

# THE PRESIDENT'S MANAGEMENT AGENDA

t is the Department's stated mission to promote job creation and improve living standards for all Americans by fostering economic growth, technological competitiveness, and sustainable development. The Department fully appreciates the importance of sound management practices in helping to meet this obligation to the U.S. taxpayer, and is intent on applying them in all aspects of its work.

Through focusing on major management areas—strategic management of human capital, competitive sourcing, improved financial performance, electronic government, and budget and performance integration—Department employees provide comprehensive oversight of the resources with which the Department has been entrusted. This stewardship facilitates continual improvement in the Department's programs.

The President's Management Agenda (PMA) guides these improvements, and the President's Management Scorecard provides a way of keeping track of how agencies are doing in the management of public programs and public funds. Each quarter, federal agencies set goals and establish timeframes for meeting their objectives in the major management areas that are the focus of the PMA, and each quarter the Office of Management and Budget (OMB) rates the agencies' status and progress in those areas. Green indicates success, yellow means mixed results, and red is unsatisfactory. Progress ratings for each category reflect how the Department is doing in achieving success in that category, and whether it is following through on planned actions. Status ratings indicate the degree to which the Department succeeded in reaching its ultimate goals for each management area.

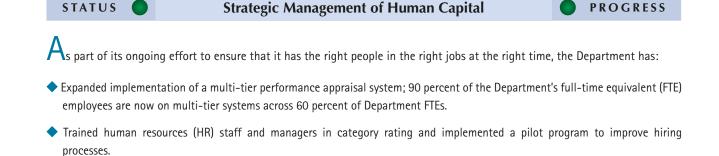
The table below shows the Department's most recently published progress and status ratings for government-wide initiatives. The sections that follow provide a look at what the Department has accomplished.

DEPARTMENT OF COMMERCE RATINGS		
INITIATIVE	STATUS RATINGS As of 9/30/07	PROGRESS RATINGS AS OF 9/30/07
Strategic Management of Human Capital		
Competitive Sourcing	0	
Improved Financial Performance		•
Electronic Government	0	•
Improved Program Performance	•	•

**WHAT RATINGS INDICATES:** *OMB* assesses agency "progress" on a case by case basis against the deliverables and time lines established for the five initiatives that are agreed upon with each agency as follows:

G R E E N	Implementation is proceeding according to plans agreed upon with the agencies;
O YELLOW	Some slippage or other issues requiring adjustment by the agency in order to achieve the initiative objectives on a timely basis; and
RED	Initiative in serious jeopardy. Unlikely to realize objectives absent significant management intervention.

#### MANAGEMENT DISCUSSION AND ANALYSIS



- Implemented a new Human Capital Strategic Plan.
- Created and began implementing an action plan addressing 2006 Federal Human Capital Survey results.
- Received full Office of Personnel Management (OPM) and OMB certification for the Senior Executive Service (SES) Performance Appraisal System for FY 2007-FY 2008.
- Identified and reported positions via the Career Patterns Initiative in order to attract and recruit talent.
- Conducted, in conjunction with OPM, all six of the accountability audits scheduled for FY 2007 to identify areas for improvement and application of best practices.

STATUS

### **Competitive Sourcing**

More than half of the Department's budget is used for contracts, grants, and interagency agreements. Therefore, it is imperative that it continues to look at its operations to determine who can best do its commercial work—its own employees or other sources. The Department has examined this issue extensively, and it is working on developing the best approach for making such decisions. Throughout the year, it selects certain activities and conducts public-private competitions to identify the most cost-effective method for getting the job done. Over the past year, the Department:

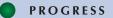
- Developed and implemented policies for a contract review board and standard file organization to help ensure acquisition quality and effectiveness within the Office of the Secretary.
- Continued the Acquisition Review Board, which met six times in FY 2007 and reviewed 13 cases with an estimated value of \$1.6 billion.
- Revised the Acquisition Career Management Program to incorporate training and certification requirements of the Federal Acquisition Certification Program.
- Continued training of contracting and purchasing professionals in the required competency areas in order to close competency gaps.
- Redesigned the Enterprise Acquisition Reporting System to make it more user-friendly and developed reports used as a tool to support data accuracy efforts.
- Participated in the government-wide task force to implement the Federal Funding Accountability and Transparency Act. Developed alternatives and recommendations for implementation of the act.
- Implemented the financial and acquisition systems interface.
- igoplus Began development of a new risk management initiative to address the major investment review process.

