

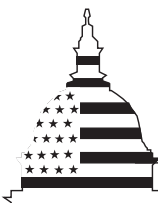
GAO

Report to the Ranking Minority
Member, Committee on Governmental
Affairs, U.S. Senate

June 2001

DEPARTMENT OF THE INTERIOR

Status of Achieving Key Outcomes and Addressing Major Management Challenges



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Contents

Letter		1
	Results in Brief	2
	Background	5
	Assessment of the Department of the Interior's Progress and Strategies in Accomplishing Selected Key Outcomes	7
	Comparison of Interior's Fiscal Year 2000 Performance Reports and Fiscal Year 2002 Performance Plans With the Prior Year's Reports and Plans for Selected Key Outcomes	12
	Interior's Efforts to Address Its Major Management Challenges Identified by GAO	14
	Scope and Methodology	15
	Agency Comments	16

Appendix I	Observations on the Department of the Interior's Efforts to Address Its Major Management Challenges	18
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Appendix II	GAO Contact and Staff Acknowledgments	30
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Tables		
	Table 1: Major Management Challenges	19

Figures		
	Figure 1: Department of the Interior Onshore Lands	6

Abbreviations

BIA	Bureau of Indian Affairs
BLM	Bureau of Land Management
BOR	Bureau of Reclamation
FWS	Fish and Wildlife Service
GPRA	Government Performance and Results Act of 1993
MMS	Minerals Management Service
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OSM	Office of Surface Mining Reclamation and Enforcement



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United States General Accounting Office
Washington, DC 20548

June 15, 2001

The Honorable Fred Thompson
Ranking Minority Member
Committee on Governmental Affairs
United States Senate

Dear Senator Thompson:

As you requested, we reviewed the Department of the Interior's fiscal year 2000 performance report and fiscal year 2002 performance plan required by the Government Performance and Results Act of 1993 to assess Interior's progress in achieving selected key outcomes that you identified as important mission areas for the Department.¹ Interior has 10 plans in total, including 1 departmental overview report and plan and 9 agency reports and plans.² We reviewed the same four selected key outcomes we addressed in our June 2000 review of Interior's fiscal year 1999 performance report and fiscal year 2001 performance plan to provide a baseline by which to measure Interior's performance from year to year.³ The selected outcomes are that

- the health of federally managed land, water, and renewable resources is maintained;
- visitors safely enjoy and are satisfied with the availability, accessibility, diversity, and quality of national park facilities and services;
- the federal government effectively meets its trust responsibilities to protect and preserve Indian trust lands and trust resources; and
- safe and environmentally sound mineral development occurs on the Outer Continental Shelf, for which the public receives fair value.

¹This report is one of a series on the 24 Chief Financial Officers Act agencies' fiscal year 2000 performance reports and fiscal year 2002 performance plans.

²The nine agencies are the Bureau of Indian Affairs, Bureau of Land Management, Bureau of Reclamation, U.S. Fish and Wildlife Service, Minerals Management Service, National Park Service, Office of Surface Mining Reclamation and Enforcement, U.S. Geological Survey, and Office of Insular Affairs. The Office of the Special Trustee for American Indians did not produce a separate report for fiscal year 2000 or a plan for fiscal year 2002. The Office discussed its progress and provided fiscal year 2002 goals in the Department's overview.

³*Observations on the Department of the Interior's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan* (GAO/RCED-00-204R, June 30, 2000).

The first outcome is broader than the three others in that it relates to one of Interior's departmentwide goals and covers activities conducted by multiple agencies within Interior. For this reason, we would expect Interior's overview to capture the progress being made toward this outcome for the entire Department, and we used Interior's overview report to assess progress toward the outcome rather than reviewing each of the agency reports and plans. The last three outcomes relate directly to goals in the reports and plans of the National Park Service, Bureau of Indian Affairs, and Minerals Management Service, and for this reason, we reviewed the agencies' reports and plans to assess progress toward the outcomes. As agreed, using the selected key outcomes for Interior as a framework, we (1) assessed the progress Interior has made in achieving these outcomes and the strategies it has in place to achieve them and (2) compared Interior's fiscal year 2000 performance reports and fiscal year 2002 performance plans with its prior year performance reports and plans for these outcomes. Additionally, we agreed to analyze how Interior has addressed the major management challenges, including the governmentwide high-risk areas of strategic human capital management and information security, which we and Interior's Inspector General identified.⁴ Appendix I provides detailed information on how Interior has addressed these challenges.

Results in Brief

Interior's reports indicate mixed progress in achieving its key outcomes. In general, Interior's strategies for achieving these key outcomes appear to be clear and reasonable.

- Planned outcome: The health of federally managed land, water, and renewable resources is maintained. As we reported last year, we cannot judge the progress the agency has made in achieving this outcome because the goals Interior has reported that are associated with this outcome do not foster a broad or departmentwide approach to measuring progress. Interior's strategies for meeting its fiscal year 2002 goals appear to be clear and reasonable. For example, the agency is partnering with nonprofit organizations to reclaim damaged land.

⁴We designated strategic human capital management as a governmentwide high-risk issue in January 2001 because human capital issues have been a long-standing problem for many federal agencies. The inclusion of human resources in performance plans has been required as part of the Government Performance and Results Act process since 1999. In addition, OMB Circular A-11 contains instructions to all federal agencies to include human resources in their performance plans.

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- Planned outcome: Visitors safely enjoy and are satisfied with the availability, accessibility, diversity, and quality of national park facilities and services. The Park Service reported that it made progress in achieving this outcome because it met or exceeded its three goals—visitor satisfaction, safety, and education—related to this outcome in fiscal year 2000. However, in the past we have reported concerns about the completeness of data related to the goal that deals with visitor safety. The Park Service’s strategies for continuing to meet and exceed its visitor satisfaction and visitor education goals appear clear and reasonable, although its fiscal year 2002 performance plan does not provide information on the strategic human capital management strategies to achieve this outcome.
 - Planned outcome: The federal government effectively meets its trust responsibilities to protect and preserve Indian trust lands and trust resources. We cannot judge the progress the Bureau of Indian Affairs has made in achieving this outcome because the annual goals it has established are output-related and do not assess progress toward the outcome. Because the Bureau’s goals are output-oriented, the strategies are self-explanatory and easier to implement than the strategies would be for outcome-oriented goals. As a result, the Bureau’s strategies to achieve the goals appear to be clear and reasonable.
 - Planned outcome: Safe and environmentally sound mineral development occurs on the Outer Continental Shelf, for which the public receives fair value. The Minerals Management Service reported that it is making progress in achieving the goals associated with this outcome because it met two (environmentally sound development and fair market value) of the performance goals it has established. The Service believes it did not meet its third goal of safety because more accurate data—which were previously understated—were provided. Because of such data verification and validation issues, the Service continues to reevaluate each of its performance indicators. Overall, the Service’s strategies appear reasonable and clearly discuss how it plans to meet its fiscal year 2002 goals. For example, it is developing a new environmental index that will focus on Service-permitted activities that it believes will alleviate some data collection problems.

