



G A O

Accountability \* Integrity \* Reliability

United States General Accounting Office  
Washington, D.C. 20548

Resources, Community, and  
Economic Development Division

B-282415

July 20, 1999

The Honorable Dick Armey  
Majority Leader  
House of Representatives

The Honorable Dan Burton  
Chairman, Committee on Government Reform  
House of Representatives

The Honorable Fred Thompson  
Chairman, Committee on Governmental Affairs  
United States Senate

Subject: Observations on the Department of the Interior's Fiscal Year 2000 Performance Plan

As you requested, we have reviewed and evaluated the fiscal year 2000 performance plans for the 24 Chief Financial Officers (CFO) Act agencies that were submitted to Congress as required by the Government Performance and Results Act of 1993 (Results Act). Enclosure I to this letter provides our observations on the fiscal year 2000 performance plan for the Department of the Interior (DOI). Enclosure II lists management challenges we and DOI's Inspector General identified that the agency faces and the applicable goals and measures in the fiscal year 2000 annual performance plan.

Our objectives were to (1) assess the usefulness of the agency's plan for decisionmaking and (2) identify the degree of improvement the agency's fiscal year 2000 performance plan represents over the fiscal year 1999 plan. Our observations were generally based on the requirements of the Results Act, guidance to agencies from the Office of Management and Budget (OMB) for developing the plan (OMB Circular A-11, Part 2), our previous reports and knowledge of DOI's operations and programs, and our observations on DOI's fiscal year 1999 performance plan. Our summary report on the CFO Act agencies' fiscal year 2000 plans contains a complete discussion of our objectives, scope, and methodology.<sup>1</sup>

---

<sup>1</sup> Managing for Results: Opportunities for Continued Improvements in Agencies' Performance Plans (GAO/GGD/AIMD-99-215, July 20, 1999).

B-282415

As agreed, unless you announce the contents of this letter earlier, we plan no further distribution until 30 days from the date of the letter. The major contributors to this report are listed in enclosure III. Please call me on (202) 512-3841 if you or your staff have any questions.

A handwritten signature in black ink, appearing to read "Victor S. Rezendes". The signature is fluid and cursive, with the first name being the most prominent.

Victor S. Rezendes  
Director, Energy, Resources,  
and Science Issues

Enclosures - 3

---

# Observations on the Department of the Interior's Performance Plan for Fiscal Year 2000

---

Interior's fiscal year 2000 annual performance plan consists of 10 components—a departmental overview and nine component plans.<sup>1</sup> Most of the plans provide a general picture of intended performance across the agency and a general discussion of the strategies and resources that the agencies will use to achieve their performance goals. However, additional work is needed to provide confidence that the performance information will be credible. For example, most of the component plans have performance measures that represent progress towards the performance goals. To illustrate, NPS' plan has an annual goal to reduce by 7 percent the rates of safety-related incidents in which visitors are involved. To measure accomplishments, NPS will use statistics that depict law enforcement incidents, natural resource violations, search-and-rescue missions, and traffic accidents. However, most of the component plans do not discuss the actions needed to compensate for unavailable or low-quality data or the implications of data limitations for assessing performance. Figure 1 highlights the plan's major strengths and key weaknesses that need to be addressed in future plans.

Figure 1: Major Strengths and Key Weaknesses of Interior's Fiscal Year 2000 Annual Performance Plan

**Major Strengths**

- Contains results-oriented goals and quantifiable measures
- Discusses strategies for achieving intended performance
- Plans follow a consistent format making them more user friendly than those from fiscal year 1999

**Key Weaknesses**

- Most of the plans do not provide specific procedures to credibly validate and verify performance information
- Most of the plans do not identify or recognize issues that would significantly affect data limitations and their implication for assessing whether goals are being achieved

---

<sup>1</sup>The nine subagencies are the Bureau of Indian Affairs (BIA), Bureau of Land Management (BLM), Bureau of Reclamation (BOR), U. S. Fish and Wildlife Service (FWS), Minerals Management Service (MMS), National Park Service (NPS), Office of the Special Trustee For American Indians (OST), Office of Surface Mining Reclamation and Enforcement (OSM), and U. S. Geological Survey (USGS). We did not review the plans for the Office of Insular Affairs, Inspector General, or Office of the Solicitor.

