

FY 2007 Annual Performance Plan
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) furthers the Department's strategic management integration goal by supporting the management infrastructure needed to carry out the Department's mission. DM is the central source for development of policies and procedures that guide the administrative management of the Department. The DM budget includes funding to support policy development and centralized services in the areas of security, information management, human resources, civil rights, financial management, administrative services, acquisitions, legal matters, and organizational management. DM's oversight of this infrastructure serves the interests of the American public by assuring judicious acquisition, oversight, and management of the resources that are essential to the accomplishment of the Department's varied missions, and by enhancing the efficiency with which the operating units administer their programs.

Priorities and Management Challenges

Meeting the objectives of the President's management agenda continues to be an important management priority. Among other things, the Department is working towards complete and comprehensive identification of competencies for mission-critical occupations. The results of these efforts will be used to perfect workable succession plans to maintain appropriate levels of critical workforce competencies. These products will enable us to expeditiously replace mission-critical employees and fill existing competency gaps. Another important priority is applying the Federal Equal Opportunity Recruitment Program and Disabled Veterans Affirmative Action Program plans that the Department has developed in order to sustain existing diversity in the Commerce workforce and to make significant progress towards meeting hiring goals for minority and disabled candidates. Information security is also a priority, as the Department focuses on implementing effective certification and accreditation practices for its information technology systems. This continues to be a challenge that the Department is making every effort to meet. The Department's efforts are likewise focused on the effective use of competitive sourcing and on furthering the public's electronic access to the Department's products and services. The measures associated with the DM performance goal, discussed below, reflect these challenges and priorities.

Skill Summary

Departmental Management staff possess expertise in the following areas: accounting, financial management, human resources management, acquisition management, management and organizational analysis, information systems and technology, facilities management, security, and law.

Performance Goal

Identify and effectively manage human and material resources critical to the success of the Department’s strategic goals.

Corresponding DOC 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 successfully with the public and its partner agencies, both as worldwide enterprise and as an integrated set of individual programs. This requires that it identify and adopt the practices needed to successfully operate a large and complex organization, use resources wisely, and implement the laws that govern its activities. It is the responsibility of Departmental Management to accomplish this combination of objectives in order to support the men and women who carry out the missions and programs of the Department of Commerce bureaus.

Performance Goal: Identify and effectively manage human and material resources critical to the success of the Department’s strategic goals						
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	FY 2007 Target
a. Provide accurate and timely financial information and conform to Federal standards, laws, and regulations governing accounting and financial management			This measure was not implemented until FY 2005. Actual financial management performance indicators can be found in previous DM performance measures	Corrective action plan met. Reportable condition not eliminated. 90% of management that have access to the Consolidated Reporting System (CRS) have financial data/reports available within one day of the 15 th of the month after submitting the raw data to the CRS.	Eliminate any reportable condition within one year of the determination that there is a reportable condition; 95% of management that have access to the Consolidated Reporting System (CRS) have financial data/reports available within one day of the 15 th of the month after submitting the raw data to the CRS	Eliminate any reportable condition within one year of the determination that there is a reportable condition; 95% of management that have access to the Consolidated Reporting System (CRS) have financial data/reports available within one day of the 15 th of the month after submitting the raw data to the CRS. Migrate the

						Commerce Business System (CBS) to an all web-based architecture by the end of FY 2007 to ensure the useful life of CBS through 2012.
b. Effectively use competitive sourcing	1% completed and management plan in place to accomplish cumulative goal for FY 2002/2003	Combined target for FY 2002/2003 was 1203 FTEs. Completed 534 or 67% of new target of 800 FTEs.	New Departmental FAIR inventory guidance has been developed.	New FY 05-06 feasibility studies have been nominated. FAIR inventory has been scrubbed to determine candidates for feasibility studies.	Finalize new competition plan based on August 2005 CFO council outcome. The plan will lay out DOC short and long-range plans to conduct feasibility studies of all major commercial (and available) functions and will identify approved competitions to be conducted in the 06-07 timeframe.	Update and/or continue to implement 06 plan to conduct feasibility studies of DOC commercial (and available) functions to determine potential new competitions/studies in the out years.
c. Obligate funds through performance-based contracting	31% of \$795M	24% of \$605M	42% of \$806M	<50% of eligible service contracting dollars	50% of eligible service contracting dollars	50% of eligible service contracting dollars
d. Obligate contracts to small businesses	52% of contracts	45% of contracts	61.95% of contracts	61.7% of contracts	44.8% of contracts	44.8% of contracts
e. Acquire and maintain diverse			This measure was not implemented	Underrepresented RNO groups	Improve recruitment	Improve recruitment

