

MANAGEMENT INITIATIVES

We will work to improve and strengthen USDA's management through vigorous execution of President Bush's Management Agenda (PMA). Better management will result in more efficient program operations that offer improved customer service and more effective stewardship of taxpayer funds. We plan to:

- Ensure an efficient, high-performing, diverse, competitively sourced workforce, aligned with mission priorities and working cooperatively with USDA partners and the private sector.
- Enhance internal controls, data integrity, management information and program and policy improvements as reflected by an unqualified audit opinion and a reduction of erroneous payments by USDA programs.
- Implement business processes and information technology needed to make our services available electronically.
- Link budget decisions and program priorities more closely with program performance and recognize the full cost of programs.

MANAGEMENT INITIATIVE 1: Improve Human Capital Management

USDA developed a Human Capital Plan in December 2002. This Plan is the Department's overall blue print, identifying actions that will help USDA achieve its mission and excel as an organization. The Plan is designed to ensure that USDA will have the talent necessary to carry out its programs and that the environment is one where each employee can perform to his or her potential and be recognized for successful performance.

With 70 percent of senior executives eligible to retire by FY 2006, USDA is challenged by a potentially heightened gap in critical occupation skills. USDA's Human Capital Plan focuses on development, recruitment and other components designed to attract and retain a quality workforce to meet these challenges and builds on the USDA Workforce Restructuring Plan developed in January 2002. As an important part of improving return on human capital, USDA will ensure that its diversity goals are met and that effective systems to process both program and employment complaints of discrimination are maintained to ensure complaints are processed, to the point of report of investigation, within the target of 180 days.

Additionally, USDA's Human Capital Plan contains interdependent improvement goals and action strategies that will transform how we assess, plan for and respond proactively to our human capital challenges and needs and will help improve service to USDA customers. A framework of policies and practices have been established that links human capital plans with business plans; ensures leadership continuity and development through workforce planning and analysis; uses workforce planning and flexible tools to recruit, retain and reward employees while developing a high-performing and accountable workforce; ensures employment opportunities for all members of the workforce while implementing programs targeted at critical occupations with projected skill gaps and underrepresented groups and integrates the human capital impacts of Presidential Initiatives such as competitive sourcing and e-Government.

In compliance with OMB and PMA initiatives for competitive sourcing, USDA intends to conduct competitions through FY 2003 on 15 percent of USDA's inventory of commercial activities. Currently, USDA is developing plans for achieving the long-range goals to compete 50 percent of the FY 2000 commercial activities. Undertaking such a goal requires investment in resources and training to sustain the effort. Accordingly, USDA is building the infrastructure, knowledge base and influencing our culture to make competitive sourcing a routine business decision—within the larger context of human capital

management. Additionally, USDA will identify crosscutting functions where we can use competitive sourcing to improve service and reduce costs.

Means and strategies planned for achieving this initiative include the following:

- Develop a Human Capital Accountability System Plan as a companion document to the Human Capital Plan.
- Update Workforce Restructuring Plan Department-wide to incorporate the new 2002 FSRIA initiatives, Homeland Security and other restructuring developments and develop a new SES Candidate Development Program.
- Promote recruitment and retention of groups that are under-represented in the workforce and promote Alternative Dispute Resolution awareness.
- Provide model conflict management training to USDA personnel and ensure civil rights training is available to all USDA employees.
- Improve processing time frames for employment and program complaints by implementing long-term improvements in the systems and processes for complaint processing and improve civil rights case tracking information systems.
- Complete training on an annual basis on competitive sourcing practices and policies and publish a guide-book to assist USDA agencies with implementing the revised OMB Circular A-76.
- Implement an OMB approved USDA express review process for those organizations desiring to compete a government organization with fewer than ten positions and award Department-wide Blanket Purchase Agreements for use by USDA mission areas and agencies to procure competitive sourcing contract support.
- Solicit input from commercial and employee representatives, OMB and Federal agencies to identify best practices for comparison studies and compete agencies' arrangements for reimbursable support services for competition with the private sector.

MANAGEMENT INITIATIVE 2: Improve Financial Management

USDA intends to ensure that all funds we spend are properly accounted for to the taxpayers and the Congress. The Office of the Chief Financial Officer (OCFO) works to improve financial management, in partnership with the Chief Financial Officers of USDA agencies – all of who are working to embed effective financial management disciplines into our operating culture.

Financial Management

Owing to our recent successful results in improving financial management, we have received unqualified opinions on all stand-alone agency audits and on a consolidated basis. OCFO is working closely with USDA agencies to ensure that we continue to receive a clean audit on the Consolidated USDA Financial Statements. The OCFO will lead efforts to support and enhance the Department's management process by helping USDA's agencies increase the availability of useful, timely information, such as monthly financial reports, on-line access to real-time information and program cost reporting. By enhancing the integrity of financial and administrative data, we will protect corporate assets and conserve scarce resources.

