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RESULTS ACT

Comments on Selected Aspects of the Draft Strategic Plans of the Departments of Energy and the Interior

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Mr. Chairman and Members of the Subcommittee:

Thank you for your invitation to testify this afternoon. I am pleased to participate in this Subcommittee's review of the efforts of the subagencies of the Department of the Interior and the Department of Energy that you oversee to comply with the requirements of the Government Performance and Results Act of 1993, which is referred to as the Results Act. As you know, a primary purpose of the Results Act is to improve federal program effectiveness and accountability by promoting a new focus on results, service quality, and customer satisfaction. As agreed, I will comment on the overall quality of the draft strategic plans of Energy and the Interior. With regard to Energy, I will also comment on the draft plan as it relates to Power Marketing Administrations (PMA), specifically addressing whether it addresses the cross-cutting nature of their activities. With regard to Interior's draft plan, I will focus on three key areas as they relate to the Bureau of Reclamation and the U.S. Geological Survey. Those areas involve Reclamation's mission statement, the coordination of cross-cutting program activities in Reclamation and Geological Survey, and concerns about the data and information management systems in both of these Interior subagencies. For the purposes of this testimony, we consider Interior's draft strategic plan to be a combination of the Department-wide strategic overview and the included subagency draft plans.

In summary, our principal points are the following:

While the Department of Energy has made progress in developing its draft strategic plan, the draft plan is still incomplete and does not fully meet the requirements of the Results Act. The Department of Energy has developed a draft strategic plan that is appropriately focused on a Department-wide mission that transcends the interests of individual programs. Accordingly, the document barely mentions PMAs specifically. However, of particular concern to this Subcommittee, it does not identify programs and activities, such as those of PMAs, that are crosscutting or similar to those of other agencies. The function of the PMAs to market electricity relates to the functions of Reclamation and the U.S. Army Corps of Engineers, which produce the electricity that the PMAs market. However, the draft plan does not recognize that the achievement of Energy's strategic goals will depend, in part, upon its coordination with these agencies. To assure that the PMAs, Reclamation, and the Corps of Engineers are all moving toward mutually reinforcing goals and objectives, we believe it is important for Energy to address the coordination issue in its plan.

A significant amount of work still needs to be done before Interior's draft strategic plan can fulfill the requirements of the Results Act. Since programs within Interior are carried out primarily through eight major autonomous subagencies, the Department chose to implement the Act by developing a draft plan overview for the Department as a whole and requiring each of the subagencies to develop its own plans. I would like to focus on three key areas of Interior's draft plan. First, although Reclamation's mission statement is comprehensive and covers its major responsibilities, this Subcommittee and Reclamation disagree about its basic mission—which is the foundation of the draft plan. The consultation process provides an ideal opportunity to address such issues. Second, as with Energy, Interior's plan generally does not identify programs and activities that are crosscutting or similar to those of other subagencies nor does it indicate that coordination has occurred. For example, both Reclamation and Geological Survey, as well as other agencies such as the Environmental Protection Agency, address environmental water quality issues. However, there is no indication of any coordination of these plans to address the issues of duplication and overlap. Third, management of the information needed to track and measure performance against goals is in need of attention. Interior's Inspector General's reports on Reclamation and the Geological Survey have identified uncorrected accounting and internal control difficulties that have implications for implementation of the Results Act.

Background

As a starting point, the Results Act requires virtually every executive agency to develop a strategic plan covering at least 5 years. The plans are required to contain six major elements. They are (1) a comprehensive mission statement; (2) agency-wide long-term goals and objectives for all major functions and operations; (3) approaches (or strategies) and the various resources needed to achieve the goals and objectives; (4) the relationship between the long-term goals and objectives and the annual performance goals; (5) an identification of key factors, external to the agency and beyond its control, that could significantly affect achievement of the strategic goals; and (6) a description of how program evaluations were used to establish or revise strategic goals and a schedule for future program evaluations. In developing their plans, agencies are required to consult with the Congress and to solicit the views of other stakeholders. In preparation for meeting these requirements, executive agencies have been preparing their plans and submitting drafts to the Congress as a basis for consultation.

Our comments are based on the most recent draft strategic plans provided to the House of Representatives staff team working with them.[1] The comments are also based on our past and ongoing work at the various agencies. This testimony is based on recent work done at the request of the House leadership. Reports on that work are expected to be released next month.

