MANAGEMENT INTEGRATION GOAL

Achieve organizational and management excellence

MANAGEMENT INTEGRATION GOAL TOTAL RESOURCES

Fiscal Dollars
(Dollars in Millions)

Fiscal Year	Value
1999	$57.1
2000	$55.4
2001	$65.9
2002	$75.1
2003	$73.4
2004	$77.1
2005	$79.2
2006	$71.8

FTE[1] Resources

Fiscal Year	Value
1999	384
2000	341
2001	310
2002	319
2003	326
2004	310
2005	292
2006	295

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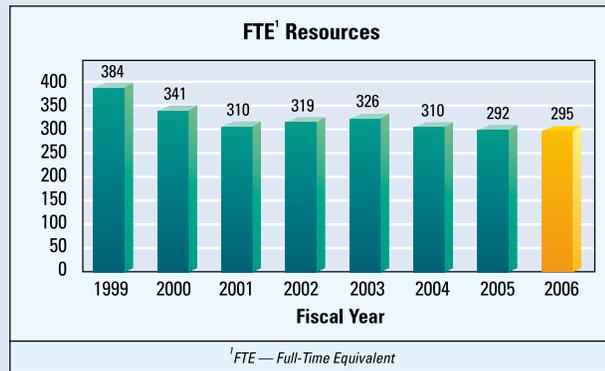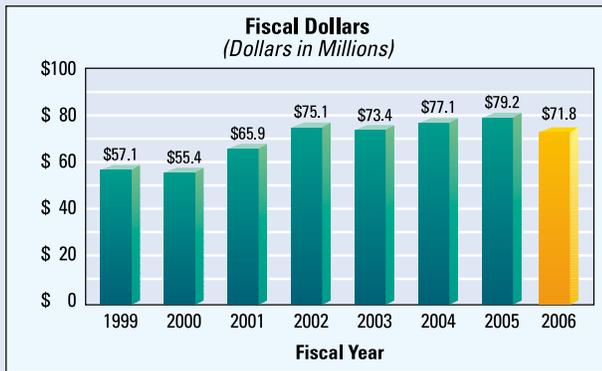
A chieving organizational and management excellence is a goal that requires extensive interaction and coordination among entities throughout the Department. Departmental Management (DM)—consisting of the Offices of the Secretary, Deputy Secretary, Chief Financial Officer and Assistant Secretary for Administration,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

MANAGEMENT INTEGRATION GOAL PERFORMANCE RESULTS

Number of Reported Results

Legend: ■ Not Met   ■ Slightly Below   ■ Met   ■ Exceeded
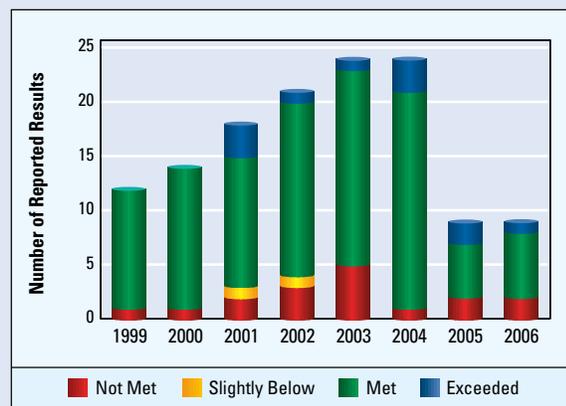
See Appendix A: Performance and Resource Tables for individual reported results.

The Department met partially its strategic management integration goal for FY 2006. Highlights of the Department's accomplishments are provided in the performance goal information that follows.

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**	**Exceeded Target**
2	0	4	0

See Appendix A: Performance and Resource Tables for individual reported results.
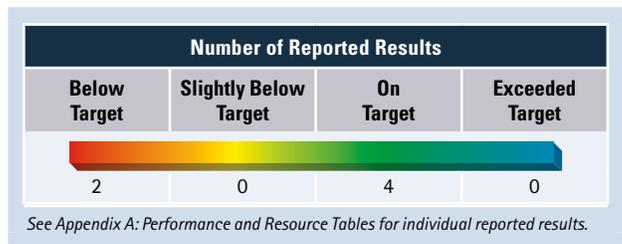
Among the DM accomplishments in FY 2006 are:

◆ Maintained clean audit opinion for the eighth consecutive year.

◆ Maintained green progress ratings for all initiatives on the President's Management Scorecard.

◆ Achieved a green status rating for the Department's Enterprise Architecture, establishing a blueprint for effective information technology (IT) investments in support of the Department's mission.

◆ Minimized cost/schedule overruns and performance shortfalls for IT investments under development to an average of less than 10 percent. This maintains green status for the President's Management Agenda (PMA).

◆ Maintained green status in e-government implementation on the President's Management Scorecard.

◆ Returned the Department headquarters, the Herbert C. Hoover Building, to full operations within 16 hours during a period of record rainfall and flooding in the District of Columbia.

◆ Timely submitted the FY 2006 Federal Activities Inventory Reform (FAIR) Act inventory in order to further job competition between the federal government and the private sector to ensure the most effective use of government funds.

◆ Awarded 48 percent of all contracts to small businesses.

