

FISCAL YEAR 2002 PERFORMANCE REPORT





DEPARTMENT OF COMMERCE

UNITED STATES OF AMERICA



MANAGEMENT INTEGRATION GOAL

Strengthen management at all levels



DEPARTMENT OF COMMERCE



UNITED STATES OF AMERICA



Departmental Management

Mission Statement

The Department of Commerce promotes job creation and improved living standards for all Americans by creating an infrastructure that supports economic growth, technological competitiveness, and sustainable development.

Departmental Management (DM) includes the Immediate Offices of the Secretary and Deputy Secretary, Office of the Chief Financial Officer and Assistant Secretary for Administration (CFO/ASA), Office of the Chief Information Officer (CIO), and Office of General Counsel as well as other Departmental offices. DM supports the management infrastructure needed to carry out the Department's mission.

While certain of its activities involve the public, e.g., contract management and small business utilization, DM's principal interaction is with entities internal to the Department. Its activities benefit the public by contributing to the efficiency with which the operating units administer their programs and the Department's overall mission is carried out. DM provides executive direction and coordination for program activities as well as centralized services to the bureaus. It also oversees promulgation and implementation of Departmental and government-wide policies and initiatives.

President's Management Agenda

Since it was first issued in the summer of 2001, the Department of Commerce has worked aggressively to carry out the President's Management Agenda (PMA). DM, with its responsibility for implementing Commerce-wide initiatives, exercises day-to-day oversight for these efforts. In FY 2002, DM re-examined its measures reflected in the Annual Performance Plan and Annual Program Performance Report to determine how they could better assist DM in maintaining the momentum needed to achieve long-term success in carrying out the President's management reforms, including those established in his management agenda.

Performance Goal 1, "Ensure Effective Resource Stewardship in Support of the Department's Programs," includes measures that track DM's success in improving many administrative functions, including financial management and competitive sourcing under the Federal Activities Inventory Reform (FAIR) Act. Performance Goal 2, "Strategic Management of Human Capital," is devoted to enhancing management of the Department's human capital; and Performance Goal 3, "Acquire and Manage the Technology Resources to Support Program Goals," tracks the Department's efforts to improve management of its information technology resources and expand its use of e-government. Overall development of this FY 2002 Annual Program Performance Report and the FY 2004 Annual Performance Plan, which will be published with the FY 2004 budget submission to Congress, reflects DM's effort to integrate budget and performance.

A detailed description of the results that Commerce has achieved in implementing the President's Management Agenda and the status of the President's five crosscutting initiatives is provided earlier in this report under "Management's Discussion and Analysis." The quantitative results of FY 2002 activities are discussed below in those sections that relate directly to DM's three performance measures.

Priorities/Management Challenges

By implementing crosscutting reforms such as those in the PMA, DM works to minimize the burden associated with administrative functions that are common to all program areas across the Department while maintaining appropriate controls and accountability.

DM directs particular effort toward improving administrative functions by carrying out the government-wide initiatives under the PMA, i.e., enhancing financial management, competitive sourcing, strategic management of human capital, expanding e-government, and budget and performance integration. Quarterly, the Office of Management and Budget assesses each agency's progress in achieving the goals of the PMA using a "stoplight" scoring system, and two ratings are assigned for each of the five initiatives.

- "Progress" ratings reflect the agency's adherence to the milestones and deliverables. A green progress rating means that implementation is proceeding as planned, yellow means that there has been some slippage in planned activities and adjustments are needed, and red means that the initiative is in jeopardy.
- "Status" ratings reflect the extent to which the agency has met the standards for overall success. Green means that all standards have been met, yellow means mixed results, and red means that serious flaws exist.

As of the end of FY 2002, Commerce had achieved green progress ratings for all but one initiative, expanding e-government. DM received a yellow progress rating in that area. During FY 2003, DM will devote attention to achieving the targets established in the PMA-related performance measures with the ultimate objective of improving the red "status" ratings it has received in these five areas.

Particular attention is being given to completing implementation of the Commerce Administrative Management System, which will provide the Department with an integrated financial management system. This achievement, planned for FY 2003, is crucial to eliminating financial management as a material weakness under the Federal Manager's Financial Integrity Act.

Information security, representing the Department's one other material weakness, continues to be a priority. In FY 2002, Commerce and its bureaus conducted assessments of all automated systems and identified and undertook corrective actions to improve IT security (primarily focused on eliminating system and network vulnerabilities). DM anticipates completing security plans for all systems shortly. Targets for FY 2003 and FY 2004 are set at levels that require continued improvement in information technology (IT) security throughout the Department.

In the aftermath of September 11, 2001, DM determined that the Department's emergency preparedness needed significant enhancement. During FY 2002, DM concluded a cross-functional effort to develop and adopt a comprehensive continuity of operations plan (COOP) for the Department as a whole. In FY 2003 and FY 2004, DM will further strengthen COOP planning and emergency preparedness efforts by establishing a permanent oversight program that will test and evaluate bureau COOP plans. DM is also exploring ways of responding to the Commerce-specific requirements of its marine and air operations, special compartmented information activities and facilities, and joint activities undertaken with other agencies.

The Secretary, as the Department's chief executive officer; Deputy Secretary, as the chief operating officer; and Departmental offices also exercise managerial oversight and provide policy direction for the conduct of program activities carried out by the bureaus. Many of the programmatic challenges benefiting from the Secretary's and Deputy Secretary's guidance are highlighted in the chapter on Management's Discussion and Analysis and discussed in the bureau-specific chapters that follow.

Performance Results

In FY 2002, DM met or exceeded the targets for sixteen out of twenty-two measures—roughly, 73 percent—reflecting the Department’s continued emphasis on implementing management reform. In the six instances in which targets were not met, DM has examined the causes and identified appropriate action. Details are discussed under each Performance Goal.

DM met or exceeded targets for nine out of the ten measures being tracked under Performance Goal 1. In addition to the success reflected by these quantitative measures, some of the qualitative indicators of DM’s progress in these areas follow.

DM received an unqualified opinion on the Department’s consolidated financial statements for the fourth consecutive year and is making significant progress in reducing the number of audit findings. DM significantly reduced the number of material weaknesses identified by the auditors from eleven in FY 1996 to one in FY 2002. Complete implementation of the Commerce Administrative Management System by the end of FY 2003 and correction of IT security weaknesses that have been identified will allow the Department to resolve the remaining material weakness.

DM is gaining ground on implementing acquisition reform at Commerce. Announcements for upcoming contracts and solicitations are electronically published on the Internet through the government-wide single point-of-entry, FedBizOps.gov and DM is ahead of the annual government-wide goals for implementing performance-based contracting. Additionally, in response to an OMB request to all federal agencies, DM is implementing an aggressive plan to further strengthen management of purchase card activity across the Department. As part of this overall effort to strengthen acquisition management, DM is also modifying Commerce’s delegation and warrant program with the goal of realigning contracting authorities to increase overall effectiveness and accountability throughout the Department’s procurement community. Recognizing the need to improve contract management and performance at all levels, DM has also launched an initiative to restructure the Department-wide certification program for Contracting Officer’s Technical Representatives.

In FY 2002, DM met the long-term government-wide goal for reducing energy consumption from 1985 levels. Last fiscal year, Commerce achieved a 35 percent reduction meeting the FY 2010 goal for the federal government. Commerce was recognized for institutionalizing the principles established in Executive Order 13123, *Greening the Government through Efficient Energy Management*, when it received a Presidential Award for Leadership in Energy Management.

Finally, DM continued to make progress in ensuring the overall security and safety of its workforce, facilities, and programs. It adopted a Department-wide continuity of operations plan, completed forty-seven risk assessments of Commerce facilities and operations, and has reinvigorated its safety program by developing a Safety Action Plan, re-establishing the Commerce Safety Council, appointing a Safety and Health Official, assigning responsibility to senior executives by including a safety element in their performance plans, and developing a Web-based safety awareness training program.

Significant progress has been made in the area of strategic human capital management as tracked under Performance Goal 2. Targets for four out of six measures were met. Commerce completed its five-year Workforce Restructuring Plan which identifies three human capital challenges: high turnover in mission critical occupations; impending retirement wave, especially among the Senior Executive Service (SES); and reshaping workforce competencies to address the impact of e-government, competitive sourcing, and reengineering initiatives. An implementation action plan with key milestones and dates was included in the plan and significant progress has been achieved. Over the past year, Commerce has established a strong infrastructure for strategic human capital management to include targeted leadership by the Deputy Secretary, CFO Council and HR Officers Council. Critical hires were made for the Accountability Officer, the Training and Knowledge Management Officer, and a Program Manager for the SES Candidate Development Program. Commerce established new SES performance measures,

revised and revitalized the training policies, acquired an online Learning Management System (LMS) and implemented training advisory groups, enhanced the Commerce Opportunities Online (COOL) system for improved recruitment, developed an automated Commerce Performance and Award System, improved collaboration with the bureaus through counterpart groups and Communities of Practice, and enhanced diversity recruitment.