It is important to recognize that the final draft strategic plans are not due to the Congress and the Office of Management and Budget until September 1997. Furthermore, the Results Act anticipated that it may take several planning cycles to perfect the process and that the final plans would be continually refined as future planning cycles occur. Thus, our comments reflect a snapshot of the plans at this time, and are intended to provide some insights that may help this Subcommittee and the agencies work together to successfully implement the Results Act.

Department of Energy's Draft Strategic Plan

Generally speaking, while the Department of Energy has made progress in developing its draft strategic plan, it is still incomplete and does not fully meet the requirements of the Results Act. Energy's draft plan appropriately focuses on a Department-wide mission that transcends the interests of individual programs. Energy's mission statement provides a short overarching statement, but the substance of its functions is described by what it calls four business lines. These are energy resources, national security, environmental quality, and science and technology. Energy's draft plan also includes a section on corporate management, which cuts across the business lines.

However, of particular concern to this Subcommittee, the draft plan does not identify programs and activities that are crosscutting or similar to those of other agencies, such as those of Energy's Power Marketing Administrations. Although Energy is sharing its draft plan with other federal agencies for coordination, it believes its functions are unique. On the basis of our work, however, we believe that Energy's four broad business lines do involve or overlap those of other agencies.

For example, in the energy resources area, the PMAs market electricity that is generated by the Bureau of Reclamation and the Corps of Engineers. The strategic goal for energy resources focuses on developing and promoting sustainable, secure, and competitive energy systems. One of the

[1]The June 16, 1997, draft plan from the Department of Energy and the draft from the Department of the Interior available to the Congress as of June 18, 1977, including the April 9, 1997, draft from Reclamation and the June 6, 1997, draft from the Geological Survey.

specific strategies for achieving this goal is to promote the safety and reliability of the energy utility systems. Energy included performance measures in the plan, one of which relates directly to the activities of the PMAs—minimizing the amount of time that the federal transmission system is inoperable and operating it in a manner that significantly exceeds performance standards.[2] Because the PMAs do not control the generation of electricity, they cannot achieve their goal without close coordination with Reclamation and the Corps of Engineers. It is important for Energy to address this coordination issue in its plan to ensure that program efforts are mutually reinforcing.

Department of the Interior's Draft Strategic Plan

A significant amount of work still needs to be done before Interior's draft strategic plan can fulfill the requirements of the Results Act. Since programs within Interior are carried out primarily through eight major decentralized subagencies, the Department chose to implement the Results Act by preparing a draft plan overview for the Department as a whole and requiring that each of its subagencies develop its own plan. The eight major subagencies within Interior include Reclamation, the Geological Survey, the Bureau of Land Management, the Minerals Management Service, the Office of Surface Mining, the Fish and Wildlife Service, the National Park Service, and the Bureau of Indian Affairs. In addition to providing the broad framework for the Department, the Interior-wide draft plan is to provide linkage between the departmental level and the individual subagency plans.

Although the draft plans of some subagencies address all six required elements, Interior's draft plan cannot be considered complete because half of the subagency draft plans are missing certain elements. In addition, the plan does not include clear linkages between the subagencies' goals and objectives and those of the Department, as well as across the subagencies. Furthermore, even the subagency draft plans that include all of the elements need further work and development in several areas. For example, although Reclamation and Geological Survey included all six elements in their plans, most of Reclamation's and half of Geological Survey's elements could be further developed and clarified. For example, some of Reclamation's long-term goals and objectives are not expressed in outcome-oriented terms and require subjective determinations of achievement. Similarly, the objectives and performance measures contained in the Geological Survey's draft plan are generally focused more

[2]Although the Results Act does not require performance measures in the strategic plan, Energy has included a number of them it its draft plan.

on outputs than on results-oriented outcomes. This fails to meet an important objective of the Results Act, which is to provide for more objective measurements of program success or failure. We are providing detailed comments on Reclamation's and Geological Survey's draft plans in attached appendixes.

Bureau of Reclamation's Missions

This Subcommittee's May 29, 1997, letter to the Commissioner of Reclamation expressed several concerns about Reclamation's draft strategic plan, including the appropriate missions, goals, and objectives. For example, you noted that Reclamation seems to be abandoning its original mission of developing water resources in favor of managing water resources. You questioned whether Reclamation is the appropriate agency to be carrying out the activities related to this management mission. You also questioned Reclamation's foregoing its mission to maintain facilities constructed by Reclamation and held in title by the United States in light of its statement that it is no longer seeking congressional appropriations to replace, rehabilitate, or renovate facilities related to the reimbursable functions of a project. Reclamation was established in 1902, and its role as a water resource agency has evolved and changed over the years. Its present-day mission is a legitimate and suitable subject for negotiation. It is the basic premise from which the remainder of the strategic plan flows. The Results Act consultation process provides an ideal framework for discussing such issues.

