

## 6. Maintaining a Departmental Strategic Management Focus

The Department has adopted the results-oriented focus of the Government Performance and Results Act not only for the management of its programs, but also for the management of the Department as a whole. This strategic management focus is at the core of our implementation of GPRA, supporting our achievement of the outcomes associated with our three strategic goals and ensuring that we are delivering high-quality services in a cost-effective manner. Full implementation of GPRA continues to present challenges to the Department with its diverse missions, agencies, partners and constituents. The formulation of the Department's three strategic goals — a prepared workforce, a secure workforce, and quality workplaces — has provided a focal point for our strategic, results-oriented management efforts. Current Departmental priorities to strengthen our strategic management approach include enhancing the quality of data used to measure performance (described in Chapter 5), improving the outcome focus of our performance measures to ensure program accomplishments will achieve the intended outcomes, improving the relationship between the performance goals and their strategies, assessing the quality and sustainability of our results through program evaluation, and expanding coordination with our Federal partners on cross-cutting programs. As the Department gains proficiency in our current performance-based management priorities, increased attention will be devoted to linking costs and performance, with the objective to develop an increased number of goals to improve the cost-effectiveness of DOL programs, where appropriate.

To meet the additional challenges to full GPRA implementation, the Department continues to use several management processes to foster inter-agency coordination, ongoing monitoring of progress, and active executive oversight. The Management Review Board (MRB), chaired by the Assistant Secretary for Administration and Management and comprised of the Deputy Secretary, the Chief of Staff, and the heads of the major DOL agencies, oversees the management of DOL programs through regular meetings. Conferences between the Deputy Secretary and each agency head are also held on a regular basis to review progress toward achieving the agency's performance goals. In addition, the MRB has directed DOL executives and managers to revise their performance agreements and standards to include the achievement of performance goals in the individual evaluation process. The MRB is supported by the Center for Program Planning and Results, established during 2002 in the Office of the Assistant Secretary for Administration and Management, and an inter-agency working group that collaborate to implement the performance planning, monitoring, and reporting activities associated with GPRA.

The Department also works with organizations outside of its program agencies to improve performance goals and strategies. Under a Federal common measures initiative, DOL has worked closely with several other Federal Agencies to develop common performance measures that address Federal job training and employment programs. Agencies participating in this effort include the Department's of Education, Housing and Urban Development, Health and Human Services, Veterans Affairs and Interior. The common measures as applied to the Department's training and employment programs are included in Chapter 4 under Outcome Goal 1.1—*Increase Employment, Earnings, and Assistance* and Outcome Goal 1.2—*Increase the Number of Youth Making A Successful Transition to Work*. Appendix B includes the common measures, a discussion of their development, and the Department's plans to further address the common measures initiative.

The Department's OIG also works closely with the Department to provide the Secretary with information and advice on how to attain the highest possible program accomplishments and accountability.

## 6.1 Government-wide Management Reforms

The President's Management Agenda includes a comprehensive agenda of management reforms to achieve a Government that is citizen-centered, results-oriented, and market-based. The Department is committed to ensuring the full implementation of these initiatives to improve the effectiveness and efficiency of DOL's programs through the performance planning process. Five government-wide initiatives were identified in the President's Management Agenda; the Department's associated performance goals, plans, and progress to date, are described in this section.