Although Interior has additional work to do on two of the four outcomes we reviewed, this year’s reports and plans, compared with the prior year’s reports and plans, reflect continued improvement. Interior has continued to incorporate changes that are based on our recommendations and recommendations made by its Inspector General and others. In particular, this year’s reports and plans contain more thorough discussions of data verification and validation efforts. For example, the Bureau of Indian

Affairs reported that it will use a checklist to document trust evaluations, which will help verify the number of trust transactions it will perform. Also, Interior plans to continue to improve its performance reports and plans by identifying specific areas in which it needs strategic human capital management and by providing information on efforts to deal with potential information technology issues. Although Interior has shown improvement, it can continue to improve its reports and plans in the future by adjusting some of its strategies for achieving its goals, particularly if it misses performance targets. For example, the Park Service has not yet revised its strategy to gather better data on fire safety, even though we reported this deficiency last year.

Interior has taken a number of actions to address five of the six major management challenges that we have identified. It reported some progress for the high-risk area of strategic human capital management but did not report progress for the high-risk area related to information security. Recognizing the importance of strategic human capital management, Interior indicated that it plans to begin workforce planning in fiscal year 2002 and is currently working to provide the Office of Management and Budget with a workforce analysis by June 29, 2001. However, Interior has not yet substantially addressed how it will use human capital to achieve its goals. In the area of information technology, Interior began implementing national security criteria this year. Interior has generally made progress in fiscal year 2000 toward improving the management of national parks, Indian trust funds, ecosystem restoration efforts, and its expanded land base. The actions it has taken include setting performance goals in its annual performance plans and identifying strategies for improving management of programs. For example, Interior and its agencies are monitoring progress toward addressing facility maintenance backlogs with annual goals and measures to repair a certain number of facilities. In addition, Interior and some of its agencies are working to better establish the actual amount of funding needed for facilities management.

Interior chose to meet with us to provide oral comments on a draft of this report. While Interior officials generally agreed with the report, they raised a concern that the governmentwide high-risk area of strategic human capital management was identified by us in January 2001, which was after Interior had completed much of its planning and reporting for fiscal year 2000. We revised the report to include this date and to clarify our inclusion of the human capital management high-risk area.

Background

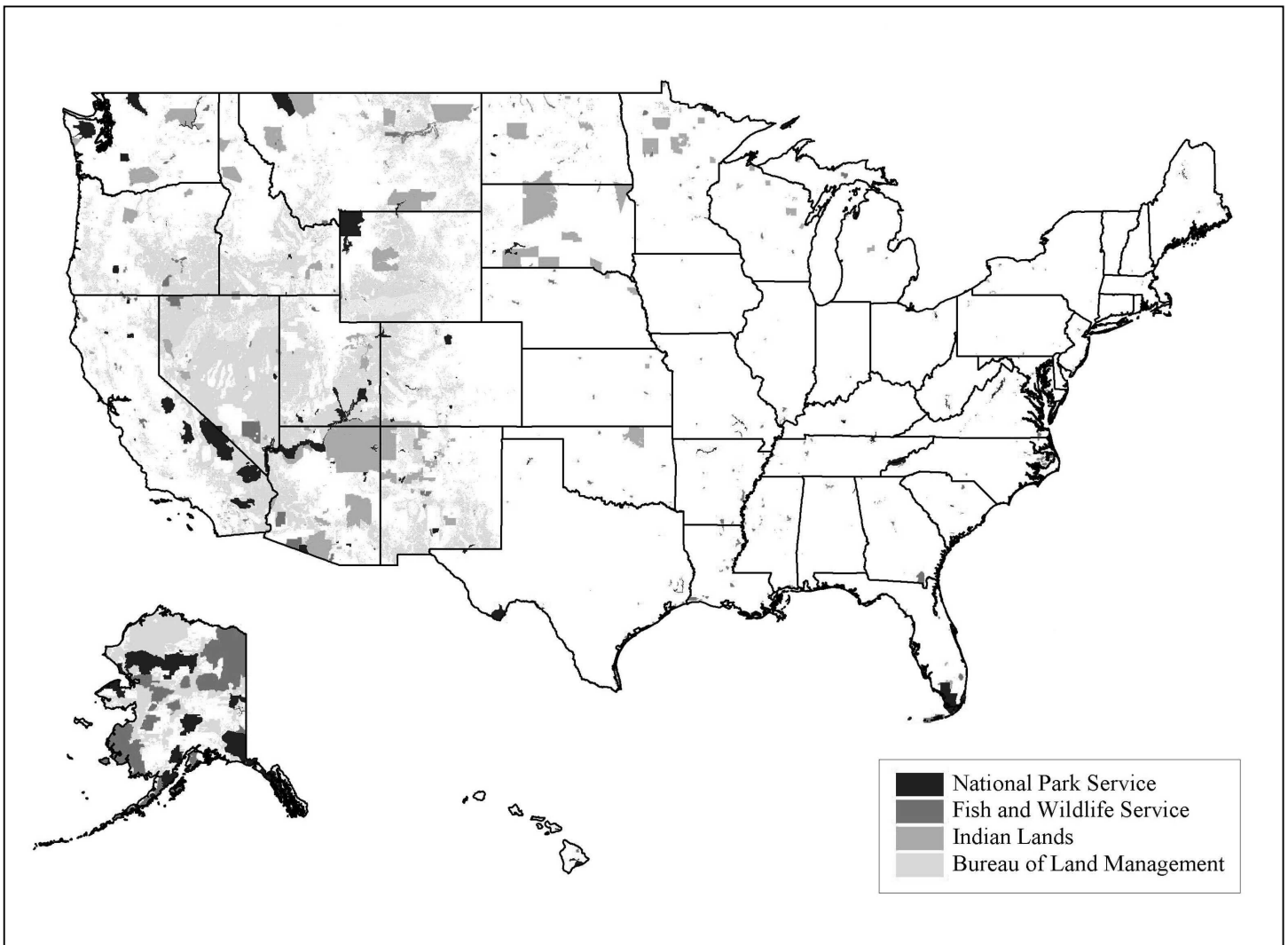
The Government Performance and Results Act (GPRA) is intended to shift the focus of government decisionmaking, management, and accountability from activities and processes to the results and outcomes achieved by federal programs. New and valuable information on the plans, goals, and strategies of federal agencies has been provided since federal agencies began implementing GPRA. Under GPRA, annual performance plans are to clearly inform the Congress and the public of the (1) annual performance goals for agencies' major programs and activities, (2) measures that will be used to gauge performance, (3) strategies and resources required to achieve the performance goals, and (4) procedures that will be used to verify and validate performance information. These annual plans, issued soon after transmittal of the president's budget, provide a direct linkage between an agency's longer-term goals and mission and its day-to-day activities.⁵ Annual performance reports are to subsequently report on the degree to which performance goals were met. The issuance of the agencies' performance reports, due by March 31, represents a new and potentially more substantive phase in the implementation of GPRA—the opportunity to assess federal agencies' actual performance for the prior fiscal year and to consider what steps are needed to improve performance and reduce costs in the future.⁶

The Department of the Interior has jurisdiction over about 450 million acres of land—about one-fifth of the total U.S. landmass—and about 1.76 billion acres of the Outer Continental Shelf. Figure 1 shows the location of the majority of onshore lands under Interior's jurisdiction.

⁵The fiscal year 2002 performance plan is the fourth of these annual plans under GPRA.

⁶The fiscal year 2000 performance report is the second of these annual reports under GPRA.

Figure 1: Department of the Interior Onshore Lands



Note: Not included in this map are the 1.76 billion acres of lands on the Outer Continental Shelf over which Interior has jurisdiction.

Source: Library of Congress, 2001.