The Department has continued to strengthen its management of IT to acquire and manage the technology resources needed to support Commerce's program goals. During FY 2002, operating units were implementing Departmental direction to restructure IT management, including those activities covered by Performance Goal 3. Special emphasis was placed on ensuring the confidentiality, availability, and integrity of the Department's IT resources. Additionally, Commerce has contributed human and capital resources to the e-government initiatives in support of the President's Management Agenda. Overall, three of the six targets were met and substantial progress was achieved in the other three target areas. The targets for FY 2003 have not been changed and remain ambitious; DM will, as described under Performance Goal 3, work closely with the bureaus throughout the year to ensure that they are met.

Targets and Performance Summary

In FY 2001, the Department re-examined the performance measures used to monitor its progress in providing policy oversight and administrative support services, which represent the bulk of its activity under DM. Substantial changes were made to better reflect DM's most significant activities and to more closely correspond to the government-wide management initiatives established in the President's Management Agenda. The measures summarized below reflect that effort.

Performance Goal 1: Ensure Effective Resource Stewardship in Support of the Commerce Department's Programs

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2002 Met	FY 2002 Not Met
Clean audit opinion obtained on Department consolidated financial statements	100%	100%	100%	Yes	Yes	X	
Deploy Department-wide integrated financial management system	System deployed in 1 bureau.	System deployed in 4 bureaus.	System deployed in 8 bureaus.	Deploy system in 10 bureaus.	System deployed in 10 bureaus.	X	
Implement competitive sourcing	Inventory submitted on 7/9/99.	Inventory submitted on 6/30/00.	Inventory submitted on 6/29/01.	Convert or complete competitions on 5% of commercial FTE positions.	1% completed and management plan in place to accomplish cumulative goal for FY 2002/2003.		X
Funds obligated through performance-based contracting	N/A	N/A	25% of total procurement funds.	25% of total procurement funds.	31% of total procurement funds.	X	
Small purchases made using credit cards	288,268 transactions	88% of actions below \$25,000.	92% of actions below \$25,000.	90% of actions below \$25,000.	95% of actions below \$25,000.	X	
Use of online procurement to publish synopses and solicitations for proposals to contract with the Department	N/A	N/A	98% of synopses published online.	Publish 100% of synopses and 100% of solicitations online.	100% of synopses and 100% of solicitations published online.	X	
Increase percentage of total obligations awarded as contracts to small businesses	Small businesses: 42%	Small businesses: 34%	Small businesses: 50%	Small businesses: 35%	Small businesses: 51% ¹	X	
	Minority-owned businesses: 14%	Minority-owned businesses: 20%	Minority-owned businesses: 18%	Discontinued	Discontinued		
	Women-owned businesses: 5%	Women-owned businesses: 6%	Women-owned businesses: 9%	Discontinued	Discontinued		
Reduce energy consumption per square foot from 1985 baseline	33%	34%	34%	35%	35%	X	
Ensure a secure workplace for all Department employees	Conducted 12 studies to ensure physical security of Department of Commerce facilities.	Conducted 10 studies to verify proper maintenance of safes for classified materials.	Conducted 32 studies of classified computer systems.	Establish Department-wide continuity of operations plan (COOP) and conduct 10 compliance reviews of security programs and classified systems.	Department COOP established; 47 risk assessments completed.	X	

(continued)

Performance Goal 1: Ensure Effective Resource Stewardship in Support of the Commerce Department's Programs (cont.)

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2002 Met	FY 2002 Not Met
Ensure a safe workplace for all Department employees	N/A	N/A	N/A	Safety infrastructure accountability systems, and supervisory training programs are in place.	Safety action plan developed, reinvigorated the Commerce Safety Council to communicate safety issues, appointed a new <i>Designated Agency Safety and Health Official</i> to spearhead safety efforts, established performance element for senior executives, and developed Web-based safety awareness training program.	X	

Performance Goal 2: Strategic Management of Human Capital

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2002 Met	FY 2002 Not Met
Strategic Competencies—Ensure competency in leadership and in mission critical occupations	Vacancies monitored	Plan developed and tools identified.	Automated tools used by 3 pilot test offices.	Develop comprehensive Department-wide workforce restructuring plan that addresses competency gaps.	Completed final workforce restructuring plan in June 2002. Mission critical competencies identified. Candidate development program implementation plan developed which provides for the identification of gaps.	X	
Strategic Competencies—Ensure comprehensive training and development strategies	New	New	New	Analyze and update training and development policies to enhance competencies.	Training policy and supervisory training policy implemented.	X	
Strategic Competencies—Ensure diverse candidate recruitment	Greatest diversity voids determined and workforce has 3% staff of Hispanic origin.	Finalized memoranda of understanding with 9 Hispanic serving institutions and marketed 121 resumes with Department managers.	Sponsored 19 recruitment activities and marketed more than 352 resumes with Department managers.	Refine resume database, sponsor 20 recruitment activities, market 350 resumes, and implement a marketing or awareness campaign for Department managers.	Completed refining resume database, participated in 25 recruitment activities, implemented awareness campaign with Department managers.	X	
Efficiency and effectiveness of hiring systems using the Commerce Opportunities Online (COOL) System	COOL Phase I created.	COOL Phase II created and fill time identified at 44 days.	COOL Phase III created and fill time of 38 days.	Create COOL Phase IV and reduce fill time to 32 days.	Incomplete data		X

(continued)

Performance Goal 2: Strategic Management of Human Capital (cont.)

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2002 Met	FY 2002 Not Met
Increase the alignment of performance management with mission accomplishment	Information entered with 95% accuracy.	Combined performance management and awards handbook completed.	Tracking system for aligning ratings with mission - accomplishment or overall recognition designed.	Implement a new senior executive service performance management system that explicitly links senior executive service performance plans with strategic goals and annual performance plan measures.	All SES were placed on new performance management system in June. The system links management of PMA, individual and organizational performance and results.	X	
Implement a telecommuting program	Managers made aware.	3 pilot programs established.	13.5% of total workforce ² currently telecommuting.	50% of eligible workforce is involved in program.	18.9% of total workforce participate in regular or episodic teleworking.		X

Performance Goal 3: Acquire and Manage the Technology Resources to Support Program Goals

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2002 Met	FY 2002 Not Met
Transactions converted to electronic format	N/A	16 (13% of 123 total)	28 (23% of 123 total)	43 (35% of 123 total)	67 (54% of 123 total)	X	
IT planning and investment review program maturity (on a Scale of 0-5) ³	N/A	1	2	50% at 3 or higher	41% at 3 or higher		X
IT architecture program maturity (on a Scale of 0-5) ³	N/A	1	1.5	75% at 2 or higher 50% at 3 or higher	82% at 2 or higher 59% at 3 or higher	X	
IT security program maturity (on a scale of 0-5) ³	N/A	<1	100% at 1 or higher 60% at 2 or higher	80% at 2 or higher	70% at 2 or higher 48% at 3 or higher 26% at 4 or higher		X
Percentage of IT system security plans completed	N/A	21%	61%	100%	98%		X
Percentage of unsuccessful intrusion attempts	N/A	N/A	85% (1,380 of 1,620 intrusion attempts)	85% (2,150 of 2,530 projected intrusion attempts)	87% (1,441 of 1,665 intrusion attempts)	X	

¹ Based on preliminary data. Finalized data maintained in GSA's Federal Procurement Data System will be reported in the FY 2003 performance report.

² The portion of the workforce eligible to participate in the program depends on the Departmental telework policy, which is under development. Because this baseline figure was not available for FY 2001, we have reported on the proportion of the total workforce that telecommuted. However, because we could not verify whether the target was met, we are reporting that it was not met.

³ Maturity models are industry-accepted standards to assess progress toward achieving IT goals. See the description provided for Performance Goal 3.

Resource Requirements Summary

(Dollars in Millions. Funding amounts reflect total obligations.)

Information Technology (IT)

Full-Time Equivalent (FTE)

Performance Goal 1: Ensure Effective Resource Stewardship in Support of the Commerce Department's Programs

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual
Executive Direction	15.0	14.0	18.0	20.0
Departmental Staff Services	16.0	15.0	13.0	18.0
Advances and Reimbursements	1.0	2.0	5.0	5.0
Total Funding	32.0	31.0	36.0	43.0
IT Funding ¹	0.0	0.0	0.0	0.0
FTE	161	149	129	138

Performance Goal 2: Strategic Management of Human Capital

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual
Executive Direction	0.0	0.0	0.0	0.0
Departmental Staff Services	2.0	2.0	3.0	4.0
Total Funding	2.0	2.0	3.0	4.0
IT Funding ¹	0.0	0.0	0.0	0.0
FTE	22	17	24	23

Performance Goal 3: Acquire and Manage the Technology Resources to Support Program Goals

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual
Executive Direction	0.0	0.0	0.0	0.0
Departmental Staff Services	2.0	2.0	7.0	7.0
Total Funding	2.0	2.0	7.0	7.0
IT Funding ¹	2.0	2.0	7.0	7.0
FTE	24	19	18	21

Grand Total	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual
Executive Direction	15.0	14.0	18.0	20.0
Departmental Staff Services	20.0	19.0	23.0	29.0
Advances and Reimbursements	1.0	2.0	5.0	5.0
Total Funding	36.0	35.0	46.0	54.0
Direct	35.0	33.0	41.0	49.0
Reimbursable ²	1.0	2.0	5.0	5.0
IT Funding ¹	2.0	2.0	7.0	7.0
FTE	207	185	171	182

¹ IT funding included in total funding.