- *Strategic Management of Human Capital.* The Department has undertaken a major Workforce Planning initiative, leading to a new, overarching human resources management goal (HR-1) that DOL will have the right people in the right place at the right time to carry out its mission. Two goals (HR-2 and HR-3) address the Department's commitment to assuring safe and healthful workplaces for DOL employees and reducing the human costs associated with workplace injuries and illnesses. These goals and their accompanying indicators are presented in section 6.2 and Appendix A of this plan.
- *Competitive Sourcing.* A goal implementing OMB's guidance to complete public-private or direct conversion competitions on a percentage of the positions listed on the Department's 2000 Federal Activities Inventory Reform (FAIR) Act inventory in FY 2004 has been established and included in section 6.2 and Appendix A of this plan. The strategies outlined in section 6.2 present the Department's implementation plan for accomplishing the FY 2004 goal. Another goal implementing OMB's guidance to award eligible service contracts over \$25,000 using Performance-Based Service Contracting (PBSC) techniques for not less than 40 percent of total eligible service contracting dollars in FY 2004 has been established and is included in section 6.2 and Appendix A of this plan.
- *Improving Financial Performance.* The first phase of the President's financial management initiative emphasizes reducing erroneous payments, and the Department's largest benefit program, the Unemployment Insurance (UI) program is the focus for this initiative in DOL. In the UI program, the Department's State partners have the responsibility for issuing payments directly to eligible claimants. A target to improve the accuracy of UI payments has been included for the first time in the FY 2004 plan. (See section 4.2 and Appendix A of this plan for the UI program goals.)
- *Expanding Electronic Government (E-government).* The Department provides a number of services and extensive information on-line, and routinely seeks opportunities to streamline communications and business transactions for DOL's constituents. For example, the Occupational Safety and Health Administration's (OSHA) strategies in section 4.3 of this plan include enhancing information technology initiatives that provide technical assistance to employers. These OSHA initiatives include Expert Advisors—interactive, decision-logic products that help users determine what requirements apply to them or what actions they need to take to address hazardous conditions in their workplaces—and e-CATS (electronic Compliance Assistance Tools), which are graphic programs that provide extensive information on a variety of safety and health issues. Another example of initiatives to facilitate customers' transactions with the Department is the Employee Benefits Security Administration's strategy to enable pension plan administrators to electronically file required plan documents with DOL.

In addition to E-government initiatives addressed in section 4.3 as strategies for enhancing the results of individual DOL programs, the Department's information technology goal in section 6.2 and Appendix A presents the outcomes and measures applicable to all DOL agencies. This goal sets the Department's standards for improving information technology capital planning, implementing e-

procurement and e-grants systems, and ensuring a secure environment for DOL's web-based transactions with citizens, businesses and other Government agencies.

- *Budget and Performance Integration.* In FY 2002, the Department developed and put into place an integrated agency-level FY 2004 performance plan and budget request. While further refinements will be needed based on our experiences and feedback from OMB and other stakeholders, the Department is clearly committed to using performance goals and results in formulating, prioritizing, and managing our resources.

## 6.2 Management Goals in the FY 2004 Annual Performance Plan

To achieve the President's Management Agenda and to address additional long-term management initiatives, the Department has established cross-cutting performance goals in the areas of financial, information technology, and human resources management. The agencies with the leadership responsibility for accomplishing these goals are the Office of the Chief Financial Officer and the Office of the Assistant Secretary for Administration and Management. In addition, all agencies of the Department must play active contributing roles to ensure the success of the President's Management Plan and the Department's management initiatives. These management goals, the strategies to achieve them, and the external factors that may affect accomplishment of the goals are detailed in the sections that follow.

### Financial Management

Sound financial management forms the foundation of the President's Management Agenda to attain fundamental changes in the effectiveness and efficiency of government. The Office of the Chief Financial Officer (OCFO) will focus its resources in FY 2004 on improving accountability to ensure that the workforce of the 21<sup>st</sup> Century is safe, secure, prepared, and competitive. This will be accomplished by meeting or surpassing government-wide accounting standards, reducing erroneous payments, and providing timely and accurate financial information. This information, when matched with the appropriate performance data, will enable decision-makers to better assess the effectiveness and efficiency of the Department's programs.

<b>Outcome Goal FM—Enhance Financial Performance through Improved Accountability</b>	
<b>FY 2004 Performance Goals</b>	
FM1.	<p>Improve the accuracy and timeliness of financial information.</p> <ul style="list-style-type: none"> <li>• Maintain an unqualified (clean) audit opinion with no material internal control weaknesses.</li> <li>• Meet new requirements and standards in accordance with the Federal Financial Management Improvement Act (FFMIA) and Federal Managers' Financial Integrity Act (FMFIA).</li> <li>• Issue FY 2003 consolidated financial statements by February 1, 2004.</li> <li>• Issue quarterly financial statements within 45 days after the close of each quarter.</li> <li>• Identify and correct processes and systems that contribute to erroneous benefit overpayments.</li> </ul>
FM2.	<p>Integrate financial and performance information to support day-to-day operations across DOL</p> <ul style="list-style-type: none"> <li>• Interfaced Department Accounting and Agency program systems provide cost-based performance data.</li> <li>• Develop and disseminate cost accounting policy and training materials to address issues raised in prior year survey.</li> </ul>