---

The Department of the Interior's fiscal year 2000 performance plans show moderate improvement in addressing weaknesses that we identified in our assessment of the fiscal year 1999 plans. In reviewing the fiscal year 1999 plans, we observed overall that the plan was not user-friendly. The component plans had to be reviewed in conjunction with the budget justifications. Therefore, understanding the totality was an overwhelming and time-consuming task involving a review of about 3,500 pages of material. More specifically, we said that the plans were limited in describing the strategies to accomplish performance goals; discussing the actions to address external factors that were likely to affect performance; describing the capital, human, and other resources to be used to achieve performance goals; describing credible procedures to verify and validate performance information, and recognizing known significant limitations to data from agency sources. For example, BIA's fiscal year 1999 performance plan contained strategies for achieving its strategic goals that in some cases were very different from those identified in its strategic plan.

While Interior's fiscal year 2000 total plan is still quite lengthy, it is significantly more informative. Specifically the overall plan (1) follows a consistent format among all of the component plans making it easier to locate material, (2) shows improved linkages between the component plans and among the goals and strategies within each individual plan, and (3) has fewer and, as a result, more focused, goals and measures. In addition, the departmental overview plan identifies department wide goals that are more clearly presented. Furthermore, the fiscal year 2000 plans are becoming more stand-alone documents in that they do not have to be read in conjunction with the budget justifications in order to provide a reasonable understanding of each plan. Also, the plans do a better job of developing goals that are measurable, describing the strategies that the agencies will use to measure the accomplishment of goals, and discussing the external factors that have an effect on accomplishing the stated goals.

Despite the overall improvements, the component plans need to continue to be strengthened to ensure that their performance information is sufficiently complete, accurate, and consistent. For example, six of the component plans still need to better identify significant data limitations and their implications for assessing the achievement of performance goals. Another area in which additional improvements are needed is in linking performance goals to program activities in the President's budget request. Five of the plans need to provide better linkages. For example, FWS' plan identifies funding levels for "GPRA program activities" but does not explain how these GPRA program activities were derived from the program activities in the agency's budget justification.

---

## The Agency's Performance Plan Provides a General Picture of Intended Performance Across the Agency

Interior's performance plans provide a general picture of intended performance across the agency. For example, seven of the component plans have performance measures that represent progress towards the performance goals. To illustrate, NPS' plan has an annual goal to reduce by 7 percent the rate of safety-related incidents in which visitors are involved by September 30, 2000. To measure accomplishments, NPS will use statistics that depict law enforcement incidents, natural resource violations, search-and-rescue missions, and traffic accidents. Similarly, one of OSM's mission goals is to repair, reclaim, and restore land and water that were degraded by past mining. One of OSM's performance goals related to this mission goal is for the Surface Mining Program to reclaim about 9,000 acres during fiscal year 2000. OSM will measure progress using the number of acres reclaimed by the Abandoned Mine Land Program.

Last year, when we reviewed the fiscal year 1999 plans, we observed that most of the component performance plans did not provide a succinct and concrete statement of expected performance for subsequent comparison with actual performance. Furthermore, most of the component plans did not have goals that were clearly linked to the subagencies' missions, strategic goals, and program activities in the budget and did not recognize crosscutting efforts. The fiscal year 2000 performance plan indicates moderate improvement in addressing the weaknesses of the fiscal year 1999 performance plan as it relates to providing a clear picture of intended performance across the agency.

Among improvements in the fiscal year 2000 plan are that most of the component plans have performance goals and measures that address the important dimensions of program performance. For example, there are a greater number of goals that are linked to outcomes, which show progress toward achieving program results. To illustrate, nearly 40 percent of BOR's goals in its fiscal year 1999 plan were not outcome-oriented but instead addressed internal issues concerning how it does its work. The Bureau's fiscal year 2000 plan is moving toward developing more outcome-oriented goals. Currently only about 25 percent of its goals address internal issues. Another area in which the component plans generally have improved is in their discussion of coordination efforts with other agencies having related strategic or performance goals. The fiscal year 2000 plans show that, six of the seven component plans that were weak in discussing coordination issues have made modest progress. For example, the FWS' plan for fiscal year 1999 had a very brief and vague discussion of crosscutting efforts. Its fiscal year 2000 plan discusses several crosscutting issues and recognizes the need to involve other parties in and outside the agency. To illustrate, FWS' plan has identified the Mississippi River Basin Partnership as a cooperative effort to support a number of habitat and species assessments, restoration, and improvement projects in the Mississippi River Basin area. FWS requested funds for this effort and will work with groups such as the Mississippi River Interstate Cooperative Resource Association, The Missouri River Natural

---

Resources Committee, and the Lower Mississippi River Conservation Committee to accomplish these projects. Conversely, BOR's plan has a discussion of crosscutting issues but does not go into any detail about issues that cross agency boundaries and is confined mostly to discussions of intra-Interior issues.