As the guardian of these resources, Interior is entrusted with preserving the nation's most awe-inspiring landscapes, such as the Grand Canyon, Yosemite, and Denali national parks; significant historic places, such as Independence Hall and the Gettysburg battlefield; and such revered national icons as the Statue of Liberty and the Washington Monument. At the same time, Interior is to provide for the environmentally sound

production of oil, gas, minerals, and other resources found on the nation's public lands; honor the nation's obligations to American Indians and native Alaskans; protect habitat for fish and wildlife; help manage water resources in western states; and provide scientific and technical information to allow for sound decision-making about resources. In fiscal year 2001, the Congress provided more than \$10 billion to carry out these responsibilities. With these resources, Interior employs about 67,000 people in its major agencies and bureaus at over 4,000 sites around the country.

Assessment of the Department of the Interior's Progress and Strategies in Accomplishing Selected Key Outcomes

This section discusses our analysis of Interior's performance in achieving the selected key outcomes, as well as the strategies it has in place, particularly strategic human capital management and information technology strategies, for accomplishing these outcomes.⁷ In discussing these outcomes, we have also provided information drawn from our prior work on the extent to which Interior has provided assurance that the performance information it is reporting is credible.

Health of Federally Managed Land, Water, and Renewable Resources

Interior's progress in maintaining the health of federally managed land, water, and renewable resources cannot be judged. Interior has four annual goals that relate to this outcome, including restoring lands and maintaining healthy natural systems. We cannot judge progress because, as we reported last year, the goals associated with this outcome do not foster a broad or departmentwide approach to measuring progress. Rather, Interior's overview contains representative goals from various agencies and goals for a few departmental crosscutting efforts. For example, Interior uses only two examples (South Florida ecosystem and wildland fire management) of its ongoing efforts to maintain ecosystems to measure progress toward its goal of maintaining healthy ecosystems, even though it is involved in several other efforts, such as restoring the Chesapeake Bay Watershed, the California Bay Delta, and the Lower Mississippi Delta. While the two examples it chose are both important efforts that represent important aspects of Interior's land management activities, these two

⁷Key elements of modern human capital management include strategic human capital planning and organizational alignment; leadership continuity and succession planning; acquiring and developing staff whose size, skills, and deployment meet agency needs; and creating results-oriented organizational cultures.

efforts are not sufficient to signify the progress Interior is making overall in maintaining healthy ecosystems because many other ecosystems are managed by Interior.

Another reason that progress cannot be judged is that in some cases, Interior does not provide an overall goal for what is ultimately to be achieved. For example, Interior indicates that in fiscal year 2000 it exceeded its goal of restoring 237,800 acres that have been disturbed or damaged by previous uses, such as mining, farming, or timber harvesting, but does not provide any information on how many acres in total need to be restored. Although it does not have an overall target for its land restoration goal, to its credit, Interior has included such information in parts of its overview that are not related to the health of federal lands outcome. This example illustrates the type of information that needs to be included in the restoration goal. In reporting on its efforts to protect and recover species listed as threatened or endangered, Interior provides data on the total number of species that were listed a decade or more ago and those that are now improving or stable from that list.

Interior's strategies for achieving its fiscal year 2002 goals, including making adjustments to address two of three performance measures that it did not meet in fiscal year 2000, appear to be clear and reasonable. For example, to address its fiscal year 2002 goal to reclaim damaged lands, Interior has a strategy to partner with nonprofit organizations to implement restoration projects. This strategy is important because, according to Interior, agency staff are often unavailable to perform work to reclaim damaged lands because they are involved in damage assessment cases. As a result, partnering with nonprofit organizations will be necessary to accomplish this goal. In addition, Interior has increased the number of acres to be treated for buildup of fuel materials, such as dead trees and underbrush, to deal with its failure to meet its goal in fiscal year 2000 and has developed a strategy to accomplish the higher goal. Interior's strategy is to incorporate fire management activities as part of its land management and to provide additional funding to enable the responsible agencies to treat increased acres. While it has identified partnering and additional funding as options, Interior plans to conduct workforce planning for all its agencies—with a particular emphasis on the wildland fire program—in fiscal year 2002. This action could identify other strategies to achieve Interior's goals. Interior does not have a strategy for achieving the third measure that it did not meet in fiscal year 2000, and its plan does not discuss any actions to meet its unmet measure for fiscal years 1999 and 2000 to acquire lands for the South Florida ecosystem.

Availability, Accessibility, Diversity, and Quality of National Park Facilities and Services

The Park Service reported that it achieved the outcome of safely satisfying the expectations of visitors in national parks and educating these visitors on the relevance and importance of the park units they visit. The Park Service has three goals, visitor satisfaction, safety, and education, all of which it met or exceeded in fiscal year 2000. In fact, for one goal—visitors' satisfaction with the services, facilities, and recreation and education opportunities offered during their visits to the parks—there is little room for improvement, as the agency has met its goal of 95 percent of visitors being satisfied. However, in the past we have reported concerns about the completeness of some of the data related to the goal that deals with visitor safety. Specifically, our past work revealed that there is no systematic process in place for reporting structural fires in national parks.⁸ Without such a process, there is no assurance that structural fires are being consistently reported as part of the agency's visitor safety statistics. This is important since the agency manages over 16,000 permanent structures, of which about a third are historic. In response to our prior recommendations, the agency acknowledged in its report that its structural fire program has significant deficiencies that need to be corrected, including those involving reporting issues.

The agency's strategies for continuing to meet and exceed its visitor satisfaction and visitor education goals appear clear and reasonable, although the plan does not provide information on the human capital aspects of the strategies. The Park Service plans to continue to manage facilities for visitors and to provide many different services for them, including interpretive programs and concessions. However, the Park Service's strategies do not explicitly address its workforce needs to ensure the goals are met. One potential problem that the Park Service leadership has identified is that 68 percent of its concessions staff are eligible to retire in the next 5 years. In looking for new staff, the Park Service can take the opportunity to address problems we have found with the concessions contracting staff.⁹ In contrast to the visitor satisfaction and education strategies, the agency's strategy for achieving its visitor safety goal is vague. The Park Service says it is developing a strategic plan and a new policy for visitor safety, but this is the same strategy identified in last year's plan. The current plan does not contain sufficient information on

⁸ *Park Service: Agency Is Not Meeting Its Structural Fire Safety Responsibilities* (GAO-RCED-00-154, May 22, 2000).

⁹ *Park Service: Need to Address Management Problems That Plague the Concessions Program* (GAO/RCED-00-70, Mar. 31, 2000).

what the Park Service will do for us to be able to assess the merits of the strategy.

Responsibilities to Protect and Preserve Indian Trust Lands and Trust Resources

We cannot judge whether the Bureau of Indian Affairs (BIA) is making progress in protecting and preserving Indian trust lands and resources because the annual goals and performance measures it has established that relate to this outcome are output-related and therefore these measures do not assess progress toward the outcome. BIA has 18 goals, such as reforesting tribal lands and restoring wetlands on tribal lands, and the same number of performance measures for this outcome. One example of BIA's output-related goals is to provide support for 50 tribal fish hatchery maintenance projects; the related performance measure is the number of projects supported. Such a goal does not show progress toward improving the resource. BIA recognizes the importance of developing goals that measure results and is attempting to establish them. According to the agency, the primary obstacle to the establishment of outcome goals for protecting and preserving Indian trust lands and resources is the lack of readily available data for measuring results. In other parts of its performance plan dealing with different outcomes, BIA has developed useful outcome-oriented goals. For example, its goal for law enforcement is to reduce violent crime on Indian lands and one of its long-term goals for community development is to reduce unemployment on Indian lands.

