U.S. DEPARTMENT OF THE INTERIOR

Annual Report on Performance and Accountability

FISCAL YEAR 2003

"Public service must be more than doing a job efficiently and honestly. It must be a complete dedication to the people and to the nation with full recognition that every human being is entitled to courtesy and consideration, that constructive criticism is not only to be expected but sought, that smears are not only to be expected but fought, that honor is to be earned, not bought."

Margaret Chase Smith
Former U.S. Senator for Maine (R)

Cover and above photo collage:

*A portion of the "*Tapestry of Time and Terrain*" map, the union of a geologic map with a topographic map, is used as a backdrop for the entire cover.*

The Flaming Gorge Dam in Utah is the background for a Native American student holding a swan.

A tree-lined path in the Shenandoah National Park is the backdrop for a FWS employee holding a Masked Bobwhite Quail.

An off-shore drilling rig is the background for a USGS scientist holding a crab up for display.

WIld horses roaming near Rock Springs, Wyoming is the backdrop for two BLM employees.

A NPS employee stands in front of the White House.

The confluence of the Potomac and Shenandoah rivers at Harpers Ferry National Historic Park is the backdrop for two USGS scientists working with a sediment sample.

U.S. Department of the Interior

Fiscal Year 2003 Annual Report on Performance and Accountability

November 28, 2003

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*An electronic version of this document is available on the Internet at **www.doi.gov/pfm/par2003**. The Department of the Interior's strategic and performance plans are available at **www.doi.gov/ppp/gpra**.*

Message from the Secretary

No matter what you do or where you live in the United States, the Department of the Interior touches your life.

We are stewards of the Nation's treasures, conserving lands and waters and preserving natural and cultural resources. We provide the parks, refuges, and recreation areas for your enjoyment, manage many of the Nation's natural resources, expand natural sciences, and take care of America's trust responsibilities to native peoples. Our responsibilities range from petroglyphs to satellites.

Fulfilling those broad mission goals is an increasingly complex responsibility, as this, our Fiscal Year 2003 Performance and Accountability Report, makes clear. The financial and performance data presented in this report are fundamentally complete and reliable as outlined in the guidance available from the Office of Management and Budget. This report also presents the status of the Department's compliance with certain legal and regulatory requirements. The annual assurance statement required by the Federal Managers' Financial Integrity Act (FMFIA) concludes that, with the exception of the Department's concerns regarding the controls over Indian Trust Funds and other material weaknesses reported herein, the Department can provide qualified assurance that its systems of management, accounting, and administrative controls, taken as a whole, meet the objectives specified in Section 2 of the FMFIA. It also concludes that the Department does not fully comply with applicable Federal financial management systems and accounting standards or U.S. Standard General Ledger reporting requirements as specified in Section 4 of the FMFIA.

The FY 2003 Performance and Accountability Report tells many stories. It is a gauge of the Department's successes and shortcomings over the past year, measured against 323 different targets. It is the way we judge ourselves, and the way we expect to be judged by the American public. Moreover, it shows the Department in a broader perspective as well, both looking forward and looking back. It highlights the trends and describes the forces of change that are adding to mission complexity.

The report illustrates how the Department's performance is driven by shared values. Our vision for effective stewardship centers on the "4 Cs"—communication, consultation, and cooperation, all in the service of conservation. The better we communicate, consult, and cooperate with the American people, the better we can serve our shared conservation mission. Serving with excellence requires a management focus that provides value to those who receive our services, maintains accountability, modernizes our operations, and integrates our activities to avoid duplication and reduce costs.

FY 2003 was marked with several significant accomplishments by the 70,000 men and women of Interior. We built 4 Cs partnerships inside and outside the Department, among bureaus and with other agencies and other levels of government, with private sector and advocacy groups, and with thousands and thousands of individual interested citizens. We expanded the Vital Signs Monitoring Project of the National Park Service, organizing 270 park units into 32 monitoring networks that track key indicators of change or "vital signs" occurring on park lands. We revived the Take Pride in America program, reaching out to focus public attention on volunteer opportunities for citizen stewardship. We unveiled a draft of the new scientific code of conduct to ensure that the research and science we use have been developed with the highest possible standards. We continued to innovate, building greater efficiencies for everything from facilities maintenance to resource exploration and development coordination. We continued to work together, to improve our law enforcement, public safety, and homeland security capabilities.

FY 2003 was marked as well by a new focus on the future, and a new strategic plan to meet it. Almost two years in the making, our new plan brings all of our mission responsibilities together in an integrated blueprint for success. It aligns bureau responsibilities under four major mission goals and places a strong new emphasis on results and performance measurement. It will be implemented in the same manner that it was developed, using the 4 Cs.

At a time when the Department's responsibilities have never been greater and its management challenges never more demanding, this strategic plan offers clear guidance for the road ahead, as I believe next year's Performance and Accountability Report will show.

Our responsibilities and challenges will continue to grow in the years ahead. Continued success will demand continuous performance improvement and a steady stream of innovation. We look forward to that work, and continuing to serve the American people.

Gale A. Norton

Gale A. Norton
Secretary of the Interior

November 28, 2003

Message from the Chief Financial Officer

This FY 2003 Performance and Accountability Report summarizes efforts of the Department of the Interior and its approximately 70,000 employees to protect and manage the Nation's natural and cultural heritage, provide scientific and other information about those resources, and honor special responsibilities and commitments to American Indians, Alaska Natives, and affiliated island communities. Through this report, we share with you our efforts to improve our accountability and performance consistent with the Department's Performance Plan, provide a discussion of our accomplishments and most serious challenges, and present our audited financial statements.

We are committed to excellence in mission performance, efficiently using the resources entrusted to us in accordance with applicable laws and regulations. A key to management excellence is the accelerated implementation of the President's Management Agenda, which establishes five governmentwide goals for delivering results that matter to the American people. Although we currently still have "reds" on status on the Office of Management and Budget scorecard, we have consistently been "green" on progress for competitive sourcing and strategic management of human capital. With the launch of activity-based cost management throughout the Department, the completion of our strategic plan, and better demonstration of how we are using performance information in our internal budget formulation process, we anticipate improvement on budget and performance integration. After making considerable progress in dealing with long-standing financial management issues, we have achieved "yellow" on financial management improvement. We have also shown improvement on the E-government front by achieving "yellow" for progress in implementaion.

The linchpin that integrates Interior's budget, performance, and financial information is the Department's first-ever overarching strategic performance plan. Finalized in September 2003, it organizes our goals and Department-level performance measures into four new mission areas, with bureau inputs, outputs, and actions linked to these measures. The plan replaces eight distinct bureau plans with a single, cohesive framework supplemented by bureau plans that tier from this framework. The new mission areas and measures will be reflected in next year's Performance and Accountability Report (PAR).

In FY 2003, the Department met or exceeded 66% of the 323 performance measures monitored. Four percent of our measures were not reportable because of insufficient data at this time. Performance information for these measures will be reported in the FY 2004 PAR.

The Department continues to achieve audit success. For a seventh straight year, we received an unqualified ("clean") audit opinion on our consolidated financial statements. Moreover, all nine Interior bureaus and offices audited by the independent accounting firm received unqualified audit opinions. We are also proud to report that in FY 2003, the Department received the Association of Government Accountants prestigious Certificate of Excellence in Accountability Reporting award for its FY 2002 PAR. This is the third year in a row that we have received this award.

Realizing that sound financial management is a basic building block of good government, the Department has taken steps to ensure that it meets new quarterly financial statement reporting requirements as well as the accelerated due date for completing the annual financial statement audit. Specifically, we have developed a Financial Management Transformation Plan that will (1) link planning and budget with performance results; (2) perform efficient, reliable transaction processing; and (3) focus on analyses of data to provide managers and employees with timely, reliable information for delivering services to the public.

In FY 2003, we aggressively implemented the first phase of this transformation process by focusing on key areas such as revising policies and processes to improve financial operations; reducing vulnerability to unauthorized access, use, or loss of sensitive information in our financial management systems; implementing revised financial guidance and processes to meet accelerated deadlines for financial reporting; and addressing internal control findings and non-compliance issues reported in the FY 2002 audit reports.

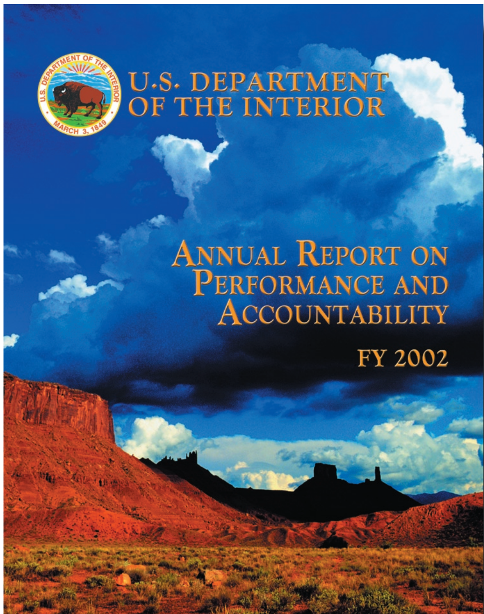
A key to the long-term vigor of Interior's financial management infrastructure lies with the implementation of the Financial and Business Management System (FBMS) proposed in the President's FY 2004 budget. FBMS will enable us to consolidate or retire aging and non-supported systems and deliver financial and business information in a cost-effective and efficient manner.

The resolution of audit weaknesses is critical to maintain integrity and accountability in the Department's programs and operations. Interior corrected or downgraded 21 of the 34 material weaknesses carried forward from FY 2002. The Department has 16 material weaknesses to address during FY 2004, including 2 new material weaknesses identified in FY 2003. Our plans provide for correcting 13 of the 16 material weaknesses by the end of FY 2004 and the remaining 3 material weaknesses during the next fiscal years.

We are pleased with the improvements we have made during the past year, but we recognize that more can be accomplished to meet Interior's mission. Through the collaborative and dedicated efforts of Interior's employees, we will strive to achieve our planned goals as well as report on the results in a timely and accurate manner.

P. Lynn Scarlett
Chief Financial Officer

November 28, 2003



AGA

CERTIFICATE OF EXCELLENCE IN ACCOUNTABILITY REPORTING®

Presented to the

Department of the Interior

In recognition of your outstanding efforts in preparing DOI's Performance and Accountability Report for the fiscal year ended September 30, 2002.

A Certificate of Excellence in Accountability Reporting is presented by the Association of Government Accountants to federal government agencies whose annual Performance and Accountability Reports achieve the highest standards in presenting their programs and financial affairs.

John H. Hummel, CGFM
Chair, Certificate of Excellence
in Accountability Reporting Board

Jullin Renthrope, CGFM
2003-2004 National President

From Mission to Measurement: How to Read this Report

The Department of the Interior's FY 2003 Annual Report on Performance and Accountability will reach many people who have specific needs for the information it contains. We have designed our presentation to serve multiple audiences, with varied approaches, points of view, and levels of detail.

Our report contains four parts. Combined, these four elements provide an accurate and thorough accounting of the Department's stewardship of our critical resources and services to the American people.

Part 1: Management's Discussion and Analysis is a high-level overview of the Department's performance in FY 2003. It is designed for interested citizens and customers, members of the public, and officials from Federal, state, and local government—anyone who does not need the full detail of each individual bureau's performance results.

After a brief discussion of the changing challenges to 21st century mission performance, Part 1 details each of the Department's six strategic goals identified in our FY 2002-2005 Strategic Plan and summarizes the relevant one- and five-year performance results. Related best practice examples highlight how the Department's vision and values translate into action in the field, followed by a look at departmental plans moving forward.

Part 1 also discusses the Department's compliance with legal and regulatory requirements, including the Federal Managers' Financial Integrity Act (FMFIA), the Federal Financial Management Improvement Act (FFMIA), Inspector General Act Amendments (Audit Follow-up), biennial review of user fees, and other key legal and regulatory requirements. An analysis of financial statement data concludes this part of the report.

Part 2: Financial Section, along with Part 4, will interest anyone who is concerned with tracking the Department's financial performance. This section comprises consolidated financial statements, footnotes, deferred maintenance data, intra-governmental transaction disclosures, stewardship information, and other supplementary information.

Part 3: Performance Section presents Interior's performance results in comprehensive detail. This section charts all bureau performance targets as tied to the Department's long-term and strategic goals. It compares FY 2003 planned activities with FY 2003 actual results, explaining in each case why performance exceeded or fell short of plans. This level of detail will be most useful to members and staff in the Congress, program examiners with the Office of Management and Budget (OMB), analysts with the Office of the Inspector General (OIG) and General Accounting Offices (GAO), and interested citizens and customers.

An important note: Beginning in 2004, Federal agencies are required to publish their Performance and Accountability Reports by November. The Department of the Interior decided to publish its FY 2003 Report on Performance and Accountability by that November deadline, beginning this year—one full year ahead of the mandated requirement. Due to this early reporting goal, many of the performance data results discussed in this chapter and in Part 1 are estimates and not final results. Final performance data will be provided in a supplemental report in the third quarter of FY 2004.

A Word About Data Validation and Verification ("Data V&V"): In January 2002, the Department issued a memorandum requiring that a Data V&V process be put in place and used effectively by all offices collecting and reporting performance data. Data V&V guidance, developed in cooperation with Department bureaus and offices including the Office of the Inspector General, was issued with the memorandum. The guidance is considered a tool for effectively elevating Data V&V procedures to an acceptable functional level or for detecting potential problem areas in well-established Data V&V systems. During the course of FY 2004, bureau and office Data V&V implementation will be evaluated.

Accelerated reporting schedules for annual performance data for FY 2003 and FY 2004 reinforced the need for adequate Data V&V. Special attention will be given to data limitations and to documentation of methodologies used to estimate year-end performance results where data are incomplete and/or where sufficient time did not exist for adequate data verification.

A Word About Data Completeness and Reliability: Although the advanced reporting date will result in an increased incidence of estimated performance data, the Department fully expects to have complete data for all reported FY 2003 measures before mid-FY 2004. Managers continue to use performance data for fiscal and programmatic decision-making without reservation. For these reasons, the FY 2003 performance data are considered complete and reliable.

Part 4: Independent Auditors' Report contains an assessment of the Department's consolidated financial statements by an independent certified public accounting firm. The objective of a financial statement audit is to determine whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by management, as well as an evaluation of the overall financial statement presentation.

This section also presents a summary of the most serious management challenges facing the Department. This assessment was prepared by the Office of Inspector General in accordance with the Reports Consolidation Act of 2000.

Part 5: Appendices contains an organization chart for the Department, a glossary of acronyms, and a list of figures and charts.

This report was developed and prepared by Department of the Interior employees. The Department procured the services of a contractor to provide editorial assistance in drafting the Government Performance and Results (GPRA) discussion in the Management Discussion and Analysis section of the report.

We are interested in your feedback regarding the content of this report. Please feel free to email your comments to us at *www.doi.gov/ppp/feedback.html* or write to us at the address listed on the "Talk Back" page at the end of the report.

Part 1. Management's Discussion and Analysis

Serving Our Customers: Stewardship, Partnership, and Change

The publication of the Department of the Interior's FY 2003 Annual Report on Performance and Accountability marks a time to look forward as well as a time to look back.

Produced in part to fulfill our required compliance with the Government Performance and Results Act, the Performance and Accountability Report is the Department's best gauge of our accomplishments over the short and medium term. It tracks the results of our eight bureaus' and Secretarial offices' efforts against 323 different mission-related targets over both the last one and five years.

Those numbers and trends comprise essential criteria by which we expect to be judged; they are also the coordinates by which we steer our forward path.

Our FY 2003 Performance and Accountability Report serves as a second milestone, as well. It is the last report we will produce that looks at the Department as a bundle of unrelated bureaus and offices.

Starting with our FY 2003-2008 Strategic Plan, approved in September 2003, we have integrated and aligned bureau responsibilities into a single coherent whole for reporting and planning documents, adding a strong new emphasis on improved performance measurement, management, and responsibility. The plan represents a major step forward, reflecting the changing realities we face and the direction we will take in the years to come. At a time when the Department's responsibilities have never been greater or its management challenges more daunting, it offers clear guidance for the road ahead.

The Department's evolution has historically reflected external demand. Launched by Congress in 1849, we served initially as the Nation's custodian. Our role as America's steward developed over the decades as new responsibilities were added to our mission mandates (*Figure 1*).

Today we serve as the chief protector of the Nation's unique natural and cultural resources. We offer millions of visitors from home and abroad exceptional recreation opportunities. We make critical resources available to support every facet of the domestic economy. We provide scientific and other

FIGURE 1

Interior and Bureau Missions

U.S. Department of the Interior

"Protects and manages the Nation's natural and cultural heritage; provides scientific and other information about those resources; and honors special responsibilities and commitments to American Indians, Alaska Natives, and affiliated island communities."