² Reimbursable funding reflects external sources only.

Note: Beginning in FY 2002, the summary reflects a consistent distribution of overhead costs among performance goals. Funds for the Working Capital Fund and the Franchise Fund are appropriated to bureaus, and they do not appear in these DM totals.

FY 2002 Performance Goals

Performance Goal 1: Ensure Effective Resource Stewardship in Support of the Commerce Department's Programs

Corresponding Strategic Goal

Management Integration Goal: Strengthen management at all levels.

Rationale for Performance Goal

The Department of Commerce must have the capacity to do business as successfully as possible with the public and its partner agencies, both as a \$5 billion, worldwide enterprise and as an integrated set of individual programs. This requires that DM identify, adopt, and maintain the business practices needed to successfully operate any such organization; use its resources wisely; and effectively implement the laws that affect the Department. Because this performance goal inherently encompasses a wide range of administrative and operational tasks, the measures used to assess DM's progress are by necessity highly diverse.

FY 2002 Performance

Under Performance Goal 1, "Ensure Effective Resource Stewardship in Support of the Commerce Department's Programs," nine out of ten targets were met, indicating significant forward movement in a wide range of administrative areas.

As a result of extensive consultation with private industry prior to issuing the Census Bureau's solicitation for proposals, the Department completed converting or competing only 1 percent of its commercial inventory compared to its target of 5 percent. The Census Bureau, which accounts for the majority of positions scheduled for review in FY 2002, is conducting a cost comparison for 225 "mixed tour" positions. Throughout this exercise, the Census Bureau has made every effort to assure the viability of the solicitation, which was released in October 2002. Census anticipates reaching a decision on this cost comparison in April 2003. DM has also established a management plan that provides a reasonable and practical approach to meeting the cumulative goal of 15 percent for FY 2002 and FY 2003 by October 2003.

Measure 1a: Clean Audit Opinion Obtained on Commerce Consolidated Financial Statements

	FY 1999	FY 2000	FY 2001	FY 2002
Target ¹	100%	100%	100%	Yes
Actual	100%	100%	100%	Yes
Met/Not Met	Met	Met	Met	Met

(This measure has been reworded since the publication of the FY 2002 Annual Performance Plan. It was previously worded as "Maintain 100% funds covered by clean audits.")

¹ See italicized statement above regarding rewording of the measure and recharacterization of the associated targets.

Explanation of Measure

The Department continues to give high priority to improving financial management by strengthening the integrity of financial operations and ensuring the accuracy of our financial records. Key laws such as the Chief Financial Officers Act, Government Management Reform Act, Federal Financial Management Improvement Act, and Government Performance and Results Act establish the standards for financial operations. Timely and reliable financial information is necessary to provide stakeholders and decision-makers with confidence in the way Commerce manages its resources, and it is key to ensuring full accountability to U.S. taxpayers for the expenditure of federal funds.

The method used to measure DM's success in this effort has been modified slightly but its objective remains the same. Prior to FY 2002, DM measured its progress in this area as the percentage of funding covered by a clean audit. DM is now assessing its ability to manage its financial resources based on whether the Department as a whole receives a clean audit opinion on its consolidated financial statements. This all-or-none approach emphasizes the importance of achieving overall success.

FY 2002 Performance

For the fourth consecutive year, the Commerce Department received an unqualified opinion on its consolidated financial statements.

Measure 1b: Deploy Commerce-wide Integrated Financial Management System

	FY 1999	FY 2000	FY 2001	FY 2002
Target ¹	1	4	8	10
Actual	1	4	8	10
Met/Not Met	Met	Met	Met	Met

(This measure has been reworded since the publication of the FY 2002 Annual Performance Plan. It was previously worded as "Meet milestones in implementing the Department-wide financial system (cumulative).")

¹ *Office of Computer Services Franchise Fund was previously considered to be, for this purpose, an independent bureau. It is now considered to be a part of the Office of the Secretary. Targets and performance levels have been modified to reflect this adjustment.*

Explanation of Measure

This measure tracks the Department's progress in implementing the requirements of the Chief Financial Officers Act, the joint financial management improvement program, and other standards for an integrated financial system. A modern, Department-wide financial management system is urgently needed to enable DM to improve financial management overall. Full deployment of the Commerce Administrative Management System (CAMS) will ensure fiscal accountability and provide program managers with the timely, accurate financial data needed for sound decision-making.

The targets for FY 2002 and FY 2003 have been modified as a result of a change in the definition of the Office of the Secretary as a bureau. Previously, the Office of the Secretary and Office of Computer Services (OCS) Franchise Fund were reported as two separate bureaus. OCS is now considered to be part of the Office of the Secretary. This does not alter the final goal, i.e., establishment of a Department-wide integrated financial management system. Since the system will be fully deployed across the Department in FY 2003, this measure will be discontinued beginning in FY 2004.

FY 2002 Performance

During FY 2002, NOAA processed over 80 percent of all accounts payable documents in CAMS and implemented the following CAMS components: Accounts Payable Interface, Purchase Card Module, basic Accounts Receivable, and Grants. In addition, NOAA conducted a CAMS pilot at National Ocean Service line offices, conducted an integration test of all CAMS modules, and closed its FY 2002 records using CAMS. NOAA successfully implemented all remaining CAMS modules on October 17, 2002, and CAMS became the financial system of record for NOAA and the Bureau of Industry and Security (BIS).

Measure 1c: Implement Competitive Sourcing

	FY 1999	FY 2000	FY 2001	FY 2002
Target	Inventory of commercial FTE ¹ positions due by 6/30/99.	Complete inventory of commercial FTE ¹ positions due by 6/30/00.	Complete inventory of commercial FTE ¹ positions due by 6/30/01.	Convert or complete competitions on 5% of commercial FTE ¹ positions.
Actual	Inventory submitted on 7/9/99.	Inventory submitted on 6/30/00.	Inventory submitted on 6/29/01.	1% completed and management plan in place to accomplish cumulative goal for FY 2002/2003.
Met/Not Met	Not Met	Met	Met	Not Met

(This measure has been reworded since the publication of the FY 2002 Annual Performance Plan. It was previously worded as "Expand A-76 competition and more accurate FAIR Act inventories.")

¹ FTE Full-time equivalents

Explanation of Measure

The Federal Activities Inventory Reform (FAIR) Act requires that agencies provide the Office of Management and Budget (OMB) with a timely inventory of the activities they perform that could be carried out by commercial sources. To comply with this requirement, the Department has developed an annual reporting process that is timely and complete. In March 2001, OMB added the requirement that all civilian agencies begin cost comparisons, or directly convert to contract, 5 percent of their FAIR Act inventory by September 30, 2002. An additional 10 percent of the inventory is to be competed or converted to contract by September 30, 2003.

FY 2002 Performance

In March 2002, the Department of Commerce submitted its Consolidated Competitive Sourcing Management Plan for FY 2002 and 2003 to OMB. The Plan provided the Department's timelines for completing cost comparisons and conversions that will allow it to achieve the government-wide target of 15 percent as established in the President's Management Agenda. OMB accepted the timelines presented in the Plan and awarded a Management Scorecard "green" rating to the Department in FY 2002. The Department has completed 1 percent of its commitment, is on schedule, and plans to meet the cumulative goal of 15 percent for FY 2002 and FY 2003 by September 2003.

Measure 1d: Funds Obligated through Performance-based Contracting

	FY 1999	FY 2000	FY 2001	FY 2002
Target	New	New	10%	25%
Actual			25% of \$1.624B	31% of \$795M
Met/Not Met			Met	Met

(This measure has been reworded since the publication of the FY 2002 Annual Performance Plan. It was previously worded as "Increase portion of contract funds for performance-based contracting.")

Explanation of Measure

Performance-based contracting is a method of procurement in which the federal government defines the results it is seeking, rather than the process by which those results are to be attained. The government also defines the standards against which contractor performance will be measured and incentives that may be used. The Procurement Executives Council has established an ultimate government-wide goal for federal agencies to award 50 percent of eligible service contracts as performance-based contracts by FY 2005. The interim government-wide goals are 20, 30 and 40 percent for FY 2002, FY 2003, and FY 2004, respectively. Believing that it could improve on the government-wide FY 2002 goal of 20 percent, Commerce established a target of 25 percent for itself.

FY 2002 Performance

In FY 2002, Commerce obligated \$253,568,000 for performance-based service contracts. This amount is 31 percent of the total amount awarded through eligible service contracts and exceeds the Department's goal of 25 percent. Commerce exceeded its target because it has placed significant emphasis on the use of performance-based contracting believing that it will produce better results. The Office of Acquisition Management, in collaboration with other agencies and industry, has also taken the lead in developing the "Seven Steps to Performance-Based Service Acquisition" guide. This guide, along with associated training, was offered Department-wide on a pilot basis in FY 2002 and is being considered as an initiative for FY 2003.

Measure 1e: Small Purchases Made Using Credit Cards

	FY 1999	FY 2000	FY 2001	FY 2002
Target	New	75% of actions below \$25,000	75% of actions below \$25,000	90% of actions below \$25,000
Actual	288,268 transactions	88% of actions below \$25,000	92% of actions below \$25,000	95% actions below \$25,000
Met/Not Met		Met	Met	Met

(This measure has been reworded since the publication of the FY 2002 Annual Performance Plan. It was previously worded as "Increase transactions using of credit card purchasing.")

