



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

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Memorandum

To: Bureau Chief Financial Officers

From: Nina Rose Hatfield *N. Hatfield*
Deputy Assistant Secretary, Policy, Management and Budget

Subject: Preparation of the Statement of Net Cost

With the development of the most recent Department of the Interior Strategic Plan, the Department must realign cost information presented on the fiscal year 2004 Statement of Net Cost of Operations (SNC) with the End Outcome Goals identified in the Department Strategic Plan. See Attachment A for a list of the End Outcome Goals that will be used to report fiscal year 2004 Net Cost Information. The SNC for fiscal 2003 will not change. The content presented in fiscal year 2003 will be repeated in the 2004 Reports. The Office of Financial Management will work with each bureau on how to best present the comparative 2003 SNC data.

The Statements of Net Cost report accrual based expense and revenue information rather than budgetary information. Accrual accounting procedures require the reporting of 100 percent of activity of the bureau and the Department "incurred" during the reporting period. Accounting standards are used to determine when a cost or revenue is incurred. This determination is made without regard to when cash changes hands, the budgetary nature of that cash or whether the organization can keep the proceeds of revenue collected.

The amounts reported on the 2004 SNC will not agree to amounts accumulated under Activity Based Cost/Management (ABC/M) procedures, since ABC/M is designed to collect obligation and expenditure (budgetary) data and excludes certain activities. The ABC/M system is also designed to exclude information about certain time periods, such as activity against prior year obligations.

For preparation of the SNC, subtotals will be created in the Hyperion databases that correspond to the End Outcome Goals identified by the GPRA process, which align to the four Mission Areas. One additional subtotal will be created for "Other Activity". Note, the use of the "Other" category is very limited, and the use of this category for any activity other than Working Capital Funds should be coordinated with PFM. Reimbursable activity and administrative costs will normally be included in one or more of the appropriate 16 End Outcome Goals. The 16 End Outcomes will roll up to the four

Performance Measures/Mission Goals for the Department Consolidated Financial Statements. The 17th will be presented as an additional “Other” mission goal.

For each End Outcome Goal, the Performance Section of the Performance and Accountability Report (PAR) will include the GPRA performance measurement information prepared in accordance with direction from the Office of Planning and Performance Management (PPP). This performance information will include end-outcome measures and strategy performance measures identified in the Department’s Strategic Plan, as well as additional measures resulting from the Office of Management and Budget’s Program Assessment Rating Tool (PART) process. Certain other measures will also be reported to cover areas, such as working capital fund operations, that do not have performance measures identified in the Strategic Plan. PPP should be notified if such measures are to be reported.

Please contact Debra Carey on 202-208-5542 if you need additional information.

cc: Finance Officer’s Partnership
Financial Statement Guidance Team

Attachment A
Strategic Plan Mission Areas and End Outcome Goals

Mission Areas:

RESOURCE PROTECTION STRATEGIC GOAL:

Protect the Nation's natural, cultural and heritage resources

- End Outcome Goal 1 - Improve Health of Watersheds, Landscapes, and Marine Resources that are DOI Managed or Influenced in a Manner Consistent with Obligations Regarding the Allocation and Use of Water
- End Outcome Goal 2 - Sustain Biological Communities on DOI Managed and Influenced Lands and Waters in a Manner Consistent with Obligations Regarding the Allocation and Use of Water
- End Outcome Goal 3 - Cultural Resources Protect Cultural and Natural Heritage Resources

RESOURCE USE STRATEGIC GOAL:

Manage resources to promote responsible use and sustain a dynamic economy

- End Outcome Goal 1 - Energy: Manage or Influence Resource Use to Enhance Public Benefit, Promote Responsible Use, and Ensure Optimal Value
- End Outcome Goal 2 - Non-Energy Minerals: Manage or Influence Resource Use to Enhance Public Benefit, Promote Responsible Use, and Ensure Optimal Value
- End Outcome Goal 3 - Forage Manage or Influence Resource Use to Enhance Public Benefit, Promote Responsible Use, and Ensure Optimal Value
- End Outcome Goal 4 - Forest Products: Manage or Influence Resource Use to Enhance Public Benefit, Promote Responsible Use, and Ensure Optimal Value
- End Outcome Goal 5 - Water Delivery: Deliver Water Consistent with Applicable State and Federal Law, in an Environmentally Responsible and Cost-Efficient Manner
- End Outcome Goal 6 - Hydropower: Generate Hydropower, Consistent with Applicable State and Federal Law, in an Environmentally Responsible and Cost-Efficient Manner

RECREATION STRATEGIC GOAL:

Provide recreation opportunities for America

- End Outcome Goal 1 - Provide for a Quality Recreation Experience, Including Access and Enjoyment of Natural and Cultural Resources on DOI Managed and Partnered Lands and Waters
- End Outcome Goal 2 - Provide For and Receive Fair Value in Recreation

SERVING COMMUNITIES STRATEGIC GOAL:

Safeguard lives, property and assets, advance scientific knowledge, and improve the quality of life for communities we serve

- End Outcome Goal 1: Protect Lives, Resources and Property
- End Outcome Goal 2: Advance Knowledge Through Scientific Leadership and Inform Decisions Through the Applications of Science
- End Outcome Goal 3: Fiduciary Trust Responsibilities
- End Outcome Goal 4: Advance Quality Communities for Tribes and Alaska Natives
- End Outcome Goal 5: Increase Economic Self-Sufficiency of Insular Areas

MANAGEMENT EXCELLENCE STRATEGIC GOAL:

Manage the Department to be highly skilled, accountable, modern, functionally integrated, citizen-centered and result-oriented

Note: These End Outcome Goals will not be separately costed but performance measures will be included in “Performance Section” of the PAR:

- End Outcome Goal 1: Workforce Has Job-Related Knowledge and Skills Necessary to Accomplish Organizational Goals
- End Outcome Goal 2: Accountability
- End Outcome Goal 3: Modernization
- End Outcome Goal 4: Integration
- End Outcome Goal 5: Customer Value

Other:

- Working Capital Funds – Costs separately identified and reported in financial statements
- Other miscellaneous accounts – Costs separately identified and reported in the financial statements.