## The Agency's Performance Plan Provides a General Discussion of the Strategies and Resources the Agency Will Use to Achieve Its Goals

The fiscal year 2000 plan provides a general discussion of strategies and resources the agency will use to achieve performance goals. For example, most of the component plans that had weaknesses in fiscal year 1999 now discuss strategies that are linked to performance goals, contain changes to existing strategies and identify new initiatives to achieve performance goals, and describe the financial resources that are needed to achieve goals. To illustrate, MMS' plan has identified funding and full-time-equivalent staffing needs for each performance goal and provides some narrative identifying how the resources are to be used. Many of the other component plans also identify the funding resources attributable to the goals, which is a key element in assessing program performance.

The component plans, however, did not always clearly relate the program activities in the President's budget to performance goals. Many of the component plans identify "GPRA program activities," which result from aggregating, consolidating, or disaggregating the program activities in the budget. The plans then related the funding for the GPRA program activity to the performance goals. However, it is not always clear how the GPRA program activities and the funding levels were derived from the program activities in the budget. For example, it was not always clear how the funding for budget program activities would be allocated to performance goals in the plans of BIA, BLM, and FWS. In addition, NPS' plan does not link its organizational effectiveness goals to program activities in its budget. Conversely, USGS's plan provides crosswalks showing (1) the relationship between funding for its budget program activities and funding for its GPRA program activities and (2) how GPRA program activity funding would be allocated to performance goals. Interior officials told us that they are continuing to explore ways to more clearly portray the relationship between performance plans and budgets.

Last year, when we reviewed the fiscal year 1999 plans, the majority of Interior's component plans did not (1) adequately describe the strategies to accomplish performance, (2) sufficiently address how any external factors could affect the achievement of goals, and (3) always discuss or adequately identify the capital, human, financial, or other resources that will be used to achieve the performance goals. The fiscal year 2000 performance plan indicates moderate improvement in addressing the weaknesses that we identified in our

---

assessment of the fiscal year 1999 plans as it relates to providing a specific discussion of strategies and resources the agency will use to achieve performance goals.

Among improvements in the fiscal year 2000 performance plan are that many of the component plans that had prior weaknesses now provide a better description of the strategies that will be used to achieve the goals and the external factors that could affect achievement of desired performance. For example, BLM's plan has a number of goals in the "Restore and Maintain the Health of the Land" program area that is supported by strategies for achieving the goals. To illustrate, BLM has the goal to assess 400 miles of flowing riparian areas and 200,000 acres of key watersheds and standing wetlands that may be at risk of degradation. One of the strategies BLM will use to address this goal is to provide training on condition assessments and have interdisciplinary teams assess the riparian areas, watersheds, and wetlands using an established checklist protocol. The assessment results will be reported to BLM for the purpose of tracking and managing success in goal achievement. Its plan also provides information on how limited financial and staff resources could prevent the goals from being met. Also, BIA's plan has shown much improvement in describing the strategies for achieving goals and in linking the strategies to the performance goals. Its fiscal year 1999 plan generally did not discuss the strategies for achieving goals.

Interior's only strategic information technology goal is ensuring that the department's critical information systems have been remediated and are operating correctly for the year 2000 date change—a serious global issue and one that we identified as a government-wide high-risk issue. The department's performance goal is to ensure its critical information systems and processes are year 2000 compliant by March 31, 1999. According to department officials, all 90 of its critical systems have been repaired and in operation and 97 percent of the systems have been validated and verified by an independent source. The remaining 3 percent are to be completed by May 30, 1999. This information provides users of the plan with more assurance that the department's critical business processes and computer systems will function properly in the new millennium.