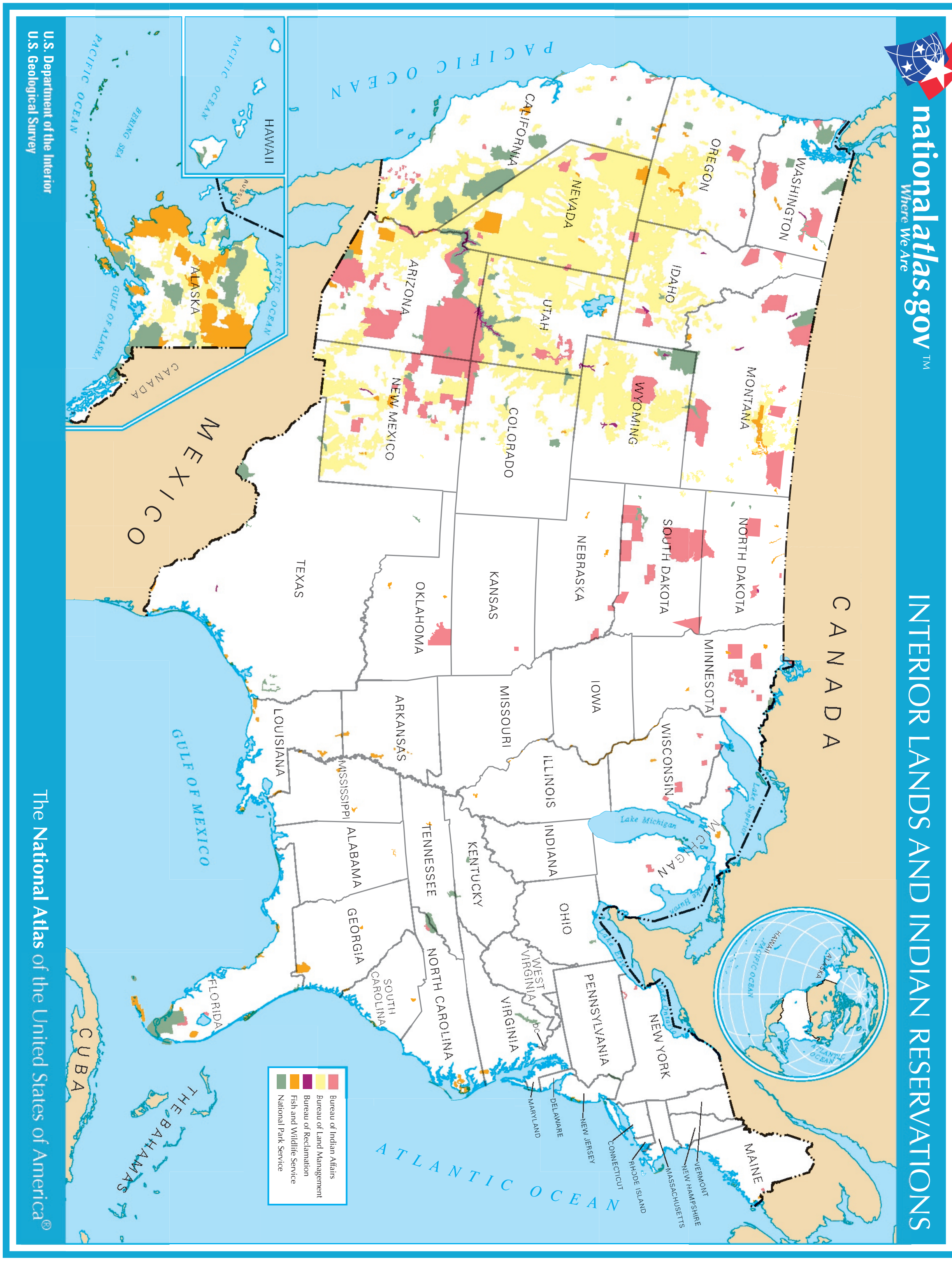
BUREAU OF INDIAN AFFAIRS Enhance the quality of life and to promote economic opportunity in balance with meeting the responsibility to protect and improve the trust resources of American Indians, Indian tribes, and Alaska Natives.	**NATIONAL PARK SERVICE** Preserve unimpaired the natural and cultural resources and values of the National Park System for the enjoyment, education, and inspiration of this and future generations. The Park Service cooperates with partners to extend the benefits of natural and cultural resource conservation and outdoor recreation throughout this country and the world.	**U.S. FISH AND WILDLIFE SERVICE** Conserve, protect, and enhance fish and wildlife and their habitats for the continuing benefit of the American people.	**BUREAU OF LAND MANAGEMENT** Sustain the health, diversity, and productivity of the public lands for the use and enjoyment of present and future generations.
BUREAU OF RECLAMATION Manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public.	**U.S. GEOLOGICAL SURVEY** Provide the Nation with reliable, unbiased information to describe and understand the earth; minimize loss of life and property from natural disasters; manage water, biological, energy and mineral resources; and enhance and protect our quality of life.	**MINERALS MANAGEMENT SERVICE** Manage the mineral resources on the Outer Continental Shelf in an environmentally sound and safe manner and collect, verify, and distribute mineral revenues from Federal lands and Indian lands in a timely manner.	**OFFICE OF SURFACE MINING** Ensure that coal mines are operated in a manner that protects citizens and the environment during mining; assure that land is restored to beneficial use following mining; and mitigate the effects of past mining by aggressively pursuing reclamation of abandoned mine lands.

information about those resources. We serve as a dependable trustee for American Indians, fulfill our responsibilities to Alaska natives, and serve the special needs of our affiliated island communities.

Departmental operations are large and decentralized, with over 70,000 employees and 200,000 volunteers working at approximately 2,400 operating locations across the United States, Puerto Rico, U.S. territories, and freely associated states. We discharge our responsibilities with budget authority totaling approximately $14 billion and raise revenues from energy, mineral, grazing, timber, recreation, and land sales that range from $8-11 billion annually.

Interior is the Nation's principal Federal conservation agency. We oversee 507 million acres of America's public lands, assets valued for their environmental resources, recreational and scenic values, cultural and historical resources, vast open spaces, and the resources, commodities, and revenues they provide (*Figure 2*). Interior supervises mineral leasing and operations on approximately 700 million acres of mineral estate that underlie both Federal and other surface ownerships, as well as within nearly 1.8 billion acres of the Outer Continental Shelf (OCS).

FIGURE 2



Note - Land areas less than 23,000 acres do not show on the map due to the map scale.

DOI by the Numbers

Why has the Department of the Interior been called the Department of Everything Else? A quick look at some statistics related to Interior's diverse mission and responsibilities sheds some light on this label.

The Lands and Water Interior Manages
- 507 million acres of surface lands
- 1/5 of the Nation's public lands
- 700 million acres of mineral estate underlying Federal lands or supervised by Interior through leasing and operations
- 1.76 billion acres of the Outer Continental Shelf
- 52.4 percent of the Nation's Wild and Scenic Rivers
- 69 million acres in the Nation's Wilderness Preservation System

Interior's Recreation Sites
- 388 units in the National Park System including:
  - 56 National Parks
  - 10 National Seashores
  - 24 National Battlefields or Military Sites
  - 118 National Historic Parks and Historic Sites
- 180 Other recreation sites
- 542 National Wildlife Refuges
- 70 National Fish Hatcheries
- 90 National Monuments
- 45 National Natural Landmarks
- 308 Recreational lakes and reservoirs

People We Serve
- 1.5 million American Indians and Alaska Natives
- 47,909 students in Bureau of Indian Affairs schools
- 223 Alaska Village Groups
- 500 million estimated visits to Interior recreation sites annually
- 31 million people who rely upon DOI for their source of water

Physical Infrastructure Maintained by Interior
More than:
- 4,200 bridges and tunnels
- 39,000 buildings (historic, employee housing, and other)
- 1,600 campgrounds
- 2,500 dams
- 3,000 dikes
- 340 reservoirs
- 126,000 miles of highways and roads
- 25 tribally-controlled colleges
- 184 elementary and secondary schools and dorms

DOI's Contributions to the Nation's Energy Supplies
28 percent of the Nation's energy comes from DOI managed lands and offshore areas.
Within this 28 percent, DOI produces:
- 35 percent of the Nation's domestic coal
- 48 percent of the Nation's geothermal power
- 17 percent of the Nation's hydropower
- 34.5 percent of the Nation's natural gas
- 32 percent of the Nation's domestic oil
- 20 percent of the Nation's windpower

How DOI Monitors Hazard-related Activities:
- 43 U.S. volcanoes monitored
- 5 hazard monitoring networks maintained
- 14 geomagnetic observations
- 121 earthquake monitoring global seismographic network stations
- 476 cumulative real-time earthquake sensors installed
- 5,621 real-time stream-gages on the Internet
- 7,000 stream-gages and water quality monitors

Land managed by Interior represents about one-fifth of America's land surface and approximately two-thirds of all federally owned land. Each of America's 50 States, U.S.-associated Pacific insular areas, the Virgin Islands, and Puerto Rico contain lands administered by the Department.

Like any successful large organization in either the public or the private sector, shared values understood and acted upon at all levels of responsibility guide the Department. For the Interior Department, Secretary Norton's vision for effective program performance—"the 4 Cs: Conservation through Cooperation, Consultation, and Communication"—drives our program execution.

The 4 Cs reflect the Secretary's goal of involving others, including communities, partners, customers, contractors, volunteers, and the interested public, in carrying out our mission. We are confident that actively working with communities, partners, customers, contractors, volunteers, and the interested public to obtain their input and feedback will improve our programs, processes, plans, and practices.

The Secretary's four key business principles—customer value, accountability, modernization, and integration—likewise apply across the entire Department (*Figure 3*). They complement the President's Management Agenda (PMA), five government-wide management initiatives unveiled by President Bush in 2001 to improve our service to citizens (*Figure 4*). Along with the PMA, the Secretary's key business principles have guided the individual and collective management decisions and direction reflected in our FY 2003 Performance and Accountability Report.

Performance Results

The Department's Annual Performance Plan looks at accomplishments against six overarching strategic goals that support our core mission of protecting the Nation's natural resources and cultural heritage; providing scientific information about those resources; and honoring our trust responsibilities to American Indians, Alaska Natives, and affiliated island communities (*Figure 5*).

FIGURE 3

The Secretary's Business Principles

Four key business principles of the Secretary guide the Department's management:

Customer Value: All of our activities will be customer-centered, designed to add value for citizens, partners, public land users, other agencies, states, and local governments, and focused on efficiency through the application of best practices in outsourcing and human capital management.

Accountability: Our managers and employees will be held responsible for performance results measured against clear gauges, with budgets linked to performance and sound financial management.

Integration: Managers will identify the opportunities to cut duplication and achieve economies to enhance customer service and efficiency, with employees focused on working together, looking at the big picture, and building human and technology bridges across the old stovepipe system.

Modernization: The Department will use technology to work smarter, including providing single points of access to our services and other expanded e-government opportunities. We will give our employees the skills, technologies, systems, and practices they'll need to meet current and future responsibilities.

FIGURE 4

The President's Management Agenda

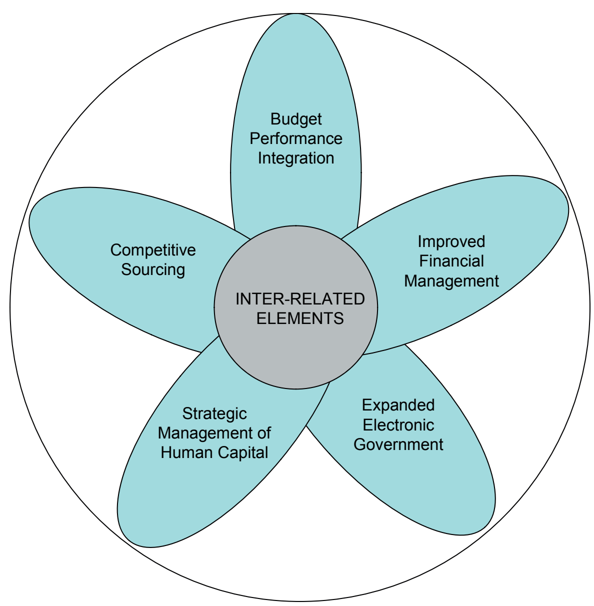
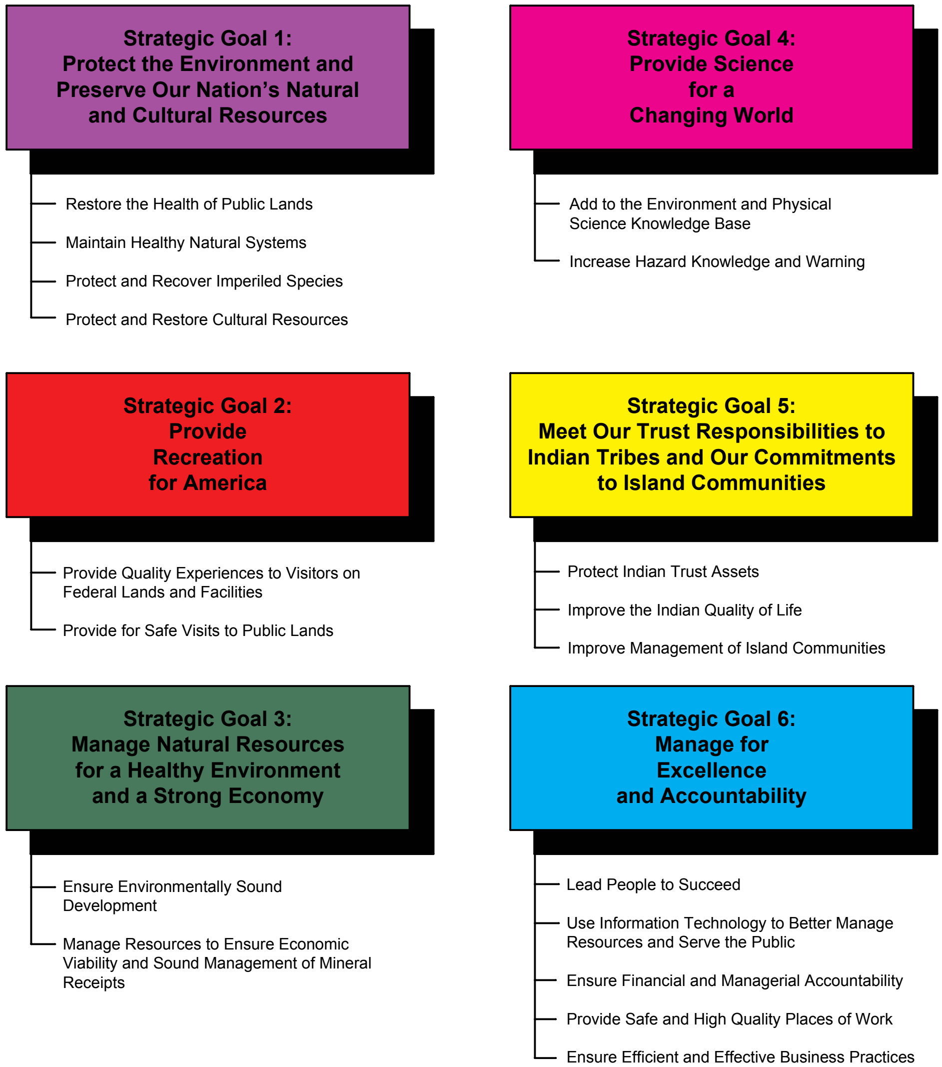


FIGURE 5

Overarching Strategic Goals



Under these strategic goals, we established 18 long-term goals to guide the varied programs and activities of the different bureaus. Each of the long-term goals describes a specific, desired outcome, with progress toward that outcome being measured annually using quantitative performance indicators.

The Department met or exceeded 66 percent of the 323 performance measures monitored during FY 2003, a significant improvement over FY 2002. (For a full report of each measure, see Part 3: Performance Section). Four percent of our measures were not reportable because of insufficient data at the time of this writing, primarily due to the early reporting goal of November 2003 that Interior set for its FY 2003 Performance and Accountability Report. This is an improvement, however, over FY 2002, when nine percent of our measures were not reportable due to insufficient data. Performance information for these measures and the estimated measures will be provided in our supplemental report issued in the third quarter of FY 2004.

FY 2003, like its recent predecessors, was marked by accelerating change in the environment in which we deliver our services, driven by many of the larger forces reshaping our Nation as a whole. Our mission obligations are becoming broader and more complex, while our resources remain limited.

With the growth of our population and the expansion of our economy, the pressures on our undeveloped land, water resources, and wildlife continue to swell. Population shifts towards the west, the south, and the coasts are bringing rapid growth, and new people in new places, with new houses, roads, schools, and stores. These changes often fragment wildlife and waterfowl habitat. Increased intercontinental mobility brings new invasive species into our country, sometimes threatening native species, adding to the risk of fire, and costing the economy billions of dollars in lost resources and productivity.

With more people come expanded demands for access and use of our national assets, as well as more pressures on Departmental personnel. Americans are increasingly looking to our public lands and waters as a source for more and more varied recreational opportunities. Energy needs also keep expanding, along with the demand for non-energy minerals, forage, and forest products.

