



**MANAGEMENT ENABLING GOAL:
CONTINUE TO BUILD
A STRONG INSTITUTION**

Management Enabling Goal: Continue to Build a Strong Institution

To effectively meet Treasury's programmatic goals, the Department needs strong and efficient management processes and administrative support. In addition, a focus on customer and employee satisfaction is key in order to implement a "balanced" approach to our operations.

Management Enabling Goals

M1: Support the Achievement of Business Results

M2: Improve Customer Satisfaction

M3: Improve Employee Satisfaction

M1: Support the Achievement of Business Results

RESULTS

Treasury instituted processes to address workforce-planning issues and to improve recruitment efforts, achieved an unqualified audit opinion and reduced the number of material weaknesses, exceeded its procurement competition and small business goals, and worked to ensure that its information systems were secure.

STRATEGIC GOAL OVERVIEW

Taxpayers deserve the most efficient and effective use of their tax dollars. Emphasis is and must continue to be placed on infrastructure issues within the Department to ensure all mission requirements are met at the least cost to the taxpayer. This enabling goal focuses on efforts to strengthen our human resources, financial and asset management, information technology, and procurement programs.

STRATEGIES/KEY MEASURES

Improve the Capacity to Recruit, Develop, and Retain High-Caliber Employees. Treasury took innovative approaches to address critical emerging issues in human resources, to improve the Department's position as a competitive employer, and to better achieve organizational goals. Among its accomplishments, Treasury identified actual and anticipated skills gaps resulting from increased retirements and emerging technology, and then developed programs designed specifically to meet these needs. The Department obtained a permanent excepted service hiring authority for our enforcement area to target and readily hire high-quality individuals for work related to counter-terrorism, anti-money laundering and foreign assets control. Treasury also exceeded the target to develop 25% of the *HR Connect* product (a human resources information technology system) by developing 28.5%. And Treasury developed a Department-wide safety and health system to track safety and health incidents, as well as worker's compensation claims.

Foster an Environment of Equal Opportunity. Treasury continued to make progress in attracting retaining and developing a diverse workforce. The minority representation of the Department increased to 35.3% from 34.91% in FY 2000. This is 13.3% above the minority representation in the Civilian Labor Force. The representation of women in the Department remained at 58%, well above their representation of 46% in the Civilian Labor Force. The Department also made progress in increasing the efficiency of the Equal Employment Opportunity process through a 46% increase in the number of bureaus with Alternative Dispute Resolution programs.

Treasury also expanded advertising (including use of the Internet) with minority organizations and national publications that advocate the employment of minorities, women, and people with disabilities, developed partnerships to increase diversity at all grade levels, and worked to ensure access for people with disabilities to Departmental websites.

Ensure Strong Financial Management of Treasury's Accounts. Treasury received for the first time an unqualified audit opinion on its financial statements for FY 2000 and reduced the number of open material weaknesses to 28 at the end of FY 2001 from the FY 1998 baseline year of 49, while preventing any new material weaknesses. Treasury also exceeded the goal of 62% of bureaus in compliance with Federal Financial Management Improvement Act financial systems requirements by achieving 67% compliance (also above the FY 2000 of 54%).

Make Wise Capital Investments and Effectively Manage Treasury's Assets. Treasury's information technology (IT) capital investment portfolio consisted of a number of major projects that include both bureau and enterprise initiatives. Treasury's Capital Investment Review Board (CIRB) approved eight IT projects, denied one, and regularly monitored the nine IT projects in the CIRB portfolio. Emphasis was on the control phase of investment management. The CIRB also made significant progress by instigating the development of complete IT portfolios for the U. S. Mint and Secret Service. For non-IT assets, the CIRB approved two business cases, denied one, and continued regular monitoring of nine projects.

Treasury's system for tracking cost, schedule, and performance data required by the Clinger-Cohen Act is the Information Technology Investment Portfolio System (I-TIPS). However, as in FY 2000, adequate cost, schedule and performance data in many cases have not been entered in I-TIPS. Therefore, consistent results data on IT projects are unavailable.

Procure Quality Goods and Services at a Fair and Reasonable Price and in a Timely Manner.