Because BIA's goals related to the outcome we reviewed are output goals rather than outcome goals, they are more straightforward and more easily attainable. For example, the strategy for the reforestation goal focuses on planting more trees. Thus, the strategies for achieving BIA's goals are clear and reasonable. As the agency moves toward establishing outcome-related goals, as it has indicated it plans to do, it will need to develop new strategies that reflect the outcomes.

Mineral Development on the Outer Continental Shelf

The Minerals Management Service (MMS) reported that it is making progress toward ensuring that safe and environmentally sound mineral development occurs on the Outer Continental Shelf and that the public receives fair market value for it. But MMS also reported weaknesses related to data accessibility and reliability that it is working to correct. MMS has three performance goals (environmentally sound development, fair market value, and safety) and four performance measures related to this outcome. For fiscal year 2000, MMS achieved two goals, but did not

achieve a third.¹⁰ MMS believes that a significant reason the third goal, safety, was not achieved is that offshore oil rig operators provided more accurate data on property damage costs, which were previously underestimated. MMS measures its performance for this outcome through two indexes and two ratios, which it calculates using data from various sources, including its own data systems and models, operators, and other agencies. MMS continues to reevaluate its performance measures because it recognizes that data collection and verification problems affect them. For example, MMS changed its performance goal to no more than 10 barrels spilled per million barrels produced (previously about 6 barrels) because this is a more realistic goal based on historical data. MMS also realized it could not, at this time, obtain accurate water quality data, which are needed as a component of the environmental index. As a result, MMS eliminated that component from its calculation until reliable data can be obtained.

The MMS plan contains clear discussions of several strategies that appear to be reasonable approaches to maintaining performance and improving data quality. For example, MMS is developing a new environmental index that will focus on MMS-permitted activities, which it believes will alleviate some of its data collection problems. Other strategies include conducting more inspections of platforms to ensure operators observe safety procedures, working with the Department of Transportation to facilitate industry compliance and MMS enforcement, participating in development of industry safety standards, developing a risk-based inspection program, and improving data quality through revised regulations covering accident reporting by operators and sharing information with other nations. MMS has requested additional funding for some of these activities but does not provide information on whether these funds will be used for hiring new staff or training current staff.

¹⁰MMS has two measures for the environmentally sound development goal that require calendar year data; these results were not originally available to be included in the fiscal year 2000 report. The results were reported in June.

Comparison of Interior's Fiscal Year 2000 Performance Reports and Fiscal Year 2002 Performance Plans With the Prior Year's Reports and Plans for Selected Key Outcomes

For the selected key outcomes, this section describes major improvements and remaining weaknesses in Interior's (1) fiscal year 2000 performance reports in comparison with its fiscal year 1999 reports and (2) fiscal year 2002 performance plans in comparison with its fiscal year 2001 plans. It also discusses the degree to which Interior's fiscal year 2000 reports and fiscal year 2002 plans address concerns and recommendations by the Congress, GAO, the Inspector General, and others.

Comparison of Reports

- The fiscal year 2000 reports include more thorough discussions of data validation and verification issues than the previous year's reports.
- On the other hand, Interior can improve the reporting of goals that are dropped or revised and can discuss the impact of actual performance on the likelihood of achieving planned performance in the current year.

Comparison of Plans

- The fiscal year 2002 plans contain more appropriate explanations of goals, measures, and crosscutting issues than the previous year's plans.
- Still, Interior can improve strategy sections to reflect strategic human capital and information technology plans and can improve discussions of program evaluations and the effects on performance goals and measures.

Comparison of Performance Reports for Fiscal Years 1999 and 2000

Interior's fiscal year 2000 reports are largely similar to last year's reports, although Interior and its agencies continue to make improvements in some areas. Overall, each of the 10 reports is well-organized and useful; in particular, the "Goals-at-a-Glance" section of each report and plan provides a useful way to follow the progress from year to year. The reports generally provide excellent narrative to explain those situations in which the actual performance significantly deviated from the performance goals. The discussions are brief, focused, and to the point, and they provide the reader with useful information in tracking the agency's performance. One significant improvement this year is Interior's and the individual agencies' attention to data validation and verification issues, an area that we have

highlighted as needing improvement in our reviews of prior year performance reports and plans. In most cases, the agencies included thorough discussions of how they determined that their goals and measures are valid and accurate. For example, BIA's report includes a comprehensive discussion of data validation and verification issues that generally provides the reader a good understanding of the credibility of the data, the data shortcomings, and the actions planned to improve the data. In one case, for example, BIA reported it will use a checklist to document trust evaluations to help verify the number it performs.

Interior can improve its future reports in two ways. First, in its overview document, Interior can improve its reporting of goals that have been revised in previous year's documents. For example, in the fiscal year 2000 plan, Interior had a goal to track progress in restoring lands in the Pacific Northwest; this was moved to a different section in the fiscal year 2000 report. In most instances, an explanation was provided when a new goal was added, but the absence of an explanation in this case confused efforts to track from one year to the next. Interior also revised the section of the report dealing with the restoration of the South Florida ecosystem to reflect the goals contained in the strategic plan issued by the South Florida Ecosystem Restoration Task Force in July 2000 in response to our recommendation.¹¹ Interior plans to report on the results being achieved by the task force in restoring the ecosystem. In addition to reporting the results, it is important that Interior's report reflect its contributions to the effort. Second, Interior can report on the effect of actual performance on the likelihood of achieving planned performance in the current year. For example, Interior indicated that it will not change its fiscal year 2001 measure for reclaiming damaged lands, even though it did not meet its fiscal year 2000 measure. It did not, however, state explicitly whether it could achieve the fiscal year 2001 measure.

Comparison of Performance Plans for Fiscal Years 2001 and 2002

As with its performance reports, Interior's performance plans continue to improve. In most cases, the plans contain appropriate explanations of the goals and measures. For example, last year we observed that the MMS plan did not include an explanation of the agency's accident index—now called the safety index. This year's plan has a clear, sufficient explanation of the index, including examples of data used to calculate the index components: the severity factor and safety risk factor. During fiscal year

¹¹ *South Florida Ecosystem Restoration: An Overall Strategic Plan and a Decision-Making Process Are Needed to Keep the Effort on Track* (GAO/RCED-99-121, Apr. 22, 1999).

2000, MMS had planned to establish a more comprehensive safety index and a new baseline for use in 2001, but it explained in its plan that additional time will be needed to develop a valid baseline. Overall, Interior's and the agencies' plans also contain useful explanations of management and crosscutting issues. For example, BIA provided greater explanation of its crosscutting issues, which is significant because practically all of its functions are associated to some degree with one federal agency or another.

To further improve the plans, Interior can integrate discussions of strategic human capital management issues and technology improvements with their strategies for achieving performance goals. In some cases, these issues have already been included in discussions of strategies—for example, Interior identified a lack of personnel and the need to work with nonprofit organizations to achieve its land reclamation goals. Also, MMS identified a general need to use information technology to improve its efficiency. In other cases, such as potential succession planning difficulties in the Park Service concessions program, these issues are not yet part of the discussion of strategies. Furthermore, Interior and its agencies can continue to make program evaluations a more integral part of the plans in future years because the results of the newly developed program evaluations can lead to changes in programs and performance goals and measures. For example, MMS used program evaluations, including two fiscal year 2000 Inspector General audits and the annual Inspector General financial management reviews, to measure past performance and used other studies of information and data validity, including an environmental monitoring study of industry compliance, to establish performance measures. The Park Service, however, missed the opportunity to improve upon its last year's plan by not fully disclosing the data limitations we had identified for its safety goal and by not identifying specific steps to address the limitations.

