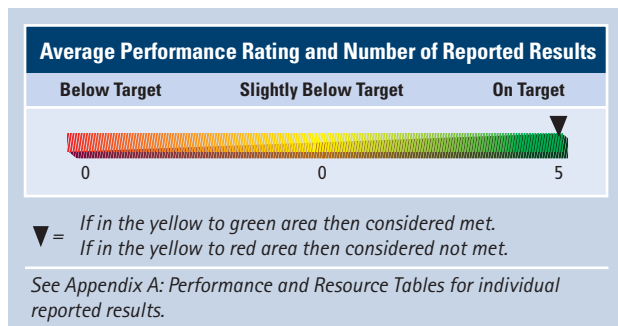
Office), other congressional organizations, government-wide task forces, and other objective sources to evaluate activities of the Department related to this goal. For example, DM works closely with OMB on implementing the five government-wide management initiatives established in the President's Management Agenda (PMA), and is rated quarterly on the current status of the initiatives as well as Commerce's success in implementing them.

**Performance Goal: Strategic management of human capital (DM)**

*Maintain a diverse, highly qualified staff.*

The Department is taking steps to ensure continuity of leadership so that it can carry out its mission in the future. Thirty-five candidates in mission-critical occupations were selected to begin a two-year Senior Executive Candidate Development Program. The Department also implemented two other development programs to foster leadership at grades 9–15. In addition, the Department deployed its Learning Management System (LMS), which can be accessed from the employee's desk, ensuring that needed training is available at the push of a button. Stepping up its efforts to actively recruit, the Department created a more diverse pool of candidates by expanding the universe of colleges from which it recruits. Through the Commerce Opportunities On Line (COOL) automated hiring tool, the Department achieved a 21-day fill-time rate. This is an improvement over last year's fill-time rate of 30 days. This has enabled the Department to hire candidates who might have sought employment elsewhere due to the lag time in the hiring process. Expanding on its already successful competency-based programs for senior executives and other managers, the Department aligned performance with mission accomplishment through its supervisory performance plans.

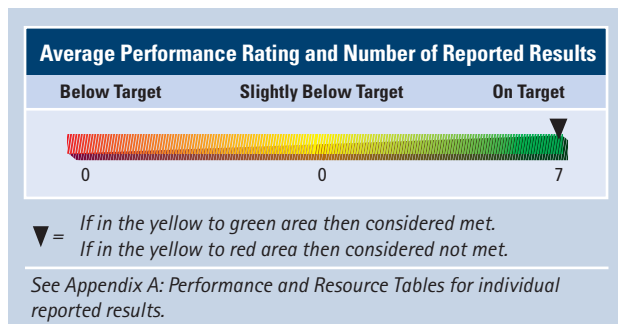
As mentioned in the discussion of the previous performance goal, the Department uses a variety of reviews and reports from outside organizations to evaluate programs related to this goal, particularly from the Office of Personnel Management (OPM), GAO, the Merit Systems Protection Board, and congressional agencies.



**Performance Goal: Acquire and manage the technology resources to support program goals (DM)**

*Ensure that employees have the technology available to do their jobs in a safe, secure, and reliable manner.*

The Department has converted 80 percent of all transactions between Commerce and the public into an electronic format. IT program architecture and maturity models show that the Department has made substantial improvements. One hundred percent of the Department's IT systems are covered by IT security plans, ensuring confidentiality and integrity of IT systems, so that work can continue uninterrupted. The Department successfully



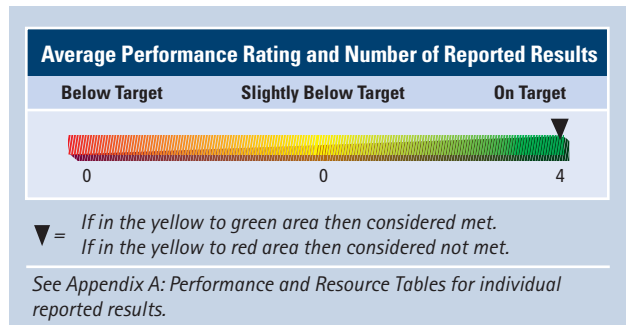
thwarted 94 percent of intrusion attempts to NOAA's IT systems, for example. Almost all—97 percent—of the Department's IT systems are certified and accredited.

Many of the laws pertaining to IT management have separate reporting requirements, which highlight both strengths and weaknesses of the Department's IT programs. The Department uses the results of these efforts as needed to assess achievement of performance targets. Although the operating units assess and report their progress on each of the measures, the Department's Office of the CIO is requiring that operating units develop corrective action plans in order to achieve performance targets, to provide regular reports on their progress, and to undergo independent reviews to verify accuracy of reporting. With CIOs established and in place at all the operating units, the structure is in place to strengthen the management of IT at all levels.