Water shortages are already a way of life, particularly in the arid West, and are certain to present continuing challenges. A growing number of communities are also at risk from natural hazards, including the perils of coastal storms and other processes, and the build-up of brush and other fuels in forests and rangelands that can cause wildfires of devastating proportions.

Conservation inside this fluid environment presents an interesting challenge to 21st century America: how to meet the increasing demands for natural resources while also conserving them. Success depends on balancing conflicting, legitimate, and often passionately held points of view.

Conservation today by its very nature must be a partnership between the American people and their governments. The more the Department can empower people as stewards of the land we share, the more effective we can be in our conservation mission, as our FY 2003 Annual Report illustrates.

Our ability to hit the targets we set in our plans often depends on the active cooperation of others. To succeed we have had to create a new approach to environmentalism, a collaborative relationship that is more focused on results and less contentious than the framework of the past that often relied on top-down prescriptions and procedural detail.

The Department is committed to strengthening partnerships, built around the Secretary's 4 Cs—"Consultation, cooperation, and communication in the service of conservation." Opportunities abound for achieving conservation goals through the cooperative efforts of governments, Tribes, organizations, and people who share the common goal of conserving our cultural, historic, and natural places.

The internal work of the Department has grown increasingly complex. The American people today demand more of their public servants than ever before. Citizens increasingly expect to be involved at every step of the decision processes. They call for better business management practices, improved efficiency, financial transparency, and mission accountability.

We must fulfill the public's expectations while we compete for financial resources, cope with the complications of technology change, and wrestle with demographic dynamics, replacing baby boomers with a new, younger workforce.

None of these many changes, internal or external, has come as a surprise to the Department. They define the issues we address in this annual Performance Report: long-range challenges we have seen for many years and will continue to see in the years ahead.

What is surprising is how fast those changes keep coming, and the evolutionary response they demand inside the Department.

Looking Forward

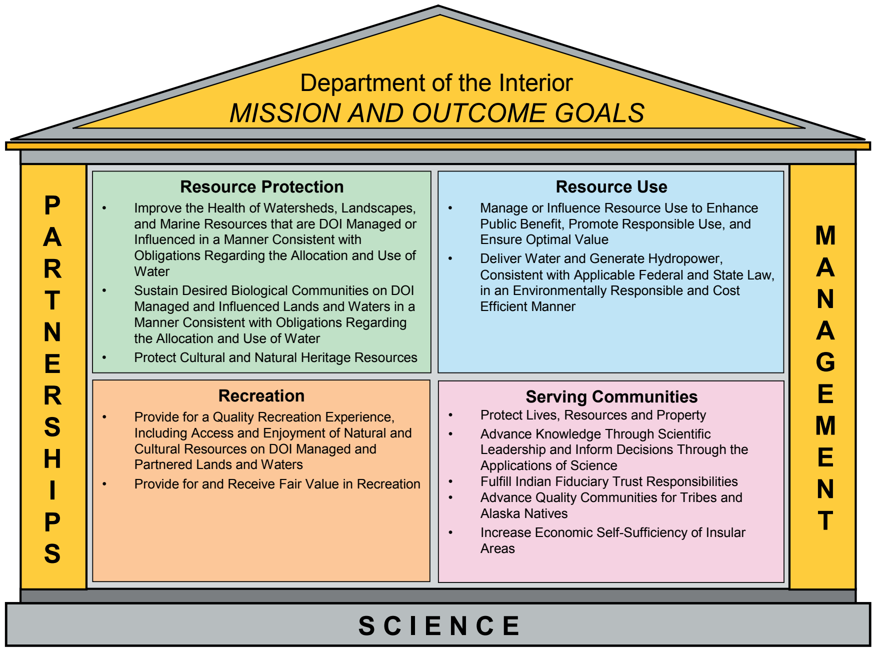
Throughout our 154-year history, Interior bureaus have largely operated as independent entities. As such, they have built a rich history and deep internal bonds of dedication and commitment.

Today, however, the historic evolution of the Department into a composite of compartmentalized bureaus jeopardizes our efforts to address mission challenges. Increasingly, the management of lands and resources under our stewardship involves ecological, scientific, economic, and social factors that extend well beyond any single bureau's boundaries. An endangered species does not know the difference between private land, refuge land, trust land, or park land. Wildfire does not respect boundary lines drawn on a map.

A combination of constrained budgets and greater workloads has created almost irresistible pressures on the Department to forge a more coordinated, enterprise approach to our mission. Our traditional bureau-centered approach limits opportunities to improve effectiveness and efficiency. Simply put, we know we can accomplish more by working together than we can by working apart.

We have realized many gains in shifting our culture. The Department's new FY 2003 - 2008 Strategic Plan, approved in September 2003, is the most critical step so far in our ongoing journey towards integration, and one of last year's signal accomplishments.

FIGURE 6



Since the inception of the Government Performance and Results Act (GPRA), strategic planning at Interior has been decentralized, with individual bureau strategic plans bundled and submitted collectively. That approach perpetuated the evolution of Interior as a holding company rather than fostering cooperative planning and the development of common measures for shared responsibilities.

Our new strategic plan takes an enterprise perspective. It sets out specific goals for our mission responsibilities, now organized into four areas: Resource Protection, Resource Use, Recreation, and Serving Communities. It replaces the former bundle of assorted office and bureau plans with an integrated Departmental plan, driven by cross-cutting, multi-bureau, and multi-agency goals and objectives (*Figure 6*).

It changes what we measure in the field, too. Rather than tracking the costs of inputs, like salaries, tires, or office supplies, we will measure the cost of outputs, the cost of operating a wildlife refuge, for example, or removing an acre of invasive plants, program for program. Those numbers, in turn, will let managers link budget spending with performance results, as envisioned by the President's Management Agenda (PMA), creating a powerful management tool to recognize superior performance, focus attention on achievement and innovation, and move more quickly to spread best practices throughout the organization.

In addition to allowing us to set consistent multi-agency, results-oriented performance goals, our new unified approach to strategic planning and performance reporting will:

- Set an agenda for Interior that reflects the Administration's and the Secretary's priorities;
- Emphasize communication, collaboration, and coordination with key constituents on the future direction of the Department;
- Make Interior more "results oriented" and accountable to citizens; and
- Provide the means to hold organizations and managers accountable for results.

To be responsive to the demands of tomorrow, the Department will continue to transition to a unified organizational culture and a unified public identity. That will require the strong commitment of our bureaus to our overall responsibility of stewardship, working together to serve our shared missions.

Strategic Goal 1: Protect the Environment and Preserve Our Nation's Natural and Cultural Resources

Science, history, and shared experience have taught Americans that their own physical and mental well-being depends on the health of the environment around them. Our lands, waters, and other resources must remain healthy if our communities are to thrive.

That challenge defines the Department's first strategic goal, protecting the environment and preserving our Nation's natural and cultural resources. It is a mission with many elements—protecting lands of national significance and helping communities tackle the future; healing damaged public lands and restoring natural systems and habitats; helping native species; and protecting cultural resources.

The Department is directly responsible for 507 million surface acres of public lands, including 388 parks and 542 wildlife refuges, and for 700 million subsurface acres, as well as for oil and gas and other mineral exploration and development activities on 1.76 billion acres on the OCS. Rich in natural heritage, representing diverse and complex ecosystems, these lands contain exceptional geological formations, rare and vulnerable plant and animal communities, wild and scenic rivers, and numerous historical, paleontological, and archeological sites.

The Department's responsibilities stretch far beyond these public lands, however. We focus every day on preserving the natural habitat in America's backyards, protecting local green space, improving water and air quality, sustaining wildlife, and providing families with places to play and relax.

Interior takes a "systems approach" to conservation, giving consideration to the complex relationships of land, water, air and the life within them. This systems approach does not stop with simply repairing and healing the land where it has been damaged through prior use. The Department's focus is on other components of "healthy systems," including maintaining the quality of air and water and influencing the entities that might undermine this quality. Here Interior depends heavily upon the use of sound scientific knowledge and techniques to help us maintain healthy systems.

Our success also increasingly depends on our ability to involve others in our conservation work. Our goal is to empower Americans as citizen-conservationists. Interior can offer landowners, land-user groups, environmental organizations, communities, local and State governments, and companies the resources and technical support to undertake conservation projects that advance the health of the land, benefiting all of us.

The more the Department can empower people as stewards of the land we all share, the more effective we can be in our conservation mission. We emphasize environmental performance and progress through partnership and cooperation. We seek common ground by using local information about the best way to solve problems, providing incentives to create a Nation of self-motivated stewards, and creating a climate of environmental innovation and imagination.

The Power of Pride

Partnership and volunteerism, two keys to the Department's conservation plans, are getting a boost from the recent rebirth of a celebrated program from the era of President Reagan—***Take Pride in America***. Designed to focus the Nation's attention on the opportunities for volunteers from every corner of America to improve our parks, refuges, recreation areas, and cultural and historical sites, the program aims to inspire citizen stewardship through a bold and innovative public communication campaign. Outstanding volunteer efforts will be rewarded with Presidential recognition.

Take Pride works with governors and other partners to launch volunteer efforts as part of President Bush's USA Freedom Corps volunteer service initiative. More than 100 charter partners, including major corporations, conservation groups, service organizations, and traditions, have signed on to help.

Take Pride features a bipartisan Council of Governors from states that have signed memoranda of agreement with the national program. By establishing formal partnerships with State governments, Federal and State land managers can identify volunteer opportunities and enlist public service commitments from citizens. In addition, a blue-ribbon panel has been chartered to assist Take Pride with fundraising for public awareness, educational purposes, and judging national Take Pride awards. The ability to engage in fundraising was a key feature of the Take Pride Act passed by Congress in 1990.

Take Pride will increase volunteerism by expanding participation among youth, senior citizens, Hispanics and African-Americans, faith-based groups and union organizations. Take Pride will also emphasize service to inner city and urban sites, such as parks, trails, historic monuments, and playgrounds. More information about Take Pride in America is available at *www.takepride.gov*. In addition, the Department's electronic outreach is served by *www.volunteer.gov/gov*, a Web site designed to help would-be volunteers and the agencies seeking them to find each other on the Internet.

The benefits for the Department have been significant. Enhanced partnerships have allowed us to leverage our own constrained funding, identify strategies that make sense on the ground to the wide varieties of people with an interest in our programs, and create an environment of cooperation, consultation, and communication that rebounds to the benefit of the resources that we manage and the people we serve.

Interior also has a responsibility to protect the native species that live on and use our lands. Our obligation to protect fish and wildlife stretches beyond geographic boundaries. The Department is responsible for protecting thousands of native plant and animal species, including 1,263 with special status under the Endangered Species Act (ESA) within the United States. Protection efforts focus not only in conserving the species, but also on encouraging their recovery from endangered and threatened status.

Partnerships with private landowners are particularly important in these efforts, since half of all endangered species have at least 80 percent of their habitat on private lands. We have seen that farmers, ranchers, and foresters are often the best stewards of their land. We can achieve more by working with them, capitalizing on their intimate knowledge of the land.

In 2003, Interior issued the first comprehensive Federal guidelines designed to promote the establishment of conservation banks. Conservation banks are lands acquired by third parties, managed for specific endangered species, and protected by conservation easements. There are dozens of conservation banks now operating in a number of States. These have become increasingly important tools in conservation plans prepared by land developers.

In addition to protecting and conserving our lands, water, and wildlife, the Department of the Interior protects the cultural heritage, the historic sites and objects, that link us to our past. These resources include landscapes associated with historical events, structures such as historical homes, and sites that provide clues to prehistoric life. Assets range from paintings by artists such as Thomas Moran to personal belongings of historical figures such as a cane owned by Abraham Lincoln, along with such icons as the carved faces of Mount Rushmore and the Statue of Liberty National Monument

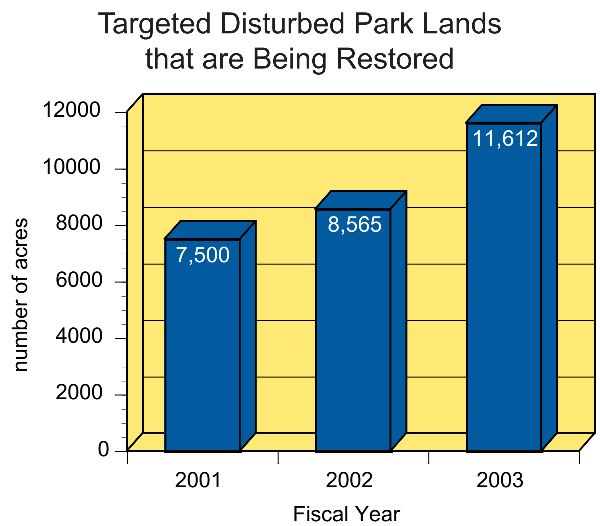
Performance Results

The Department of the Interior measures its performance in protecting the environment and preserving our natural and cultural resources against four long-term measures: our ability to restore the health of public lands, to maintain healthy natural systems, to protect and recover imperiled species, and to protect and restore cultural resources.

The Vital Signs Monitoring Project of the National Park Service (NPS) illustrates the Department's healthy systems approach to protecting and conserving public lands. Initially launched in 2001, the project organized 270 park units into 32 monitoring networks that track key indicators of change, or "vital signs" occurring on park lands. These indicators enable park managers and scientists to understand, track, and better protect the health of their resources, and to provide a complete picture of the condition of the national parks. Long-term monitoring provides an early warning and detection of conditions in time to develop effective mitigation measures.

In FY 2003, 43 percent of 270 units of the National Park System identified their vital signs, exceeding a target of 40 percent. The Vital Signs Monitoring Project will continue until 100 percent of these units inventory the characteristics that need monitoring. The project will serve as a key component

FIGURE 7



of resource management by providing scientific information to park managers.

In addition to monitoring park vital signs, the NPS is estimating that it will meet its FY 2003 target to restore 5.2 percent of targeted park lands (or 11,500 acres) that had been disturbed in some manner by development or agriculture (*Figure 7*). It further estimates that it will also meet its target to initiate 30 watershed assessment projects in cooperation with the U.S. Geological Survey (USGS) to better understand aquatic resource conditions in parks. Along with these assessments, the NPS evaluated air and/or water quality for 288 units of the National Park System. It estimates that for FY 2003, 56 percent of park units will report stable or improved air quality, against a target of 61 percent, while an estimated 71 percent of these units will enjoy unimpaired water quality, against a target of 65 percent (*Figure 8* and *Figure 9*). Final results will be available in a supplemental report to be published in the third quarter of FY 2004, as mentioned previously.

The Bureau of Land Management (BLM) is also actively reviewing the condition of the public lands that it manages. In FY 2003, the BLM conducted land condition assessments for 6 priority sub-basins, against a target of 10. It prepared 3 new land use plans, against a target of 13, bringing the total number of land use plans prepared since 1999 to 7. These targets were not achieved due to complexities in consultation and collaboration, some lengthy

FIGURE 8

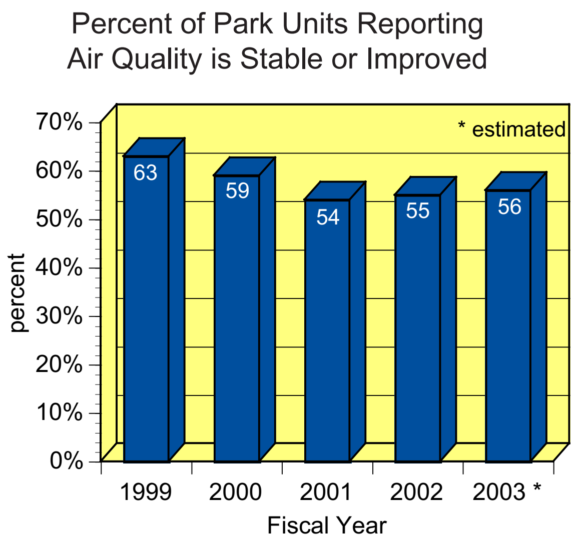
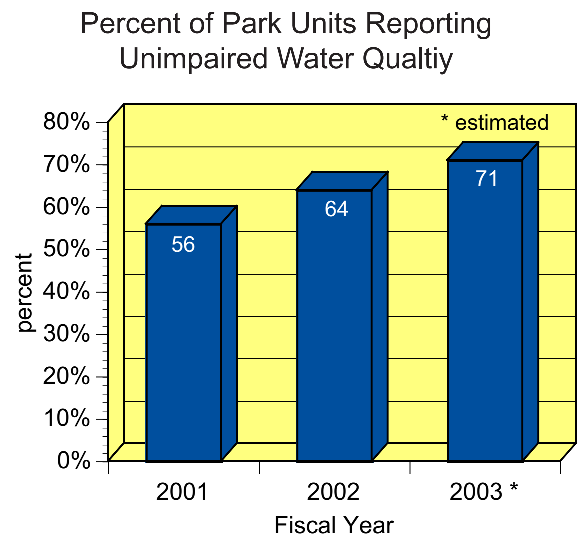


FIGURE 9

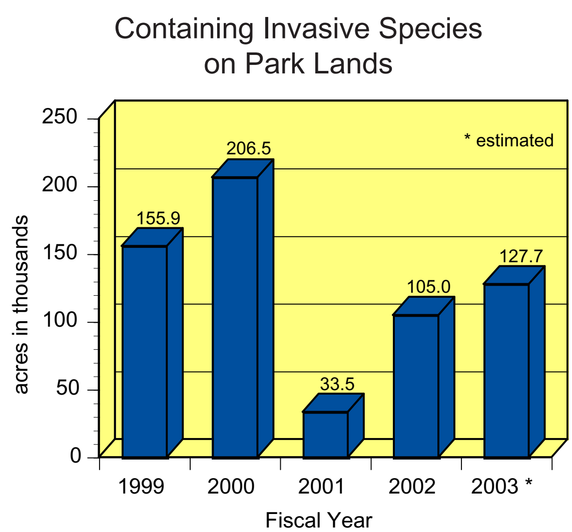


protests, and Endangered Species Act Section 7 consultation with the U.S. Fish and Wildlife Service (FWS). The BLM amended an additional 54 land use plans to reflect new information or management strategies, exceeding its target of 41, for FY 2003.

