I am pleased to offer this report on the performance of the Department of Commerce for fiscal year (FY) 2002. During the year, our Nation, our Department, and our 35,000 individual employees joined in responding with resolve to the challenges we faced as a result of the events of September 11, 2001. In the company of other federal agencies, the Department took numerous steps to ensure that our national interests were well protected and that our national business affairs remained on course.

This report addresses the Department’s many significant accomplishments during FY 2002. We have succeeded in greatly expanding the global trading arena for our Nation’s exporters. Our international successes included support for passage of Trade Promotion Authority that set out mutually agreed trade negotiation objectives to be pursued by the President in close consultation with the Congress. We assisted in opening vast new markets around the world and in negotiating equitable terms of trade that permit American firms to compete without hidden impediments. As a result of our efforts, we were able to aid China in becoming the 143rd member of the World Trade Organization, support the Administration’s National Energy Policy by engaging Russia in the U.S.-Russia Commercial Energy Summit, and take many other actions aimed at bringing the world together in peaceful and mutually productive trade.

In cooperation with the private sector, the Department approved a new encryption standard that will protect sensitive computerized information well into the 21st century. We improved our measurements of economic activity, which assist us in forecasting federal spending and allow private firms to more accurately plan their investment strategies. Commerce developed the American Community Survey, a new approach that will provide up to date information for public and private planning every year and replace the once-a-decade decennial census ‘long-form.’

The Department developed a plan to allocate additional spectrum to meet the demand for new, advanced wireless communication, which has been growing by 75 percent annually. We aided many communities around the Nation in collaborative efforts to strengthen their economies, create jobs, and adjust to the impact of import competition. The Department of Commerce has assisted our Nation’s firms – whether they are large or small, women- or minority-owned, new to exporting or experienced world traders, developing state-of-the-art technology or inventing a new product – by providing technical, economic and statistical information, aiding in the development of sound business plans, ensuring that international standards reflect U.S. interests, and providing a voice for their benefit in our Nation’s policy discussions.

The Department established standards for the protection of endangered Pacific salmon and baseline data on which to judge the health of the world’s coral reefs. We improved our predictive information on heat warnings, severe weather, coastal emergencies and in-flight icing conditions so that state and local officials are better prepared to save lives, and local and regional economies may avoid unnecessary expense.

This combined performance and accountability report includes our consolidated financial statements, which received an unqualified opinion for the fourth consecutive year, as well as our annual program performance report under the Government Performance and Results Act (GPRA). The Department has continued to improve its performance under GPRA. We met 77 percent of our performance targets in FY 2002 compared to 69 percent in FY 2001. In collaboration with our bureaus and the Inspector General, the Department is working to continuously strengthen its implementation of GPRA and assure that our performance information is appropriate, complete, and reliable.

Our accomplishments provide a record of public investment that has been properly and honorably discharged – and contributes to a better business environment that creates jobs, supports economic growth, and protects our environment.

Donald L. Evans
Secretary of Commerce
I am pleased to join Secretary Evans in presenting the Department of Commerce’s performance and accountability report for fiscal year (FY) 2002. This combined report describes some of the Department’s most notable accomplishments during the past year and reviews key challenges that it currently faces. As such, it serves as a key tool in achieving the President’s vision of a transparent government that is fully accountable.

The report also discusses initiatives and priorities that the Department is pursuing to assist it in carrying out its mission of promoting economic growth, technological competitiveness, and sustainable development.

The most critical of these efforts include implementation of the President’s Management Agenda, a comprehensive strategy for addressing the most pressing issues confronting government today. It includes five management initiatives that cut across all federal agencies and are intended to: strengthen management of and provide full accountability for financial resources; improve the strategic management of the federal workforce to guarantee that it has the right combination of necessary skills and knowledge; increase the use of competitive sourcing to maximize operational efficiency; expand electronic access to federal products and services through “e-government;” and integrate budget functions and performance measurement to ensure wise use of resources.