## Means and Strategies

### *Sustained Efforts in FY 2004:*

- Maintain necessary resources to prepare FY 2004 quarterly and annual consolidated financial statements. (FM-1)
- Monitor new and existing DOL accounting, financial, and asset systems and managerial controls to ensure they are in compliance with the Federal Financial Management Improvement Act (FFMIA) and the Federal Managers' Financial Integrity Act (FMFIA). (FM-1)
- Continue to assess and enhance security of the Department's financial management systems. (FM-1)
- Improve the DOL-wide program to target financial management training in critical skill areas, including the application of cost accounting standards and financial management systems development training. (FM-1; FM-2)
- Continue to improve internal controls by identifying potential risks and vulnerabilities; develop plans of action to correct internal control deficiencies. (FM-1, FM-2)

### *Significant new or enhanced efforts in 2004:*

- Begin implementation of the new core accounting system. (FM-1, FM-2)
- Assign necessary resources to monitor DOL Agencies' efforts to reduce erroneous payments. (FM-1)
- Review all Departmental performance plans, data sources that support those plans, and external evaluations that assess performance plan quality (e.g., GAO, OIG reports). This effort will identify opportunities for assisting program agencies in aligning their financial management information with program outcomes. (FM-2).

## Human Resources Management

The Department is committed to recruiting, developing, and retaining a high-quality, diverse workforce that effectively meets changing mission requirements and program priorities. Through workforce analysis and planning, the Department will identify the human capital requirements to meet our organizational goals and needs, so that DOL will ensure that the right people are in the right place at the right time. Workforce planning will be directed towards reducing the distance between the Department's decision-makers and our customers, enhancing front-line service delivery, addressing current and projected staff shortages, assuring that employees have the skills critical to their current positions and are prepared to progress to higher levels of responsibility, and anticipating changes to staff and competency requirements. Employees in occupations that are no longer necessary as a result of technology or changing business practices will be afforded the opportunity to be retrained, and succession planning and other planned management approaches to an aging workforce will be pursued.

A major goal of the Department's workforce planning efforts is to meet the objectives contained in the Strategic Human Capital Management section of the President's Management Agenda. To further that effort, the Department has developed a human capital scorecard, modeled on the OMB scorecard, to assess the progress being made by DOL Agencies in human capital management, including tracking the status of restructuring initiatives. The Department will complete the development of core competencies

for its mission critical occupations in FY 2003 and begin the analysis of workforce skills. This analysis will be completed in FY 2004, and all skill gaps in mission critical occupations will be identified. The Department will continue its wide variety of succession planning programs to address management workforce gaps. These programs include the SES Development Program, the Mid-Level Management Development Program, and the MBA Outreach Effort.

The Department also remains committed to assuring safe and healthful workplaces for our employees, including Job Corps students, and to reducing the human costs associated with workplace injuries and illnesses. The Department will expand the use of technology to provide and deliver web-based, interactive occupational safety and health training targeted to the hazards and conditions contributing to injuries and illnesses. Practices at work sites with lower than average injury rates will be evaluated to determine whether these practices can be used effectively elsewhere.

<b>Outcome Goal HR—Establish DOL as a Model Workplace</b>
<b>FY 2004 Performance Goals</b>
HR1. The right people are in the right place at the right time to carry out the mission of the Department.
HR2. Reduce the rate of lost production days by two percent (i.e., number of days employees spend away from work due to work related injuries and illnesses).
HR3. Reduce the overall occurrence of injuries and illnesses for DOL employees by three percent, and achieve a seventy-eight percent on time filing of injury/illness claims with the Office of Workers' Compensation.

#### **Means and Strategies**

##### *Sustained Efforts in FY 2004:*

- DOL will monitor workforce restructuring efforts included in Agency Workforce Restructuring Plans and Agency Scorecard Updates. (HR1)
- In support of the workforce planning effort, DOL will conduct an aggressive outreach and recruitment effort to attract a highly skilled and diverse workforce including persons with disabilities. Specifically, DOL will continue to utilize the newly approved Career Intern Program flexibility, along with recruitment bonuses and the student loan repayment flexibility, as a recruitment tool to target workforce gaps, such as the MBA Outreach Program to increase the number of MBA's at DOL. (HR1)
- DOL will continue recruitment efforts with special emphasis representation groups such as the National Association for the Advancement of Colored People (NAACP), the Federal Asian Pacific American Council (FAPAC), National Association of Colleges and Employers (NACE), the National Association of Hispanic Federal Executives (NAHFE), Blacks in Government (BIG) and others. (HR1)
- Provide technical assistance to DOL agencies in managing workers' compensation programs, including helping agencies in their efforts to identify candidates eligible to return to duty through workplace accommodation, flexi-place, or assistive technologies. (HR2)
- Review internal practices and procedures to increase worker accommodations. (HR2)