Together, Interior's NPS, BLM, and FWS contained the spread of invasive vegetation that jeopardizes the health of public lands and the wildlife they support (*Figure 10*). NPS estimates that, in FY 2003, it controlled invasives on 4.8 percent of park lands against a target of 4.6 percent. FWS efforts helped protect 229,416 acres of the National Wildlife Refuge System from terrestrial and aquatic invasive species, against a target of 227,445 acres. The BLM treated 298,000 acres of public lands to prevent the spread of noxious weeds, exceeding its target of 245,000 acres.

Interior's conservation mandate does not stop with Federal lands. We also protect and conserve non-Federal lands, particularly lands damaged by surface coal mining. In FY 2003, the Department's Office of Surface Mining (OSM) reclaimed 6,539 acres of abandoned coal mine lands, or 94 percent of its target of 6,900 acres. It funded 37 water cleanup projects, exceeding its target of 28, under the Clean Streams Program. This program provides funds to small local watershed organizations to clean streams affected by acid mine drainage.

FIGURE 10



In FY 2003, the BLM addressed environmental issues associated with old mines by remediating 72 abandoned mines located on lands that it manages, exceeding its target of 60. The BLM also further protected visitors to its lands by plugging and reclaiming 127 orphan wells, far exceeding its target of 20.

The protection and conservation of water remains critical, particularly in the arid Western states. Interior's Bureau of Reclamation (Reclamation) manages, develops, and protects water resources. In FY 2003, Reclamation responded to requests for drought emergency assistance within 60 days of receiving the request 97.1 percent of the time, exceeding its target of 85 percent.

In addition to helping mitigate potential impacts of drought, Reclamation encourages recycling and reuse of water in order to increase use of available water supplies. In FY 2003, Reclamation completed 3 cooperative agreements to perform feasibility studies related to water recycling against a target of 2. Reclamation also completed 4 appraisal investigations and initiated 2 feasibility studies on water recycling projects in FY 2003. It promoted efficient use of water supplies associated with Federal water projects by assisting 360 organizations, customers, and agencies, against a target of 260, in effective water conservation planning and management. Its water recycling and reuse projects helped yield 25,402 acre feet of water compared to a target of 25,000 acre feet.

Something to Howl about

A steadily growing gray wolf population in the western Great Lakes states and a highly successful reintroduction program in the northern Rocky Mountains have prompted the U.S. Fish and Wildlife Service (FWS) to change the status of gray wolves in these areas from "endangered" to the less serious "threatened" designation under the Endangered Species Act (ESA).

The reclassification finalizes an action first proposed by the FWS in 2000. It also establishes three "Distinct Population Segments" (DPS) for gray wolves under the ESA. The three segments encompass the entire historic range of the gray wolf in the lower 48 states and Mexico, and correspond to the three areas of the country where there are wolf populations and ongoing recovery activities.

Wolf populations in the eastern and western DPSs have achieved population goals for recovery. Actions are underway to give the public notice that FWS will soon begin work to propose delisting these populations.

Under the ESA, endangered species are those currently in danger of extinction. Threatened species, which receive many of the same protections under the Act, are species that are considered likely to become endangered in the foreseeable future. "Threatened" is a more appropriate classification than "endangered" for wolves outside the Southwest because recovery programs have succeeded in reducing threats to gray wolves and vastly increasing their numbers and range.

FWS proposes to remove gray wolves in the western and eastern United States from the endangered and threatened species list, once the agency has determined that all recovery criteria for wolf populations in those areas have been met and sufficient protections remain in place to ensure sustainable populations.

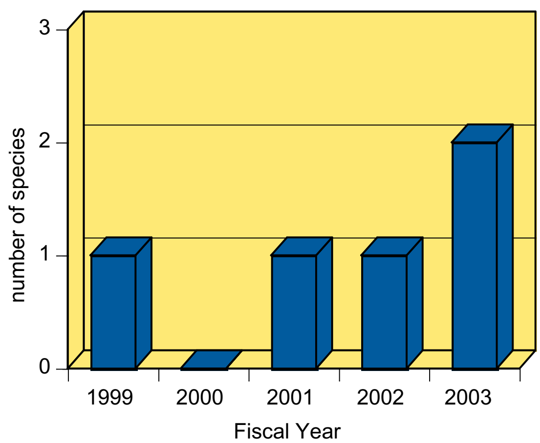
Reclamation also conducts projects designed to improve water quality to ensure the viability and use of the water supply. In FY 2003, it conducted 31 water quality assessments, against a target of 35, at Reclamation stream segments and reservoirs. It implemented 6 operational changes to address water quality issues that were identified as a result of these assessments, meeting its annual target. It improved water quality in the Colorado River Basin, exceeding its annual target of 25,000 tons, by removing 30,393 tons of salt at a cost less than $50 per ton, as part of the Colorado River Basin Salinity Control Program (CRBSP). As salinity levels rise, crop yields diminish and water treatment costs escalate. The CRBSP maintains or improves water quality in the Colorado River by reducing the amount of salt in the river water.

The health of the Nation's wildlife is another critical gauge of the health of our larger natural systems. Responsibility for the administration of the ESA is shared by Interior's FWS and the Department of Commerce's National Marine Fisheries Service. The FWS works with State, local, and tribal governments to develop large-area, multiple-species habitat conservation plans. It also facilitates the implementation of recovery actions by partners such as conservation organizations and private landowners.

As of FY 2003, the FWS estimated that 332 species listed under the ESA as threatened or endangered a decade or more ago are either stable or improving. This is good news and shows estimated improve-

FIGURE 11

Number of Species Delisted Due to Recovery



ments for an additional 12 species above the FWS performance target of 320. FY 2003 saw the delisting of 2 species due to recovery, against a target of 4 (*Figure 11*). Conservation agreements enabled another 3 species to avoid the "at-risk" list, against a target of 4.

Endangered and threatened species on park lands likewise benefit from Interior protection activities. In FY 2003, the NPS estimated that 57 of 442 species identified as having critical habitats on the lands it manages or that required NPS recovery actions improved their status, against a target of 64. An additional 100 species were estimated to have stable populations, against a target of 99.

Preserving, restoring or maintaining habitat is a significant component in the recovery of endangered species. Interior estimates that together, its bureaus have established, restored or enhanced 182,973 acres of wetlands and/or riparian habitat, to exceed a target of 144,719 acres, and 1,110 stream miles of habitat against a target of 1,429 stream miles.

In addition to meeting its water contracts, the Bureau of Reclamation assisted in the recovery of endangered and threatened species by providing 2.16 million acre feet (MAF) of water, against a target of 1.9 MAF, to enhance fish and wildlife habitats.

Interior also plays a major role in helping to ensure the continued viability of hundreds of species of waterfowl, songbirds, and shorebirds that periodically migrate to or through the United States. The FWS is collecting population information about migratory birds of concern so that it can establish baselines and initiate or continue a monitoring program for these species. In FY 2003, the FWS achieved its target of baseline information for 22 of 146 migratory bird populations. It reported that 22 of 254 migratory bird populations of management concern demonstrated improvements in their population status, again achieving the FY 2003 target.

In addition to natural landscapes, our Nation's treasures include historic and cultural sites and items that link us to our past. In FY 2003, the NPS estimates that 70.7 percent of the preservation and protection standards for park museum collections were met, against a target of 69.9 percent. It also estimates the number of museum objects cataloged by the FWS at 47.7 million, an increase from the 1999 baseline number of 37.3 million objects cataloged. It has increased the number of ethnographic resources it manages from 400 in 1999 to an estimated 1,276 records in 2003, against a target of 1,140, offering that much more information for anthropological studies.

The NPS has also focused on maintaining and assessing the integrity of historic structures and cultural archeological sites. In FY 2003, NPS inventoried and evaluated 232 cultural landscapes and 57,752 archeological sites against a target of 240 and 58,759, respectively, an increase of 69.3 percent from the FY 1999 baseline of 137 landscapes and 19.8 percent from the baseline of 48,188 sites. Against a target of 31 percent, 31.7 percent of cultural landscapes contained within the Cultural Landscapes Inventory are in good condition. The annual target of 47.8 percent of recorded archeological sites were found to be in good condition, while 44.3 percent of inventoried historic structures (against a target of 46 percent) are in good condition. Further, the NPS estimates that 50 percent of known paleontological localities in parks (home of fossils and prehistoric bones) are in good condition. NPS restored an estimated 120,108 square feet of cave floor (against a target of 117,551) in parks like Carlsbad Caverns and Mammoth Cave.

Collaboration in Action

The Department will depend on partnerships to address two of its most critical program issues: law enforcement and security, and wildland fire.

Interior manages the third largest Federal law enforcement force, with more than 4,400 law enforcement personnel spread among the Bureau of Indian Affairs (BIA), Bureau of Land Management (BLM), U.S. Fish and Wildlife Service (FWS), and National Park Service (NPS). In addition, there are about 1,700 tribal and contracted law enforcement and detention facility personnel in Indian country. We are responsible for the safety of our more than 70,000 employees and 200,000 volunteers, along with tribal members and about 1.3 million daily visitors. We maintain safety on over 507 million acres of tribal and public lands that include a number of sites of historical or national significance, along with the security of dams and reservoirs. The Department also assists in providing security for oil and gas production and transmission facilities on Federal lands, including 4,000 offshore production oil and gas facilities, 22,000 miles of pipeline, and 35,000 petroleum workers in the Gulf of Mexico.

The increased emphasis over the last few years on visitor protection, securing resources, and homeland security demands that Interior maintain a well-coordinated and highly professional law enforcement capability. Our staff is already spread thin, however, averaging one commissioned officer for about every 110,000 visitors and 118,000 acres of land. Our challenge over the next five years will be to get the maximum value from those professionals, balancing our ongoing, more conventional law enforcement activities with increasingly complex homeland security issues.

Bureau law enforcement personnel had always worked independently before 9/11. After 9/11 the combination of growing obligations and limited resources required them to work together. The Department's public safety structure was redesigned in July 2002, with a senior level executive and a small headquarters staff with a mandate to coordinate law enforcement policy and activities. Over the next five years we will develop a more coordinated Departmental approach to public safety, supported through common programs, standardized position descriptions, cross-training, and shared best practices.

Interior will continue to participate in multi-agency task forces as well. Organized by the Federal Bureau of Investigation (FBI) and Justice Department, the task forces share information, develop security protocols, and identify protective measures in order to prevent and respond to real and potential terrorist attacks.

The same strategy of multiple partnerships across bureau and agency lines underlies the Department's response to the issue of wildland fire.

Historic suppression of fires, which resulted in unnatural levels of fuel build-up, along with a lack of active forest and rangeland management and a number of seasonal droughts, have sent the risk of catastrophic wildland fire soaring. Today more than 190 million acres of public land and surrounding communities are at risk from extreme wildfires. Our ability to reduce that risk depends on our success in building long-term strategic consultation and collaboration with other interested Federal organizations, States, Tribes, local governments and citizens, an ambition formally supported by the National Fire Plan and the Implementation Plan for "A Collaborative Approach for Reducing Wildland Fire Risks to Communities and the Environment" (both developed in concert with the U.S. Forest Service); the 10-Year Comprehensive Strategy; and the President's Healthy Forests Initiative.

Interior's firefighters have been working together since the 1999 launch of the National Fire Plan. The plan linked Interior's four firefighting bureaus—the BLM, NPS, FWS, and BIA—with the Forest Service, State foresters, Tribes, and local fire departments. Today these groups share planning and equipment, treating the causes of fires, and rehabilitating fire-damaged habitat across all 50 States.

Never before had so many levels and organizations from government come together to discuss a cohesive approach to enhancing fire preparedness, reducing hazardous fuels, and restoring and maintaining forest and rangeland health. Their success was a tribute to the power of coordination, communication, and consultation among the Nation's many firefighting and resource management organizations.

Under the 10-year Comprehensive Strategy Implementation Plan, Federal wildfire agencies, affected States, counties, local governments and Tribes agreed to a common set of goals, implementation outcomes, performance measures and tasks that need to be accomplished by specific deadlines. The comprehensive agreement covers all phases of the fire program, including fire preparedness, suppression, and prevention; hazardous fuels management; restoration of burned areas; community assistance; and monitoring of progress. The initiative also includes changes in the regulatory process and legislation that will ensure more timely decisions and implementation of forest health projects.

Looking Forward

Conservation will remain a key responsibility of the Department of the Interior for the foreseeable future. There will be a continued need for restoration and remediation of sites damaged through use, invasive species, resource extraction, or wildland fire. Increased water demands will make natural habitat issues more pressing.

To meet these challenges the Department will have to work to expand our conservation partnerships, to build collaborative skills that smooth dispute resolution, to strengthen our relationships with our large network of volunteers, and to create alliances across intra- and inter-agency lines to address such critical issues as wildland fire and homeland security.

Given the combination of rising needs and constrained budgets, we face continuing challenges in meeting our conservation goals. Our inventory of objects, structures, and sites continues to grow and will require ongoing care, including maintenance and security to prevent loss from vandalism and theft.

We have begun to recognize the silent scourge of some invasive plants and animals for what it is: one of the most serious ecological battles of the 21st century, costing the Nation billions of dollars annually in lost resources and productivity and affecting America's biological heritage. Interior scientists and land managers will need to find better ways to help build a coordinated strategy with Federal and non-Federal partners to fight this battle.

All of these responsibilities will demand that Interior personnel develop and refine their mediation skills and partnership capacity. We must continue listening to our customers and interested citizens and work with diverse interests in finding creative solutions, relying on consultation, communication, and cooperation to achieve our conservation aims.

Performance and Costs at a Glance

Tables 1 and 2 summarize FY 2003 performance and cost data for Strategic Goal 1.

Interior incurred costs of approximately $4.5 billion for Strategic Goal 1, an increase of about 10% over FY 2002. The Department established 123 performance measures for Strategic Goal 1. Of the 123 performance measures, the Department achieved or exceeded the goals for 84 measures (68%). This was significantly higher than the 57% realized in FY 2002. Interior continues to use an exceptionally stringent requirement of being within .05% of the target to attain a "goal met" on performance. As a consequence, the Department did not meet the targets for 36 performance measures (29%). Most of the measures not met show significant progress toward completion as indicated in the Goals-at-a-Glance Table. In addition, Interior was unable to report performance information on 3 measures (2.4%) because data were not available at the time of printing.

Three GPRA program activities, "Sustainability of Fish and Wildlife Populations", Habitat Conservation—A Network of Lands and Waters," "Preserve Park Resources and Strengthen and Preserve Natural and Cultural Resources", accounted for about $2.9 billion or 65.4% of Strategic Goal 1 costs. Of the 9 measures not meeting annual goals in these three program activities, one goal was not achieved because BLM did not provide funding for the Museum Partnership Program, several did not achieve their objectives because of collaboration complexities and continuing development of protocols for large-scale watershed assessments to support land use planning efforts, and other goals were not achieved because of the diversion of resources to address drought and fire conditions.

The Environmental Protection program activity had an additional $98 million in resources directed to it in FY 2003, but the Department was still unable to fully achieve the performance measures based on estimated information available at the time of this report.

More detailed information concerning performance results is available in Part 3, Performance Section.