Explanation of Measure

In FY 2000, the Procurement Executives Council adopted a new government-wide acquisition performance measurement program, which included establishing a target for using government-issued credit cards for transactions below the small purchase threshold. The government-wide target is 75 percent of all transactions under \$25,000. This measure was pilot-tested in FY 2000. The first year of full implementation was FY 2001.

During FY 2002, the government-wide Purchase Card Program came under significant scrutiny from Congress and OMB because of a general need to ensure strong management controls for this decentralized purchasing activity. In response to direction received from OMB, DM has developed and is implementing a comprehensive strategy for strengthening the guidelines, controls, and conditions for purchase card usage. Notwithstanding the need for strong controls, DM has established a long-term Commerce-specific target of using purchase cards for 90 percent of all transactions below \$25,000 beginning with FY 2002.

FY 2002 Performance

During FY 2002, Commerce processed 361,910 acquisitions of \$25,000 or less. Of these, the Department processed 345,686 transactions, or 95 percent, using purchase cards. Commerce continues to exceed the government target of 75 percent because this approach minimizes the lead time involved in obtaining needed products, requires less burdensome administrative handling and reduces the administrative cost of acquiring goods and services.

Measure 1f: Use of Online Procurement to Publish Synopses and Solicitations for Proposals to Contract with the Department				
	FY 1999	FY 2000	FY 2001	FY 2002
Target	New	New	50% of synopses	100% of synopses 100% of solicitations
Actual			98% of synopses	100% of synopses 100% of solicitations
Met/Not Met			Met	Met

(This measure has been reworded since the publication of the FY 2002 Annual Performance Plan. It was previously worded as "Expand the application of on-line procurement.")

Explanation of Measure

The President is committed to increasing the government’s use of the Internet to acquire goods and services and to promoting increased competition among firms interested in doing business with the government. In FY 2001, 98 percent of all synopses, or notices of intent to enter into a contract, issued by Commerce were posted through FedBizOps, which serves as the single point-of-entry Web site for all government agencies. As of FY 2002, this approach became the only option for publicizing procurement opportunities. As a result, there will be no need to track this measure in FY 2003 or beyond.

FY 2002 Performance

Commerce met the President’s commitment, supplemented by an OMB memorandum dated March 9, 2001, with respect to posting synopses and solicitations in FedBizOps. All synopses for acquisitions exceeding \$25,000 are posted through FedBizOps. Additionally, all associated solicitations, unless exempted by the Federal Acquisition Regulations, are accessible through FedBizOps.

Measure 1g: Increase Percentage of Total Obligations Awarded as Contracts to Small Businesses

		FY 1999	FY 2000	FY 2001	FY 2002
Small businesses	Target	35%	40%	40%	35%
	Actual	42%	34%	50%	51% ¹
	Met / Not Met	Met	Not Met	Met	Met
Women-owned businesses	Target	5%	5%	5%	Discontinued
	Actual	5%	6%	9%	
	Met / Not Met	Met	Met	Met	
Minority-owned businesses	Target	15%	18%	18%	Discontinued
	Actual	14%	20%	18%	
	Met / Not Met	Not Met	Met	Met	

(This measure has been reworded since the publication of the FY 2002 Annual Performance Plan. It was previously worded as "Increase percentage of total obligations awarded as contracts to small, minority-owned and women-owned businesses.")

¹ Based on preliminary data. Finalized data maintained in GSA's Federal Procurement Data System will be reported in the FY 2003 performance report.

Explanation of Measure

This measure monitors the Department of Commerce's ability to increase opportunities for small businesses, which include small disadvantaged, "8(a)," woman-owned, historically underutilized business zone (HUBZone), veteran-owned, and service-disabled veteran-owned businesses, to participate in Commerce acquisitions. Annually, the Small Business Administration (SBA) negotiates procurement goals with each federal agency in an effort to increase contract and subcontract awards to small businesses.

Historically, this included small businesses, small disadvantaged, 8(a), and women-owned businesses. In FY 2001, three new categories were added. These are HUBZone businesses, veteran-owned small businesses and service-disabled veteran-owned businesses, which is a subset of veteran-owned small businesses.

Through FY 2001, DM reported under the Government Performance and Results Act (GPRA) on the percent of awards made in three categories: (1) small businesses, (2) women-owned businesses, and (3) minority-owned businesses, which included small disadvantaged and 8(a) businesses. To avoid making this measure overly cumbersome by adding additional categories, beginning with FY 2002, Commerce simplified the method used to track its GPRA progress. It now reports on the percentage of procurement funds awarded to the umbrella group described as small businesses.

FY 2002 Performance

For FY 2002, SBA established a government-wide small business goal of 25 percent of total contract awards. The Commerce-specific target established by SBA was 35 percent. During the reporting period, 51 percent of all funds obligated through procurement transactions were awarded to small businesses. Commerce's strong commitment to maximizing small business participation in its procurement program allowed DM to exceed the small business goal established by SBA.

Measure 1h: Reduce Energy Consumption per Square Foot from 1985 Baseline

	FY 1999	FY 2000	FY 2001	FY 2002
Target	24%	25%	26%	35%
Actual	33%	34%	34%	35%
Met/Not Met	Met	Met	Met	Met

Explanation of Measure

Federal agencies are required by law and executive order to reduce energy consumption by 30 percent by 2005 and 35 percent by 2010. The Energy Policy Act of 1992 established 1985 as the baseline against which all agencies measure their progress. Commerce exceeded interim goals in FY 1999, FY 2000, and FY 2001.

FY 2002 Performance

In FY 2002, DM met the long-term government-wide goal of 35 percent. Having achieved this milestone, DM believes that monitoring energy consumption no longer merits tracking under the Government Performance and Results Act and is discontinuing this measure beginning with FY 2003.

Measure 1i: Ensure a Secure Workplace for All Commerce Employees

	FY 1999	FY 2000	FY 2001	FY 2002
Target	Conduct 12 physical security reviews.	Inspect all safes and other security containers at 10 field facilities.	Conduct inspections of 10 classified computer systems.	Establish Department-wide Continuity of Operations Plan (COOP) and conduct 10 compliance reviews of security programs and classified systems.
Actual	12 physical security reviews conducted.	All security containers at 10 field facilities inspected.	32 inspections of classified computer systems conducted.	DOC COOP established; 47 risk assessments completed.
Met/Not Met	Met	Met	Met	Met

(This measure has been reworded since the publication of the FY 2002 Annual Performance Plan. It was previously worded as "Protect information and staff at field sites from risk/disaster.")

Explanation of Measure

The Department of Commerce ensures security for headquarters and field staff, visitors, facilities, resources, and information. This is achieved in a variety of ways. In FY 1999, DM completed twelve physical security reviews for regional census centers. This reduced security-related risks and incidents, and helped increase employee satisfaction and productivity. In FY 2000, all safes and other security containers at ten Department of Commerce field facilities were inspected and found to be in compliance. In FY 2001, we inspected thirty-two classified computer systems to ensure that they are secure.

During FY 2003, DM will reconsider this measure to verify how best to determine the success with which it ensures the security of its employees and program operations. Any adjustments to DM's performance measures that are determined to be appropriate will be made in the Annual Performance Plan for FY 2005.

FY 2002 Performance

As part of the government-wide effort to ensure the security and continuity of operations across government, DM continued to place increased emphasis on protecting the Commerce workforce, facilities, and classified systems. DM worked with the bureaus to complete a Commerce-wide COOP plan. DM also conducted forty-seven risk assessments to evaluate the security of Commerce operations. Managers of the affected areas have been advised of the outcome of these reviews and instructed to take any corrective action determined to be appropriate.

Measure 1j: Ensure a Safe Workplace for All Commerce Employees

	FY 1999	FY 2000	FY 2001	FY 2002
Target	New	New	New	Safety infrastructure, accountability systems, and supervisory training programs are in place.
Actual				Safety action plan developed, reinvigorated the Commerce Safety Council to communicate safety issues, appointed a new <i>Designated Agency Safety and Health Official</i> to spearhead safety efforts, established performance element for senior executives, and developed Web-based safety awareness training program.
Met/Not Met				Met

Explanation of Measure

The Department is using this measure to highlight its effort to reinvigorate its safety program to ensure that employees have a safe environment in which to carry out their responsibilities.

FY 2002 Performance

An infrastructure for safety programs and accountability has been created. The Office of Human Resources Management established a formal action plan for FY 2002. The initial focus of the plan was to create a safety infrastructure within the Department to improve information flow between bureaus and the Department and to establish a structure and methodology to address important safety issues cooperatively. Safety newsletters were developed to further communicate the importance of employee involvement in safety programs. Safety checklists to assist supervisors and managers with conducting safety assessments of their workplaces have been instituted for use by the bureaus, as have formal procedures to improve the timeliness of reporting injuries and illnesses. The Department conducted safety training for bureau representatives and also incorporated safety into the performance elements for senior executives. In addition, a Web-based safety awareness- training program was developed.