Treasury spends over \$3.1 billion annually in contractor goods and services in order to achieve critical program missions, and is committed to maintaining a strong acquisition program. Treasury exceeded its 80% goal of using purchase cards to purchase items less than \$2,500, with a 98% result. Treasury also exceeded its competition goals, with 89% of contract dollars over \$25,000 competed (target of 75%), and 86% of contract actions over \$25,000 competed (target of 70%). And in the small business arena, Treasury exceeded its goal of 23% of appropriated procurement dollars awarded to small businesses, with a 34% result.

The Department continued to assess the overall health of the Treasury acquisition system through regular Acquisition Management Assistance Reviews (AMARS) and monitoring of major, high impact procurement actions, completing three AMARS, and monitoring responses to AMAR findings from six bureaus. All have reported significant improvements this year. In fact, 50% of the bureaus under review successfully completed implementation of their AMAR recommendations.

Ensure Continuity of Treasury Operations. In FY 2000 and 2001, several departments and agencies suffered major breaches of security, both physical and information technology-related. In response, Treasury commissioned a number of security studies to assess its own security programs and identify means for improving the protection of Treasury employees, systems, information, and facilities in a rapidly changing security environment. Treasury developed action plans to implement many of the study recommendations. Improvements were made in every security functional area to improve program integrity, accountability, and product and service delivery. However, much work remains to be done. While the improvements made are sustainable, implementing all the actions identified in the current plan of action will require discipline and prioritization to maximize the use of limited resources in the year ahead.

Treasury surveyed all bureaus to determine the percentage of certified and accredited systems (as defined by Office of Management and Budget). Treasury had set a target of 20% for FY 2001; the results indicated that 15.5% of Treasury's systems were certified and accredited (an improvement over FY 2000, when only 7% of Treasury's systems were certified and accredited to operate).

MANAGEMENT CHALLENGES/HIGH-RISK AREAS

Several management challenges and high-risk areas have been identified by Treasury's Inspectors General and the General Accounting Office. These issues primarily relate to needed improvements in financial management systems (particularly at IRS and FMS), information systems and related investment management, information security, and human capital management.

Treasury's FY 2001 Accomplishments by Mission Area and Strategic Goal
Management Enabling Goal

Treasury is working at both the Departmental level, and affected bureau(s) level to make necessary improvements. For example, Treasury overall has improved its compliance with Federal Financial Management Improvement Act (FFMIA) financial systems requirements to 67%. IRS began developing the Integrated Financial System designed to address material weaknesses and bring IRS into compliance with FFMIA. FMS took an aggressive approach to resolve deficiencies in its systems, and received an unqualified opinion on its FY 2000 financial statements.

IRS implemented programs to manage information systems security risks and the costs related to mitigating them. In the human resources areas, Treasury bureaus developed workforce-restructuring plans, and the Department led the process to identify skills gaps resulting from increased retirements and emerging technology and to design programs specifically to meet these gaps.

More detailed descriptions of actions taken during FY 2001, as well as planned future actions to address these issues, are presented in Appendix C.

PARTNERS

In achieving the objectives of this goal, Treasury works closely with various organizations to ensure coordination on cross-cutting activities. These organizations include, among others, the OMB, the Government-wide Chief Financial Officers Council, the Office of Personnel Management, the Federal Chief Information Officers Council, and the General Services Administration.

NEXT STEPS

Treasury will continue to focus on ways to become a world-class organization, and work to effectively implement the President's Management Agenda. Among other efforts in FY 2002, the Department will:

- Begin implementation of a competency-based approach to recruit, develop, and retain a high-quality diverse workforce.
- Work to more fully integrate Human Resources Management Accountability Standards, and to develop an internal accountability system.
- Develop strategies for dispute prevention and marketing and increasing the use of alternative dispute resolution mechanisms.
- Work to close its financial books within three working days and complete its audited financial statements within 45 days after year-end.
- Improve data concerning cost, performance, and schedule for its capital investments, and will work to strengthen and improve processes related to asset management.
- Focus on government-wide management priorities to increase competition for various activities, to make greater use of performance-based service contracts, and to expand the applications of electronic procurement.
- Continue to focus efforts on systems certification and accreditation, Treasury's first line of defense against threats and attacks on critical financial and law enforcement computer systems.