and highly qualified staff in mission-critical occupations			until FY 2005. Actual human resources management performance indicators can be found in previous DM performance measures	improved from 28% to 29%; increased number of courses and established baseline of 26,845 users from evaluation of learning management system; maintained 30-day fill-time.	strategies through more targeted recruitment activities; assist managers in making better selections through training and improvements to selection tools; further close skill gaps in workforce through training and development activities.	strategies through more targeted recruitment activities; assist managers in making better selections through training and improvements to selection tools; further close skill gaps in workforce through training and development activities.
f. Improve the management of information technology (IT).			This measure was not implemented until FY 2005. Actual information technology performance indicators can be found in previous DM performance measures	IT investments under development have cost/schedule overruns and performance shortfalls averaging less than 10% POA&M action items to complete certification and accreditation are documented and on schedule.	IT investments under development have cost/schedule overruns and performance shortfalls averaging less than 10% and all national critical and mission critical systems are certified and accredited in accordance with the Department's IT security policy.	IT investments under development have cost/schedule overruns and performance shortfalls averaging less than 10% and all national critical, mission critical, and business essential systems are certified and accredited in accordance with the Department's IT security policy, with acceptable quality documentation in place.

Exhibit 3a

Department of Commerce
 Departmental Management
SUMMARY OF TARGETS AND RESOURCE REQUIREMENTS

Departmental Management: Total Funding								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Enacted	FY 2007 Base	Increase/ Decrease	FY 2007 Request
Executive Direction	19.9	17.7	18.6	20.8	21.2	19.0	3.9	22.9
Departmental Staff Services	29.3	31.5	33.2	28.7	27.8	27.8	6.3	34.1
National Intellectual Property Enforcement Coordination Council	0.0	0.0	0.0	2.0	2.0	0.0	1.0	1.0
HCHB Renovation	0.0	0.0	0.0	0.0	0.0	0.0	18.0	18.0
Advances & Reimbursements	5.0	2.2	4.3	4.9	5.6	5.6	0.0	5.6
Total Funding	54.2	51.4	56.1	56.4	56.6	52.4	29.2	81.6
Direct	49.2	49.2	51.8	51.5	51.0	46.8	29.2	76.0
Reimbursable ¹	5.0	2.2	4.3	4.9	5.6	5.6	0.0	5.6
IT Funding ²	7.0	7.9	6.6	5.5	5.5	5.5	3.6	9.1
FTE	183	186	181	177	189	189	4	193

¹ Reimbursable funding reflects external sources only.

² IT funding included in total funding

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. The FTE level has been adjusted to reflect recent decisions. As a result, the FTE shown above is different from that reflected in the President's Budget.

Program Increases that Apply to Performance Goal

	Personnel	Amount (in thousands)
<i>Salaries and Expenses</i>		
Blast Mitigation at the Herbert C. Hoover Building (p. DM - 27)	0	5,900
E-Government Initiatives (p. DM - 31)	0	3,641
Department-wide Training of Supervisors (p. DM - 34)	0	598
<i>Working Capital Fund</i>		
Network Operations Center Equipment Replacement and Maintenance (p. DM - 55)	0	2,488
Commerce Standard Acquisition and Reporting System (CSTARS) Web Base (p. DM - 59)	0	350
<i>HCHB Renovation and Modernization Program</i>		
HCHB Renovation and Modernization Project (p. DM - 89)	0	18,000
<i>National Intellectual Property Enforcement Coordination Council</i>		
National Intellectual Property Enforcement Coordination Council (p. DM -102)	4	990
Total	4	59,218

These program changes are related to the new DM Performance Measure 1e (as detailed below), “Acquire and maintain diverse and highly qualified staff in mission-critical occupations.” Attracting and keeping highly qualified employees requires a work environment that is safe and conducive to productivity, especially in terms of the condition of the facilities and equipment (including IT hardware and software systems). Effective recruitment and retention also require that the employer ensure that the workplace is free from discrimination, and that employees have access to training, professional development activities, and other support needed to ensure a workforce with the skills and abilities necessary to perform work relating to its critical missions.

Explanation of Measures

Measure 1a. Provide accurate and timely financial information and conform to Federal standards, laws, and regulations governing accounting and financial management.