In order get to green on the scorecard for Financial Management in the PMA, USDA must meet all four core criteria of the Standards for Success established by OMB. These are: 1) Financial management systems meet Federal financial management system requirements and applicable Federal accounting and transaction standards as reported by the agency head; 2) accurate and timely financial information; 3) integrated financial and performance management systems supporting day-to-day operations; and 4) un-

qualified and timely audit opinion on the annual financial statements; no material internal control weaknesses reported by the auditors.

Means and strategies planned for achieving this initiative include the following:

- Accelerate the date to publish the FY 2003 Performance and Accountability Report, which include the audited, consolidated financial statements, to November 14, 2003, a year earlier than the date required by OMB.
- Accelerate the issuance of quarterly financial statements beginning with 2nd quarter FY 2003 and produce quarterly financial statements within 21 days after quarter ends for FYs 2004, 2005 and 2006.
- Develop financial management and accounting operations leadership and talent in depth within the agencies sufficient to transform USDA's culture into an effective financial operating enterprise.
- Fill open positions within the OCFO and USDA agencies with competent professionals who have the proper mix of skills, so that we may hold them individually and collectively accountable for sound financial management through performance evaluations.
- Develop and implement management information that addresses Department-wide and Agency operations, including program operating statements, loan portfolio summaries and cash management reporting, etc.
- Enhance internal control, data integrity, management information and decision making by training all managers in the importance of financial management controls, holding managers accountable and continuing efforts to bring program systems in compliance with FFMIA.
- Continue aggressive implementation of effective operational processes, correct agency-specific deficiencies and transfer financial management knowledge through documentation and training.
- Renovate administrative feeder systems to streamline processing, reduce reconciliation and improve data integrity.
- Develop, complete and implement policies and procedures, and monitor performance in: financial data integrity; compliance with directives; financial performance and personnel performance, including senior management accountability.
- Improve controls and procedures related to physical inventories of capitalized assets and procurement.
- Continue to reflect proper management of credit programs through complete disclosure in the financial statements.

Management Controls

USDA is committed to the best management of the resources under its stewardship. Therefore, the OCFO issued a new Management Control Manual for implementation Department-wide beginning the first quarter of FY 2003. This manual institutionalizes control processes to aid in the early identification, detection and correction of potential management control deficiencies. By assessing USDA's greatest areas of risk, reviewing and testing controls, agencies will be able to mitigate the negative impacts of control weaknesses before they are discovered by an independent audit. Additionally, OCFO leadership will work closely with Under/Assistant Secretaries and Agency and Staff Office Heads to ensure corrective actions for existing material deficiencies are proceeding expeditiously.

The elimination of material deficiencies is an indication that existing material control deficiencies have been adequately addressed to ensure that mission critical control objectives are being met. It is also an indication that newly discovered material deficiencies are resolved quickly and to a degree that reduces the control risk to an acceptable level.

Means and strategies planned for achieving this initiative include the following:

- Increase Agency managers' awareness of their internal control responsibilities.
- Work with management and the OIG to verify the continued materiality of existing deficiencies.
- Implement the Department-wide Management Control Manual that provides specific guidance on developing and maintaining an effective internal controls program including:
 - Conducting risk assessments,
 - Planning, conducting and reporting on the results of management control reviews,
 - Implementing corrective actions to address newly identified control weaknesses as quickly as possible and
 - Validating the effectiveness of controls implemented.
- Increase involvement by Agency Heads and the Subcabinet in monitoring individual agencies' Management Control Programs and the correction of material deficiencies.
- Correct long-standing financial management material deficiencies within specific component agencies.
- Review, analyze and report quarterly on progress in achieving major corrective action milestones scheduled for completion during the period.
- Review and assess the materiality of control weaknesses identified by the OIG on a monthly basis.
- Work with the OIG to identify actions required to bring financial systems in compliance with standards set forth by the Federal Financial Management Improvement Act.

MANAGEMENT INITIATIVE 3: Expand Electronic Government

The PMA calls for the increased development of electronic government (eGovernment). USDA's eGovernment Strategic Plan provides a framework for transforming the delivery of information and services via integrated investment approaches that focus on cutting costs by delivering services collaboratively. By focusing on customers, working with business partners and empowering employees, we will use information and communications technologies to securely conduct our mission-critical business support functions "better, cheaper, faster," and reinforce execution of the PMA.

USDA has established goals to track the progress of its efforts to meet the President's expanding eGovernment agenda. The Department's Enterprise Architecture goal will help ensure that leveraging resources across agencies is improving the delivery of information and services. The USDA e-Government goal focuses on providing citizens, public and private partners and USDA employees with electronic access to USDA services, as required by the Government Paperwork Elimination Act of 1998 (GPEA), P. L. 105-277. Specifically, by the end of fiscal year 2003, 31 percent of all USDA transactions covered by the Paperwork Reduction Act will be available electronically. This number will rise to 50 percent by the end of FY 2004. While the USDA FISMA performance goal will help concentrate USDA's cyber security resources on identifying and resolving the most serious information and IT vulnerabilities. With the growth in eGovernment services, USDA is continuously finding and fixing new cyber security vulnerabilities. Recognizing this fact, the Department's goal is to consistently complete all of the action items identified in USDA's cyber security plan.