M2: Improve Customer Satisfaction

RESULTS

Several Treasury bureaus have continued progress in improving customer satisfaction with their services and products. In addition, several bureaus conducted their first surveys to measure customer satisfaction.

STRATEGIC GOAL OVERVIEW

A key element in delivering quality products and services to the public is to regularly find out what customer expectations are, make necessary adjustments to delivery, and measure performance against those expectations.

STRATEGIES/KEY MEASURES

Presented below are strategies and results of several Treasury bureaus to measure and improve customer satisfaction.

IRS. IRS implemented a modernized structure to better serve taxpayers through four distinct operating divisions, each charged with full end-to-end responsibility for serving a set of taxpayers with similar needs. While the effects of the IRS reorganization on the taxpaying public will not be known for several years, public perception of the IRS has been steadily rising over the last three years. In FY 2001, IRS received a 46% favorability rating (compared to the 43% rating in FY 2000 and a 37% rating in FY 1999).

IRS uses transactional surveys to gauge customer satisfaction with their various products and services, with improvements in satisfaction scores in several programs. These results give indications that IRS's organizational improvements appear to have had an impact on customer satisfaction.

Program	FY 2000	FY 2001 Actual
Automated Collection (4-pt scale)	3.41	3.46
Field Collection (7-pt scale)	4.60	5.01
Correspondence Examination (7-pt scale)	4.00	4.18
Field Examination (7-pt scale)	4.41	4.65

IRS still is working to improve its Toll-Free customer satisfaction level (an FY 2001 score of 3.45 compared to the target of 3.58), and its customer service Walk-In score (6.4 compared to the target of 6.5).

In addition, the IRS faced two significant customer service challenges during FY 2001, and had important accomplishments. The "2000 Tax Relief Reduction Act" and resultant tax rebate had a significant impact on the demand placed on many areas of IRS operations. IRS sent 112 million notifications to taxpayers by mid-July and generated 90 million checks by mid-October, as required by the law.

The IRS worked aggressively for taxpayers, businesses and practitioners to issue tax guidance to resolve tax-related issues stemming from the September 11 tragedy, including setting up appropriate tax relief, with postponement of certain filing and payment deadlines and suspension of traditional enforcement actions. Dedicated toll-free lines were also established to provide specialized assistance and will stay active through the upcoming filing season to assist with any residual issues.

Customs. Customs conducted six surveys of airline travelers and saw an improvement in professionalism by inspectors from 94% in FY 2000 to 96% in FY 2001. It also expanded the Passenger Service Representative (PSRs) program from 42 to 43 PSRs at 17 major U.S. airports, and from 3 to 4 PSRs at U.S. land borders.

Mint. For its circulating coinage program, the Mint received an 87% satisfaction level on its Federal Reserve Board Customer Satisfaction Survey (above both the target of 85% and the FY 2000 level of 83%). For its numismatic program, the Mint received an American Customer Satisfaction Index score of 88, exceeding both its FY 2001 target of 85 and its FY 2000 score of 84. The FY 2001 result is the highest index score the Mint has received in six surveys conducted in the past seven years. The Mint met only one of its eight customer service standards in the numismatic program. However, performance increased over FY 2000 levels for six of the remaining seven standards, and major improvement efforts were put in place during the last quarter of FY 2001.

FLETC. FLETC continued to measure the rate of satisfaction of its students. It received a 99.9% rating on its "Student Quality of Training Survey" for basic training, well above its target of 90%, and a 100% rating on a similar survey for advanced training, again above its target of 90%. FLETC also administered a Partner Organization Satisfaction Survey" for the first time in FY 2001, to measure the perspective of partner organizations. FLETC received a rating of 97.5% satisfaction.

FMS. FMS assessed satisfaction of payment customers with both check and electronic payments. Surveys were distributed by FMS's Regional Financial Centers to Federal agencies, with 100% reporting an overall satisfaction level of satisfied or better, exceeding the 99% target. The survey had a response rate of 32%.