◆ Improved recruitment strategies through more targeted recruitment activities and assisted managers in making better selections through training and improvements to selection tools.

- Developed and tested materials for training managers on Office of Personnel Management (OPM) hiring flexibilities
- Upgraded automated hiring system
- Conducted workshops for managers on how to make better selections
- Distributed tool to managers that describes techniques for identifying top talent

◆ Implemented a five-tier performance appraisal system in more than half of the Department, and conducted performance management training for managers, supervisors, and staff.

◆ Continued to expand the availability of online training courses through the Learning Management System (LMS) as an alternative to classroom training. Installed a 1,600 course electronic training library now available to all Department employees with Internet access.

◆ Achieved certification and accreditation of all national critical and mission critical information systems in accordance with the Department's IT security policy.

◆ Successfully tested timely resumption of systems critical to the Departmental mission and in support of national essential functions, as part of the government-wide exercise Forward Challenge 06.

◆ Prepared Privacy Impact Assessments for all IT systems with personally identifiable information or business identifiable information, and posted them to the Web.

◆ Improved safety and security throughout the Department by reducing the security risk:

● Decrease in vulnerabilities to facilities with continued on-site risk assessments of facilities and recommended countermeasures

● Development of new self-assessments for Occupant Emergency Plans (OEP) to be introduced in FY 2007, and continued on-site reviews

● Improved vetting process for employees and contractors resulting, in part, in award of an OMB green "Results" card

◆ Exercised the Department and Bureau Continuity of Operations plans as part of the government-wide exercise Forward Challenge 06. The Federal Emergency Management Agency (FEMA)-appointed external evaluator assessed the Departmental exercise "Excellent exercise overall."

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 PMA. The Department is rated quarterly on its success in implementing these initiatives. 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 measure was not met in FY 2006. Although the government-wide target for this measure is 40 percent, the Department had set a goal of 50 percent because of the importance of performance-based contracting in obtaining higher quality services and developing improved partnerships with its industry partners. However, due to staffing shortages, resources have not been available to assist all bureaus and program offices with a better understanding of performance-based contracting, which might have enabled us to meet this goal. In FY 2007, staff will be realigned to focus on this issue and will develop and commence implementation of a plan of action.

The financial management measure of eliminating any reportable condition within one year also was not met. One of the two reportable conditions from the FY 2005 audit was eliminated; however, although auditors have acknowledged that progress was made towards resolving the consolidated IT Controls reportable condition, it remains for FY 2006.

> ### *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

Number of Reported Results			
Below Target	Slightly Below Target	On Target	Exceeded Target
0	0	2	1

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

recommendations for more efficient use of Department funds, and expenditure of funds that may have been inconsistent with applicable laws and regulations.
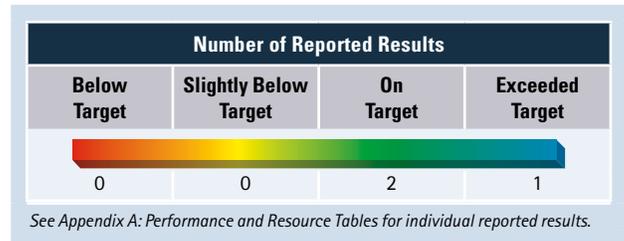
OIG criminal, civil, and administrative investigations continue to disclose instances of misconduct by employees, contractors, and grantees that threaten the integrity of the Department's programs and operations. In addition, auditors or inspectors frequently identify investigative issues, such as fraud 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 Department 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 certification and accreditation, which includes documenting successful control testing or establishing 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 a cohesive and well-constructed enterprise architecture, trained personnel, and safeguards over the confidentiality, integrity, and availability of the Department's IT systems—DM can provide the IT support the Department needs to carry out its missions. To enhance security in the next year, the Department will take steps to implement encryption on devices used for remote computing, require strong passwords and non-use time-outs on personal digital assistants, and strengthen property management procedures and training.[1]

◆ *Preparing for Emergencies*

The Department will continue to aggressively improve emergency preparedness, safety, and security of Departmental personnel and facilities. Certain facilities require cyclical and anti-terrorism risk assessments. In the current four-year cycle, anti-terrorism risk assessments based on criticality, threat, and vulnerability have been conducted for 403 of 622 occupied Department facilities. In FY 2006, Bureau managers implemented 370 countermeasures and the Anti-Terrorism Risk Index was reduced by 18.8 percent (risk methodology validated by the American Society for Industrial Security in 2004). A new self-assessment procedure for OEPs was approved and will be implemented in FY 2007. The new procedure will be complemented by continued on-site reviews. The Department continues to improve Continuity of Operations Plans (COOP) preparedness with monthly working group meetings and in-depth reviews of COOP plans resulting in a successful, externally and internally evaluated Forward Challenge 06 exercise.

◆ *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.

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[1] *Resources supporting the IT security program consist of the central oversight office and IT security components of each operating unit, funded through general infrastructure accounts and specialized support for major IT investments. The central program office consists of four full-time federal employees supported by four full-time contract personnel.*

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, critical infrastructure protection, and privacy 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 its systems, data, products, and services are protected; privacy is maintained; and operations continue unaffected by potential attempts at disruption. The Department also focuses 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 threat 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.