- Identify and implement best practices used to reduce the incidence of accidents and manage lost-time injury cases. (HR2-3)
- Reduce the number of lost production days through increased monitoring of workers' compensation cases and aggressive implementation of early nurse intervention and return-to-work strategies. (HR2)
- Monitor on-the-job accidents, injuries, illnesses and provide accident and injury statistics to assist in identifying problems, corrective actions, and best practices necessary to reduce accident and injury rates. (HR3)
- Use the Department Safety and Health Information Management System (SHIMS) to identify injury/illness trends and elevated injury rates and target resources toward addressing work related injuries and illnesses in the identified agencies and work sites. (HR3)
- Review internal practices and procedures to identify and address hindrances to claims processing and to further improve timeliness of filing injury and illness claims. (HR3)
- Begin implementation of interagency work group recommendation for the Department of Labor to enter into a Voluntary Protection Program pilot project in partnership with OSHA. (HR2-3)

*Significant, New or Enhanced Efforts in FY 2004:*

- DOL will monitor workforce restructuring efforts included in Agency Workforce Restructuring Plans and Agency Scorecard updates. (HR1)
- DOL will pursue process enhancements and technological innovations in areas such as recruitment, employee self service, strategic planning information linkages, and use of job competencies in order to provide better service to customers. Specifically, DOL will be implementing a recruitment one-stop web-based system that will be linked to the OPM front-end hiring portal. (HR1)
- Workforce projection tools will be utilized to further refine the Department's 5-year workforce planning and restructuring efforts, especially those affecting workforce trends and competency requirements. The Department has purchased HR Manager, and will be using it to develop selection criteria and interview questions as part of the hiring process in FY 2004. (HR1)
- In support of the workforce planning effort, DOL will conduct an aggressive outreach and recruitment effort to attract a highly skilled and diverse workforce including persons with disabilities. Specifically, DOL will continue to utilize the newly approved Career Intern Program flexibility, along with recruitment bonuses and the student loan repayment flexibility, as a recruitment tool to target workforce gaps, such as the MBA Outreach Program to increase the number of MBA's at DOL. (HR1)
- DOL will continue recruitment efforts with special emphasis representation groups such as the National Association for the Advancement of Colored People (NAACP), the Federal Asian Pacific American Council (FAPAC), National Association of Colleges and Employers (NACE), the National Association of Hispanic Federal Executives (NAHFE), Blacks in Government (BIG) and others. (HR1)
- DOL will place graduates of its SES Candidate Program, Mid-level Management Development Program, and the MBA Outreach Program. (HR1)

- DOL will administer the Management Cross-Cut included in the FY 2004 budget to support Departmental and Agency initiatives undertaken as a component of the President's Management Agenda. (HR1)
- Refine and expand use of web-based safety training for new employees and supervisors and refresher training for existing employees and supervisors, emphasize accident prevention methods and hazard identification. The training will include modules focused upon hazards contributing to a significant percentage of employee injuries, e.g., lifting, repetitive motion trauma, slip, trips, and falls. (HR3)
- Target accident types and causes in National Office and regional safety and health reviews. (HR3)

### Information Technology Management

As discussed in the President's Management Agenda, effective management of information technology is a critical success factor for nearly every facet of our operations. In particular for E-Government, the Department will continue to improve how it uses information technology to improve program performance—with the aim of providing better service to citizens, businesses, other governments, and our federal partners and employees.