Interior's Efforts to Address Its Major Management Challenges Identified by GAO

GAO has identified two governmentwide high-risk areas: strategic human capital management and information security. Interior reported some progress in resolving the strategic human capital challenge in fiscal year 2000, having completed workforce planning guidelines in June 2000. Also, Interior and its agencies identified some areas in which they have human capital concerns. For example, Interior indicated that staffing levels could limit the effectiveness of the wildfire program and set a goal to conduct workforce planning in the wildland fire program in fiscal year 2002. Interior indicated that it will undertake human capital planning for all its agencies in fiscal year 2002 and is accelerating its planning to respond to an Office of Management and Budget (OMB) bulletin instructing federal

agencies to conduct a workforce analysis by June 29, 2001, but it did not substantially address how it intends to use human capital to achieve its goals. Interior did not have fiscal year 2000 goals to address progress in the information security area and, as a result, did not discuss progress in this area. Interior did include a goal and related measures for fiscal year 2002 to achieve specific improvements in this area; however, it did not indicate what steps it would take to effectively correct previously identified security weaknesses.

In addition, GAO has identified four other major management challenges facing Interior. Interior's performance reports included goals and measures for three of these challenges—improving the management of the Park Service, Indian trust funds, and ecosystem restoration efforts—some of which the agency met or exceeded, and others it did not meet. For the remaining challenge—improving the management of expanding amounts of land for which it is responsible—Interior did not have performance goals or measures. Interior and the relevant agency, the Bureau of Land Management, did discuss the strategies the agency would use to meet this challenge, including improving program management with a national-level task force. Appendix I discusses the responses of Interior and its agencies to the management challenges identified by both GAO and Interior's Inspector General.

Scope and Methodology

Interior has 10 reports and plans, 9 for its individual agencies and 1 departmental overview. For three of the selected key outcomes—park visitation, Indian trust assets, and Outer Continental Shelf development—we reviewed the agency-level reports and plans to assess progress toward the outcomes. The outcome on federal land management is broad, however, with multiple agencies performing the work and contributing to the goals. For this reason, we used Interior's overview report to assess progress toward the outcome. Although the individual agencies have goals that relate to the outcome, we did not review their reports and plans because we believe the overview should provide a comprehensive look at the agencies' progress.

As agreed with your staff, our evaluation was generally based on the requirements of GPRA, the Reports Consolidation Act of 2000, guidance to agencies from OMB for developing performance plans and reports (OMB Circular A-11, Part 2), previous reports and evaluations by us and others, our knowledge of Interior's operations and programs, our identification of best practices concerning performance planning and reporting, and our observations on Interior's other GPRA-related efforts. We also discussed our review with agency officials and with Interior's Office of Inspector

General. The agency outcomes that were used as the basis for our review were identified by the Ranking Minority Member of the Senate Governmental Affairs Committee as important mission areas for the agency and do not reflect the outcomes for all of Interior's programs or activities. The major management challenges confronting Interior, including the governmentwide high-risk areas of strategic human capital management and information security, were identified by GAO in our January 2001 performance and accountability series and high-risk update and by Interior's Office of Inspector General in December 2000. We did not independently verify the information contained in the performance reports and plans, although we did draw from our other work in assessing the validity, reliability, and timeliness of Interior's performance data. We conducted our review from April 2001 through June 2001 in accordance with generally accepted government auditing standards.

Agency Comments

We provided a draft of this report to the Department of the Interior for its review and comment. Interior chose to meet with us to provide oral comments, and we met with the Director of the Office of Planning and Performance Management and other officials from Interior on June 1, 2001, to discuss these comments. While the officials generally agreed with the report's findings, they raised a concern that the governmentwide high-risk area of strategic human capital management—which we reviewed in the management challenges section of this report—was first identified by us in January 2001, after Interior had completed much of its planning and reporting for fiscal year 2000. Interior noted that it has included a goal in its fiscal year 2002 plan to begin workforce planning and that it is accelerating its planning in response to an OMB directive to gather data on workforce numbers by June 29, 2001.

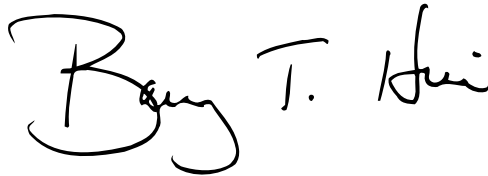
We agree with Interior officials that the issue of strategic human capital management was identified by us as a high-risk area in January 2001 when, according to Interior officials, it had finished most of its planning and reporting for fiscal year 2000. To address their concern, we revised the report to underscore this date when we first mention the high-risk issues in the report. We also noted, however, human capital issues have been a long-standing problem for many federal agencies and that the inclusion of human resources in performance plans has been required as part of the GPRA process since 1999, when the first performance plans were developed. In addition, OMB Circular A-11 contains guidance to federal departments to discuss strategies, including the planned use of human resources, to achieve goals in their annual performance plans.

The Interior officials also provided technical clarifications, which we made as appropriate.

As arranged with your office, unless you announce its contents earlier, we plan no further distribution of this report until 30 days after the date of this letter. At that time, we will send copies to the Chairman of the Senate Committee on Governmental Affairs, the Chairman and Ranking Minority Member of the House Committee on Government Reform, the Secretary of the Interior, the Director of the Office of Management and Budget, and other interested congressional committees. This report will also be available on GAO's home page at <http://www.gao.gov>.

If you or your staff have any questions, please call me at (202) 512-3841. Key contributors to this report are listed in appendix II.

Sincerely yours,

A handwritten signature in black ink that reads "Barry T. Hill". The signature is written in a cursive style with a large, looped initial "B".

Barry T. Hill
Director, Natural Resources
and Environment

Appendix I: Observations on the Department of the Interior's Efforts to Address Its Major Management Challenges

Table 1 identifies the major management challenges confronting the Department of the Interior, which include the governmentwide high-risk areas of strategic human capital management and information security. Interior has 10 performance reports/plans, including 1 that serves as a departmental overview, 1 each for the 8 major bureaus within the Department, and 1 for the Office of Insular Affairs. The first column of the table lists the management challenges that we and the Department of the Interior's Office of Inspector General (OIG) have identified. The second column discusses the progress Interior has made in addressing these major management challenges, as discussed in its fiscal year 2000 performance report. The third column discusses the extent to which Interior's fiscal year 2002 performance plan includes performance goals and measures to address the management challenges that we and Interior's OIG have identified.

While Interior's performance reports discussed the Department's progress in resolving many of its management challenges, the Department did not have goals for the management challenge dealing with information security and therefore did not discuss progress in resolving the challenge in fiscal year 2000. Interior has been engaged in workforce planning and information security activities during fiscal year 2001. Interior's fiscal year 2002 performance plans provided goals and performance measures for most of its management challenges. For Interior's 14 major management challenges, its performance plans had (1) goals and measures that were directly related to 9 of the challenges; (2) goals and measures that were indirectly applicable to 1 challenge; and (3) no goals and measures related to 3 of the challenges, although strategies to address them were discussed. The last challenge relates to Government Performance and Results Act, which is the subject of this report and therefore was not addressed in the matrix.