PROGRESS



## **STATUS**

# **Improved Financial Performance**



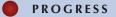
The Department continues to make itself accountable to the taxpayer for how it spends public funds. Readily available financial information helps managers make well-informed operational, policy, and budget decisions. The timeliness and reliability of such information are essential aspects of this effort. Here is what the Department has accomplished in the past year:

- igodol M Maintained a green status in "Improving Financial Management" on the President's Management Scorecard.
- Submitted quarterly financial statements and accompanying information to OMB.
- In FY 2007, the Department enhanced the A-123 program by developing a three-year rotational testing plan to incorporate a three-year, risk-based approach based on FY 2006 assessments of the key processes and results of previous audits. Under this approach, high-risk cycles are selected for annual testing; low/moderate-risk cycles are tested every three years, with selected test procedures at specific locations or on specific sub-processes performed as often as needed based specifically identified risks; a limited controls review assessment survey is utilized for cycles that are not being tested in a given year. The Department's A-123 Appendix A review and assessment included the following:
  - The Department utilized the Senior Management Council (SMC) to implement, direct, and oversee the assessment process; and the Senior Assessment Team (SAT) to develop A-123 planning documentation, administer internal control test plans, and monitor and review the test work.
  - Updated Department-wide testing templates for selected key processes/sub-processes and modified Departmental sampling plan to ensure consistency including the use of a statistical sample size generator for attributes sampling.
  - Utilized a contractor's expertise in support of smaller bureaus' testing and review of the Department-wide testing results and workpapers.
  - Utilized a contractor's expertise to review Department-wide internal control documentation to assess the structure, breadth, and depth of the bureau-level documentation. The review encompassed comparing documentation practices among bureaus, providing comments on consistency, and whether the cycle documentation contained the expected cycle components.
  - Analyzed the results of the overall effort to assess and document the adequacy of the Department's internal controls in order to develop the annual statement of assurance issued by the Secretary and published in the Performance and Accountability Report (PAR).
- On its FY 2007 financial statements, the Department received an unqualified audit opinion for the ninth consecutive year.
- Completed accounts payable business process re-engineering review and developed recommendations for standardization.
- Completed migration of the code for the Commerce Business System (CBS) to Oracle Web-based technology. Bureaus have agreed to implement the migrated code in early FY 2008.
- igoplus Completed the implementation of the interface between the acquisition system and the financial management system.
- Continued the implementation of the conversion of the International Trade Administration (ITA) to the CBS/CFS (Core Financial System), with conversion completion in October 2007. This will move ITA from its current system, which has become non-compliant, to a compliant system.

#### MANAGEMENT DISCUSSION AND ANALYSIS

# STATUS (

# **Electronic Government**



PROGRESS

The Department has long recognized the advantages afforded by e-government to support its responsibilities in delivering scientific, technical, and statistical information to the public. The Office of the Chief Information Officer (OCIO) works with the Department operating units to pursue opportunities to make transactions with its customers and the public Web-based and fully electronic.

The Department also continues to work with other federal agencies to provide the public with easy-to-find, single points of access to government services; to reduce reporting burdens on businesses; to share information more quickly and conveniently among different levels of government; and to automate internal processes to save money.

Some of the Department's activities and accomplishments in the area of information technology (IT) are listed below:

- Continued implementation of the OMB mandated Information System Security Line of Business Federal Information Security Management Act (FISMA) tool to automate certification and accreditation (C&A) standards and security reporting.
- Implemented Department-wide e-mail system consolidation.
- Ensured all Department business cases for major IT investments are managed wisely and are considered acceptable by OMB.
- 🔶 The Department's major IT investments were, on average, within five percent of cost, schedule, and performance targets.
- Developed IT C&A compliance and oversight controls based on OMB requirements, National Institute of Standards and Technology (NIST) standards, and past Office of Inspector General (OIG) recommendations. This issue will receive heightened attention in FY 2008.
- Developed a FY 2007 security awareness training plan, including milestones, for authorizing officials and system owners.
- Installed a Herbert C. Hoover Building network intrusion prevention system for monitoring and reporting IT security violations.
- Implemented full-disk encryption on computer laptops at all operating units.

STATUS

### **Improved Program Performance**

o ensure taxpayers an appropriate return on investment, the Department looks carefully at how its programs are performing and how much they cost. In FY 2007, the Department:

- ◆ Maintained a green status in "Improved Program Performance" on the President's Management Agenda Scorecard.
- Issued the FY 2007-FY 2012 Department strategic plan.
- igoplus Ensured that improvement plans in PARTWeb are aggressive with the responsible managers identified.
- Underwent six successful Program Assessment Rating Tool (PART) assessments during FY 2007, two of which raised "Results Not Demonstrated" ratings from prior years.
- Revised annual performance plans—to be released with the President's FY 2009 Budget—to be more useful and consistent.
- Held quarterly performance reviews with the Deputy Secretary and the head of each bureau.