The IT performance goal and measures are designed to support quality administrative and management services that further the mission of the Department. To facilitate meeting our goal, we are implementing a comprehensive, integrated E-Government framework. This framework will help the Department take full advantage of the rapidly changing technological environment to improve customer service, manage customer relationships, and adapt to future changes brought forth by the digital economy. The key elements of DOL's E-Government Framework include:

- *Better Customer Relationships.* Developing capabilities that help the Department identify customers more precisely, and improve customer service. FY 2004 efforts in this area will focus on improving service to customers identified through ongoing E-Government activities.
- *Improved Organizational Capability.* Improved policies, planning, and management to better develop, implement, and sustain a high level of digital services in support of the Department's mission.
- *Enterprise Architecture.* The methodology used to ensure that information technologies are aligned with the mission, goals, and objectives of the Department and the broader Federal government.
- *Security and Privacy.* An integrated planning approach to develop and implement policies and procedures that enhance security and privacy to ensure the integrity and confidentiality of data, and availability of services. The integrated approach also includes the analysis of threats and vulnerabilities integral to risk mitigation and management.
- *Burden Reduction.* An integrated planning, development and implementation approach to streamline, simplify, and reduce public burden by elimination of collection duplication through the use of information technology and reengineering of business processes.

The Department is recognized as a leader in integrating IT capital planning and enterprise architecture activities with broader Federal and Departmental priorities. This integrated approach to the management of the Department's information technologies further enables us to identify future environments and

ensure IT is closely aligned with our mission, goals, and objectives. Looking forward, the Department will continue to lead the GovBenefits Presidential Priority Initiative and participate actively in implementing the Federal E-Government Strategy by partnering with other agencies and initiatives across the government.

We will also continue our strong progress in building our capabilities through new initiatives designed to integrate information and customer relationship management and further integrate the Department's approach to technology.

To further enhance service to businesses and grantee organizations and to improve internal efficiencies, DOL will have the majority of its Enterprise-wide e-Procurement solution implemented by the end of FY 2004. Additionally, DOL plans to continue the acquisition and implementation of an Enterprise-wide e-Grants solution. These IT solutions will enable major improvements to the way DOL manages some \$1.3 billion of procurements annually, as well as more than \$10 billion in grants.

In line with the Information Technology Management Reform Act, the Department implemented an IT Capital Investment Management process for selecting, controlling, and evaluating IT investments. This process includes an automated IT portfolio evaluation and tracking system, with review and decision making through a Technical Review Board composed of DOL agencies' IT professionals, administrative officers and program officials, the Procurement Executive, and representatives from the Offices of the Chief Financial Officer and Inspector General. Performance indicators have been developed for FY 2004 to gauge the management effectiveness of the Department's IT investments.

As the Department facilitates communications with our customers, DOL continues to be committed to improving the security of our systems and data and protecting the privacy of those we serve. Priorities for the Department include strengthening DOL's Information System Security Program, as required to conform to the 2001 Government Information Systems Security Reform Act reporting requirements, and complying with the Chief Information Officer (CIO) Council's Federal Information Technology Security Assessment Framework. The Department has established aggressive FY 2004 performance measures to improve the security of our automated systems and information.

Taken together, these efforts support the achievement of the following E-government priorities in the President's Management Agenda:

- Make it easier for citizens to obtain government services;
- Improve efficiency and effectiveness; and
- Improve our responsiveness to citizens.

**Outcome Goal IT—Provide Better and More Secure Service to Citizens, Businesses, Government, and DOL Employees to Improve Mission Performance**

**FY 2004 Performance Goal**

IT. Improve organizational performance and communication through effective information management and deployment of IT resources.