Appendix I: Observations on the Department of the Interior's Efforts to Address Its Major Management Challenges

Table 1: Major Management Challenges

Major management challenge	Progress in resolving major management challenge as discussed in fiscal year 2000 performance report	Applicable goals and measures in fiscal year 2002 performance plan
Governmentwide high-risk areas identified by GAO		
<p><u>Strategic human capital management:</u> Governmentwide, agencies are facing high numbers of retirements and a simultaneous lack of experienced personnel to replace lost staff. Agencies need to have succession plans in place to deal with this gap. Key elements of modern human capital management include strategic human capital planning; leadership continuity; acquiring and developing staffs whose size, skills, and deployment meet agency needs; and creating results-oriented organizational cultures.</p>	<p>Interior completed workforce planning guidelines in June 2000. It also developed a new supervisory training and development program.</p>	<p>Interior has a goal to begin workforce planning in all Interior programs. It also has a goal to develop and implement a new training and development policy and framework to address human capital management needs. One area for which we have identified the need for a human capital strategy is in firefighting; Interior plans to focus on the wildland fire program in its workforce planning. Two other areas that have been identified as having human capital management issues are ecosystem management and the National Park Service concessions program. According to Interior, inadequate staffing prevents full performance in restoring ecosystems. Also, according to the Park Service, concessions management is already understaffed, and 68 percent of its full-time employees will be eligible to retire in 5 years. Finally, the National Academy of Public Administration has identified leadership and other human capital problems at the Bureau of Indian Affairs (BIA).</p>

Appendix I: Observations on the Department of the Interior's Efforts to Address Its Major Management Challenges

Major management challenge	Progress in resolving major management challenge as discussed in fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
<p><u>Information security:</u> Our January 2001 high-risk series update noted that agencies' and governmentwide efforts to strengthen information security have gained momentum and expanded. Nevertheless, recent audits continue to show federal computer systems are riddled with weaknesses that make them highly vulnerable to computer-based attacks and place a broad range of critical operations and assets at risk of fraud, misuse, and disruption.</p> <p>Interior's OIG identified information security of Department systems as a management challenge. In addition, in the Department's fiscal year 2000 financial audit report, the OIG reported that (1) information security is a material weakness and (2) senior management needs to emphasize the importance of implementing an effective computer security program to ensure an adequate security environment.</p>	<p>Interior did not have an information security goal in its fiscal year 2000 performance plan, and therefore the performance report does not address progress for this challenge. However, Interior acknowledged that it has computer security weaknesses and reported information system controls as a material weakness in its Federal Managers Financial Integrity Act report for 2000.</p>	<p>Interior's fiscal year 2002 performance plan includes a goal to achieve compliance level 3 on the Federal Information Technology Security Assessment Framework for all of Interior's national critical infrastructure systems, all of its national security information systems, and 33 percent of its mission-critical systems. Achieving a level 3 compliance requires that security policies and procedures are adopted, system certification procedures are established, and a security awareness program is in place. Interior's overall target is to achieve a compliance level 5 by fiscal year 2005, the highest level achievable in this assessment framework. To meet the compliance requirements for this level, an agency must establish an enterprisewide security program.</p> <p>While Interior has established a plan for assessing its information system controls environment, it did not indicate what steps it was taking to ensure that all previously identified security weaknesses were effectively corrected.</p>

Appendix I: Observations on the Department of the Interior's Efforts to Address Its Major Management Challenges

Major management challenge	Progress in resolving major management challenge as discussed in fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
<p>Major management challenges identified by GAO</p> <p><u>Improve management of national parks:</u> The Park Service needs to (1) place a higher priority on gathering more scientific information on the condition of resources, (2) gather more accurate data on its maintenance backlog, (3) improve park managers' accountability, (4) address management problems with its concessions' program, and (5) ensure safety of visitors and employees.</p>	<p>(1) The Park Service met its goals of developing or acquiring 20 percent of 2,287 natural resource data sets needed.</p> <p>(2) The Park Service is developing the capability to determine and monitor the condition of its facilities. It plans to use facility condition as a performance indicator beginning as early as 2003. Interior did not meet its goal of repairing 30 percent of its facilities (it achieved 22 percent). It has developed a facility management plan that will address backlogs.</p> <p>(3) In 1999, the Park Service accomplished its goal to include goal achievement in 100 percent of performance evaluations for park superintendents.</p> <p>(4) The Park Service achieved its goal of increasing concession returns to 7.1 percent of gross receipts (it achieved 7.3 percent). The agency has acknowledged the need to reform how it manages its concessions program and is currently working with a federal advisory board to do so.</p> <p>(5) The Park Service exceeded its goals to reduce visitor accidents to 5.1 per 100,000 visitor-days (8.82 per 100,000 was the goal) and to reduce lost employee time due to injuries to 4.7 days (5.2 per 200,000 labor hours was the goal). In 2000, we reported concerns about the incident reporting system for structural fires, and these concerns have not been resolved.^a The Park Service has drafted a comprehensive fire safety plan.</p>	<p>(1) The Park Service will develop or acquire another 20 percent of its 2,527 needed natural resource inventories in fiscal year 2002.</p> <p>(2) Interior will complete 30 percent of repair and construction projects. The Park Service will continue to use the Facility Management Software System at 130 parks.</p> <p>(3) The Park Service no longer has a specific goal for this challenge but states it will continue to use goal achievement as an element of park managers' performance evaluations.</p> <p>(4) The Park Service has a goal to increase concession returns to 7.5 percent of gross receipts. The agency does not have goals related to concessions management.</p> <p>(5) The Park Service will continue to increase visitor and employee safety, lowering visitor incident/accident rates by 10 percent and keeping injury rates to 4.6 per 200,000. The Park Service does not address how it will improve its safety data. The Park Service will implement its fire safety plan over 4 years.</p>

^a *National Park Service: Agency Is Not Meeting Its Structural Fire Safety Responsibilities* (GAO/RCED-00-154, May 22, 2000).

Appendix I: Observations on the Department of the Interior's Efforts to Address Its Major Management Challenges

Major management challenge	Progress in resolving major management challenge as discussed in fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
<p><u>Address persistent management problems in Indian trust programs:</u> Interior needs to ensure Indians that their assets are well-managed. Interior cannot do this currently, although it is updating its trust fund management systems.</p> <p>Interior's OIG identified this area as a challenge. Both our and OIG's comments are combined here, and we did not discuss this challenge separately under the OIG challenges listed below.</p>	<p>The Office of the Special Trustee was created in fiscal year 1996 specifically to reform Interior's Indian trust management. Plans for reform are contained in the High Level Implementation Plan, which was updated in February 2000 and currently has 11 subprojects to improve trust management. Although the Office had a separate fiscal year 2000 plan with seven annual performance goals, it does not have a separate fiscal year 2000 performance report. The Office is currently deeply involved in responding to court orders relating to a class-action lawsuit over trust fund management and reports quarterly to the court. Interior's fiscal year 2000 overview report includes performance information for two of the Office's goals. The Office met its goal for deploying one of the plan's accounting systems, but not another. No information was provided on the other five performance goals in the Office's fiscal year 2000 plan.</p>	<p>The Office does not have a separate fiscal year 2002 plan. Instead, Interior's overview plan for fiscal year 2002 includes as part of one goal that the Office will complete 17 of the milestones for the 11 subprojects in the High Level Implementation Plan. The High Level Implementation Plan, once complete, is expected to provide assurance to Indians that their assets are well-managed.</p>