Crosscutting Program Activities

Interior's draft plan provides little evidence of coordination. The plan does not address how Reclamation or the Geological Survey will coordinate crosscutting programs with the other Interior agencies or agencies outside of Interior to support its overall goals. Crosscutting program efforts present the logical need to coordinate efforts to ensure that goals are consistent and, as appropriate, that program efforts are mutually reinforcing. We have found that when this is not done, overlap and duplication can undermine efforts to establish clear missions and goals. Crosscutting issues arise in several Interior programs. For example:

- Environmental protection and remediation programs. Reclamation's draft strategic plan addresses reducing, on a site-specific basis, sources of pollution that impact water quality, and the Geological Survey's plan addresses water quality studies. The Environmental Protection Agency and the Department of Energy also have environmental protection objectives related to water quality, but these are not mentioned.

- Indian programs. Most Interior agencies, including Reclamation and Geological Survey, have a role in helping Interior carry out its trust responsibility to American Indians and tribes. For example, Reclamation is responsible for constructing and operating water, irrigation, and power facilities for American Indians and tribes. Yet, the draft plan contains no discussion of coordination with Interior's Bureau of Indian Affairs.
- Recreation programs. Reclamation manages programs that provide recreational opportunities for the public, as does other Interior agencies, such as the Bureau of Land Management and the National Park Service, and agencies outside of Interior, such as the Forest Service. Again, coordination is not discussed in the Reclamation draft plan.

Data and Information Management Systems

The fiscal year 1996 financial statement audit reports of the Department of the Interior's Inspector General identified certain uncorrected accounting and internal control weaknesses which, if left uncorrected, will present difficulties for the implementation of the Results Act. For example, the Geological Survey audit identified problems in accounting for the costs of projects, while the Inspector General cited open recommendations on project cost allocations dating back to the early 1990s which Reclamation has yet to fully implement.

Furthermore, Interior's draft plan does not yet address how financial information will be used to support the measurement of strategic goals. Identifying performance measures and ensuring the development of reliable financial and program performance information will be major challenges for Interior and its subagencies.

In summary, both the Departments of Energy and the Interior have made progress toward meeting the requirements of the Results Act. The continuing consultation process provides the opportunity for this Subcommittee to ensure that the agencies' priorities are consistent with those of the Congress and that the functions are complementary and not unnecessarily duplicative.

Mr. Chairman, this concludes our prepared statement, which has highlighted the aspects of the draft strategic plans that we believe are of particular interest to you. We will be pleased to answer any questions that you or Members of the Subcommittee may have.

Bureau of Reclamation

1. Six key elements envisioned by Results Act

The Bureau of Reclamation's draft strategic plan contains each of the six key elements that the Government Performance and Results Act envisions would be in a successful strategic plan. However, most of the elements need further development and clarity.

Mission statement. The mission statement is comprehensive and covers the major responsibilities of Reclamation. However, as presented in our testimony, the missions are not in line with the missions that this Subcommittee believes are appropriate.

Long-term goals and objectives. While the draft plan identifies general goals and objectives to be accomplished by Reclamation, many of them could be strengthened if they were expressed in more outcome-oriented terms. Of the 18 outcome goals identified in the draft plan, there are at least 5 that are difficult to categorize as outcome-oriented. For example, one of the outcome goals is to "manage the Nation's western water resources wisely for present and future generations." Stated in this manner makes a determination of whether or not this goal is ever achieved quite subjective. The goal could be improved to allow for a more objective measurement of program success or failure. Another one of the outcome goals calls for Reclamation to "assist Indian tribes to develop and manage their water resources for present and future generations." As stated, this goal appears to be more output-oriented than outcome-oriented since it focuses on process not results.

How the goals are to be achieved. The draft plan contains a description of how the goals and objectives are to be achieved for each outcome goal. However, the discussion provided is general and does not include information on the level of resources needed to carry out the draft plan—human, capital, or information.

How the goals relate to performance plans. The draft plan describes how Reclamation's strategic goals will be linked to annual performance plans as envisioned by the Results Act. However, it is not clear to us how progress toward many of the strategic goals identified in the draft plan are measurable. Specifically, it is not clear to us that progress against 30 of the 67 strategic goals identified in the draft plan can be measured. It is not clear how the annual performance plans that are linked to these 30 goals will be effective.