## Means and Strategies

### *Sustained Efforts in FY2004:*

- Continue to provide IT governance and oversight of the implementation of the Department's E-Government plans, including:
  - ◆ Partnering with other government organizations along common lines of business to provide better service to customers, while ensuring alignment with federal standards, such as the Business Reference Model.
  - ◆ Finding new ways to use information and technology to improve our overall program effectiveness.
  - ◆ Using our Enterprise Architecture to identify improvement opportunities and ensure standardized and coordinated progress across the Department.
  - ◆ Continuing to work with agencies to improve customer service through reengineering their processes and streamlining forms and activities to reduce burden.
- Continue supporting DOL-wide information security responsibilities, as required by DOL policy, laws, and Federal regulations, to include:
  - ◆ Completion of major milestones in agency security risk mitigation and computer program plans.
  - ◆ Support to DOL agencies regarding privacy impact assessments.
  - ◆ Broader and enhanced computer security training.
  - ◆ Support of the ongoing DOL-wide Security Incident Response and Reporting Program.
  - ◆ Continued use of NIST SP 800-26 derived tool for security self-assessments of systems and programs
- Continue to assist agency managers and analysts in implementing the DOL-wide IT capital investment management process through guidance, training, and oversight, including:
  - ◆ Continuing to use our rigorous, annual IT selection process.
  - ◆ Continuing to broaden the scope of the Quarterly Control Review process.
  - ◆ Continuing to expand the use of Post Implementation Reviews.
  - ◆ Continued improvements in integration of the IT Capital Planning process with information security requirements.
  - ◆ Continuing to provide agencies with training and guidance for project justification and management activities (including Cost Benefit Analysis and Earned Value Management).
- Continue to plan, acquire, implement, and support new information technology, business solutions, systems, services, and capabilities for general support systems and major applications, including:
  - ◆ The Employee Computer Network (ECN), its applications, and end users.
  - ◆ Department-wide internetworking, including maintenance of DOL-wide Internet Protocol addresses and name directories.
  - ◆ Implementing an Integrated Information Management system and electronic procurement system.
- Continue to maintain the integrity of IT hardware, software, and operations through configuration management, network monitoring, and application of security measures.

*Significant New or Enhanced Efforts in FY2004:*

- Expanding our use of technology to improve service through partnering with other government organizations that operate along similar lines of business
- Expanding our ability to integrate and manage our customer's requirements for information.
- Furthering integration and alignment with federal-wide E-Government efforts, such as Presidential Priority Initiatives and the Business Reference Model.
- Enhancing the integration of activities to comply with the President's Management Agenda, including further IT workforce analysis to support progress on strategic management of human capital.
- Validate Agency compliance with minimum security standards as defined in Departmental guidance to ensure adherence to sound security practices.
- Provide a vehicle for Departmental agencies to secure Technical Vulnerability Assessment by independent third parties.
- Implementing agency plans for the Target Enterprise Architecture.

**Information Security Program**

Building on the progress of previous years, the Department is continuing to enhance its information security program. Importantly, a large part of these ongoing efforts center on an integrated approach to securing information assets throughout the IT Investment Management lifecycle and the ties to the DOL Enterprise Architecture. DOL's emphasis in this area is positioning it to meet the challenges of the new information age. In FY 2004, DOL will perform a number of activities to strengthen its security program and move to higher levels of the CIO Council's Federal Information Technology Assessment Framework. These include expanded role-based security awareness training programs, and continued efforts in incident response, security plans and other critical security activities. The OCIO will also strengthen its review and oversight of security programs, and further integrate security and privacy considerations into existing IT processes. Additionally, the Department will complete the implementation of a single, centralized emergency communication network to provide efficient command and control in a crisis situation requiring relocation. Furthermore, the OCIO will work with agencies to ensure they conduct adequate application level reconstitution testing to validate the efficacy and refine IT contingency plans in support of the Department's Continuity of Operations effort.

**Procurement Management**

In line with Government-wide reforms in the area of procurement, the Department will improve procurement management to achieve a results-oriented, and, where practicable, market-driven organization. For FY 2004 improvements will continue to include expanding A-76 competitions and improving the accuracy of DOL's Federal Activities Inventory Reform (FAIR) Act inventory.

**Outcome Goal PR – Improve Procurement Management**

**FY 2004 Performance Goals**

- PR1. Complete public-private or direct conversion competitions on not less than 15% of the FTE listed on DOL's Federal Activities Inventory Reform Act (FAIR) inventory.
- PR2. Award contracts over \$25,000 using Performance-Based Service Contracting (PBSC) techniques for not less than 40 percent of total eligible service contracting dollars.