## The Agency's Performance Plan Provides Limited Confidence That Performance Information Will Be Credible

While Interior's component performance plans have improved over the fiscal year 1999 plans, they still need to be strengthened in order to provide confidence that performance information will be credible. Most of the component plans do not discuss the specific actions they need to take to compensate for unavailable or low-quality data or the implications of data limitations for assessing performance. For example, most of the plans identify the validation and verification procedures for ensuring data reliability but do not discuss the specific methodologies that will be used. To illustrate, most of the component plans—the departmental overview, NPS, OSM, FWS, MMS, and BIA—still do not discuss the procedures

---

to control data quality, such as those for automated information systems. Also, only one plan—FWS—improved its discussion on weaknesses that are inherent in the form of data collection and that could result in significant error in the data used for measuring performance. For example, FWS recognized in its plan that to achieve its annual goal to improve the condition of water management and public use facilities that it would need to have, among other things, better baseline data in its Maintenance Management System by December 1999.

Last year, when we reviewed the fiscal year 1999 plan, we observed that the component plans did not provide specific information on the data verification and validation processes and management controls over data that would be used. In addition, most of Interior's component plans did not sufficiently identify significant data limitations or adequately discuss or make reference to any significant new or modified information systems to make more credible data available for performance measures. The fiscal year 2000 performance plan shows some improvements in addressing the weaknesses that we identified in our assessment of the fiscal year 1999 performance plan as it relates to providing full confidence that the agency's performance information will be credible. However, improvements are still needed.

For the fiscal year 2000 performance plan, the data sources and strategy and validation procedures for the goals are presented in tables. The information in the tables often identify some of the major information systems that are used to store, process, and generate data and reports that will be used to assess performance. However, these tables do not provide enough of the verification and validation information needed for ensuring data reliability and credibility. Also, most of the component plans do not recognize several known issues that would significantly limit the quality of data from agency sources. For example, the component plans do not address information or computer security. We have identified information security as a government wide high-risk issue. Users of the plan could benefit from assurance that the agency's systems are secure from risks, such as tampering, that could affect the reliability and availability of critical performance data. Interior officials told us that they take data security seriously and are looking at computer security for all systems, including performance management systems. They said that data systems support performance measurement and they believe the department is already meeting the Results Act requirements in this area, but will continue to scrutinize and improve security. In this regard, they said that the department's information resources management council is examining the data/computer security issue and agreed the department can discuss the work of the council as part of the data validation and verification discussion in future plans. We agree that the department may be meeting the Results Act requirements and are encouraged that it will discuss information security in future performance plans because information security is a high risk issue government wide.

In addition, the departmental overview plan has the goal of achieving unqualified financial opinions for all of its component entities as well as for the Department's consolidated

---

financial reports. While this goal is laudable, Interior's core focus needs to be directed toward gaining the ability to produce accurate financial information in a timely manner. At a minimum, the Department needs to produce its audited financial statements in time to meet the statutory deadline of March 1 of each year. Additionally, the Department has indicated that it began modifying its financial statement system to allow for collection and reporting of financial information on a quarterly basis. We believe this is a worthy goal and as such should be added as a goal in the departmental overview plan.

Although the component plans generally still need improvement, the departmental overview plan made some progress in determining the credibility of performance data in the accounting and financial management area. For example, the departmental overview plan recognized the need to define and collect data on deferred and routine maintenance and capital improvements. Also, Interior has established a management team composed of its chief information officer and other senior managers to address the issue of year 2000 compliance for computer systems.

## Other Observations on the Department of the Interior's Implementation of Performance-Based Management

The Secretary of the Interior is responsible for administering the government's trust responsibilities to tribes and Indians. This includes managing about \$3 billion in Indian trust funds, and about 54 million acres of Indian lands. Management of Indian trust funds and assets has long been characterized by, for example, inadequate accounting and information systems, untrained and inexperienced staff, backlogs in appraisals, inadequate written policies and procedures, and poor internal controls. To address Interior's long-standing problems with accounting and asset management for the Indian trust funds, the Office of Special Trustee for American Indians (OST), which reports directly to the Secretary of the Interior, was established in 1996. The Office of Special Trustee developed an annual performance plan for fiscal year 2000 that covers the management of Indian trust funds. The OST did not have a performance plan for fiscal year 1999. Thus, we could not assess how much improvement has occurred. Instead, we evaluated OST's fiscal year 2000 plan to determine whether the plan meets, partially meets, or fails to meet the criteria established for evaluating agency performance plans. We determined that OST's performance plan meets the evaluation criteria in the areas of establishing performance goals that reflect the agency's primary functions, strategic goals, and mission. OST's plan also meets the criteria for establishing performance measures that link to the goals. Overall, however, OST's plan provides only (1) a general picture of intended performance across the agency, (2) a limited discussion of how the agency's strategies and resources will help achievement of its performance goals, and (3) limited confidence that performance information will be credible.