External factors. While the draft plan contains a listing of key uncontrollable factors that could impact the achievement of Reclamation's goals, there is no assessment of these impacts. Without an assessment, the Congress or Bureau management may not be able to determine the likelihood of achieving the strategic goals.

Program evaluations. The document contains a section labeled "program evaluation." However, it does not adequately address this aspect of the draft plan. For example, according to the Results Act, the plan is to address what program evaluations were used in establishing or revising the general goals and objectives identified in the plan. But, no such discussion is in the draft plan. Furthermore, a discussion of future program evaluation efforts—another requirement of the Results Act—is limited to an acknowledgement that Reclamation will engage its customers in discussions concerning their expectations and views with no discussion of how the comments will be used or evaluated or when this work will be done.

2. Key statutory authorities

The Reclamation draft plan reflects consideration of the key statutory provisions authorizing its activities and programs. However, it does not generally present clear linkages between the stated goals and objectives and the relevant major statutory responsibilities. For example, Reclamation's draft plan provides few linkages between the large number of outcome goals and 5-year strategic goals and its many different statutory authorities. The draft plan contains 18 outcome goals and over 60 5-year strategic goals, which contain few statutory references. The Results Act does not require a statement of major statutory responsibilities to be included within an agency's goals and objectives, but a concise discussion of major statutory provisions and their relationship to the goals and objectives in the draft strategic plan may facilitate a better understanding of the diversity of Reclamation's overall mission and goals.[3]

3. Interagency coordination for crosscutting programs

Reclamation's strategic plan does not address how it will coordinate crosscutting programs with other Interior subagencies. For example, Reclamation has responsibility that cuts across the following programs of other Interior subagencies.

[3]Office of Management and Budget Circular A-11 suggests that an agency's mission statement may include a brief discussion of the agency's enabling or authorizing legislation. This suggestion, however, does not extend to the statement of goals and objectives.

- Environmental protection and remediation programs. Reclamation's draft plan addresses reducing, on a site-specific basis, sources of pollution that impact water quality; and the Geological Survey 's draft plan addresses water quality studies.
- Indian programs. Reclamation is responsible for constructing and operating water, irrigation, and power facilities for Indian tribes. The Bureau coordinates with the Bureau of Indian Affairs on water settlements.
- Land and natural resource management. Reclamation is responsible for water resource management. In this role, the Bureau is responsible for coordinating dam and dam safety programs with the Bureau of Land Management, Bureau of Indian Affairs, National Park Service, and Fish and Wildlife Service. Furthermore, the Geological Survey performs studies, investigations, and mapping services related to land and natural resources that are relevant to Interior agencies that manage federal land and natural resources, including Reclamation, the Bureau of Land Management, the Fish and Wildlife Service, and the National Park Service. In addition, Reclamation's draft plan addresses natural resource management as a competing goal to its program for providing water and power to Western states, communities, and tribes; but it does not say how it will measure achievement of these competing goals.
- Recreation programs. Reclamation manages programs that provide numerous recreational opportunities for the public as does other agencies in Interior, such as the Bureau of Land Management and the National Park Service.

In addition, the draft plan does not discuss how Reclamation has coordinated with other federal agencies that have substantial responsibilities impacting on its activities. These include the Corps of Engineers, the Environmental Protection Agency, and the Power Marketing Administrations within the Department of Energy.

4. Data and information systems reliability

Interior's Office of Inspector General's fiscal year 1996 financial audit report for Reclamation identified the following system weaknesses that need to be corrected to ensure the reliability of Reclamation's information:

- Lack of a subsidiary accounting system for fixed assets and lack of periodic reconciliations of fixed-asset subsidiary records to the general ledger.

- Uncorrected problems in certain program cost allocations, which are needed to ensure the reliability of information on investments in program assets.

In addition, the Office of the Inspector General identified inadequate computer systems controls which result in a risk that financial data could be inappropriately manipulated.

U.S. Geological Survey

1. Six key elements envisioned by Results Act

The Geological Survey's draft plan discusses each of the six key elements that the Government Performance and Results Act envisions would be in a successful strategic plan. However, three of the elements are not adequately addressed—how the goals are to be achieved, the relationship between long-term goals and annual performance plans, and program evaluations.

Mission statement. The Geological Survey's draft plan contains a comprehensive mission statement, which is to "provide the Nation with reliable, impartial information to describe and understand the Earth." It then describes how the information is to be used. In combination, the mission statement and the additional explanation of how the information developed by the Geological Survey is to be used are results-oriented and cover its major responsibilities.