Appendix I: Observations on the Department of the Interior's Efforts to Address Its Major Management Challenges

Major management challenge	Progress in resolving major management challenge as discussed in fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
<p><u>Improve management of ecosystem restoration efforts:</u> Interior needs to improve its management of ecosystem restoration efforts by working to develop plans and strategies; coordinating with the multiple entities involved, such as states and tribes; and preparing for the attrition of key personnel related to ecosystem restoration efforts, such as fire managers.</p>	<p>In fiscal year 2000, Interior completed a strategic plan for the South Florida ecosystem restoration, but it did not meet its land acquisition goals of 26,000 acres (it acquired 36 acres). There were no fiscal year 2000 goals for the California Desert protection program, as it was added to the plan in fiscal year 2001. Interior did not meet its wildland fire goal of treating 1 million acres for fuels reduction (it treated over 500,000 acres) because the fire season was one of the worst on record. We discuss the progress toward this goal in more detail in the letter portion of this report.</p>	<p>Interior no longer has annual goals for the South Florida ecosystem restoration project because the project is long term—at least 30 years. In fiscal year 2002, Interior will coordinate and integrate various agency efforts for the protection and restoration of the desert tortoise in the California Desert. Interior also plans to contain 99 percent of wildfires on its lands, complete a baseline inventory of facilities construction requirements, and reduce fuels near 7 percent of at-risk communities and on 1.4 million acres of lands.</p>
<p><u>Address challenges in managing an expanding land base:</u> Interior oversees many land transactions. In particular, the Bureau of Land Management (BLM) needs to ensure that the lands are needed and are exchanged for approximately equal value. Once Interior gets new land, either through exchange or acquisition, it needs to highlight the need for increased funding to operate and maintain those lands. In particular, the Fish and Wildlife Service (FWS) needs to include operations and maintenance information in its budgets when it establishes refuges.</p>	<p>Interior does not address this challenge directly, but states it has made improvements in program management. BLM's Land Exchange Evaluation and Assistance Team will provide technical review and oversight for all land exchanges.</p> <p>Interior does not address the need for operations and maintenance fund information in its fiscal year 2000 report. However, FWS has a strategy to deal with the challenge at its level. Beginning in fiscal year 2001, FWS included in its budget a table of land that will be added during the year, including the operation and maintenance costs needed.</p>	<p>While Interior does not have goals related to this challenge, it does have a strategy. In fiscal year 2001, according to Interior officials, BLM is conducting reviews of its land exchange program in Nevada, Idaho, Wyoming, Montana, and California and plans to conduct similar reviews for Utah, Arizona, and New Mexico in fiscal year 2002.</p> <p>Interior does not address the need for operations and maintenance fund information in its fiscal year 2002 plan. FWS does not have a goal to address this, but plans to maintain an inventory of unmet operating needs and to request funding for them.</p>

Appendix I: Observations on the Department of the Interior's Efforts to Address Its Major Management Challenges

Major management challenge	Progress in resolving major management challenge as discussed in fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
Major management challenges reported by the OIG		
<p><u>Financial management:</u> Interior still needs to correct several material internal control weaknesses in producing its financial statements. It received an unqualified opinion on its fiscal year 2000 financial statements, which were issued on time. However, the OIG did not express an opinion on the Minerals Management Service (MMS) fiscal year 2000 financial statements for appropriated funds. Other agencies, including BIA, the U.S. Geological Survey, and FWS had material weaknesses in their statements, although they have unqualified financial statements.</p>	<p>Interior tracks all material weaknesses in financial statements and corrective actions through its management control program. Weaknesses identified in the fiscal year 2000 financial statements will be tracked in fiscal year 2001. Individual agencies addressed progress in the following ways:</p>	<p>Interior has a performance measure for timely implementation of audit recommendations and corrections of material weaknesses. MMS and BIA have specific strategies to address their material weaknesses:</p>
	<p>MMS, working with a task force and the OIG, took corrective action to improve its internal controls in fiscal year 2000.</p>	<p>MMS will continue to implement improvements to its financial records. It has instituted organizational changes to clarify work assignments, realign staff, and develop reconciliation procedures.</p>
	<p>BIA met its fiscal year 2000 goal to get a clean audit opinion on its financial statements.</p>	<p>BIA will address three of nine internal control weaknesses in fiscal year 2002. It does not specify which of the nine it will address.</p>

Appendix I: Observations on the Department of the Interior's Efforts to Address Its Major Management Challenges

Major management challenge	Progress in resolving major management challenge as discussed in fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
<p><u>Health and safety:</u> Interior is responsible for protecting the health and safety of visitors and employees. The Park Service and BLM specifically need to ensure visitors and employees are safe from fire and crime, concessions are operated safely, and employees have safe working conditions. Additionally, Interior needs to clean up contaminated sites on its lands, including abandoned mine sites, oil and gas wells, and leaking tanks and pipelines.</p>	<p>The Park Service's progress is reported under the challenge "Improve management of national parks."</p> <p>BLM exceeded its goal to bring 59 percent of its dams into fair or good condition (it achieved 61 percent), but it did not meet its goal to bring a total of 87 percent of administrative buildings into fair or good condition (it achieved 84 percent) or its goal of keeping 94 percent of bridges in fair or good condition (it achieved 92 percent).</p> <p>BLM exceeded its goals of assessing 3 percent of its roads and improving a cumulative 60 percent of those roads (it achieved 4 and 82 percent, respectively).</p> <p>BLM exceeded its target of investigating and enforcing 47 percent of violations on federal lands (it achieved 53 percent).</p> <p>To manage and control waste on Interior lands, Interior is conducting environmental audits. The Office of Surface Mining Reclamation and Enforcement (OSM) reported that it met its goal to reclaim 8,100 acres and missed its goal to fund 42 acid mine drainage projects (it achieved 35). BLM exceeded its goal to clean up 135 sites (it achieved 290). It also completed 650 safety actions at abandoned mines (unplanned goal).</p>	<p>The Park Service's goals are reported under the challenge "Improve management of national parks."</p> <p>BLM plans to increase the overall percentage of administrative buildings in good condition to 88 percent, of dams in good condition to 61 percent, and of bridges in good condition to 95 percent.</p> <p>BLM will assess the condition of 40 percent of its roads to identify improvement needs and will increase those improved to a cumulative 75 percent.</p> <p>BLM will investigate and take enforcement action on 50 percent of reported violations of federal laws and regulations.</p> <p>Interior's fiscal year 2002 goal is to complete initial environmental audits of 75 percent of Interior facilities. OSM will reclaim an additional 7,000 acres of lands and fund 40 new acid mine drainage projects. BLM will identify and correct safety hazards at 200 of 1,200 abandoned mines and clean up 150 of 600 sites.</p>

Appendix I: Observations on the Department of the Interior's Efforts to Address Its Major Management Challenges