Program Evaluation

The Department of Commerce uses reviews and reports generated by the Office of Inspector General, OMB, General Accounting Office, other congressional organizations, government-wide task forces, and other objective sources to evaluate performance goal 1 activities. For example, DM works closely with OMB implementing the five government-wide management initiatives established in the President's Management Agenda 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 Commerce's administrative functions. The Department uses the results of these efforts, as needed, to assess achievement of performance targets.

Performance Goal 2: Strategic Management of Human Capital

Corresponding Strategic Goal

Management Integration Goal: Strengthen management at all levels

Rationale for Performance Goal

By 2007, 71 percent of the Department's existing Senior Executive Service corps (and equivalents) and 39 percent of the senior staff in grades 13 through 15 will become eligible for retirement. Departures from the Department due to retirement only, represent approximately 21 percent of overall turnover. In the prior fiscal year, transfers to other federal agencies represented approximately 23 percent of separations and resignations accounted for 49 percent. These conditions will clearly produce an unprecedented drain on DM's institutional memory, on its capacity to provide mature leadership to the next generation of employees, and, thus, on its ability to effectively serve the public.

There is no issue more critical to the Department's continued effective functioning than that of current and projected turnover in mission critical positions, and the domino effect it precipitates. Separation projections are high among economists, fish biologists, mathematicians, statisticians, meteorologists, and engineers.

FY 2002 Performance

Reflecting the considerable effort made to address one of DM's most significant challenges, four out of six targets under Performance Goal 2, "Strategic Management of Human Capital," were met. Two targets have been identified as not being met because of an inability to assess DM's performance using the established methods of measurement.

The efficiency and effectiveness of DM's automated hiring system could not be definitively calculated because data collection was not complete for the year. The procedural concerns have been addressed and data collection is being closely monitored during FY 2003.

Almost one in five Commerce employees participated in teleworking in FY 2002. DM was not, however, able to specifically determine whether the goal had been met, which is measured as the percent of eligible employees participating in the program. This definition depends on issuance of the Department's teleworking policy, which is undergoing internal review and expected to be finalized in early FY 2003.

Measure 2a: Strategic Competencies—Ensure Competency in Leadership and in Mission Critical Occupations

	FY 1999	FY 2000	FY 2001	FY 2002
Target	Monitor vacancies	Develop workforce analysis plan and research and automate tools.	Automated tools used by 3 pilot test offices.	Complete comprehensive Department-wide workforce restructuring plan that addresses competency gaps in all bureaus.
Actual	Vacancies monitored	Plan developed and tools identified.	Automated tools used by 3 pilot test offices.	Completed final workforce restructuring plan in June 2002. Mission critical competencies identified. Candidate development program implementation plan developed which provides for the identification of gaps.
Met/Not Met	Met	Met	Met	Met

(This measure has been reworded since the publication of the FY 2002 Annual Performance Plan. It was previously worded as "Develop process to identify current/projected mission-related workforce needs.")

Explanation of Measure

Previous downsizing efforts, hiring freezes, and curtailed investment in human capital have resulted in a workforce that is not “appropriately constituted to meet the current and emerging needs of government and the nation’s citizens,” according to a government-wide General Accounting Office report published in January 2001, entitled *High-Risk Series: An Update*. President Bush identified the issue of “de-layering management levels to streamline organizations” as one of his five key government-wide management reforms. Ensuring that employees are available at the proper time and with the correct competencies is essential to achieving mission objectives. This measure ensures that the Department of Commerce conducts a strategic review of workforce needs, identifies appropriate competencies, and implements plans to provide a sufficient number of employees with these competencies.

FY 2002 Performance

In response to high projected retirements among the SES, Commerce revitalized the Candidate Development Program. Focus groups were identified to assist in evaluating and improving the program, and best practices were investigated. Commerce developed a “draft” CDP implementation plan and circulated it for comments. To ensure strong leadership of the program, a new CDP Program Manager was hired. SES retirement data are being analyzed according to occupational series to ensure the CDP meets leadership succession needs, as well as addresses competency gaps.

Measure 2b: Strategic Competencies—Ensure Comprehensive Training and Development Strategies

	FY 1999	FY 2000	FY 2001	FY 2002
Target	New	New	New	Analyze and update training and development policies to enhance competencies.
Actual				General supervisory training policies implemented.
Met/Not Met				Met

Explanation of Measure

This measure reflects the urgency of the need for skilled, knowledgeable, and high-performing employees to meet the current and emerging requirements of the federal government and the American people. The Department of Commerce will support continual learning and improvement in an organizational culture that promotes knowledge sharing and fosters a climate of openness.

FY 2002 Performance

Commerce’s training policies were reviewed with bureau training officers and approved for implementation. The policies included a generic employee training policy and supervisory training policy. Training procedures were placed online on the OHRM training Web site.

Measure 2c: Strategic Competencies—Ensure Diverse Candidate Recruitment				
	FY 1999	FY 2000	FY 2001	FY 2002
Target	Determine greatest diversity voids.	Finalize memoranda of understanding with 5 hispanic serving institutions and market student resumes.	Develop and implement resume database, sponsor 9 recruitment activities, and market 140 resumes.	Refine resume database, sponsor 20 recruitment activities, market 350 resumes, and implement a marketing and awareness campaign for Department managers.
Actual	Greatest diversity voids determined, and workforce has 3% staff of Hispanic origin.	Finalized memoranda of understanding with 9 Hispanic serving institutions and marketed 121 resumes with Department managers.	Resume database developed and implemented, 19 recruitment activities sponsored, and more than 352 resumes marketed.	Completed refining resume database, participated in 25 recruitment activities, implemented awareness campaign with Department managers.
Met/Not Met	Met	Met	Met	Met

(This measure has been reworded since the publication of the FY 2002 Annual Performance Plan. It was previously worded as “Increase recruitment opportunities / improve diversity.”)

Explanation of Measure

Only 3 percent of the Commerce workforce is of Hispanic origin, which is low compared with the 11 percent in the civilian labor force. Considering the impending retirements of many of the Department’s workers and DM’s goal to become an employer of first choice, that is, that individuals seeking jobs will seek out a position at the Department of Commerce, DM needs to develop a steady supply of high-quality, diverse candidates to ensure appropriate recruitment pools. Currently, DM has entered into formal memoranda of understanding with nine colleges and universities—Hispanic serving Institutions—that call for information sharing about education, training, employment, and research opportunities at the Department of Commerce and university activities that meet the requirements of Department of Commerce-mission-related careers.

FY 2002 Performance

The Department of Commerce Office of Human Resources Management (OHRM) registered and participated in twenty-five job fair events during the fiscal year. This figure exceeded DM’s goal by five, and at least thirteen career fairs were directed toward the Hispanic community. With regard to marketing resumes, in the prior year, this process was a manual one, and copies of the resumes were made and sent out to bureau managers. With the automation of the resume database, marketing

efforts were reoriented toward marketing the system itself, which contains over 1,300 resumes. To ensure more awareness and use of the database, OHRM staff developed a brochure about the Job Fair Resume Database (JFRD) directed toward managers, met with Principal Human Resources Managers for all bureaus to explain and demonstrate the JFRD, and solicited their assistance in distributing the brochure to managers within their respective organizations.

Measure 2d: Efficiency and Effectiveness of Hiring Systems Using the Commerce Opportunities Online (COOL) System

	FY 1999	FY 2000	FY 2001	FY 2002
Target	Create Commerce Opportunities Online (COOL) Phase I.	Create COOL Phase II and identify average fill time.	Create COOL Phase III and reduce till time to 34 days.	Create COOL Phase IV and reduce fill time to 32 days.
Actual	COOL Phase I created.	COOL Phase II created and fill time identified at 44 days.	COOL Phase III created and fill time of 38 days.	Incomplete data
Met/Not Met	Met	Met	Not Met	Not Met

(This measure has been reworded since the publication of the FY 2002 Annual Performance Plan. It was previously worded as "Increase the efficiency and effectiveness of hiring systems.")

Explanation of Measure

To ensure that employees with the proper competencies are in place as quickly as possible, the Department has developed and implemented an automated hiring solution to improve the timeliness of hiring. In the past, Commerce managers expressed displeasure with the lengthy hiring process, as well as the number and quality of candidates referred for consideration. In 1999, the Department designed and pilot-tested a Web-based recruitment and referral system, COOL Phase I. In April 2000, Commerce replaced the Phase I pilot with an enhanced version (COOL Phase II) and deployed it within a number of the Department’s bureaus. In October 2000, the Department deployed COOL Phase III, which is useful for filling vacancies with nonstatus, external candidates. In FY 2002, Commerce deployed COOL Phase IV, with the objective of reducing the vacancy fill time to thirty-two days.

FY 2002 Performance

DM is not able to definitively determine the fill time for FY 2002 COOL actions due to incomplete data. DM’s “fill time” definition comprises the total time it takes to complete various phases of the hiring process, i.e., receipt date of the SF-52 in the human resources office to the date a certificate is issued to the manager, and relies directly upon data that are captured at each of those phases. While DM does have some FY 2002 data that reflect a fill time of 28.06 days, the fact that these data do not comprise a random sample does not allow DM to extrapolate those results more broadly. Partial information appears to support a determination that DM has “met” the FY 2002 target, however, it is reporting this target as “not met.”