**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. For example, OIG's Fall 2003 review of NOAA's acquisition of transition power sources to support its weather radar systems found that ineffective contract negotiations and weak oversight resulted in approximately \$4.5 million in increased contract costs to NOAA. OIG made recommendations for improvements in the acquisition and oversight process to avoid similar problems and their resulting costs. Similarly, OIG reviews of export assistance centers disclosed a number of management issues, including instances of inaccurate reporting and poor data quality, and provided recommendations to address the noted performance shortcomings.



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. For example, OIG recommendations from audits of two programs administered by one of the Department's bureaus, the Economic Development Administration, resulted in questioned costs of approximately \$9 million.

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, investigative issues such as fraud and conflicts of interest are frequently identified by auditors or inspectors who refer such matters to OIG investigators. For example, a recent settlement agreement based on combined OIG audit and investigative activities resulted in the government recovering \$1.7 million.

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 Government Accountability Office'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.

## CHALLENGES FOR THE FUTURE

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The Department's customers are diverse and have a broad array of needs and expectations that cannot be adequately addressed by a universal approach. The Department's programs face increasing demands for greater productivity and enhanced services against a backdrop of limited federal funds. The Department's programs must be managed from within aging physical facilities (including its headquarters building and other facilities across the nation), which require modernization in order to meet technical and scientific needs, and to ensure the safety and security of staff, information, and customers.

The growing technological orientation of its work and a highly competitive market mean that Commerce must work even harder to attract and retain individuals with skills in science, technology, and related fields. The increasing diversity in the U.S. workforce requires DM to recruit, train, and retain workers in new ways. The public frequently perceives federal employment as unattractive and lacking the flexibility sought by new professionals. Like other agencies, the Department of Commerce faces significant challenges in ensuring the right size workforce with the right mix of talents. During the coming decade, its workforce will have to become increasingly specialized and expert in several fields in which prospective hires will be in high demand. At the same time, the Department must ensure that its employees are representative of the nation's population.

The rapidly changing IT environment, including changes in hardware, software, applications, Internet use, and the user community, all affect Commerce's IT function. As American society becomes increasingly oriented toward the use of electronic communication and information dissemination, federal agencies must ensure that they continue to be as responsive as possible to the needs of the public and private sectors, other levels of government, and other federal agencies. This requires that the Department develop and implement new approaches to electronic communication and that its existing systems are able to perform at the highest levels.

## PLANS AND STRATEGIES

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Among the actions planned to meet the Department's challenges are the following:

◆ *Monitoring and Evaluation*

OIG will continue to target its resources to bring about the best possible results for the Department. OIG will expand its audit functions to include the reduction of costs and better program results from improved acquisition oversight, and enhanced ability to reduce information security weaknesses through the Department. OIG will continue to meet its strategic goals and to work with the Secretary and Congress to help ensure that the Department delivers services to the nation's taxpayers with the highest standards of accountability.

◆ *Enhancing Information Security and Responsiveness Throughout the Department*

The Department will be broadening the protection afforded its information systems and data. Every system throughout the Department is subject to risk assessments, which include documenting successful testing or a specific plan for taking remedial action. Commerce will be revising its IT and security policies and requirements to ensure that they reflect federal standards, best practices, and state-of-the-art advances in controls, evaluation, accreditation, and contingency planning. By carefully planning how it 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, Commerce can provide the IT support needed to enable the Department to carry out its mission.

◆ *Emergency Preparedness within the Department*

The nation continues to face significant vulnerabilities in its ability to respond to emergencies. The Department has developed a comprehensive Continuity of Operations Plan (COOP) and has instituted a rigorous testing program. Similarly, COOPs for certain bureaus and specific field locations are undergoing testing and further refinement. The Department is currently working to complete all appropriate testing and implementation of these plans, which address all requirements for maintaining essential activities and re-establishing normal operations in the event of an emergency, e.g., human resources, facilities and infrastructure, and IT systems. Occupant emergency plans and emergency response structures are in place for most sites. The plans have been reviewed and revised where necessary. The Department is continuing to develop enhanced response capabilities for all types of emergencies, recognizing that it is a massive task to ensure preparedness for many different types of emergencies across the country. The Department will continue to emphasize the importance of effective preparation, work cooperatively with other federal agencies, seek the advice of experts, and allocate resources in the most productive manner possible.

◆ *Future Workforce Requirements*

As discussed, federal agencies will be challenged in the years ahead to compete with private sector employers to recruit a diverse, highly specialized, and increasingly technical workforce. To meet these needs, the Department will examine and modify its hiring practices, explore options for more effectively competing with private sector employers, and seek changes in laws and regulations that will allow the Department to enhance its appeal to talented prospective employees.