Means and strategies planned for achieving this initiative include the following:

- Provide agency staff with new planning tools to assist in EA, GPEA and FISMA development.
- Govern all aspects of the eGovernment Program via the appropriate project teams and the Executive Information Technology Investment Review Board.

- Fully integrate the processes for developing the EA with agency programs and services, capital investment planning, paperwork management and security.
- Require regular reporting from agencies concerning EA, IT Security, and GPEA compliance progress.
- Develop and implement a Department-wide process to ensure that as USDA's IT security weaknesses are identified, plans of action and milestones are developed to fix these weaknesses, and the Department is able to track progress in closing out these weaknesses.
- Monitor USDA's progress in remediating IT security weaknesses on a quarterly basis through performance measures provided by OMB guidance.
- Integrate the IT staffs for infrastructure support for the Service Center Agencies (Farm Service Agency, Natural Resources Conservation Service and the Rural Development mission area) into a new converged IT organization under the OCIO.
- Inform Congress and the general public regarding steps to meet the FISMA, GPEA, Paperwork Reduction Act, Clinger-Cohen legislative mandates and fulfill the promise of Presidential and USDA eGovernment initiatives.
- Hold Senior Executive Service (SES) employees accountable for implementing eGovernment and ensuring security of the information and systems that support their program at USDA.

MANAGEMENT INITIATIVE 4: Establish Budget and Performance Integration

We are taking steps to improve performance information and systematically integrate it into our budget decision-making processes. During FY 2002, we began to develop a Department-wide strategy for integrating budget and performance at every stage of the budget process from Department decision-making to the President's Budget and developed a budget and performance integration plan to guide our efforts. In addition, we have developed a new strategic plan, which provides a framework for developing performance information. Improving the Department's performance information and increasing its use during the budget process will be the focus of our efforts in FY 2004.

Integrate Performance Information into Budget Decisions and Presentation

During FY 2002, the Department took a number of steps to improve the linkage of performance information into the budget decision-making process. New formats were developed to display performance objectives and measures in conjunction with budget data and this information were presented to Department decision makers during the development of the FY 2004 Budget. Modifications were also made to the Department's detailed justification materials provided to the Appropriations Committees to present additional performance information jointly with budget information and align budget proposals with strategic goals.

Building on this work, steps are being taken in FY 2003 to further enhance the use of performance information in the budget development process. A revised Budget and Performance Integration (BPI) Plan was sent to the OMB. A working group with representation from five (5) USDA agencies, OCFO and OBPA has been established as a means to assist in the implementation of enhanced BPI and to pilot-test new budget processes and presentations. Significant enhancements to the budget development process are being implemented for the FY 2005 budget development process that will occur during FY 2003. A key feature of the new process is identification of mission area strategic goals, objectives and performance measures consistent with the Department's revised Strategic Plan and other policy documents.

Means and strategies planned for achieving this initiative include the following:

- Develop and implement new budget and planning processes and displays that demonstrate linkages between performance results and resource levels.
- Provide guidance to mission areas and agencies to assist in the development of improved performance measures.
- Establish a process to monitor performance on an ongoing basis.

Program Assessment

The Department worked with OMB to conduct Program Assessment Rating tool (PART) evaluations on 14 programs during FY 2002. These evaluations provided input into the budget formulation process and will form the basis for further review of these programs during FY 2003. USDA agencies are being asked to review these PART assessments during FY 2003 and develop improved performance measures to address concerns identified. Further, PART assessments covering an additional 20 percent of USDA programs will be conducted during FY 2003 to provide input into the FY 2005 Budget development process.

Means and strategies planned for achieving this initiative include the following:

- Work with OMB staff to develop a list of high-priority programs for review.
- Provide suggestions on how to improve the PART process.
- Work jointly with OMB staff to conduct PART evaluations.
- Develop proposals for other types of program evaluations.
- Use PART assessments and other evaluations in budget decisions.

Align Budget with Performance Targets

The Department will look at ways to facilitate changes in agencies' budget line items when necessary to achieve alignment of budget accounts and staff in support of performance targets. The Department will also look for ways to improve its ability to estimate costs of achieving performance results.

Means and strategies planned for achieving this initiative include the following:

- Consider changes to budget line items that could better show program costs and improve accountability for full costs.
- Propose budget line item changes to OMB and Congress as necessary.
- Develop guidance to help improve the Department's ability to estimate the cost of achieving its strategic goals and objectives.