Measure 2e: Increase the Alignment of Performance Management with Mission Accomplishment

FY 1999	FY 2000	FY 2001	FY 2002	
Target	Enter performance ratings and awards into National Financial Center database with 95% accuracy.	Develop Web-based combined performance management and awards handbook.	Design Tracking System for Aligning Ratings with Mission Accomplishment and Overall Recognition.	Implement a new SES performance management system that explicitly links SES performance with strategic goals and annual performance plan measures.
Actual	Information entered with 95% accuracy.	Combined performance management and awards handbook completed.	Tracking system for aligning ratings with mission accomplishment and overall recognition designed.	All SES were placed on new performance management system in June. The system links management of PMA, individual and organizational performance and results.
Met/Not Met	Met	Met	Met	Met

(This measure has been reworded since the publication of the FY 2002 Annual Performance Plan. It was previously worded as "Increase the alignment of performance management with mission accomplishment and overall recognition.")

Explanation of Measure

A key aspect of ensuring that human capital is strategically aligned to organizational accomplishment is to ensure that alignment exists between an organization’s strategic and operating plans and individual performance plans for employees. For example, the General Accounting Office’s *High-Risk Series, An Update*, published in January 2001, stated that agencies should instill an organizational climate that promotes high performance and accountability and that the alignment of individual performance standards with organizational performance measures is a critical aspect of sound human capital management. President Bush reaffirmed this concept in a speech in which he stated his commitment to improving the linkages between individual performance and organizational mission accomplishment. To provide guidance to the Department regarding these linkages, the Office of Human Resources Management combined two related systems (performance management and incentive awards) into one Web-based document. With the receipt of the U.S. Office of Personnel Management’s new SES performance rating regulations, DM designed a new SES performance management system. This measure will ensure that a definitive linkage is created, tested, documented, and tracked so that performance management is integral to mission accomplishment.

FY 2002 Performance

The Department of Commerce Office of Human Resources Management (OHRM) completed development of an executive performance management system in compliance with new Office of Personnel Management SES performance guidance. The goal of the Department is to ensure SES performance management is used to communicate Departmental goals and objectives, and assess senior executives’ performance against established critical job elements and strategic goals, which result in individual accountability. Working with bureau representatives, the OHRM staff developed SES performance elements and requirements to reflect individual and organizational performance expectations, consistent with the goals and performance expectations in the Agency’s strategic planning initiatives. This new system was finalized and approved in April 2002, and all Departmental senior executives were placed on the new standards by June 1, 2002. Commerce also completed development of the Commerce Performance and Awards System (CompAS), which links individual performance and rewards as a driver for organizational performance and results. Management training was developed to support pilot implementation in FY 2003.

Measure 2f: Implement a Telecommuting Program

	FY 1999	FY 2000	FY 2001	FY 2002
Target	Make managers aware of telecommuting flexibilities.	Provide advice to managers in establishing pilot programs.	25% of eligible workforce ¹ is involved in program.	50% of eligible workforce is involved in the program.
Actual	Made managers aware.	3 pilot programs established.	13.5% of total workforce ¹ currently telecommuting.	18.9% of total workforce participate in regular or episodic teleworking ¹ .
Met/Not Met	Met	Met	Not Met	Not Met

¹ The portion of the workforce eligible to participate in this program depends on the Departmental telework policy, which is under development. Because this baseline figure was not available for FY 2002, DM reported on the proportion of the total workforce that telecommuted. However, because DM could not verify whether it met the target, it is reporting that it was not met.

Explanation of Measure

Public Law 106-346 supports implementation of telecommuting programs throughout the Federal Government and requires agencies to establish telecommuting policies. The law also requires the Office of Personnel Management to provide for the application of the law to 25 percent of the eligible federal workforce within six months (by April 23, 2001) and to an additional 25 percent each year, thereafter. The Department has supported implementation of this law by re-examining its telework policy, which is pending implementation. Once implemented, the telework policy will define the eligible workforce.

FY 2002 Performance

The Department’s telework policy remained under procedural and legal review during FY 2002. Bureaus delayed implementation of full-scale programs pending execution of the policy, however episodic teleworking was utilized throughout the year. Pending issuance of Departmental policy, an automated workforce scheduling system, which identifies the eligible employees, will be implemented in FY 2003. It is expected that the Department will improve performance in this target for FY 2003 and FY 2004.

Program Evaluation

The Department of Commerce uses reviews and reports of the Office of Inspector General, the Office of Management and Budget (OMB), the Office of Personnel Management (OPM), the General Accounting Office, other Congressional organizations, government-wide task force studies that produce (or rely on) objective review criteria, and other sources in conducting evaluations of the activities listed under performance goal 2. In addition, many of the laws cited in this section have specific reporting requirements. During FY2002, Commerce worked closely with the OPM and OMB to develop an infrastructure for improving human capital management, assessments, training and knowledge management, and accountability programs. As of the end of FY 2002, OMB had assigned Commerce a green “progress” rating, signifying that DM is making significant forward movement in changing its human resources management practices and positioning itself to achieve meaningful results that will allow DM to improve its “status” rating.

Performance Goal 3: Acquire and Manage the Technology Resources to Support Program Goals

Corresponding Strategic Goal

Management Integration Goal: Strengthen management at all levels

Rationale for Performance Goal

As the U.S. becomes increasingly oriented toward using electronic means of communication and information dissemination, federal agencies must ensure that they continue to be as responsive as possible to the needs of the public, private sector, other levels of government, and other federal agencies. This requires that DM develops and implements new approaches to electronic communication and that its existing systems are able to perform at the highest levels. Specific areas identified for measurement and reporting include: (1) converting paper transactions to electronic form, (2) improving DM's information technology (IT) planning and investment review processes, (3) expanding the role of IT architecture in evaluating new and existing systems, (4) improving the IT security program, (5) ensuring confidentiality, integrity, and availability of systems and data, and (6) protecting systems from intrusions.

FY 2002 Performance

FY 2002 was a transitional year in that Commerce bureaus were continuing to restructure their IT functions in response to Departmental direction, which required considerable resources to address all aspects of IT management. Because of its criticality at this time, special emphasis was also placed on ensuring the confidentiality, availability, and integrity of the Department's IT resources. Additionally, Commerce has contributed human and capital resources to the electronic government initiatives in support of the President's Management Agenda. These activities affected our ability to fully meet the aggressive goals established under this Performance Goal for FY 2002.

Three out of the six targets were met. Substantial progress was made in the remaining three areas, which are discussed below.

The FY 2002 target was to have 50 percent of the bureaus operating at level three of the IT Planning and Investment Review maturity model, i.e., having a fully defined IT planning program. As of the end of the year, 41 percent were operating at level three. Fully developing planning and investment review programs at the bureau level requires the involvement and direction of senior IT managers, specifically Chief Information Officers (CIOs). Progress in certain areas was hampered due to delays in the appointment of bureau CIOs and the establishment of their management philosophy. The Department's CIO will continue working with each bureau, establishing specific objectives and monitoring their progress throughout the year, to ensure that FY 2003 targets are met.

Strengthening IT security programs remains a priority throughout the Department. The FY 2002 target was for 80 percent of our bureaus to be operating at level two of the maturity model, i.e., having fully documented security procedures. Other priorities, such as assessing all systems and updating security plans, resulted in resources being redirected and only 70 percent of Commerce's bureaus achieved level two. The planning accomplished as a result of these activities, however, has equipped the bureaus with a roadmap for moving beyond the FY 2002 targets and accomplishing the FY 2003 goals by September 30, 2003.

Significant progress has been made in completing security plans for Commerce Department systems, however, the 100 percent target was missed by 2 percent. The remainder will be completed early in FY 2003.

Measure 3a: Transactions Converted to Electronic Format

	FY 1999	FY 2000	FY 2001	FY 2002
Target	New	16 (13% of 123 transactions)	25 (20% of 123 transactions)	43 (35% of 123 transactions)
Actual		16 (13% of 123 transactions)	28 (23% of 123 transactions)	67 (54% of 123 transactions)
Met/Not Met		Met	Met	Met

(This measure has been reworded since the publication of the FY 2002 Annual Performance Plan. It was previously worded as "Increase the goods and services provided via electronic means.")

Explanation of Measure

The Government Paperwork Elimination Act (GPEA) determined the framework upon which e-government must be built. Under GPEA, agencies must provide for the optional use and acceptance of electronic documents and signatures and electronic record keeping, when practicable, by October 2003. At present, the Department of Commerce provides information to customers, stakeholders, and partners using a combination of electronic and paper-based mechanisms. The first GPEA plan was submitted to the Office of Management and Budget (OMB) in October 2000. At that time, the Department identified 235 transaction types that were carried out between Department of Commerce offices and operating units, and the public. Of those, 123 were appropriate for conversion to an electronic option; this number served as DM's baseline through 2002. Starting in 2003, the new baseline is 214 transactions due to revised instructions from OMB to include a broader set of electronic transactions and to focus on and include transactions related to the Administration's twenty-four e-government initiatives.

As the Department strives to achieve its e-government goals, DM is working to make processes, not just forms, electronic. Making processes electronic typically involves business process reengineering and is inherently more complex than making a form electronically fillable. The Departmental Chief Information Officer (CIO) plans to closely monitor the operating units' GPEA transaction completions in 2003 by instituting a monthly reporting process and holding a mid-year review of progress toward meeting the 2003 goal.