Major management challenge	Progress in resolving major management challenge as discussed in fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
<p><u>Maintenance of facilities:</u> Interior has a large and aging inventory of buildings, and the maintenance backlog for these is growing. BIA, the Park Service, FWS, and BLM have large deferred maintenance backlogs.</p>	<p>According to the OIG, Interior has developed an adequate plan to correct the backlog. The Department will measure the reduction in the backlog to determine its success in addressing this challenge.</p> <p>BIA completed a 5-year maintenance and construction plan for fiscal years 2002-06. It met its fiscal year 2000 goal of replacing 3 schools, but did not meet its goal to improve 12 schools.</p> <p>The Park Service's progress is addressed under the challenge "Improve management of national parks."</p> <p>FWS exceeded its goal of having 533 (4 percent) of its water management facilities and 179 (4 percent) of its public use facilities in fair or good condition (its goals were 406 and 172, respectively).</p> <p>BLM exceeded its goal of bringing 80 percent of facilities at 377 special recreation areas into fair or good condition (it achieved 84 percent).</p>	<p>In fiscal year 2002, Interior will complete 30 percent of repair and construction projects.</p> <p>BIA will replace six schools in fiscal year 2002 and will improve nine schools.</p> <p>The Park Service's goals are addressed under the challenge "Improve management of national parks."</p> <p>FWS will have, in total, 582 water management facilities and 355 public use facilities in fair or good condition. It will implement a plan to assess facility conditions and conduct a study of a commercial maintenance management system at 5 to 10 field offices.</p> <p>BLM will ensure that 81 percent of facilities are brought into fair or good condition in fiscal year 2002.</p>
<p><u>Responsibility to insular areas:</u> Insular governments have problems in providing financial and management services and lack audit staff and resources. Some are near financial crisis. Interior, through its OIG, has audit authority for federal funds in all insular areas but lacks enforcement capability.</p>	<p>The Department had as its goal for fiscal year 2000 that insular governments complete one additional financial management plan for a total of five. It achieved its goal.</p>	<p>The Department has a goal to complete one additional financial management plan for insular communities. It also plans to increase the ratio of projects completed.</p> <p>The Department does not address the issue of audit authority for the insular governments.</p>

Appendix I: Observations on the Department of the Interior's Efforts to Address Its Major Management Challenges

Major management challenge	Progress in resolving major management challenge as discussed in fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
<p><u>Resource protection/restoration:</u> Interior has multiple responsibilities for protecting and restoring our natural and cultural resources. Agencies throughout the Department need to improve their management of artifacts and artwork. Specific agencies within Interior face other challenges. BLM needs to improve its range management program and the Bureau of Reclamation (BOR) needs to ensure that ineligible lands are not irrigated with its water.</p>	<p>Interior manages an estimated 113 million museum property pieces. As of fiscal year 1998, 36.4 million of these were accurately documented.</p> <p>The Park Service met its goal to increase the percentage of collections meeting its standards for museum collections to 65.7 percent. It did not meet its goal to show 46.8 percent of the 5,960 archaeological sites are in good condition.</p> <p>FWS does not have goals related to this challenge but has worked to inventory its museum collections. In fiscal year 2000, the agency cataloged collections from the 1930s and fossil collections on loan to 220 institutions.</p> <p>BLM exceeded its goal to restore and protect 481 of 1,354 cultural and paleontological sites on public lands (it achieved 519). It also met its goal of making collections available to the public by establishing five partnerships with nonfederal curatorial facilities.</p> <p>BLM exceeded its goal to support rural western communities and maintain healthy rangelands by renewing 3,456 grazing permits (it achieved 4,190).</p> <p>BOR did not directly address this goal; the agency indicated that it came up with alternative plans because it disagrees with the OIG recommendations.</p>	<p>Interior's goal for fiscal year 2002 is to accurately inventory 2.5 million items to bring the total inventoried to 50.8 million.</p> <p>The Park Service will increase the percentage of collections meeting standards to 68 percent in fiscal year 2002. The Park Service restructured its goal for archaeological sites to show that 44 percent of sites are in good condition.</p> <p>FWS does not have an agency-specific goal for fiscal year 2002. Its work supports the departmentwide goal.</p> <p>BLM will restore and protect an additional 230 sites. It will inventory 25,000 acres for cultural resources. It will also develop partnerships with five additional nonfederal curatorial facilities.</p> <p>BLM will issue 1,580 grazing permits consistent with grazing regulations.</p> <p>BOR did not include specific goals for this alternative.</p>

Appendix I: Observations on the Department of the Interior's Efforts to Address Its Major Management Challenges

Major management challenge	Progress in resolving major management challenge as discussed in fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
<p><u>Revenue collections:</u> Interior collects over \$8 billion in revenues each year, but the OIG believes the agencies can enhance revenue collection. Revenues include oil and gas royalties, fee demonstration funds, and reclamation recovery costs.</p>	<p>MMS collected \$8 million in additional revenue and achieved its goals of increasing the number of Indian oil and gas leases that comply with valuation regulations: 60 percent of gas properties using one valuation method are in compliance, 31 percent using a second method are in compliance, and 25 percent of oil properties are in compliance.</p> <p>The Park Service reported that it did not meet its goal of increasing fee collections 27 percent because of fires in the West.</p> <p>FWS does not address this challenge in its fiscal year 2000 report.</p> <p>BLM does not address this challenge in its fiscal year 2000 report.</p> <p>BOR disagrees with the OIG on its recommendation to recover full irrigation costs and points out that the current system of repayment is based on legislative requirements. Interior has instead sent a memo to the Department of Energy to discuss the policy implications of the proposed change in revenue collection and its impacts on power users.</p>	<p>MMS will increase the number of gas properties in compliance to 71 and 57 percent for the two valuation methods, and of oil properties in compliance to 34 percent. The amount that can be collected will, however, be decreased by a recent Interior Board of Land Appeals decision that impacts time periods prior to January 1, 2000.</p> <p>According to Interior officials, MMS cannot set a goal to achieve a certain level of royalties because production is industry-driven and price-dependent.</p> <p>The Park Service will increase fee demonstration funds 33 percent over 1997 levels.</p> <p>FWS does not have a performance goal for fee demonstration funds in its fiscal year 2002 plan.</p> <p>BLM does not have a performance goal for fee demonstration funds in its fiscal year 2002 plan. According to Interior officials, BLM cannot set a goal for achieving a certain level of royalties because production is industry-driven and price-dependent.</p> <p>BOR will report to the Congress on the difference between its current collections, which the agency believes are in accordance with legislation, and the proposed revenue collection.</p>

Appendix I: Observations on the Department of the Interior's Efforts to Address Its Major Management Challenges

Major management challenge	Progress in resolving major management challenge as discussed in fiscal year 2000 performance report	Applicable goals and measures in the fiscal year 2002 performance plan
<u>Procurement, contracts, and grants:</u> In fiscal year 1999, the volume of Interior's contracts exceeded \$3 billion, and grants to states and tribes exceeded \$2 billion. Programs or areas needing improvement are BIA's acquisition management program and Interior's credit card program.	BIA achieved its goal of receiving unqualified financial statements in fiscal year 2000. Interior's OIG initiated a departmentwide audit of the charge card program.	BIA will improve three of nine internal control weaknesses identified by the OIG. BIA does not say whether acquisition management will be one of the three. Interior will make changes as appropriate, as a result of the OIG audit.

Note: Where appropriate, we identified the performance indicators that relate to the specific challenges. We limited our discussion to the specific agencies mentioned in the challenges and did not look for performance improvements in the other Interior agencies.

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

Chet Janik (202) 512-6508

Staff Acknowledgments

Arleen Alleman, Julie Gerkens, Susan Iott, Dave Irvin, Lisa Knight, Mike Koury, Jeff Malcolm, Sherry McDonald, Charles Vrabel, and Ned Woodward made key contributions to this report.

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