TABLE 1

Strategic Goal 1 FY 2003 Performance Measure Scorecard						
GPRA Program Activity	**Number of Measures**	**Exceeded Goal**	**Met Goal**	**Did Not Meet Goal**	**No Report**	**Percent Exceeding or Meeting Goal**
Resources Management	7	0	3	3	1	43%
Trust Services	11	3	4	2	2	64%
Preserve Natural and Cultural Heritage Resources	10	4	5	1	0	90%
Understand the Condition of Public Lands	5	1	2	2	0	60%
Restore At-Risk Resources and Maintain Functioning Systems	9	4	0	5	0	44%
Manage, Develop, and Protect Water and Related Resources	13	8	3	2	0	85%
Sustainability of Fish and Wildlife Populations	13	1	10	2	0	85%
Habitat Conservation—A Network of Lands and Waters	8	3	3	2	0	75%
Preserve Park Resources	22	1	15	6	0	73%
Strengthen and Preserve Natural and Cultural Resources	8	0	5	3	0	63%
Environmental Restoration	2	0	1	1	0	50%
Environmental Protection	2	0	0	2	0	0%
Overview	13	5	3	5	0	62%
TOTAL	123	30	54	36	3	68%

TABLE 2

Strategic Goal 1 Costs (in millions)		
GPRA Program Activity	**FY 2003**	**FY 2002**
Resources Management	$283	$359
Trust Services	148	179
Preserve Natural and Cultural Heritage Resources	173	175
Understand the Condition of Public Lands	195	157
Restore At-Risk Resources and Maintain Functioning Systems	241	214
Manage, Develop, and Protect Water and Related Resources	157	210
Sustainability of Fish and Wildlife Populations	651	610
Habitat Conservation—A Network of Lands and Waters	1,346	1,141
Preserve Park Resources and Strengthen and Preserve Natural and Cultural Resources	937	762
Environmental Restoration	191	194
Environmental Protection	154	56
Overview (Departmentwide Initiatives)	13	15
Total Gross Cost Prior to Eliminations	4,489	4,072
Less: Elimination of Intra-Department Activity	(63)	(47)
Total Gross Cost After Eliminations	$4,426	$4,025

Strategic Goal 2: Provide Recreation for America

America has turned to its public lands for respite and inspiration since 1872, when Congress designated Yellowstone as the Nation's first "pleasuring ground" for the benefit and enjoyment of the people.

Americans today come to their national parks, refuges, and public lands for many reasons: to renew their sense of self, to experience adventure and relaxation, and to sample the rich diversity of our landscape and culture on water or land, at sea level or thousands of feet above, in scuba gear, on mountain bikes or with a camera, while hunting, fishing, camping, hiking, boating, white water rafting, and birding.

Providing those recreational opportunities, consistent with other land uses and our stewardship responsibility, is Interior's second strategic goal. We are committed to providing access to Federal lands and enhancing opportunities for everyone to enjoy the benefits of our Nation's heritage. We want our visitors to leave satisfied and re-energized by their recreation experience, and we want them to come back in the future. We also want their visit to be safe.

Interior's National Park Service (NPS) manages Yellowstone, one of 56 National Parks in the 388-unit park system. Along with National Parks, America's public lands offer recreational opportunities at 90 national monument locations, 161 wilderness areas, 542 National Wildlife Refuges, 70 National Fish Hatcheries, and scores of other recreation sites managed by Interior's Bureau of Land Management (BLM), U.S. Fish and Wildlife Service (FWS), and Bureau of Reclamation (Reclamation).

Interior's recreation destinations are among the Nation's most popular. Annually, the National Park System draws over 277 million visits. Our 93-million-acre National Wildlife Refuge System sees another 39 million visits, and National Fish Hatcheries log 2 million visits. The 262 million acres of public lands managed by our Bureau of Land Management receive 68 million visits, while the Bureau of Reclamation estimates 90 million visits annually to its 308 recreation sites.

Performance Results

The Department of the Interior measures its performance in providing recreation for America against two standards: did we provide a quality experience to our visitors, and was their visit a safe one? Our performance assessment starts with listening to our customers; we ask visitors about their recreational experiences and the quality of the facilities we provide.

The NPS was the first bureau to use surveys to capture visitor feedback. Since 1988, the Visitor Services Project (VSP) has conducted over 140 in-depth visitor studies in more than 100 units of the National Park system. Through these customized studies, park managers obtain accurate information about visitors—who they are, what they do, their needs and opinions. Managers then use what they learn to improve services.

A customer satisfaction card has also been used for the past five years to survey visitors to over 300 units of the 388-unit National Park System (*Figure 12*). The card will continue to be used annually by NPS units to measure performance related to visitor satisfaction, and for insights regarding the effectiveness of NPS interpretive and educational efforts.

FIGURE 12

Visitor Satisfaction with Park Services

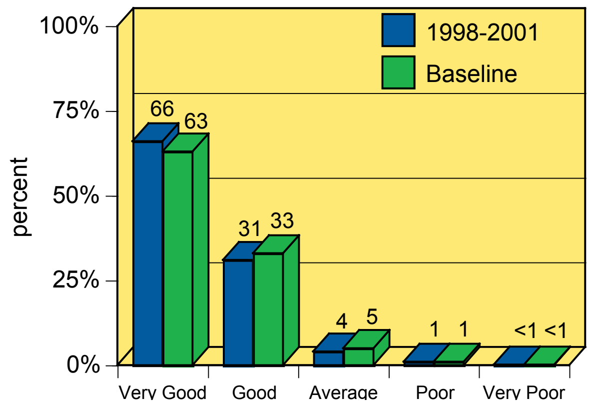


TABLE 3

DOI Volunteer Programs						
	Hours Donated (thousands)			Value of Volunteer Time (millions)		
Agency	***2003***	***2004****	***2005****	***2003***	***2004****	***2005****
FWS	1,676	1,758	1,840	$18.6	$19.7	$20.9
NPS	4,700*	5,900	6,100	77.7	100.3	106.7
BLM	535	540	545	8.6	8.7	8.8
TOTAL	6,911	8,198	8,485	$104.9	$128.7	$136.4

* Projected amounts

In FY 2003, the NPS released its ninth annual report summarizing visitor feedback. The report, available online at *http://www.nps.gov/socialscience/waso/products.htm*, summarizes how visitors feel about selected services in the parks. The report serves as the NPS annual "report card." The NPS estimates that it will achieve its annual target of satisfying 95 percent of park visitors, and that an estimated 74 percent of visitors are satisfied with commercial services offered within the parks, such as concessions and lodging facilities, meeting the annual target. The NPS further estimates that 84 percent of visitors responded that they understood and appreciated the significance of the park they were visiting, meeting the NPS annual target.

Other recreation-providing bureaus within Interior are also talking with those we serve to find out how we can improve. The BLM obtained data that revealed 97 percent of visitors to its lands were satisfied with the quality of their experiences, against a target of 93 percent. The FWS exceeded its long-term goal for visitor satisfaction in its baseline survey of National Wildlife Refuges conducted in FY 2003. The FWS survey offered findings that FWS managers are examining as opportunities for improvement. (See sidebar regarding the FWS Refuge survey.)

Interior's mission includes both serving visitors and protecting the resources that visitors come to enjoy. This combined mission cannot be accomplished alone. Interior bureaus continue to build sustainable partnerships with volunteers, corporations, foundations and others who seek to preserve some of America's greatest natural treasures.

Volunteers and partners are the heart and soul of public land preservation efforts (*Table 3*). In FY 2003, more than 200,000 volunteers provided 6.9 million hours of time valued at about $104.9 million to Interior bureaus. These volunteers provided services ranging from office work to maintaining campgrounds. The NPS received an estimated 4.7 million hours of volunteer time, against a target of 4.6 million hours. The FWS received 1.6 million hours from volunteers, exceeding the target of 1.3 million hours.

Friends Groups and partners also provide valuable time and service. In FY 2003, the NPS estimates, based upon partial data, that it worked with partners to conserve an additional 9,140 miles of trails, 5,050 miles of river corridors, and 846,282 acres of parks and open spaces, against targets of 8,450 miles of trails, 4,600 miles of protected river corridor, and 846,200 acres of park and open spaces above 1997 totals. The FWS saw the creation of 20 new Friends Groups, exceeding the target of 19, that worked closely with FWS staff to assist fish hatcheries and refuges.

Asking What Our Customers Think

The National Park Service and the Bureau of Land Management have run visitor site surveys for years. They ask their customers to evaluate the recreation experience they provided and then use the answers to set policies and priorities. But 2003 marked the first year that the U.S. Fish and Wildlife Service (FWS) commissioned an extensive on-site visitor survey.

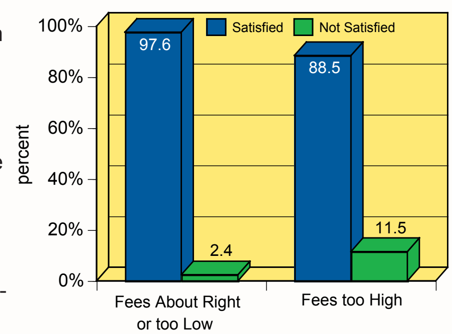
Based on more than 3,000 visitor satisfaction surveys, the report compiled information from 43 refuges, each with an environmental education program, a visitor center, and annual visitation of at least 75,000.

Visitor satisfaction was high, the survey said. More than 90 percent of customers were "satisfied" or "very satisfied," and said they would probably visit a refuge again within the next two years. Visitor satisfaction was durable, too. Even visitors dissatisfied with some element of service or facilities were likely to express overall satisfaction with their visit.

Most visitors initially learned about refuge recreation opportunities through word of mouth, the survey noted, suggesting that the Refuge System could benefit by extending its outreach efforts to broader demographic groups.

"That's one of the survey issues we have already begun addressing," FWS Director Steve Williams said.

The report also helped the National Wildlife Refuge System analyze aspects of its fee demonstration program. Most refuges are open to the public at no cost, but a small percentage charges a nominal entrance fee, and some sites charge for special activities and additional services.



Survey results found that an outstanding majority of visitors, 94 percent, did not mind paying the fee. In fact, statistical analysis showed that the fee did not restrict visitation. Nearly 90 percent of visitors felt strongly that the refuge provided them with an excellent value.

Researchers found that knowledgeable and courteous employees were the most important factors when people gave high marks to refuges for the overall quality of the recreation/educational experience. Maps, signs, and printed information also played an important role. Most often, refuges that got the highest marks for overall visitor satisfaction also got high marks for their conservation efforts, law enforcement presence, road and parking lot maintenance, and the ease with which visitors could make an inquiry or complaint.

Looking Forward

Coping with growing popularity and new population pressures in a context of constrained resources strains the Department's ability to fulfill its recreation mandate. Our magnificent natural resources are no longer remote sanctuaries. They face significant use and threats from some invasive plants and animals. Their infrastructure is aging and stressed by increasing visitor use and years of inadequate maintenance.

Rebuilding that infrastructure remains a high priority for the Department and for the administration of President Bush.

The increasing popularity of public lands complicates our management task. Through the Recreation Fee Demonstration Program, Interior continues to explore ways to provide seamless service to visitors of our recreation sites while providing a framework for a sensible, efficient, and coherent fee program. For example, in FY 2003, the BLM continued to participate in the Recreational Fee

Demonstration Program, under which public land visitors are charged a fee to use many of BLM's campgrounds, day-use areas, and other developed recreation sites. All of the money collected is reinvested at the site of collection to improve its physical infrastructure and enhance customer satisfaction, directly benefiting those who pay for and use the site. In 2003, both fee collections and overall recreation use increased at BLM sites.

Our recreation mission needs to coexist with other legitimate uses of public lands, such as producing forage, forest products, water, power, and other commodities needed to meet America's needs. That coexistence is not always easy to manage. At the same time, the Department must manage increasing levels of competition among different recreation users of the same resource: off-roaders versus wildlife photographers in the same area, for example, or pedestrians conflicting with equestrians over a crowded mountain trail.

Success will depend on communication and cooperation among all recreation users. The Department will work to speed the adoption of bureau best practices among all Departmental recreation providers, and to expand our working partnerships with states, Tribes, and local governments, along with non-profit groups, concerned citizens, and our growing numbers of volunteers.

Teaching Ethics for the Outdoors

The idea behind Leave No Trace!, an innovative public/private sector educational partnership, is simple: the best way to minimize visitor impacts to America's wilderness, refuge, and park lands is to teach those visitors the ethics of the outdoors.

Leave No Trace! practices are techniques that visitors can use to help reduce evidence of their presence in the back country. The ethic is easy to understand: make it hard for others to see or hear you and Leave No Trace! of your visit. If visitors know how to minimize their impact on natural resources, wildlife, and other users, they can enjoy back country and wilderness areas while preserving the beauty and solitude of these areas.

Launched in 1994, Leave No Trace! is a not-for-profit organization designed to promote land stewardship, minimum-impact skills, and wilderness ethics through education, research, and partnerships. The program is managed by LNT Inc., a non-profit organization located in Boulder, Colorado, which oversees memberships, marketing, fundraising, and program development.

Active support is broad and deep. Leave No Trace! is the only program of its kind that has been universally adopted, administered, and used in a unified, joint effort by the Bureau of Land Management, the U.S. Department of Agriculture's Forest Service, the National Park Service, and the U.S. Fish and Wildlife Service. Whenever possible, its tenets are taught by this interagency group with no differentiation between agencies or private partners.

The human-powered outdoor recreation industry has adopted Leave No Trace! enthusiastically, too, with over 300 manufacturers and retailers joining with the Federal agencies to bring the message to the American public. Recreation users likewise have embraced Leave No Trace! across the spectrum, from wilderness to off-highway vehicle enthusiasts.

This year the partnership updated several of its skills and ethics booklets to include the latest scientific research on varied environments across the country. Special emphasis in FY 2003 was on a "Group Use" pamphlet, Western River Corridor Use, and the "Frontcountry Use" program for urban and suburban environments. Leave No Trace! teams were active teachers in the field, too, bringing the message this year to the National Trails Conference, Outdoor Writers of America Association Conference, Outdoor Retailer Show, Rocky Mountain Elk Expo, National Philmont Boy Scout Camp, and Western Region Boy Scout "Camp School".

Performance and Costs at a Glance

Tables 4 and 5 summarize FY 2003 performance and cost data for Strategic Goal 2.

Interior incurred costs of about $2.17 billion for Strategic Goal 2, a small decrease of about 1% compared to FY 2002. The Department established 32 performance measures for Strategic Goal 2. Of the 32 performance measures, the Department achieved or exceeded the goals for 28 measures (88%). This is an increase of 36% over FY 2002. Interior did not meet the goal for 4 performance measures (12%).

One GPRA Program Activity, "Provide for Public Enjoyment and Visitor Experience of Parks", incurred $1.5 billion or 69% of Strategic Goal 2 costs. The resources devoted to this GPRA program activity were about 6% less than those provided in FY 2002. Of the four performance measures related to this GPRA program activity in FY 2003, results show that 75% of the measures were met or exceeded, an increase over the 50% achieved in FY 2002, a comparable increase in performance. The other measures were not achieved because of factors such as States being unable to participate in training sessions due to budget restrictions, an inability to resolve audit issues with States, and performance related to accident/incidents on Federal land.

More detailed information concerning performance results is available in Part 3, Performance Section.

TABLE 4

Strategic Goal 2
FY 2003 Performance Measure Scorecard

GPRA Program Activity	Number of Measures	Exceeded Goal	Met Goal	Did Not Meet Goal	No Report	Percent Exceeding or Meeting Goal
Responsible Recreation	4	2	2	0	0	100%
Land Management and Development	3	2	0	1	0	67%
Greater Public Use on Service (FWS) Lands	3	1	2	0	0	100%
Partnerships in Natural Resources	9	5	2	2	0	78%
Provide for Public Enjoyment and Visitor Experience of Parks	4	0	3	1	0	75%
Enhance Recreational Opportunities Managed by Others	4	3	1	0	0	100%
Ensure Organizational Effectiveness	5	0	5	0	0	100%
TOTAL	32	13	15	4	0	88%

TABLE 5

Strategic Goal 2 Costs
(in millions)

GPRA Program Activity	FY 2003	FY 2002
Responsible Recreation	$100	$94
Land Management and Development	34	36
Greater Public Use on Service (FWS) Lands	185	175
Partnerships in Natural Resources	-	-
Provide for Public Enjoyment and Visitor Experience of Parks	1,497	1,600
Enhance Recreational Opportunities Managed by Others	352	288
Ensure Organizational Effectiveness	*	*
Total Gross Cost Prior to Eliminations	2,168	2,193
Less: Elimination of Intra-Department Activity	(23)	(12)
Total Gross Cost After Eliminations	$2,145	$2,181

* Costs not separately identified for this GPRA Program Activity

Strategic Goal 3: Manage Resources for a Healthy Environment and a Strong Economy

Managing the vast resources of America's public lands has been a core Interior responsibility since the Department was founded in 1849. Over 150 years ago, the newly formed Department focused on development by handling land sales and title adjudication as the Nation expanded. As gold and silver were discovered, the Department's role included managing a system of access to those mineral resources as well.

The Department is still managing resources, but the work has become more complex. It is our task today to determine where and how to make available renewable and non-renewable economic resources on public lands consistent with our resource protection and recreation mandates.

While some lands such as wilderness areas have been set aside for special protection, the Department of the Interior's multiple use lands produce resources that provide energy to warm our homes and power our transportation systems; minerals used for manufacturing and household goods; forage for livestock; and forest resources. The lands and offshore areas we manage or influence supply about 28 percent of the Nation's domestic energy, including about 35 percent of the natural gas, 32 percent of the oil, 35 percent of the coal, 48 percent of the geothermal energy, and 20 percent of the wind power.