We have just completed our first full year of carrying out the President’s Management Agenda and have begun to see significant progress in each of these areas. The Department has again received an unqualified opinion on its consolidated financial statements and anticipates completing implementation of its integrated financial management system soon. We developed and adopted a Workforce Restructuring Plan, which lays out a comprehensive strategy for recruiting and retaining the employees we need to effectively carry out our evolving mission, and will continue its implementation during FY 2003. Our competitive sourcing program has been revitalized and we are conducting several competitions between public and private sector entities to acquire services more cost effectively. Our effort to build a cohesive information technology (IT) infrastructure is proceeding, and we are strengthening our IT security. Lastly, we are working collaboratively with our bureaus and the Office of Management and Budget to objectively assess programmatic performance as it relates to our budgetary resources.

In addition to pursuing the President’s management reforms, we are continuing our efforts to strengthen the Department’s safety and security programs. As the terrorist attacks of September 11, 2001 and subsequent developments have made clear, we can no longer rely on traditional approaches for protecting our program operations, facilities, and – most importantly – our employees. This report describes the Department’s efforts to address these concerns, which include continuity of operations planning, addressing the unique security challenges posed by Commerce programs, and safety awareness training for employees at all levels.

The Department will continue to aggressively pursue these initiatives in the coming year and beyond. We look forward to achieving their objectives and, in turn, realizing the President’s promise to provide a government that works better, costs less and is more responsive to the needs of the American public.

Samuel W. Bodman
Deputy Secretary
This performance and accountability report summarizes the highlights of the Department’s performance during fiscal year (FY) 2002. It fulfills the requirements of the Reports Consolidation Act, Chief Financial Officers Act, Government Performance and Results Act, Federal Managers’ Financial Integrity Act, and Government Management Reform Act. More importantly, however, it provides our stakeholders with the ability to assess our performance relative to our mission and the financial resources with which we are entrusted.

We are proud of having achieved an unqualified audit opinion on the Department’s consolidated financial statements for the fourth year and of the progress we have made in improving our financial systems. The Department-wide financial management system, the Commerce Administrative Management System (CAMS), was deployed at the National Oceanic and Atmospheric Administration and the Bureau of Industry and Security. Implementation of CAMS, now in operation at ten of our bureaus, will be complete this fiscal year. Commerce also made measurable progress in addressing deficiencies in information technology controls. We plan to improve our information security program sufficiently to eliminate this material weakness in FY 2003 and to address personal property accounting, currently cited as a reportable condition.

Improving the quality of work life for Commerce employees was another area in which we focused considerable energy, specifically targeting professional development and employee safety. We recruited a Director of Training and Knowledge Management to enhance our performance-based training and development programs, initiated a Candidate Development Program to prepare our most promising employees for leadership positions, and implemented a web-based Learning Management System. We also undertook an initiative to reinvigorate the Department’s Safety and Health Program by re-establishing the Department’s Safety Council, hiring a new Director for Occupational Safety and Health, and adopting a Safety Program Action Plan to address a wide range of concerns such as safety training and awareness, workplace inspections, and health services. A communications campaign disseminating safety newsletters and educational materials to Commerce employees is also underway.

Another critical activity involves the preparations being made to maintain essential activities without interruption and to quickly resume routine operations in the face of any emergency. Focused efforts undertaken after September 11, 2001, began to pay off in FY 2002. We developed, for the first time ever, a Departmental continuity of operations plan and have begun testing it to ensure its effectiveness.

The progress made in enhancing our acquisition program represents another highlight. The effective implementation of acquisition reform, begun in the 1990s, requires adapting established procedures and control mechanisms to reflect increased flexibilities. Toward that end, Commerce is now using the Internet to announce upcoming contracts, employing performance-based contracting, strengthening overall management of its purchase card program, and improving the training of employees who are involved in procurement activities.

During FY 2003, we will continue enhancing the administrative tools used to manage Commerce programs by pursuing these initiatives and the crosscutting management reforms established in the President’s Management Agenda. Through these and other efforts, we plan to maximize the effectiveness of our programs and their benefit to the American taxpayers.

Otto J. Wolff
Chief Financial Officer and
Assistant Secretary for Administration