Explanation: This measure ensures that the Department of Commerce is accountable to the American people, and that no reportable conditions, (i.e., deficiencies in the design or operation of internal controls) remain unaddressed. To determine if financial information is being provided in a timely and accurate manner, the Department will assess whether those individuals who can best use the information are receiving it within timeframes that render it relevant and useful in their day-to-day decisions.

Measure 1b. Effectively use competitive sourcing.

Explanation: Americans have a right to expect a reasonable return on the taxes they invest in their country. Good stewardship of these dollars assures that the American public gets the best products at the best price. Whether those products and services can most effectively and efficiently be provided by federal entities or those in the private sector is a determination that must be made on a case-by-case basis. To ensure that appropriate consideration is given to this issue, the FAIR Act requires all federal agencies to provide OMB with a timely inventory of the activities performed by government employees that could be carried out by commercial sources. The Department has developed an annual reporting process that meets this requirement. In FY 2001 and FY 2002, goals were established by OMB for competing these commercial activities between government's most efficient organizations and private sector providers in order to put taxpayers' dollars to the best use. This element measures the Department's success in competing commercial activities in accordance with the FAIR Act.

Measure 1c. Obligate funds through performance-based contracting.

Explanation: Also part of good stewardship of America's tax dollars is ensuring that the government gets what it pays for, especially when it comes to procurement of goods and services from sources outside of the organization. To help make that goal a reality, federal agencies have begun changing the way in which the procurement process is conducted. The movement toward performance-based contracting—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—is part of that effort. With performance-based contracting, the government also defines the standards against which contractor performance will be measured and identifies the incentives that may be used. The Procurement Executives Council had established an ultimate government-wide goal for federal agencies to award 50 percent of eligible service contracts as performance-based contracts (in 10 percent increments) by FY 2005. The interim government-wide goals were 20, 30, 40, and 50 percent for FY 2002, FY 2003, FY2004, and FY 2005, respectively.

Measure 1d. Obligate contracts to small businesses

Explanation: Equally important as protecting American resources is ensuring that all segments of American society have an opportunity to compete for the business that is contracted out by federal agencies. This measure—the targets for which are set by the Small Business Administration (SBA)—monitors the Department's ability to increase opportunities for small businesses to participate in Commerce acquisitions. Historically, this has included small, disadvantaged, 8(a), and women-owned businesses. In FY 2001, three new categories were added. These are HUBZone, veteran-owned, and service-disabled veteran-owned small businesses (a subset of veteran-owned small businesses). Every two years, the SBA negotiates procurement goals with each federal agency in an effort to increase contract and subcontract awards to small businesses.

Through FY 2001, DM reported under GPRA on the percentage of contracts awarded in each of 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 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.

Measure 1e. Acquire and maintain diverse and highly qualified staff in mission-critical occupations

Explanation: This measure represents a combination of indicators focusing on strategic recruitment, training and development, and the Department's efforts to achieve and maintain a diverse workforce. These indicators permit a comprehensive assessment of the Department's efforts to strategically manage its human capital. Such an assessment is critical if we are to ensure that we have the right people in the right place at the right time to carry out the Department's work for the American people.

Measure 1f. Improve the management of information technology (IT)

Explanation: The Department's significant annual investment in information technology (IT) requires careful management and monitoring as part of the overall program to effectively manage IT resources to meet the mission needs of the Department and to fulfill our obligation to the taxpayer. Through the use of Earned Value Management and Operational Analysis, systems in the development and/or operational phases are monitored to ensure the required functionality is delivered on the schedule and at the cost projected. Program offices regularly report on the progress and status of their efforts against the cost, schedule and performance goals, a process that provides early warning signals for corrective actions. Where needed, program managers are required to develop and implement corrective actions to meet the program goals.

The successful implementation of each program critical to the Department's missions depends in some way on the adequacy and security of the information technology systems that operate throughout the Department. If security of any of these systems were to be compromised, the effective accomplishment of the Department's mission would be in jeopardy. To ensure that these systems are adequately protected (and the Nation reaps the benefits of the Department's work), certification and accreditation requirements have been established. Certification represents the complete testing of all management, operational, and technical controls that protect a system. These controls are documented in the security plan. By approving the plan, the system owner warrants that the controls provide adequate protection for the system. Certification verifies the adequacy of these controls and also validates that the controls are implemented and functioning effectively. Accreditation is the senior program official's acknowledgement of the risk of operating the system. It provides official approval to run the system in the operational environment. Recertification and reaccreditation follow updates of risk assessments and security plans every three years or upon major system modification. In addition, a process for ongoing control monitoring, vulnerability identification and remediation, and configuration management maintain security at adequate levels.