ATF. ATF's National Response Team (which assists Federal, state, and local investigators at the scenes of significant arson and explosives incidents) had a 97% customer satisfaction rating for FY 2001 (above their target of 90% and compared to a 96% rating in FY 2000). Its Alcohol Labeling and Formulation Division received an American Customer Satisfaction Index score of 58 out of 100, which is higher than the national average of 55 for regulatory agencies. The survey provided ATF with strong indicators of where to concentrate efforts to improve or maintain customer satisfaction.

BPD. For its savings bonds program, Public Debt received a 97% customer satisfaction rating for "savings bonds purchasing processes" made electronically and over-the-counter. Customer satisfaction for "service after the sale" received an 82% rating. In FY 2002, Public Debt will survey and report an overall customer satisfaction rating for the services provided to savings bond and marketable securities customers.

NEXT STEPS

Efforts will continue in FY 2002 as several bureaus (including BPD and the Secret Service) will be baselining customer satisfaction in key program areas. Other bureaus (including the IRS and Customs) will be expanding their current activities to cover additional customers. And bureaus will work to improve services and improve measurement techniques related to customer satisfaction feedback.

M3: Improve Employee Satisfaction

RESULTS

Several more Treasury bureaus worked to both survey their employees and to improve the workplace environment during FY 2001.

STRATEGIC GOAL OVERVIEW

Employee satisfaction is a measure of management effectiveness and, as such, is viewed as an early indicator of Treasury's ability to succeed in meeting its mission and providing quality products and services to the public.

STRATEGIES/KEY MEASURES

Several Treasury bureaus surveyed their employees and improved the workplace environment:

IRS. At the IRS, the overall satisfaction level of employees who participated in IRS's voluntary survey was 51%. The survey results fell below the target of 60% and below the FY 2000 level of 59%; the decline can most likely be attributed to the effects of the IRS reorganization. The IRS Commissioner has made improving employee satisfaction results the responsibility of each individual manager (an element in each manager's performance plan) and every Operating and Functional Division. Individual workgroup meetings are taking place now, and the results will be seen when the 2002 survey is administered beginning in April 2002.

FLETC. FLETC exceeded its 65% target on its Employee Satisfaction Survey, receiving a 78% rating in FY 2001 (with a survey return rate of 56%). A committee was appointed to address areas of concern identified by the survey and has made several recommendations in the areas of recognition and rewards, empowerment, leadership, teamwork, employee development and organizational performance. Work is in progress on implementing the recommendations.

BEP. To follow up on its FY 2000 survey, BEP conducted focus groups and then appointed project managers to shepherd the development of improvement initiatives in the areas identified by the survey and focus groups. Among initiatives implemented in FY 2001 was an anonymous e-mail question submission system that allows employees to ask management questions related to bureau operations.

FMS. An Office of Personnel Management-administered survey in FY 2000 found FMS's level of employee satisfaction higher than government and private sector averages. Based on the survey and senior management's meetings with employees, FMS worked in FY 2001 to address employee concerns about training. FMS outsourced most of its training and employee development functions to improve their effectiveness, and worked to establish a clearly defined commitment of FMS's resources for the training of each employee. In early FY 2002, as part of the effort to refocus FMS's training program, FMS conducted a comprehensive survey of employees and managers on their training needs and the success of FMS in meeting their needs.

ATF. While there was no bureau-wide employee satisfaction measurement effort, several ATF units surveyed their employees, including the Firearms, Explosives and Arson Services Division and the Office of Science and Technology.

NEXT STEPS

Efforts will continue during FY 2002 to improve in this area. IRS renewed the contract with their vendor, and plans to improve the readability of the survey while increasing electronic (telephone and web-based) survey participation. FMS will continue efforts to address areas of employee concern identified in their FY 2000 employee survey. FinCEN is using a contractor to develop an employee satisfaction survey, and plans to baseline satisfaction levels in FY 2002. BPD will electronically administer an employee survey in the spring of 2002 and will report results in the FY 2002 performance reporting process.