FY 2002 Performance

In FY 2002, thirty-nine additional transactions were made available online, making the total to date sixty-seven transactions, which exceeded the annual target of forty-three. Of these, 87 percent of DM's completed electronic transactions constituted either reengineered business processes or involved Web-based services. Examples include the adoption of electronic reporting at the Census Bureau for the Economic Census; development of a Web-based fish permit capability by NOAA's National Marine Fisheries Service; and establishment of the Export.Gov portal, the Commerce-led government-wide initiative, which offers a wide range of information to potential exporters and is being expanded to include forms and services.

Measure 3b: IT Planning and Investment Review Program Maturity (Scale of 0-5)

	FY 1999	FY 2000	FY 2001	FY 2002
Target	New	New	2	50% at 3 or Higher
Actual		1	2	41% at 3 or higher
Met/Not Met			Met	Not Met

Explanation of Measure

The Commerce IT planning process requires that each operating unit develop strategic and operational IT plans. The purpose of the strategic IT plan is to focus attention on the high-level, strategic application of IT to Departmental missions. Operating units then develop operational IT plans to show the detailed actions and resources necessary to achieve strategic plan goals. These plans form the foundation for analysis of specific IT investments.

To assist operating unit CIOs to continually improve their IT processes and to achieve a level of comparability across operating units, the Office of the CIO has provided them with maturity models, which is an industry-wide accepted approach to objectively assessing the progress of IT and related initiatives in achieving program goals. The Software Engineering Institute at Carnegie Mellon University developed the concept of maturity models. A maturity model places proven practices into a structure that helps an organization assess its organizational maturity and process capability, establish priorities for improvement, and guide the implementation of these improvements. The Software Engineering Institute's software maturity model has become the de facto standard in the IT industry for assessing and improving software processes. An organization's processes are deemed to be at a specific level when all established criteria for that level have been met. There are no partial or incremental steps between the levels.

Commerce uses maturity models to measure progress in three areas critical to managing IT resources: IT Planning and Investment Review, IT Architecture, and IT Security. Definition of each level (0-5) of the models is as follows:

Level	IT Planning and Investment Review	IT Architecture	IT Security
0	No IT planning program.	No IT architecture.	No IT security program.
1	Initial: Informal IT planning program.	Initial: informal IT architecture process underway.	Documented policy.
2	IT planning program in development.	IT architecture process in development.	Documented procedures.
3	Defined IT planning program.	Defined IT architecture including detailed written procedures and technical reference model.	Implemented procedures and controls.
4	Managed IT planning program.	Managed and measured IT architecture process.	Tested and reviewed procedures and controls.
5	Optimizing: Continual improvement of the IT planning program.	Optimizing: Continual improvement of the IT architecture process.	Fully integrated procedures and controls.

FY 2002 Performance

The FY 2002 target was recognized to be an aggressive goal when it was established, and was intended to challenge at least half of the operating units to move from Level 2 to Level 3 in the course of one year. Achieving Level 3, a "defined IT planning program," requires the commitment and participation of operating unit senior leaders and program managers. Significant cultural and procedural changes are required throughout the units' planning, budgeting and program execution processes. These changes require the leadership of a formally appointed CIO, adequately empowered within the organization. Those operating units with CIOs in place were positioned to make progress on this measure during FY 2002. Progress in other operating units, such as the National Institute of Standards and Technology (NIST), was delayed as CIOs were being appointed,

their authorities were established, and their procedures put in place. Even though 41 percent (vs. the 50 percent target) of Commerce operating units achieved the target of Level 3 for this measure, 60 percent of Commerce’s IT portfolio (as represented by total IT expenditures) was managed by organizations at Level 3. NOAA and Census, with 60 percent of the total IT expenditures achieved Level 3.

The Commerce Chief Information Officer continues to work with the operating units to improve the management of IT. By establishing specific objectives with each operating unit and monitoring progress regularly throughout the year, DM expects to achieve the FY 2003 performance goal of 60 percent of the operating units at Level 3 and 30 percent at Level 4.

Measure 3c: IT Architecture Program Maturity (Scale of 0-5)				
	FY 1999	FY 2000	FY 2001	FY 2002
Target	New	New	2	75% at 2 or Higher 50% at 3 or Higher
Actual		1	1.5	82% at 2 or Higher 59% at 3 or Higher
Met/Not Met			Not Met	Met

Explanation of Measure

The IT architecture serves as the blueprint that guides how IT resources work together as a cohesive whole to support the Department’s mission. This mechanism helps the Department in efficiently utilizing its IT funding by recognizing the potential usefulness of IT systems to similar business practices across operating units, which results in eliminating duplication, improving information-sharing abilities, enhancing Commerce’s ability to respond to changing business needs, and reducing costs because of economies of scale.

An IT Architecture Affinity Group composed of members from across the Department has established IT architecture guidelines, evaluation criteria, and a maturity scale. A high-level enterprise architecture plan serves as the overarching driver for Commerce’s architecture efforts. Each Commerce operating unit is developing its own IT architecture, in line with the Departmental plan, and is following the guidelines and criteria prepared by the IT Architecture Affinity Group. Together these plans form Commerce’s federated IT enterprise architecture. Concurrently, linkages are being established between the Commerce enterprise architecture and the government-wide architecture.

The maturity models:

Level	IT Planning and Investment Review	IT Architecture	IT Security
0	No IT planning program.	No IT architecture.	No IT security program.
1	Initial: Informal IT planning program.	Initial: Informal IT architecture process underway.	Documented policy.
2	IT planning program in development.	IT Architecture Process in Development.	Documented procedures.
3	Defined IT planning program.	Defined IT architecture including detailed written procedures and technical reference model.	Implemented procedures and controls.
4	Managed IT planning program.	Managed and measured IT architecture process.	Tested and reviewed procedures and controls.
5	Optimizing: Continual improvement of the IT planning program.	Optimizing: Continual improvement of the IT architecture process.	Fully integrated procedures and controls.

FY 2002 Performance

The FY 2002 performance goal for IT Architecture was achieved. During FY 2002, Commerce made significant progress in the area of IT architecture. At the end of FY 2001, the Departmental average maturity level for architecture was 1.5. By the end of FY 2002, 82 percent of the operating units had achieved Level 2, with 59 percent also achieving Level 3. Level 3 requires that the operating unit have a defined IT architecture process, detailed written procedures, and a Technical Reference Model that lays out the technical components of the architecture. The target was exceeded primarily through the maturing of the process and the participation of all operating units in sharing techniques, lessons learned, and standardization of the process through the DOC IT Architecture Affinity Group.

Measure 3d: IT Security Program Maturity (Scale of 0-5)				
	FY 1999	FY 2000	FY 2001	FY 2002
Target	New	New	50% at 1 or higher	80% at 2 or higher
Actual		More than 1	100% at 1 or higher 60% at 2 or higher	70% at 2 or higher 48% at 3 or higher 26% at 4 or higher
Met/Not Met			Met	Not Met

Explanation of Measure

The IT security program implements policies, standards, and procedures to ensure an adequate level of protection for IT systems, whether maintained in-house or commercially. Commerce’s IT security program includes the preparation of risk assessments, security plans, contingency plans, and certification and accreditation of IT systems to ensure the confidentiality, availability, and integrity of the Department’s IT resources.

The maturity models:

Level	IT Planning and Investment Review	IT Architecture	IT Security
0	No IT planning program.	No IT architecture.	No IT security program.
1	Initial: Informal IT planning program.	Initial: Informal IT architecture process underway.	Documented policy.
2	IT planning program in development.	IT Architecture process in development.	Documented procedures.
3	Defined IT planning program.	Defined IT architecture including detailed written procedures and technical reference model.	Implemented procedures and controls.
4	Managed IT planning program architecture process.	Managed and measured IT architecture process.	Tested and reviewed procedures and controls.
5	Optimizing: Continual improvement of the IT planning program.	Optimizing: Continual improvement of the IT architecture process.	Fully integrated procedures and controls.

FY 2002 Performance

In response to the Government Information Security Reform Act (GISRA), the Department identified specific corrective actions to improve IT security, primarily focused on eliminating system and network vulnerabilities. The Departmental CIO required that operating units complete all corrective actions by September 30, 2002. Additionally, the Departmental CIO required that all systems undergo a self-assessment, in accordance with NIST Special Publication 200-26 and that all security plans be updated during FY 2002. While these actions put in place protections for Commerce’s systems and data, resources were diverted from the Level 2 activities of documenting procedures. Therefore, while Commerce’s resources are better protected, the measure listed here was missed. As of year-end, 70 percent, rather than 80 percent, of the operating units were at Level 2 or higher. It is also significant to note that the FY 2003 target for Level 3 was almost reached in FY 2002. This is because Census and EDA achieved Level 3 maturity and NOAA, NTIS, and BEA achieved Level 4 maturity. The majority of operating units that did not achieve Level 2 are small, and even with limited resources are actively building their IT Security programs. Progress on this measure has been delayed at NIST by the lack of a CIO.

In FY 2002 the IT Security Program Manager required that operating units utilize the results of the system self-assessments to develop corrective action plans to address all critical elements that had not achieved a Level 3 maturity. These corrective action plans will provide those operating units currently at a Level 2 or below a roadmap to achieving Level 3 maturity by the end of FY 2003. The FY 2003 and 2004 targets are set at levels to encourage and require continued improvement throughout the Department in the area of IT Security.