In addition Interior manages over 2,500 dams and 348 reservoirs that provide water to over 31 million people for municipal, agricultural, and industrial use. This same water infrastructure generates 17 percent (42 billion kilowatt hours) of the Nation's hydropower, making Interior the second largest producer of hydroelectric power in the United States.

The resources produced from public lands-including energy and non-energy minerals, water, timber, grazing land, and electricity—contribute substantially to virtually all sectors of the American economy. In FY 2003, Interior generated $9 billion in revenue to the Federal Treasury and other recipients from the lands and waters it manages.

Performance Results

The Department of the Interior measures its performance in managing natural resources for a healthy environment and a strong economy against two long-term measures: our ability to ensure environmentally sound development and our ability to manage resources to ensure economic viability and the sound management of mineral receipts.

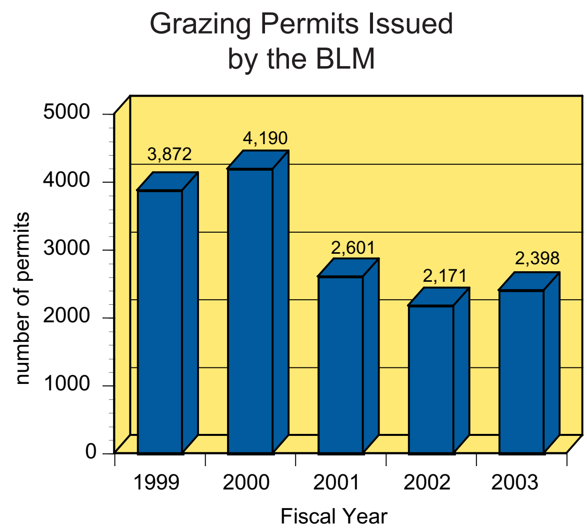
Ensuring environmentally sound development is an increasingly complex challenge, requiring a balancing among many, often-conflicting points of view. Success depends on a combination of careful environmental assessments, strong public input, and fulfillment of regulation and inspection requirements.

Given the size and mixed uses of its holdings, the BLM faces particularly broad challenges. The BLM manages one-eighth of the Nation's land, along with some 54,000 oil and gas leases, 400 geothermal leases, 300 coal leases, 440 other solid leasable mineral leases, and 220,000 mining claims.

In FY 2003, the BLM processed 4,619 energy mineral (such as coal) lease actions and 5,173 non-energy mineral actions on Federal lands against targets of 5,360 and 4,000, respectively. It processed 54,765 energy mineral post-lease actions and 1,205 non-energy mineral post-authorization actions on Federal lands, exceeding targets of 28,700 and 800, respectively. It also completed 20,051 energy mineral and 7,908 non-energy mineral compliance, inspection and enforcement actions on Federal lands, exceeding targets of 19,500 and 7,850 in FY 2003. The BLM issued 2,398 grazing permits or leases for a cumulative total of 11,360 grazing permits, exceeding its target of 1,200 permits issued in FY 2003 and a cumulative total of 10,162 permits (*Figure 13*). While these targets are output oriented in nature, as stated earlier in the introduction to this report, the Department of the Interior, through its new Strategic Plan and measures, will begin systematically measuring the outcome of these efforts beginning in FY 2004.

The Minerals Management Service (MMS) likewise bears responsibility for simultaneously achieving commercial activity and environmental goals. Its focus is on mineral resources associated with 1.76

FIGURE 13



billion submerged acres on the Outer Continental Shelf (OCS). About 1.8 million barrels of oil per day are produced from the OCS. The MMS manages more than 7,300 active oil and gas leases on the Federal OCS, which cover about 40 million acres. Since 1982, it has spent more than $650 million in environmental studies to decrease negative impacts related to commercial activities.

When access to resources on public lands for development purposes is environmentally and economically prudent, the responsibility of the government is to realize fair market value for those resources consistent with Federal statutes. Once revenues accrue from industry exploration and development efforts, it is essential that an accurate accounting of the revenue occur, and that payments to the U.S. Treasury and royalty recipients be made effectively and on time.

In FY 2003, the fair market value of commercial products (including oil and gas, coal, other salable minerals, and timber) from public lands managed by the BLM totaled about $18 billion. Over 99 percent of production value was derived from energy and minerals. The direct and indirect economic impact of these commercial activities amounted to about $38 billion. Federal revenue generated from these activities amounted to $2.2 billion. While much of the revenue is provided to the Treasury Department, about $800 million is shared with the States.

Re-engineering Customer Service at MMS

Process improvement is driven by the public demand for greater effectiveness and efficiency in the work we do. The more we can re-engineer our programs and processes to be cheaper, faster, and better, the more likely we are to meet or exceed our mission targets.

Significant process improvement doesn't always come as a single dramatic change. It is just as likely to build over several related steps, like the best-practice customer service improvements driven by the Secretary's 4Cs at the MMS.

Consider the MMS audit partnerships—cooperative agreements with 8 Tribes, and delegated authority to 10 States—that allow those Tribes and States to conduct the required inspections, audits, and investigations of activities on royalty-producing properties within their jurisdiction.

State and tribal auditors follow General Accounting Office accounting and auditing standards when performing field audits on behalf of the MMS. These audits are a critical component of overall MMS royalty compliance activities. The State or Tribe is reimbursed up to 100 percent of the costs directly required to carry out the agreed-upon activities by the MMS.

Putting the 4Cs to work is what makes these partnerships click. To ensure consistent application of government auditing standards, issue resolution, and continuing dialogue on MMS' policies and procedures, key MMS managers and technical experts meet on a quarterly basis with the State and Tribal Royalty Audit Committee. MMS's continuing dialogue with the Audit Committee underscores the importance of partnering with our constituents to ensure a fair return for minerals produced on public and tribal lands.

The cost-benefit result has been impressive, too—a 5.4 to 1 dollar return to the Federal government.

Key success factors include keeping the States and Indian Tribes constantly informed on valuation, settlement, financial/compliance system, and royalty issues, along with having them participate on various MMS teams, and receiving their input on the issues concerning them. These actions have enabled the States and Tribes to become partners who are vested in MMS strategies and goals.

Further process improvements are being implemented, including the planned E-government redesign of MMS's Offshore Minerals Management (OMM) Program business processes. Developed collaboratively by the OMM and involving input from State and Federal agencies, industry, and citizen groups, the redesign will transform previously paper-based business processes so that the MMS can electronically receive, process, and deliver data, information and knowledge across all business levels. This E-government transformation will allow the MMS to shift its focus from processing data to evaluating and analyzing work products such as equipment testing, facility inspection, environmental and technical research, lease administration and economic valuation, and mineral resource assessment.

In addition, MMS's Minerals Revenue Management (MRM) Program's reengineered business processes are improving reporter compliance with lease terms, regulations, and laws by reducing the MRM business cycle from 6 years to 3 years, consistent with expected industry standards. Process redesign also aligned the MRM multiple functions into two core end-to-end business processes, established organizational accountability for compliance and asset management outcomes at the producing property level, simplified regulatory reporting requirements to reduce reporting burdens to both MRM and industry, and modernized the MRM information technology environment.

These best practices are spreading widely among the Department's resource stewards. Similar process redesigns are planned for energy, mineral, water, forage, and forest products over the next five years to cut cycle times, reduce process friction, and improve collaboration.

Over the last 10 years, the MMS has disbursed over $60 billion, with about $7.5 billion of that going to 36 states as their share of revenues from leases located within their borders or adjacent to their shores. States receive 50 percent of the royalties collected, except for Alaska, which gets a 90 percent share as prescribed in the Alaska Statehood Act. In FY 2003, the MMS disbursed 92.6 percent of its revenues, against a target of 92 percent, to recipients by the end of the month following the month received

Special purpose funds, including the Land and Water Conservation Fund (LWCF), the National Historic Preservation Fund, and the Reclamation Fund, have received more than $15 billion in MMS-collected mineral revenues over the last 10 years. During the past decade, mineral revenues from the Outer Continental Shelf have accounted for more than 90 percent of the deposits to the LWCF. Most LWCF revenues in recent years have been used to purchase or acquire through exchange about 4.5 million acres. Acquisitions funded through LWCF grants must remain in recreation use into perpetuity.

Average annual collections by the MMS since 1982 total more than $6 billion. In FY 2003, over $8.2 billion was collected with approximately 51 percent going to the U.S. Treasury, 36 percent to Interior agencies, 1 percent to Indian Tribes and agencies, and 12 percent to States and other Federal agencies (*Figure 14*). Revenues directed to the Federal government are used to fund programs enacted by Congress. Monies that go to the States are used as the States deem necessary, often for schools, roads, libraries, public buildings, and general operations. Revenues collected from Indian lands go directly to the American Indian tribes and individual American Indian mineral owners, meeting a wide variety of their needs.

The Bureau of Reclamation is the largest manager and supplier of water in the country. Throughout the west, Reclamation fulfills its contractual obligations to deliver water. As of this writing, Reclamation estimates that it will have delivered 26.1 million acre feet (MAF) of water to meet its commitments in FY 2003, against a target of 27 MAF. While final data will not be available until after the publication of this report, Reclamation anticipates

FIGURE 14

FY 2003 Distribution of MMS Revenues

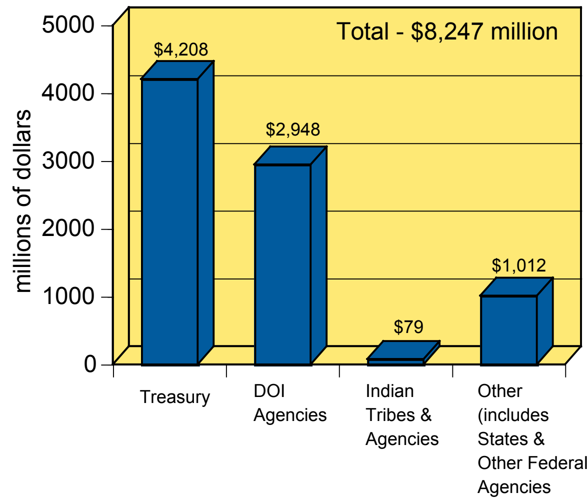
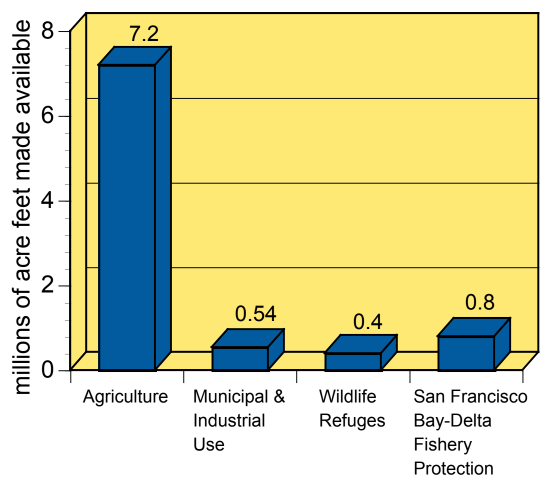


FIGURE 15

Differing Resource Needs Addressed by BOR's Central Valley Project



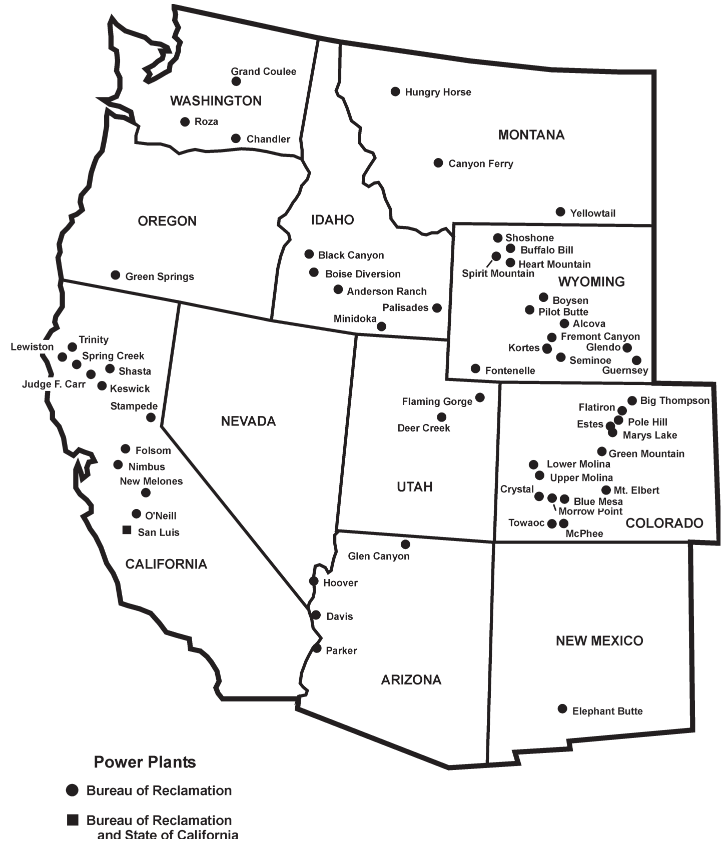
that its results may be slightly below target due to continuing drought conditions throughout parts of the western United States.

Reclamation considers many resource needs (for example recreation, fish and wildlife habitat, environmental enhancement, and Native American trust responsibilities), while ensuring reliable water deliveries under Reclamation contracts. For example, in FY 2003, Reclamation's Central Valley Project in California addressed different demands simultaneously (*Figure 15*). About 7.2 MAF of water was made available released for agriculture; 540,000 acre feet for municipal and industrial water users; 400,000 acre feet for wildlife refuges; and 800,000 acre feet to protect and restore the San Francisco Bay-Delta fishery, as required by the Central Valley Project Improvement Act.

As the second largest producer of hydropower in the Nation (*Figure 16*), Reclamation maximizes its power generation and efficiency by maintaining power production costs at a level comparable to the most efficient and lowest-cost sector of the hydropower industry. For the past five years, Reclamation has been within the 75th percentile of lowest cost hydropower facilities. In FY 2003, Reclamation continued to perform well in ensuring its facilities were available to generate power. Its forced outage rate was 1.5 percent, against a target of 3 percent or lower for its hydropower units (*Figure 17*). These statistics make Reclamation a leading source of high reliability, low-cost power.

FIGURE 16

Reclamation Powerplants



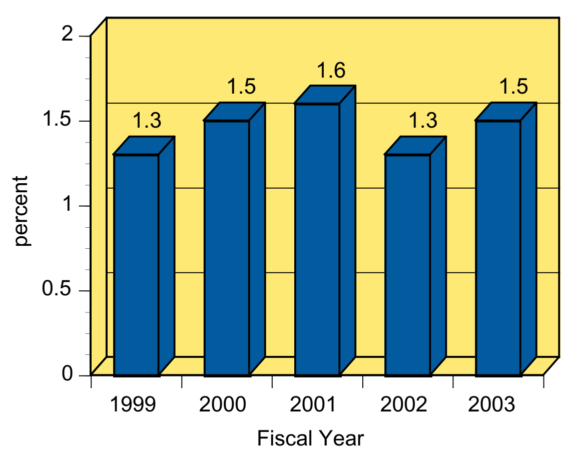
Looking Forward

The Department's responsibility for careful resource stewardship is certain to increase in the years ahead. As demand grows, we will continue to evaluate the resource potential of public lands and provide access for exploration and development consistent with environmental quality goals.

Although the public lands and the Outer Continental Shelf are an important energy source, they cannot themselves meet rising domestic demand. Public lands provide nearly 30 percent of annual national energy production and are estimated to contain 68 percent of the Nation's undiscovered oil resources and 74 percent of our undiscovered natural gas resources. Even with those resources, however, America's energy needs outstrip supply. Over the next 20 years, U.S. oil consumption is projected to grow by over 6 million barrels a day, while production is estimated to decline by 1.5 million barrels per day. Over the same time period, U.S. natural gas consumption has been projected

FIGURE 17

Forced Outage Rate for BOR Hydropower Units



to grow by over 50 percent, while production will grow by only 14 percent.

The growing demand for water is an even more critical concern, particularly in the 17 western States served by the Bureau of Reclamation. As populations soar, municipal, industrial, and agricultural users all call for more water, but too often there is not enough water to meet everyone's needs.

Shortages are likely to become even more severe in the years ahead. The Bureau of Reclamation will continue to forge partnerships with local entities to plan and implement conservation measures, facility modernizations, and improved monitoring and management. Long-term success, however, will depend on a cooperative and forward-looking approach to water management for the next century.

An example of such an approach that provides hope our ability to innovatively meet future challenges is the Colorado River Water Delivery Agreement. The Agreement, signed by Secretary Norton and officials of four California water agencies, provides assurances of long-term water supplies and clears the way for market-based transfers and other essential tools to meet the growing water needs of the region. Under Secretary Norton's leadership, Cali-

Water for the West

It is difficult to predict with accuracy how much water will be available to America's western States in the years to come. Supply will depend on naturally occurring yearly water supply, variable weather patterns, and water management.

But there is one certainty. However much there is, demand for water will exceed supply.