---

For example, OST's performance plan does not clearly define some criteria needed for applying performance measures. To illustrate, the OST has as one of its measures the percentage of subproject milestones contained in its High Level Implementation Plan—a plan which contains information on and describes each of 13 subprojects to address trust management reform—completed by September 30, 2000. However, the milestones themselves are not in OST's performance plan, but in a separate 90-page document that must be consulted to determine intended performance. Furthermore, because there are no objective criteria to determine levels of completion for some of the milestones, the application of the measure would lend itself to subjective judgment. As a result, inconsistent measurement could occur from year to year because of changes in the criteria. Also, there is no clear explanation of how the agency's strategies will affect the achievement of its performance goals or how the resources will or should be allocated or applied to the goals. Finally, the plan does not describe the significance of the limitations to trust management data systems for concluding on the extent to which goals will have been achieved.

It should also be noted that the National Indian Gaming Commission is not covered in Interior's strategic or performance plans. The Commission was established as an independent agency within the Department of the Interior with the primary purpose of regulating and monitoring gaming conducted on Indian lands. The Commission has authority to spend about \$7 million in fiscal year 2000. While this may not be a major activity within Interior, the sensitivities of Indian gaming issues and the potential for criminal activities related to gaming, would seem to indicate that Indian gaming is an important area in which to develop performance goals and measures to explain what it plans to accomplish with these funds.

## Agency Comments

On April 7, 1999, we met with Interior officials, including the Deputy Assistant Secretary for Budget and Finance, the Director, Office of Planning and Performance Management, and the Director of the Office of Financial Management to obtain the agency's comments on our observations about its fiscal year 2000 performance plan. Interior officials believe that its fiscal year 2000 performance plan meets the requirements of the Results Act and the guidance provided by the Office of Management and Budget (OMB) in Circular A-11. However, the Department acknowledges that improvements can be made to its plan. Interior also noted that the development of its performance plan is an iterative process and that progress will continue as the agency gains additional knowledge and experience with performance-based, results-oriented management.

The Department did not agree with our observation that it had not made significant progress in the area of validating and verifying performance information. While Interior officials believe that some improvements can be made, they said that the fiscal year 2000 plan includes better-defined measures, baselines, collection systems, and validation processes for each measure. They were particularly concerned that we did not give them enough credit for

---

the progress they made in describing the information on the validation and verification measures in their plans. In this regard, they told us that they worked closely with OMB on this aspect of their plans and that, according to OMB officials, the plans adequately address the requirements set forth in Circular A-11. We agree that the department improved its discussion of validation and verification measures over its fiscal year 1999 plans and have added language to the report to reflect the progress made. We also agree that additional improvements are needed. Improvements could be made in (1) ensuring that performance information is sufficiently complete, accurate, and consistent; (2) linking performance goals to program activities in the budget request, and (3) discussing the specific actions needed to compensate for unavailable or low-quality data or the implications of data limitations for assessing performance.

The department also made specific comments regarding its efforts to integrate performance planning and budgets and address information and computer security. We have also included language in the report to reflect the department's views on these issues. Specifically, we discuss the department's intent to more clearly portray the relationship between performance planning and budgets and how it plans to discuss information and computer security in future performance plans. We also revised the text to discuss the department's efforts to more frequently report financial statement information.

# Management Challenges

This table compares the Department of Interior’s management challenges to its performance plans for FY 2000. The management challenges included in the table are those identified by GAO and Interior’s OIG.