**Means and Strategies**

*Sustained Efforts in FY 2004:*

- The Department established a DOL-wide A-76/FAIR Act Work Group tasked with coordinating the achievement of DOL's competitive sourcing goals. The Work Group is responsible for:
  - ◆ Identification of FTE at DOL to be directly converted or subject to public/private competition.
  - ◆ Identification of appropriate training on both the direct conversion process and A-76 public/private competitions for DOL personnel, including Work Group members, DOL management, contracting specialists, and human resources staff.
  - ◆ Ensuring that direct conversions and public/private competitions are conducted in accordance with labor management relations obligations and applicable personnel regulations. Human Resources specialists have been assigned to assist the Work Group in this effort.
  - ◆ Identification and implementation of best practices for direct conversions and public/private competitions.
  - ◆ Review of the methodology used to develop DOL's FAIR Act Inventory, to ensure that it accurately reflects the distribution of inherently governmental- and commercial activity- FTE across the Department and implementation of any corrections needed.
  - ◆ Participation in the Procurement Executives Council Civilian A-76 Interagency Work Group.
  - ◆ Coordination with the Department's Workforce Planning and Restructuring activities, to ensure consistency with A-76 outsourcing activities.
  - ◆ Enlist consultants to assess DOL's 2004 FAIR Act inventory before submitting the Inventory to OMB.
  - ◆ Enlist consultants to assist DOL in determining the best strategies to meet DOL's competitive sourcing goals for FY 2004 and beyond.
  - ◆ Coordination and oversight of public/private competitions within DOL, including assessing resources that are available in-house for completing the required cost analyses, and identifying appropriate contract providers where additional technical expertise will be needed. (PR1)
- DOL has developed a timeline for achievement of specific milestones in its competitive sourcing plan (see table below). This plan sets out policy decisions and major tasks needed to launch a program that will meet the Secretary's and the Administration's goals. (PR-1)

Milestones	Date
Monitor tracking and reporting database	Ongoing
Update DOL competitive sourcing policy/guidance (as needed)	Ongoing
Conduct competitive sourcing studies	Ongoing
Review DOL Competitive Sourcing Plan	Ongoing
Respond to challenges/appeals of 2003 inventory	Within FAIR Act time frames
Issue Guidance to DOL Agencies on 2004 inventory	March/April 2004
Develop plan and schedule for 2005 studies	May 2004
Obtain contractor support for larger studies	
Begin first reviews of larger functions	
Identify functions subject to more formal competitions	
Determine schedule for competitions	
Submit 2004 FAIR Act inventory to OMB	June 2004
Publish 2004 inventory	December 2004

- A Department-wide Performance-Based Service Contracting Work Group continues:
  - ◆ Defining the Department's contract base in terms of FY 2004 contract funding eligible for performance-based contracting and ensuring the accuracy of Federal Procurement Data System (FPDS) data to determine the applicable baseline.
  - ◆ Determining the Department's current level of performance-based service contracts, including the number of contracts and the funding levels for FY 2004.
  - ◆ Identifying the actions necessary to achieve the performance goals and developing appropriate strategies, such as adjustments to existing contracts. (PR2)
- On an ongoing basis, the training needs on performance-based service contracting techniques will be assessed and appropriate training will be provided for Contracting Officer Technical Representatives, contracting staff, and appropriate staff from agency program offices. (PR2)
- On an ongoing basis, technical support requirements will be assessed and supported appropriately. (PR2)
- Progress toward converting contracts to performance-based service contracts will be monitored on a quarterly basis, through the FPDS, to ensure attainment of the goal. (PR2)

### 6.3 Program Improvement Opportunities and Management Reforms

The Department of Labor is committed to working with the Office of Inspector General (OIG), the General Accounting Office (GAO) and the Office of Management and Budget (OMB) to improve its management systems and procedures. DOL reviews of the status of corrective actions taken in response to audit recommendations periodically. The budget process will consider the resources needed in each year to address audit recommendations and to institute other critical management reforms. OIG and GAO have identified several management improvement opportunities, and DOL's plans to address these issues during the remainder of FY 2002 and in FY 2003 are highlighted below.

#### GAO High Risk and Other Audits

None of the Department's programs are the subject of management weaknesses reported in the most recent GAO high-risk audit series.

GAO published *Major Management Challenges and Program Risks, Department of Labor*, in January 2001 as part of their *Program and Accountability Series*. The report covered three general areas: retraining workers to better meet rapidly changing workplace needs; protection of workers' benefits; and ensuring safe and healthful working conditions. GAO's challenges in all three areas focused on the need to improve performance measurement and, in particular, the availability and quality of data relative to some of the specific program issues reviewed by GAO. As described in detail in Chapter 5, improving performance data is a priority of the Department. For example, the Employment and Training Administration and the Veterans' Employment and Training Service are developing a new data collection and reporting system, in cooperation with their program partners, to provide accurate and complete information on assisting clients to secure long-term employment with opportunities for advancement.