Long-term goals and objectives. The draft plan discusses long-term goals and objectives that are logically related to the mission and generally expressed in measurable form. The draft plan expresses each of the Geological Survey's goals as "national goal/desired outcome" and identifies the role of the Geological Survey in providing information in support of that goal. However, the objectives and performance measures are generally focused more on outputs when they could have been strengthened by focusing more on results-oriented outcomes.[4] For example, one of the objectives/performance measures is to provide geological descriptions of a number of important aquifers by 2002.

How the goals are to be achieved. The Geological Survey's draft plan describes the approaches or strategies to achieve its goals and objectives as envisioned by the Results Act. However, this area of the draft plan needs further development since, among other things, it does not provide details concerning the resources (human, capital, or information) required to achieve the desired results. Also, the draft plan does not address what changes, if any, will be made to provide the Geological Survey's managers with the authority needed to implement the draft plan or how they will be held accountable.

One of the strategies involves customer service. The draft plan states that customer service and satisfaction is being incorporated into the overall

[4]Although the Results Act does not require performance measures in the strategic plan, the Geological Survey included a number of them in its document.

strategic planning process as a critical component of the Geological Survey's business. It further states that various means of assessing customer service activities are ongoing in every Geological Survey program and cites examples. In addition, the Geological Survey has published a customer service plan focusing on improving the access to and delivery of existing Geological Survey information to customers. First issued in August 1994, it presents the Geological Survey's goals and objectives for customer service as well as customer service standards. A Geological Survey-wide team will review the goals, redefine standards, monitor and evaluate progress (including proactively obtaining feedback from customers), and track milestones and accomplishments.

How the goals relate to performance plans. The Geological Survey's draft plan describes the relationship between long-term goals and annual performance goals, including identifying key terms and performance measures that are generally measurable. The draft plan explicitly recognizes the need for a clear linkage between annual goals and the program activity structure listed in the budget. However, it does not identify whether any revisions will be needed to budget account and program activity structures to better link them with the objectives, goals, and activities discussed in the draft plan.

External factors. The draft plan identifies eight external factors—referred to as "driving forces"—that could significantly influence and create alternatives for the Geological Survey: devolution of federal government functions, new technologies, demographic changes, public investment in science, society's concept of "public good," economic versus environmental interests, global interdependence, and scarcity and management of natural resources. These factors appear to have been considered in developing the draft plan's goals and objectives. Although noting recent organization changes, such as the merger of the National Biological Service and downsizing, the draft plan does not explicitly identify how these external factors could affect achievement of the goals.

Program evaluations. The Geological Survey's draft plan identifies 33 prior evaluations and other documents that were used in establishing the goals for the subagency. The draft plan states a goal of conducting external peer reviews about every 5 years, combined with "more frequent" internal management reviews. Furthermore, it states that a list is being developed of several program-level evaluations that are planned for the next several years. However, the draft plan does not identify the key issues of the evaluations or how any findings may be used to improve performance.

2. Key statutory authorities

The Geological Survey's draft plan reflects consideration of the key statutory provisions authorizing its activities and programs. However, it does not generally present clear linkages between the stated goals and objectives and the Geological Survey' relevant major statutory responsibilities. The Results Act does not require a statement of major statutory responsibilities to be included within an agency's goals and objectives, but a concise discussion of major statutory provisions and their relationship to the goals and objectives in the draft strategic plan may facilitate a better understanding of the diversity of the Geological Survey's overall mission and goals.[5]

3. Interagency coordination for crosscutting programs

The Geological Survey's draft plan does not identify program areas that are similar to or have the same purposes as programs in other agencies. But, as we identified, the Geological Survey has crosscutting issues. In land and resource management, it performs studies, investigations, and mapping services related to land and natural resources that are relevant to Department of Interior agencies that manage federal land and natural resources, including Reclamation, the Bureau of Land Management, the Fish and Wildlife Service, and the National Park Service.

4. Data and information systems reliability

Interior's Office of Inspector General's financial audit report for fiscal year 1996 identified inadequate controls at the Geological Survey for proper recording of reimbursable program costs due to a project cost accounting system weakness. If uncorrected, this could impair the reliability of project cost information.

[5]Office of Management and Budget Circular A-11 suggests that an agency's mission statement may include a brief discussion of the agency's enabling or authorizing legislation. This suggestion, however, does not extend to the statement of goals and objectives.

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