**Table II.1: Management Problems in Interior’s Fiscal Year 2000 Performance Plan**

Management challenge	Applicable goals and measures in the fiscal year 2000 performance plan
<p>Streamlining agencies—The organization and functions of federal land management agencies—particularly BLM and the Forest Service—need to be reexamined and streamlined. Similar responsibilities, tighter budgets, and an increased understanding that the boundaries of natural systems are not consistent with agency boundaries demand that this kind of reexamination be done.</p>	<p>None. The Departmental Overview portion of the performance plan addresses a number of crosscutting initiatives. However, they are aimed more at improved coordination among agencies than at the kind of fundamental reexamination of agency organizations and functions as suggested by our analysis.</p>
<p>Resource management—As caretaker of much of the nation’s natural and cultural resources, Interior needs to know the condition of these resources so that they can be properly preserved, protected, and maintained. However, the agency frequently does not have this kind of basic information. As a result, Interior frequently does not know the status of key issues like the condition and extent of resources problems, the effectiveness of measures taken to deal with them, or, where limited dollars should be allocated to do the most good.</p> <p>(The IG also identified this area as a management challenge.)</p>	<p>The Departmental Overview as well as some bureau plans have set up goals and measures to address various aspects of this issue. For example:                      —The Departmental Overview plan has established a goal and measures for determining the condition of assets to get better information on maintenance problems (04.05.01.00);                      —NPS has a number of goals and measures dealing with identifying and improving the condition of its resources ( 1a &amp; 1b goals, esp. 1b1 and 1b2; also IVa9 &amp; page 11)                      —BLM has a number of goals and measures dealing with getting better information to preserve resources and maintain health of the land (II.3, II.5, &amp; II.7)</p>
<p>Better guidance and oversight Decentralization of responsibility, coupled with inadequate guidance and oversight, has resulted in significant differences in how Interior’s field offices have implemented both legislative mandates and the administration’s goals and objectives.</p> <p>(The IG also has identified this area as a management challenge.)</p>	<p>None. The most significant contribution in helping to address this issue is the implementation of GPRA per se. The development of strategic and performance plans, performance measurement and eventually the performance reports will, if implemented properly, go a long way toward resolving this challenge.                      —BLM was one of the bureaus we and the IG were most critical of in this area. However, it is making good progress (see pp 8 &amp; 9 of plan).</p>
<p>Management of tribal and Indian Programs Management problems continue to plague Interior’s tribal and Indian programs. The \$3B Indian trust fund has long been characterized by inadequate accounting and information systems, untrained and inexperienced staff, and a host of other problems. In addition, the distribution of about \$800 million annually to tribes for basic services like law enforcement, child welfare and other social services and for contract support costs, is not in sync with the changing needs of tribes or changes in tribal revenues from activities such as gaming.</p>	<p>Trust Fund Management—The performance plan contains goals and measures for each of the major management problem areas (06.01.01, 06.01.02, &amp; 06.01.03). If all of the performance goals were met, many, though not all, of the identified problems would be resolved.</p> <p>Annual fund distribution to tribes—None. According to BIA officials, making the necessary changes would require legislation.</p> <p>Funding for contract support costs—The plan has a</p>