The West is the fastest growing region of the country today, and water is its scarcest resource. Demand already exceeds supply—a gap that will continue to grow as the numbers and needs of commercial, municipal, industrial, agricultural, environmental, and domestic users continue to swell.

For the Bureau of Reclamation (Reclamation), which currently provides water to over 31 million people, the task over the next decade will be to address those supply-demand challenges, reconciling the needs of all of the competing groups.

Aging water facilities limit our available options. Most of the Federal water management infrastructure is nearly 50 years old, and some facilities have almost a century of service. Our goal will be to optimize the overall benefits from the water available through more effective management and operations.

We will ensure that delivery systems are as efficient as possible, looking to watershed modeling, precipitation forecasting, process enhancements, and technological improvements to drive performance. We will focus on developing innovative water management tools and partnerships, consistent with the substantive and procedural requirements of Federal and State water law, along with water banking, voluntary water transfers, and improved water treatment technologies We will address environmental concerns and complete existing construction projects to increase delivery infrastructure and water availability.

The problem of water for a thirsty West will not be solved in the next five years. Even if we exceed all the targets in our strategic plan, challenges will not be solved in the next 25 years either—unless we begin to address the long-term challenges today.

Interior launched "Water 2025: Preventing Crisis and Conflict in the West" to focus attention on those long-term challenges. The danger is that conflict between competing users will turn into crises, with serious social, economic, and environmental impacts.

Improved crisis management is not the answer. It is, at best, a short-term fix. Instead, any solution will depend on planning and preparation by local and regional communities long before the conflicts arise.

Ultimate responsibility for solving the West's water problems appropriately belongs to State, local, and tribal governments. The Department's role is to focus public and water-user attention, and to provide resources where limited Federal dollars can have the biggest impact.

"Water 2025" will facilitate a cooperative, forward-looking focus and balanced practical approach to water management for the next century. It aims to stretch or increase supplies to satisfy the demands of growing populations, protect environmental needs, and strengthen regional, tribal, and local economies.

The Department has identified four key tools needed to turn the goals into reality:

• Conservation: working with our partners to retrofit and modernize existing facilities, using improved water management and market-based approaches to head off conflicts;

• Collaboration: using cooperative approaches to resolving disputes;

• Technology: finding new tools to purify wastewater and saltwater to increase supply; and

• Cooperation: taking down the institutional barriers to improved water management and building coordination among Federal agencies.

fornia has agreed to take specific, incremental steps that will reduce its over-reliance on Colorado River water in the next 14 years, allowing the State to live within its authorized annual share of 4.4 million acre-feet. The agreement allows the six other Colorado River Basin States to protect their authorized shares to meet future needs.

Performance and Costs at a Glance

Tables 6 and 7 summarize FY 2003 performance and cost data for Strategic Goal 3.

Interior incurred costs of approximately $3.8 billion for Strategic Goal 3, a decrease of over 12% from FY 2002. The Department established 45 performance measures for Strategic Goal 3. Of the 45 performance measures, the Department achieved or exceeded the goals for 27 measures (60%). This represents an increase of 10% over FY 2002. Interior did not meet the goal for 12 performance measures (27%) and is unable to report performance information on 6 performance measures (13%) because performance data is not available at this time.

GPRA program activity, "Operate and Maintain Facilities Safely, Reliably, and Efficiently to Provide Project Benefits," incurred $1.34 billion or 36% of Strategic Goal 3 costs. The resources devoted to this GRPA program activity are 7% greater than in FY 2002. Of the nine performance measures in this GPRA program activity, FY 2003 results show that 67% of the measures were met or exceeded, down from 100% in FY 2002. Final data are not available on the remaining performance measures. However, preliminary or estimated data show that one measure of power production cost will exceed target and one measure to deliver water will fall slightly below target due to continuing drought conditions. Data are not yet available on power production benchmarking.

Though less resources were provided to "Provide Revenue Recipients with Access to their Money within 24 Hours of the Due Date" and "Ensure Safe Outer Continental Shelf (OCS) Mineral Development" activities in FY 2003, the Department was still able to achieve its goals. However, in other cases where reduced resources were provided to GPRA activities, performance information is not available to determine whether the goals were achieved. More detailed information concerning performance results is available in Part 3, Performance Section.

TABLE 6

Strategic Goal 3 FY 2002 Performance Measure Scorecard						
GPRA Program Activity	**Number of Measures**	**Exceeded Goal**	**Met Goal**	**Did Not Meet Goal**	**No Report**	**Percent Exceeding or Meeting Goal**
Provide Opportunities for Environmentally Responsible Commercial Activities	15	9	2	4	0	73%
Reduce Threats to Public Health, Safety, and Property	9	3	0	6	0	33%
Operate and Maintain Facilities Safely, Reliably, and Efficiently to Provide Project Benefits	9	5	1	1	2	67%
Ensure Safe Outer Continental Shelf (OCS) Mineral Development	1	0	1	0	0	100%
Ensure Environmentally Sound Outer Continental Shelf Mineral Development	2	1	1	0	0	100%
Ensure that the Public Receives Fair Market Value for Outer Continental Shelf Mineral Development	1	0	0	0	1	0%
Provide Revenue Recipients with Access to Their Money within 24 Hours of the Due Date	1	1	0	0	0	100%
Ensure Compliance with Applicable Laws, Lease Terms and Regulations for All Leases in the Shortest Possible Time, But No Later than 3 Years from the Due Date	2	0	1	0	1	50%
Interact with Our Customers in an Open and Constructive Manner to Ensure That We Provide Quality Services to Satisfy Our Customers' Needs	1	0	1	0	0	100%
Overview	4	1	0	1	2	25%
TOTAL	45	20	7	12	6	60%

TABLE 7

Strategic Goal 3 Costs (in millions)		
GPRA Program Activity	**FY 2003**	**FY 2002**
Provide Opportunities for Environmentally Responsible Commercial Activities	$371	$347
Reduce Threats to Public Health, Safety, and Property	584	628
Operate and Maintain Facilities Safely, Reliably, and Efficiently to Provide Project Benefits	1,341	1,258
Ensure Safe Outer Continental Shelf Mineral Development	65	237
Ensure Environmentally Sound Outer Continental Shelf Mineral Development	60	224
Ensure that the Public Receives Fair Market Value for Outer Continental Shelf Mineral Development	33	127
Provide Revenue Recipients with Access to Their Money Within 24 Hours of the Due Date	860	952
Ensure Compliance with Applicable Laws, Lease Terms, and Regulations for All Leases in the Shortest Possible Time, but No Later than 3 Years from the Due Date	75	218
Interact with Our Customers in an Open and Constructive Manner to Ensure that We Provide Quality Services to Satisfy Our Customers' Needs	*	*
Payments in Lieu of Taxes and Other Payments Made to States and Local Governments	436	364
Total Gross Cost Prior to Eliminations	3,825	4,355
Less: Elimination of Intra-Department Activity	(62)	(43)
Total Gross Cost After Eliminations	$3,763	$4,312

Strategic Goal 4: Provide Science for a Changing World

Political leaders, policymakers, and the public have never had a greater need for accurate and timely scientific information than they do today.

As a Nation, we face vital and perplexing questions concerning our environment and natural resources. How can we ensure an adequate supply of energy, water, and mineral resources in the future? What impact do we have on our natural environment when we use these resources? How has our planet changed over time, and what can the past tell us about the future? How can we predict, prevent, and mitigate the effects of natural hazards?

These are not abstract questions. They are immediate and pressing, framing conservation and resource decisions at every level of government. Identifying and conducting the current and best science to help policy officials make those decisions is the fourth strategic goal of the Department.

The U.S. Geological Survey (USGS) serves as the principal science bureau within the Department. In addition, several DOI bureaus have established effective partnership with the Nation's universities, increasing the scientific expertise available to the Department.

Scientific principles and research add to our knowledge and understanding of the physical and natural environment. Collecting, analyzing, and disseminating the scientific information needed to answer the questions listed above, and providing the critical science for resource management decisions, are major responsibilities of the Department. We assess and provide information about the quality and quantity of our Nation's water resources. We collect, process, archive, and provide access to remote sensing data; and develop multi-purpose geologic maps depicting the Nation's geologic formations, which are vital to the exploration and development of mineral, energy, and water resources.

The USGS also serves as the Department's electronic connection with citizens in search of current scientific information. The Federal government's spatial data assets are a vital source of data for citizens, businesses, and governments. Through the intergovernmental Geospatial One-Stop project, which it leads, the Department provides access to spatial data through a single portal; makes State and local data more accessible; promulgates standards to facilitate data exchange; and creates a marketplace for future planned data acquisition.

Interior, as the managing partner for Geospatial One-Stop initiative, unveiled the first one-stop portal providing access to a wealth of public-sector geospatial data in June 2003. On September 30, 2003, the Department, on behalf of the 11-organization intergovernmental Board of Directors for the project, submitted 13 draft data standards for the most common categories of geospatial data to the American National Standards Institute to become national standards.

Other examples of online assets include the National Water Information System, a distributed network of computers, databases, and supporting software that helps users make critical decisions concerning lives and property based on real-time water information, and the National Biological Information Infrastructure, a gateway into biological data and information sources held by Federal, State and local government agencies; private sector organizations; and other parties from around the world.

Counting on the Cutting Edge of Tradition

Fishwheels—traditional tools used for subsistence salmon fishing on interior Alaska rivers—have recently found an improved application. They're assisting fisheries managers in estimating the number of chum salmon on the Yukon River, a critical factor for effective resource stewardship.

The simple wooden framed devices have proved to be an effective tool for capturing previously marked fish for examination, but the procedure required holding the recaptured fish in a live box until biologists could net them for examination and release them back into the river. This holding and handling time has been linked to increased stress and possible mortality of individual fish, resulting in inaccurate abundance estimates.

To correct this flaw in the system, the Fish and Wildlife Service's (FWS's) Fairbanks Fish and Wildlife Field Office has developed a recapture system using computerized, video-based imaging that negates the need to hold and handle recaptured fish. Instead, fish captured by the rotating net quickly slide over a white surface, their colored tags recorded by digital video, and then drop back into the river.

In FY 2003, the Alaska Department of Fish and Game adapted this system to generate an abundance estimate for Tanana River chum salmon, an important sub-stock of the Yukon River. The system was installed on a fishwheel operated by a contracted fisherman near the village of Nenana. Fish and Wildlife Service staff provided technical expertise and support for set-up, operations, and data management, as well as mentoring the local contractor in video and computer operations.

This Federal/State/private partnership has resulted in considerable cost savings (One computer operator can now replace a 24 hour-a-day field crew of 6!) and reduced handling of captured fish. This cutting-edge technology is now being transferred to other projects in remote Alaska, empowering local residents to participate in research and management of their resources.

Performance Results

The Department of the Interior measures its performance in providing science for a changing world against two long-term measures: the extent to which we add to the environmental and physical science knowledge base, and our success in increasing knowledge and warning of natural hazards.

Interior's science programs focus on collecting data and understanding, modeling, and predicting how multiple forces affect natural systems. The data we gather, translated into useable information, helps resolve environmental issues and assists in effective Federal land management and natural resource decision-making.

More accessible data leads to better decisions. To ensure the continued availability of long-term environmental and natural resource information, Interior's USGS maintained 44 long-term data collection/data management efforts and supports 2 large data infrastructures in partnership with others against its target goal of 47 for FY 2003. Its result fell short of the target due to the malfunction of the Landsat 7 satellite at the end of May 2003. The malfunction prevented the collection of the bulk of information that was contributing to the long-term data collection "National Satellite Land Remote Sensing Data Archive."

The USGS delivered 1,081 new systematic analyses to customers, including Interior bureaus and other Federal agencies, States, Tribes, local governments, and the public, exceeding the target of 971. It also developed, improved, and delivered 11 decision support systems and predictive models to customers, exceeding its target of 8.

In order to improve our understanding of natural systems and encourage sound management practices, the USGS collaborated with university partners through 160 external grants and contracts, against a target of 209 (*Figure 18*).

Interior's BLM also contributes to the body of scientific knowledge. The BLM produces voluminous amounts of information in support of land management and scientific activities for many government agencies and the private sector. It provides cadastral survey data for over 30,000 townships and has converted more than 4 million General Land Office land title records to digital form. These records are now accessible to citizens thanks to the Internet and geographic information system (GIS) technologies. In FY 2003, BLM posted 151,739 public land records on the Internet against its target of 200,000 for a total of over 3 million records available on-line (*Figure 19*). In addition to conducting on-line title searches, citizens also use these records in historical and genealogical research. Web-based land status, boundaries, and geographic coordinates data are available for 36 percent of western townships for which BLM collects information, exceeding its FY 2003 target of 16 percent. As energy development and urban growth become a major issue in the western United States, the BLM's cadastral and land records will increasingly serve as a critical foundation for addressing these issues.

The ability to understand processes that produce natural disasters, to use that information to create more reliable predictive models, and to deal more effectively with the aftermath of a disaster can help save untold lives and costs. For Interior,

FIGURE 18

USGS University Partnerships

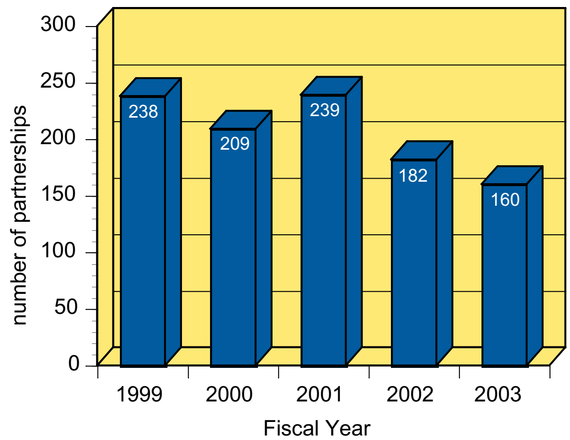
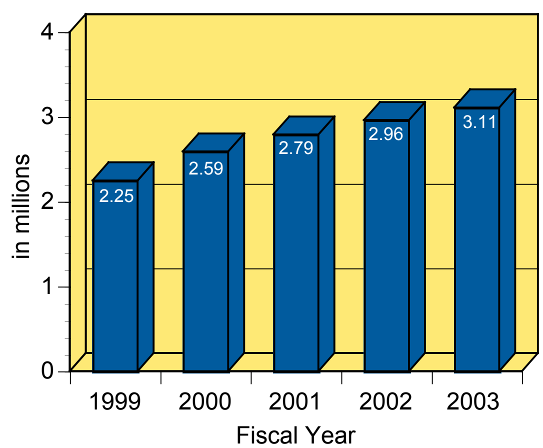


FIGURE 19

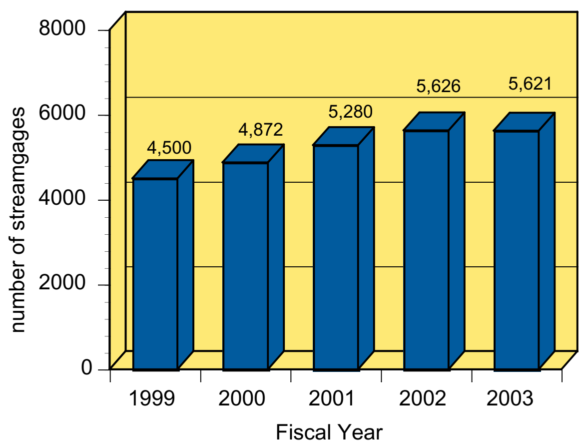
Public Land Records Posted to the Internet (Cumulative Totals)



research and predictive model development for hazards is primarily conducted by scientists at the USGS through their work on earthquakes, flooding, volcanos, and coastal storm damage. In FY 2003, the USGS developed and maintained 5 monitoring networks, against a target of 6, aimed at assessing risks from these natural events. It also maintained 5,621 stream-gages, against a target of 5,462, to deliver real-time data regarding stream flow and water levels so that decision-makers have the instant data they need to issue flood warnings or assess drought conditions (*Figure 20*).

FIGURE 20

Real-Time Streamgages on the Internet



New Seismic Equipment Unveiled

The USGS unveiled new seismic stations in the Memphis, TN, area that are part of the Advanced National Seismic System (ANSS), the first line of defense in the war on earthquake hazards. Federal, State and local partners and emergency responders attended this event, held at the University of Memphis. The USGS is improving its earthquake monitoring and reporting capabilities through the Advanced National Seismic System (ANSS), a nation-wide network of modern strong motion seismometers that can provide emergency-response personnel with real-time "shaking" information within 3-5 minutes of an earthquake. The new seismic data will be used to improve earthquake characterizations in the mid-continent region by the USGS and regional partners, and by researchers studying seismic wave propagation, attenuation, and earthquake hazard.

To help the Nation respond to earthquakes, the USGS maintained 476 real-time earthquake sensors against a target of 499. Although the backlog of sensors from the previous year was installed in the first quarter, the delayed appropriation in FY 2003 forced a postponement in purchasing new equipment. Additionally, improving communications links and other network elements to improve data delivery was a priority defined by stakeholders.