Resources supporting the IT Security Program consist of the central oversight office and IT security components of each operating unit, funded through general infrastructure accounts and specialized support for major IT investments. The central Program Office consists of 4 full-time federal employees supported by 4 full-time contract personnel. For FY 2007, the Program will require about \$1.45M total funding on federal salaries (\$550K); support contractors (\$430K); Department-wide role-based and annual refresher training (\$425K), as well as staff professional development and other program support costs (\$45K). In addition, about \$144M will be required to support operating unit IT security functions that implement IT security program requirements at the system-level.

FY 2006-2007 Targets

Our targets for 2006 and 2007 reflect the Department's continued efforts to assess the extent to which our administrative and management services support Departmental missions and enhance the efficiency with which operating units manage their programs.

Program Evaluations

The Department of Commerce uses reviews and reports generated by the Office of Inspector General, the Office of Management and Budget, the Office of Personnel Management, the General Accounting Office, other congressional organizations, government-wide task forces, and other objective sources to evaluate performance goal 1 activities. For example, we work closely with OMB on implementing the five government-wide management initiatives established in the

President’s Management Agenda and are rated quarterly on their implementation. In addition, many of the laws pertaining to these activities have separate reporting requirements that involve program reviews, and evaluations that identify program strengths and weaknesses. The results of these efforts are used to assess the quality and effectiveness of the administrative management of the Department.

Cross-Cutting Activities

Intra-departmental: Under the Departmental Management function, the Office of the Secretary regularly works with all the bureaus across the full range of administrative policy development and program management issues.

Other government agencies: Under the Departmental Management function, the Office of the Secretary regularly works with all other federal agencies across the full range of administrative policy development and program management topics.

Government/private sector: Under the Departmental Management function, the Office of the Secretary regularly works with the private sector and other elements of the public sector across the full range of administrative policy development and program management issues.

External Factors and Mitigating Strategies

The Department of Commerce faces a number of changing circumstances that demand flexibility and responsiveness. For example, the growing diversity of the civilian labor force requires that the Department seek innovative ways to recruit top minority candidates; the increasing technological orientation of the work of the Department requires an intensifying engagement in the highly competitive marketplace for individuals with skills in science and technology; maintaining the security of IT systems continues to increase in importance; and the rapidly changing IT environment, including developments in hardware, software, applications, Internet use, and the user community, all affect our IT functions and activities.

In response to these challenges, the Department is establishing relationships with educational institutions, including minority-serving colleges and universities, to encourage applications from students in areas of study that prepare them for critical Commerce occupations. The Department is also focusing attention on planning how IT funds will be invested, ensuring that IT architecture is cohesive and well constructed, and that the integrity and availability of IT systems are safeguarded.

Data Validation and Verification

To a great extent, DM measures depend on input provided by multiple sources—typically, Commerce’s 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 Department 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. As progress is made and objectives evolve, DM continues to refine its reporting structure and techniques.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to Be Taken
Ia. Provide accurate and timely financial information and conform to federal standards, laws and regulations governing accounting and financial management	Consolidated financial statements and Office of Inspector General (OIG) reports	Annual	Bureau or department financial systems	OIG Audits	None	Continue to comply with Federal Financial Management Improvement Act of 1996 (FFMIA)

1b. Effectively use competitive sourcing	Federal Activities Inventory Reform (FAIR) Act inventory and Competitive Sourcing Management Plan		DM chronology files	Executive Secretariat	None	Request updates quarterly
1c. Obligate funds through performance-based contracting.	Commerce procurement data system	Annual	Commerce procurement data system	Supervisory audit	None	None
1d. Obligate contracts to small businesses	Small Business Administration, the Department of Commerce's Office of Small and Disadvantaged Business Utilization OSDUBU, General Services Administration (GSA)	Annual	OSDBU and GSA federal procurement data systems (FPDS)	OSDBU and GSA FPDs	None	Continue outreach efforts
1e. Acquire and maintain diverse and highly qualified staff in mission-critical occupations	Inventory transmittal letters; Department plan for strategic employee training and development	Annual	Office chronology files; OHRM, bureaus	Executive Secretariat	None	Measure trends over time
1f. Improve the management of information technology (IT).	Bureau IT offices	Annual	Bureau IT offices, Bureau files, and DM CIO files	Departmental and outside reviews	None	Review bureau processes to assess need for action; review security plans for completeness and conformance with National Institute of Standards and Technology SP 800-18