**Enclosure II**  
**Management Challenges**

<b>Management challenge</b>	<b>Applicable goals and measures in the fiscal year 2000 performance plan</b>
(The IG also identified this area as a management challenge.)	goal and performance measure addressing the need to more fully fund contract support costs (01.01.01.02). If met, the goal will provide increased, but not full, funding for contract support costs.
BLM/ALMRS project—BLM is not effectively managing its ½ billion dollar Automated Land and Minerals Records System (ALMRS) project. Problems such as the lack of a project schedule and other necessary system development plans increased the risk of degraded performance and capability, and resulted in higher costs—about 33 percent higher than BLM's original estimate of about \$400 million. BLM also found continuing problems with computer hardware and software during recent testing and found a number of concerns that had not been adequately addressed.	None. The management problems that BLM has had with ALMRS will no longer be a problem because, according to agency officials, the ALMRS systems development project has been cancelled as of March 1999. In the meantime, BLM will continue to face the same record management problems ALMRS was intended to address.
<b>Other areas identified by the IG-Department of the Interior:</b>	
Financial management—The Bureau of Indian Affairs and insular area governments have been unable to adequately account for revenues and expenditures associated with their operations. The latest financial statements (fiscal year 1997) for the Bureau of Indian Affairs received a qualified opinion due to the agency's inability to provide adequate documentation or reliable accounting information in a number of areas. Similarly, audits of the insular governments have shown that long-standing financial management deficiencies, like the inability to account for financial resources and ensuring that procurement transactions conform to requirements, continue to exist.	The Departmental Overview plan identifies a number of Department-wide management issues that need to be addressed. One of these issues is the need to develop reliable and accurate financial information. The performance goal and measure for addressing this issue includes getting unqualified opinions for the financial statement of BIA. (04.03.01.00)  In addition, the plan for the Office on Insular Affairs has included goals and measures for improving the financial management practices of insular area governments. (05.02.01.00, 05.02.02.00.)
Land clean-up—Interior's land management agencies face a major challenge in cleaning up sites contaminated by hazardous materials, abandoned mines sites, oil and gas wells, leaking underground storage tanks and pipelines, and illegal dumping sites. The cleanup costs to Interior have not been determined because of the unknown nature and extent of possible contamination and because the liability for cleanup in relation to other parties has not been established. However, the potential liability could be significant—perhaps hundreds of millions of dollars.	The Departmental Overview plan acknowledges this as a major issue for the Department and includes a performance goal for and measure for dealing with it. (04.06.01.00)  In addition, NPS (1a1), BLM (01.02.04.00), BIA (03.08.02.01), and FWS (2.1.2) also had goals and measures for addressing this issue.
Revenue collections—Interior's bureaus are involved in numerous activities that generate revenue for the federal government. These include mineral lease collections, water use repayments, reclamation fees,	BLM—Plan identifies revenue collections as a key management issue that needs to be addressed and includes performance goals and measures addressing this issue (01.01.04, 01.02.01, 03.05.01).

---

**Enclosure II**  
**Management Challenges**

---

**Other areas identified by the IG-Department of the Interior:**

---

resource and material sales, and user fees just to name a few. However, despite collecting over \$9 billion in fiscal year 1997, more can be done to improve Interior's collection activities. For example, BLM could recover more costs related to reimbursements for its fire fighting activities and BOR could have substantially increased revenues by perhaps as much as \$1.2 billion, by revising its irrigation assistance repayment policy.

The goals and measures are broader than the specific points made in the OIG reports.

BOR—Plan identifies revenue collections as a key management issue and discusses actions taken to address concerns raised by the IG. No specific goals or measures.

MMS—Plan identifies revenue collections as a key management issue. No goals or measures specific to IG findings.

---

Land exchanges—Congress has emphasized the use of land exchanges to acquire lands containing resource values of public significance and to improve the manageability of federal land by consolidating its land ownership. However, BLM has historically experienced problems in administering land exchanges in accordance with established standards and procedural controls. As a result, money is lost. (IG reports have identified \$4.4 million lost on 3 exchanges.)

None. The issue raised by the IG is based on work at BLM. While there are no specific goals or measures addressing this issue, the BLM plan acknowledges this as a management issue and discusses actions taken by the agency to address IG concerns.

---

Y2K—Interior has determined that the Year 2000 (Y2K) problem is critical to meeting the Department's mission and that resolution of the problem is one of Interior's highest priorities. IG evaluations of Y2K readiness at 3 bureaus (BIA, NPS, and FWS) have shown that 2 of the bureaus—BIA and NPS—have yet to complete a number of key steps needed to resolve the problem. Both BIA and NPS are in the process of addressing the problems related to this issue. (The IG is now looking at Y2K implementation at other Interior bureaus—BLM, USGS, and BOR.)

The Departmental Overview plan has a performance goal and associated measure addressing this issue (04.02.01.00). Essentially, they call for all critical systems to be Y2K compliant by March 31, 1999. Agency officials told us that all 90 of its critical systems have been repaired and in operation and 97 percent of the systems have been validated and verified by an independent source. The remaining 3 percent are to be completed by May 30, 1999.

# GAO Contacts and Staff Acknowledgments

---

## GAO Contacts

Victor S. Rezendez, (202) 512-3841

## Acknowledgments

In addition to the contact named above, Arleen Alleman, Robert Cronin, Alan Dominicci Leonard Ellis, Cliff Fowler, Brad Hathaway, Roy Judy, Jeff Malcolm, and Ned Smith made key contributions to this product.

(141309)

---

---

---

---

---

---

---

---

---

---