GAO also issued a report in June 2001 on the Department's *Status of Achieving Key Outcomes and Addressing Major Management Challenges* as part of a series of reports on Government-wide implementation of the Government Performance and Results Act. The report concluded that the Department appears to be making progress in achieving its key outcomes, has increased its target levels for some goals for fiscal year 2002, and generally provided sound strategies for achieving these new targets. To ensure that progress toward performance goals can be accurately and fully assessed, and that performance indicators effectively measure the goal, GAO recommended that the Department revise its performance goals regarding strategic human capital management and information technology. The Department agrees with GAO, and has revised the performance indicators for both the human capital management and the information technology goals to more effectively measure the outcomes of the Department's efforts in these critical areas and to ensure that the President's Management Agenda will be achieved by DOL. Indicators have been added to the information technology goal to measure progress in improving security over the Department's systems and data, expanding Electronic Government initiatives to facilitate stakeholder communications, and improving the cost-effectiveness of DOL's information technology investments. With respect to the human capital management goal, the Department has developed indicators to measure progress in areas identified for improvement in the DOL workforce analysis and restructuring plan.

#### Program Improvement Opportunities Identified by the OIG and DOL Management

Improving program performance is a priority of the Department, and the Inspector General's Statement on the Most Serious Management and Performance Challenges Facing the Department (January 2002) presents issues of major potential impact on the effectiveness and efficiency of DOL's programs and

operations. Several of the Statement's challenges reference specific concerns reported in detail in recent OIG audits. The majority of these findings, if not already resolved, should be corrected before the end of FY 2002 and are not, therefore, included among the Department's goals for FY 2003. Other challenges require legislative action at the Federal or State level, as explained in Management's Response to the Challenges, which is included in the Department's *FY 2001 Annual Report*.

The *FY 2001 Annual Report* provides detailed information about the actions taken over a number of years to effectively manage these challenges. The Department will work with the Inspector General to develop an approach for reaching agreement that the Department's actions sufficiently meet each of the challenges, or what specific actions the Inspector General considers essential to resolving the challenges in future years.

Some of the management challenges raised by OIG relate to a core program or management priority and require a sustained effort over several years to be addressed completely. The Department responds to such challenges by including goals and strategies in the Departmental or agency-level annual performance plans. Below are a few examples of management challenges that are addressed in goals and strategies in this FY 2003 Annual Performance Plan.

- *Protection of Worker Benefit Funds – Program Integrity.* DOL's management challenges included concerns about vulnerability to fraud in the Employment and Training Administration's Unemployment Insurance (UI) and the Employment Standards Administration's Federal Employees' Compensation Act (FECA) programs. Recognizing that all major benefit programs are vulnerable to some degree of fraud, the Department has initiated a number of actions to protect both programs and has included indicators or strategies in the DOL Annual Performance Plan to address fiscal integrity in these programs. In the UI program, for example, the Department has conducted training for the States to highlight UI fraud detection techniques and encourage the sharing of enforcement approaches. In FY 2003, the UI program is adding an indicator to measure payment accuracy, with the goal of reducing erroneous benefits payments. To minimize the occurrence of erroneous FECA payments, the Department has instituted several types of management control systems and practices, which are described in detail in the Department's *FY 2001 Annual Report*. The success of some of these practices is measured through indicators in the DOL Annual Performance Plan. The relevant indicators for both of these programs are included in Chapter 4 and Appendix A, under outcome goal 2.2.
- *Information Technology and Electronic Government Challenges – Security of IT Assets.* OIG raised concerns about the vulnerability of the Department's information technology (IT) assets and the effectiveness of the organizational structure through which these assets are managed. Under the leadership of the Department's Assistant Secretary for Administration and Management (ASAM), the Department has established a comprehensive Cyber Security Program that is being implemented in a phased approach. The Department's *FY 2001 Annual Report* lists the notable accomplishments of Phase I, along with a discussion of the advantages of the current organizational structure, in which the Chief Information Officer (CIO) responsibilities are integrated with the ASAM position. Chapter 6 of the DOL Annual Performance Plan presents the priorities and strategies that the Department will pursue in its management of its IT resources. The performance goal presented in detail in Appendix A includes for the first time in FY 2003 indicators to measure the Department's progress in improving security and achieving the intended benefits of information technology projects on schedule and within project budgets.