Measure 3e: Percentage of IT System Security Plans Completed				
	FY 1999	FY 2000	FY 2001	FY 2002
Target	New	New	New	100%
Actual		21%	61%	98%
Met/Not Met				Not Met

Explanation of Measure

IT security plans are the foundation for ensuring the confidentiality, availability, and integrity of information technology systems. As such, they are key to management’s understanding of the risks to information and IT systems, and the measures needed to mitigate these risks. Plans should be updated every three years or when significant changes are made to the systems. The objective is to remain at the 100 percent level. Additional related measures are being formulated for the next reporting period.

FY 2002 Performance

Completing IT security plans for all systems across the Department was an area of special emphasis during FY 2002. Operating units provided monthly reports on progress in this area, and IT security compliance reviews examined the reported results at selected operating units. Although significant progress was made, 589 out of 601 (or 98 percent) security plans are up to date and in place, the FY 2002 target of completing 100 percent of all needed IT security plans was not met. However, all operating units but two have completed 100 percent of their IT security plans. The Census Bureau has completed 90 percent of its plans, and the remaining 10 percent are targeted for completion by December 31, 2002. MBDA will complete 100 percent of its plans by December 31, 2002 as well.

In addition to having security plans for all systems, special emphasis was placed on the quality of security plans because they are a significant aspect of the system certification and accreditation package. The Department’s focus in FY 2003 will be to ensure all systems have been certified and accredited in accordance with the National Information Assurance Certification and Accreditation Process, beginning with the national critical, mission critical, and classified systems.

Measure 3f: Percentage of Unsuccessful Intrusion Attempts				
	FY 1999	FY 2000	FY 2001	FY 2002
Target	New	New	New	85% (2,150 of 2,530 projected intrusion attempts)
Actual			86% (1,380 of 1,620 intrusion attempts)	87% (1,441 of 1,655 intrusion attempts)
Met/Not Met				Met

Explanation of Measure

Intrusion detection software that protects one of NOAA’s many campuses and facilities shows that continual probes from outside systems are looking for vulnerabilities that can be exploited to gain access to NOAA systems. Statistics that NOAA has kept over the last few years show that the threat is increasing every year. Successful compromises put Commerce at serious risk, affecting the confidentiality, availability, and integrity of IT systems. While all intrusion attempts cannot be thwarted, successful compromises must be minimized; that is, the number of unsuccessful attempts must increase as the overall number of attempted intrusions increases.

FY 2002 Performance

The FY 2002 target was met. Success on this measure is a direct result of NOAA's intrusion detection equipment, security management commitment to training, education, and awareness and the certification and accreditation process being conducted throughout NOAA.

Program Evaluation

The Department of Commerce uses reviews and reports generated by the Office of Inspector General, Office of Management and Budget, General Accounting Office, other Congressional organizations, government-wide task force studies, and other objective sources to evaluate performance goal 3 activities. In addition, many of the laws pertaining to IT management have separate reporting requirements, which highlight both strengths and weaknesses of Commerce'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 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 will be in place to strengthen the management of IT at all levels.

DM Data Validation and Verification

To a great extent, DM measures depend on input provided by many sources — typically, Commerce's thirteen bureaus — and a combination of techniques is used to validate and verify the data received.

For example, financial performance at all levels is subject to review by our auditors. Data input by the bureaus relating to acquisition activities, e.g., performance-based contracts and small business awards, is screened at the Department level during the reporting cycle.

Several of the measures relating to information technology management under Performance Goal 3 involve the use of maturity models to evaluate the adequacy of the programs in place to manage IT planning, architecture, and security. These models represent an industry-wide accepted approach for objectively assessing the IT functions. The Office of the Chief Information Officer works closely with bureaus to ensure that the criteria for each level is met as bureaus progress through the five-step models.

As DM moves forward to other, less concrete objectives, e.g., developing competencies in leadership and mission critical occupations and improving the effectiveness and efficiency of our hiring systems, it is continuing to refine its reporting structure. The DM Data Validation and Verification table can be found starting on the following page.

DM Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 1a: Clean audit opinion obtained on Department consolidated financial statements	Consolidated financial statements and Office of Inspector General (OIG) audits.	Annual	Bureau or Departmental financial systems.	OIG Audits	None	Continue to maintain clean audits.
Measure 1b: Deploy Department-wide integrated financial management system	Bureau reports	Ongoing monitoring and quarterly reporting	N/A	OIG Audits	N/A	Continue aggressive implementation schedule.
Measure 1c: Implement competitive sourcing	FAIR Act inventory and Competitive Sourcing Management Plan	Annual	OEBAM chronology files	Executive Secretariat	None	Request updates quarterly.
Measure 1d: Funds obligated through performance-based contracting	Commerce procurement data system.	Annual	Commerce procurement data system	Supervisory audit	N/A	None
Measure 1e: Small purchases made using credit cards	Commerce bankcard center	Annual	Commerce bankcard center	Procurement Executives Council (PEC) process.	None	Continue to gather and review data
Measure 1f: Use of online procurement to publish synopses and solicitations for proposals to contract with the Department	Commerce Business Daily Net	Annual	Commerce Business Daily Net	Contracting office certification	N/A	None
Measure 1g: Increase percentage of total obligations awarded as contracts to small businesses	Small Business Administration (SBA) and the Department of Commerce's Office of Small and Disadvantaged Business Utilization (OSDBU).	Annual	SBA and OSDBU	SBA and OSDBU	None	Continue outreach efforts
Measure 1h: Reduce energy consumption per square foot from 1985 baseline	Bureau reports	Annual	Departmental management office tracking system.	Reasonable use standard	N/A	Improve recording and reporting methodology.
Measure 1i: Ensure a secure workplace for all Department employees	Site visits	Annual	Computer systems	Compliance reviews	Technology decentralizes data	Continued monitoring and evaluation.
Measure 1j: Ensure a safe workplace for all Department employees	Office of Human Resources Management	Annual	Office of Human Resources Management	Reporting to senior managers.	N/A	Continued monitoring and evaluation.
Measure 2a: Strategic Competencies—Ensure competency in leadership and in mission critical occupations	National Finance Center/Department of Commerce's Human Resources Data System (HRDS), bureaus' workforce restructuring plans, recruitment and retention plans that focus on mission critical competencies, and leadership succession plans (recruitment, retention, and development).	Semi-annual in some cases, annual in others.	Office of Human Resources Management (OHRM) payroll and personnel system and succession plans.	Availability of plans, data accuracy as documented by the National Finance Center, leadership recruitment and retention rates, turnover data, availability and quality of succession plans, and review of bureau progress on succession plans.	HRDS does not provide historical data.	Measure trends over time and ensure that plans are in place and implemented.

DM Data Validation and Verification (cont.)

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
New Measure 2b: Strategic Competencies—Ensure comprehensive training and development strategies	Department plan for strategic employee training and development.	Annual	OHRM and bureaus	Review of manual records and availability of updated policies that support mission-critical employee competency development.	Manual review required	Ensure that new policies are in place and that tracking system is created and implemented.
Measure 2c: Strategic Competencies—Ensure diverse candidate recruitment	Inventory/transmittal letters	Annual	Office chronology files	Executive Secretariat	None	Measure trends over time.
Measure 2d: Efficiency and effectiveness of hiring systems using the Commerce Opportunities Online (COOL) System	Staffing timeliness measure system.	Semi-annual	Staffing timeliness measure system.	Staffing timeliness studies.	Some manual sorting required.	Refine system, provide training, and oversee issuance of certificates to managers.
Measure 2e: Increase the alignment of performance management with mission accomplishment	HRDS, Department of Commerce strategic plan, bureau operating plans, and performance management plans for employees.	Annual	HRDS database, performance management system.	Performance management completion rate and performance against goals and targets.	Some manual record-keeping	Implement new performance management policy and complete analyses.
Measure 2f: Implement a telecommuting program	Management data on number of employees participating.	Quarterly	OHRM database, created via reports from the bureaus.	Review of bureau records	Manual information gathering	Develop Department-wide telecommuting plan, track number of participants, and determine if the program is supporting mission accomplishment.
Measure 3a: Ensure that new policies are in place and that tracking system is created and implemented	Bureau Information Technology (IT) offices	Annual	Bureau databases and departmental management Chief Information Officer (CIO) consolidated database.	Departmental and external reviews.	None	Review transactions to assess need for transition to electronic process and provide for electronic signature.
Measure 3b: IT planning and investment review program maturity (Scale of 0-5)	Bureau IT offices	Annual	Bureau IT offices	Departmental and external reviews.	None	Review bureau processes to assess need for corrective action.
Measure 3c: IT architecture program maturity (Scale of 0-5)						
Measure 3d: IT security program maturity (Scale of 0-5)						
Measure 3e: Percentage of IT system security plans completed	Bureau IT offices	Annual	Bureau files and Departmental Management CIO files.	Departmental and external reviews.	None	Review plans for completeness and conformance to NIST SP 800-18.
Measure 3f: Percentage of unsuccessful intrusion attempts	NOAA	Annual	NOAA files	Departmental and external reviews.	None	Review statistics for completeness and accuracy.