The USGS stays in touch with its customers by actively listening to their concerns. In FY 2003, it held 43 different meetings, exceeding its target of 28, with interested citizens and policy-makers regarding various hazards projects, and held another 806 stakeholder meetings, against a target of 544, for environment and natural resource projects and technical assistance. These meetings help USGS conduct frequent "reality-checks" regarding the top challenges facing the Nation as decision-makers and community leaders struggle to deal with the forces of nature and man-made environmental issues. In this way, the USGS truly ensures that it is developing science to meet changing world needs.

Looking Forward

We will work to improve the usability and accessibility of science for public policy-makers, to unite the Department's scientists across bureau lines, and to reinforce a culture of collegiality, rigorous internal and external peer review, and the highest quality data.

Continued outreach to our customers, partners, and the public will be critical to the direction of our science initiatives. Listening to their needs is the best way to increase the relevance and utility of Departmental science. We will continue our efforts to consult, cooperate, and communicate with our colleagues and our many external customers, including other Federal agencies, local and State governments, Tribes, the educational community, professional societies, the private sector, nonprofit organizations, foreign governments, Congress, and the general public. The more active our interactions and the stronger our ties, the more effective we can be.

The scientific issues we face are complex, with regional, national, and global implications. Solving them will require an integrative approach and many different disciplines.

The Department's bureaus are working together with the USGS to develop and coordinate strategy. The result will be the incorporation of DOI science priorities into USGS five-year strategic plans and annual operational plans for their major scientific programs and for all of their major disciplines, including biology, geology, hydrology, and geography, integrated when appropriate.

The keys to implementation will be the same as for our new, broader Departmental strategic plan: developing realistic concrete program goals, measuring progress toward them, and holding people accountable for results. Examples of ongoing inter-bureau models include a USGS and BLM cooperative study of coalbed methane in Wyoming, and a long-term USGS and MMS partnership to understand ecosystems on the Outer Continental Shelf.

Creating a Code of Science Ethics

Integrity remains the foundation of all DOI science: impartiality, honesty in all aspects of scientific enterprise, and a commitment to ensure that information is used to benefit the public as a whole.

The Department is committed to common standards for its scientific methods, experiments, and research. Departmental standards and practices, developed through an exercise in the 4Cs among Interior's scientists, were introduced as a draft "Code of Science Ethic" in FY 2003 with new commonly agreed-upon guidelines on information quality, objectivity, utility, and integrity. Coordinated through the Department's human resources leadership, and vetted throughout the Department and within the Office of Management and Budget (OMB), the Code will help guide the conduct of employees, contractors, and consultants engaged in science-based projects. It will also help employees meet the Secretary's directive to make decisions based on the best science available.

The Code was drafted by Department scientists in partnership with a panel of ethicists and scientists from premiere scientific organizations. Created in response to internal Interior Office of the Inspector General recommendations and a new Federal policy published by the White House Office of Science and Technology Policy, the Code will become a permanent part of the Department's policies and ethical standards by the beginning of calendar year 2004.

The Code is similar to the codes of conduct of many scientific organizations, including the Wildlife Society, American Fisheries Society, and Ecological Society of America, to which many Interior scientists belong. All scientific activities conducted or funded by the Department are covered by the Code. These involve inventory, monitoring, study, research, adaptive management or assessments that are conducted in a manner specified by standard protocols and procedures. The Code defines research misconduct as fabrication, falsification, or plagiarism in proposing, performing, or reviewing research, or in reporting research results.

Any allegations brought under the Code will be handled in accordance with Interior personnel policies, with the Department's Handbook on Charges and Penalty Selection for Disciplinary and Adverse Actions serving as a guide. The new policy includes safeguards for subjects of allegations, including timeliness, objectivity, and confidentiality.

"It is vitally important that any organization that does as much scientific research and analysis as the Interior Department have a well-founded code of scientific conduct that governs the full range of scientific activities," said Dr. Deborah Brosnan, president of the nonprofit Sustainable Ecosystems Institute and head of the independent review panel. "Our panel felt that this was a strong code that meets three key goals of building trust between science and the public, giving guidance, and providing support for scientists."

Performance and Costs At a Glance

Tables 8 and 9 summarize FY 2003 performance and cost data for Strategic Goal 4.

Interior incurred costs of about $1.54 billion for Strategic Goal 4, a small decrease of less than 1% compared to FY 2002. The Department established 16 performance measures for Strategic Goal 4. Of the 16 measures, Interior achieved or exceeded the goals for 9 measures (56%) and did not meet the goal for 7 performance measures (43.8%).

The largest GPRA program activity, "Environmental and Natural Resources", incurred about $1.18 billion or 76% of Strategic Goal 4 costs. The resources devoted to this GPRA Program were approximately 2% less than the FY 2002 total. Of the six performance measures for this GPRA program activity, FY 2003 results show that 67% of the measures were met or exceeded which is approximately the same as in FY 2002. Of the measures that were not achieved, one was not achieved because of the malfunction of the Landsat 7 satellite. A court case on information technology security requirements affected 3 other performance measures related to "Improve Land, Resources, and Title Information."

More detailed information concerning performance results is available in Part 3, Performance Section.

TABLE 8

Strategic Goal 4 FY 2003 Performance Measure Scorecard						
GPRA Program Activity	**Number of Measures**	**Exceeded Goal**	**Met Goal**	**Did Not Meet Goal**	**No Report**	**Percent Exceeding or Meeting Goal**
Improve Land, Resources, and Title Information	4	1	0	3	0	25%
Hazards	6	3	1	2	0	67%
Environment and Natural Resources	6	3	1	2	0	67%
TOTAL	16	7	2	7	0	56%

TABLE 9

Strategic Goal 4 Costs (in millions)		
GPRA Program Activity	**FY 2003**	**FY 2002**
Improve Land, Resources, and Title Information	$104	$113
Hazards	264	238
Environment and Natural Resources	1,175	1,205
Total Gross Cost Prior to Eliminations	1,544	1,557
Less: Elimination of Intra-Department Activity	(93)	(91)
Total Gross Cost After Eliminations	$1,451	$1,466

Strategic Goal 5: Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities

America's island and native people are committed to revitalized communities that are spiritually strong and economically vibrant—places where people are secure in their culture, heritage, and government, and are hopeful for the future of their children.

The Department of the Interior shares this commitment. Fulfilling our trust responsibilities to Indian Tribes, along with our responsibility to island communities, is the Department's fifth strategic goal. Through the Bureau of Indian Affairs (BIA) and other major offices and agencies, we work with tribal groups and governments to protect their land and natural resources, fulfill our treaty obligations and the mandates of Federal law, and help create the infrastructure and educational opportunities that build strong communities.

Today, there are 562 federally recognized American Indian Tribes and Alaska Native villages in the United States. Each possesses inherent governmental authority deriving from its original sovereignty. Our fiduciary trust responsibilities include managing 56 million acres of Indian trust land; managing $3.2 billion of trust assets held in over 1,400 trust accounts for roughly 290 Tribes; and managing about 250,000 open accounts for individual Indians. We also have other responsibilities including providing elementary and secondary education to almost 48,000 Indian students, about 9 percent of the total Indian school age children, at 184 elementary and secondary schools and dorms, and protecting millions of cultural and historic resources on Federal and Indian lands.

Interior has administrative responsibility for coordinating Federal policy in the territories of American Samoa, Guam, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands, and oversees Federal programs and funds in the freely associated States of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. Our objective is to foster more efficient and effective government in the insular areas by recommending policies, providing financial and technical assistance, and strengthening Federal-insular relationships.

Performance Results

The Department of the Interior measures its performance in meeting its trust responsibilities and commitments against three long-term goals: to protect Indian Trust Assets, improve the Indian quality of life, and improve the management of island communities. In FY 2003, Interior met or exceeded 55% of its 60 annual goals related to this, its fifth strategic goal.

Fiduciary trust assets are the fiscal and natural resources owned by Tribes and individual Indians that are held and managed by Interior for their benefit. Most of these assets include forests, minerals, water, fisheries, and farmland. Other assets include infrastructure that supports communities—roads, bridges, power systems, and housing.

The Secretary's 4 Cs are the keystones in ensuring that Interior meets its obligations to protect Trust Assets. Interior communicates, consults, and cooperates with Indian Tribes by partnering with them to provide technical assistance and training.

In FY 2003, Interior's Bureau of Reclamation (Reclamation) provided $160 million in assistance to American Indian Tribes to plan, construct, and operate a variety of water resource projects. Under the auspices of Secretary Norton's water rights settlement program, Reclamation provided $1 million in funding, staff, and technical assistance that helped Tribes develop, manage, and protect their water resources. Reclamation participated in 50 technical assistance activities, exceeding its target of 47, which helped support negotiations aimed at settling conflicts in a collaborative, non-litigious manner regarding Indian water rights and the competition for limited water supplies.

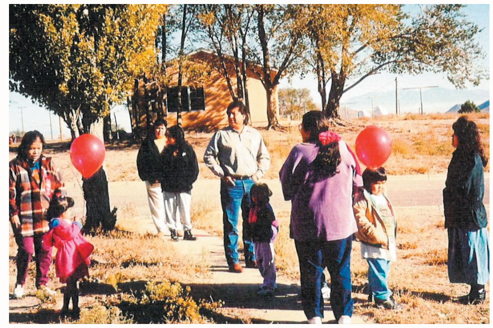
Interior's Fish and Wildlife Service (FWS) provided training and technical assistance that helped American Indian Tribes protect their fish and wildlife resources. In FY 2003, the FWS estimates that it sponsored 82 training sessions, meeting its annual target, aimed at giving tribal participants the skills needed to manage and develop habitats that will support increased populations of fish and wildlife. These training sessions drew an estimated 684 tribal participants. Since 1999, about 453 similar training sessions have been offered to 3,267 participants. This training is augmented by cooperative agreements and technical assistance projects in which FWS employees and Native Americans partner to preserve these valuable resources.

The Bureau of Land Management (BLM) provided the Tribes with expertise needed to manage energy and mineral resources under 87 formal agreements in FY 2003 that permit it to supervise post-lease mineral operations on tribal lands. These operations generate royalty incomes for Indian mineral owners and economic benefits for communities, including employment opportunities for American Indians. The estimated market value of minerals produced from BLM-managed operations on Indian Trust lands was $1.92 billion in FY 2003. The mineral royalty generated was $274 million, a significant source of income for Tribes.

The Minerals Management Service (MMS) assists Tribes by providing them with access to automated systems and on-the-job training that ensures Indian gas-producing properties comply with dual accounting requirements, making it easier for the Tribes to assume royalty collection and disbursement functions. As of FY 2003, Tribes manage audit activities for 88 percent of tribal mineral royalties, meeting our target for the year. The MMS entered into Intergovernmental Personnel Agreements (IPAs) with the Chippewa-Cree Tribe and Hopi, anticipating these IPAs will eventually lead to additional cooperative agreements with the Tribes to perform their own audits. The MMS also improved its service to Tribes by ensuring that 99.3 percent (against a target of 99 percent) of American Indian revenues was dispersed to Interior's Office of Trust Funds Management within 24 hours of receipt.

The strength and quality of Indian community life is equally important as asset protection. Quality of life efforts embrace a range of human services, such as social service programs for children, families, the elderly, and the disabled; economic development programs and business loans; elementary and secondary education for about 48,000 students, as well as post-secondary education through 25 tribally controlled community colleges; and tribal government support, law enforcement, judicial courts, and adult and juvenile detention facilities.

Turning Parents into Education Partners



The Department's Family and Child Education program (FACE), a comprehensive family literacy initiative, provides a variety of services to the American Indian population.

Recognizing that parents are a child's first and most influential teacher, FACE offers parents an opportunity to become more involved with their children's education while increasing their own knowledge and skills.

Launched in 1991 with six pilot sites, today the program is offered through 39 sites in 11 States, including 17 opened over the last two years. The results have been impressive, with significant increases in performance for both participating children and adults.

Other outcomes include:

• School-parent compacts are in use at three-fourths of FACE schools, compared to one-half of schools nationally.

• Participation at FACE has a significant impact on both parental involvement in the school and parental support of learning in the home after children enter school. For families who have previously participated in FACE, attendance at classroom/school events and parent-teacher conferences is significantly higher than for families who have not participated in FACE.

• 1,550 families were served—1,900 adults and 1,850 children ages from birth to 5.

• 45 adults earned a graduate equivalent degree (GED) or high school diploma and 332 gained employment as a result of the skills they obtained through FACE involvement.

• 92 percent of parents report reading to their child every day, 96 percent report playing with their child each day, and 95 percent report praising their child every day—all likely to advance the constructive growth of children and parents alike.

Significant program advances and growing national recognition marked the FACE program in 2003.

The most notable success was the launch of a new Baby-FACE initiative. A home-based teaching component aimed at children from birth to age 3 and their parents, Baby-FACE was jointly created and delivered by the Office of Indian Education Programs and the Bureau of Indian Affairs.

Over the six-month implementation period, 119 new parent educators were identified, trained, and certified to deliver the Born to Learn Curriculum. Those parent educators, in turn, began implementing the curriculum in the field in October through 60 BIA funded schools, where they served 800 families, 1,100 adults, and 1,000 infants and toddlers.

Additionally during FY 2003, five FACE programs—from schools in Blackwater, Chi Chi'l Tah/Jones Ranch, Crownpoint, Rough Rock, and Little Singer—were chosen as part of the national Equipped for the Future (EFF) Reading Project. A partnership between the National Institute for Literacy and the National Center for Family Literacy, the EFF Reading Project will create a train-the-trainer model and materials to support family literacy programs.

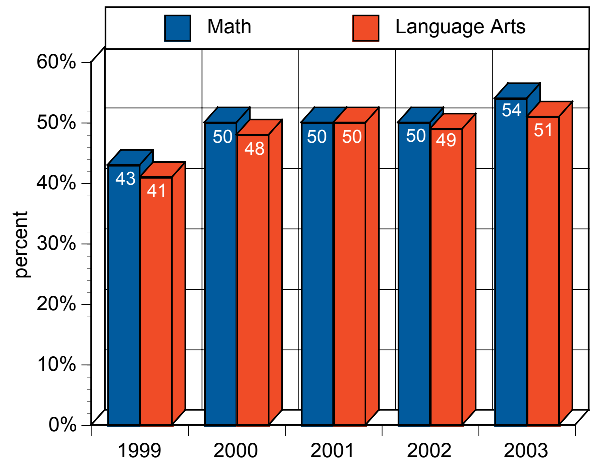
Special kudos go to Wingate Elementary School FACE Coordinator, Charlotte Begay, winner of the prestigious Milken Family Foundation Educator Award during FY 2003. Winners are chosen for their outstanding instructional practices in the classroom, school, and profession; outstanding accomplishments; strong long-range potential for professional and policy leadership; and an engaging and inspiring presence that motivates and impacts students, colleagues and the community. Ms. Begay was among 100 K-12 educators from across the country to be recognized during the 16th annual National Notifications.

Honors, too, go to Ann Viau, Parent Educator at the Hannahville FACE Program, the 2003 recipient of the newly established Parent Educator of the Year award.

Interior's BIA has been providing Indian schools and education for 178 years. While the BIA education facilities have begun to show their age, Interior is taking an aggressive approach to improve those school systems. In FY 2001, BIA first began tracking the Facilities Condition Index (FCI), which provides a ratio of the cost to repair over the cost to replace. The resulting index number ranks a facility as poor, fair, or good condition. Interior has shown marked improvement over FY 2001 conditions in the BIA school systems. In FY 2003, there was a 22% improvement in conditions at schools indicated as "poor." In FY 2003, Interior awarded 8 Facilities Improvement and Repair (FI&R) projects, against a target of 10, aimed at reducing unsafe conditions at BIA facilities. The results fell short due to project rescoping of program requirements during the data reporting period. The BIA will continue its efforts to obligate the projects for construction.

FIGURE 21

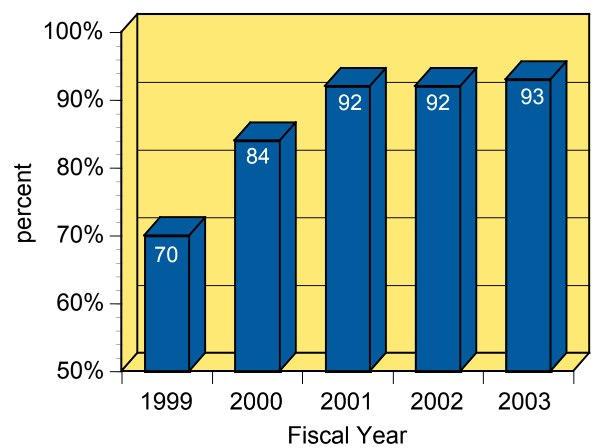
Student Proficiency



Maintaining physical structures is only part of Interior's responsibility. Improvements in the education process are critical to ensure that no child is left behind. In FY 2003, Interior continued to address the challenges of improving the succession of Indian students to advanced educational levels and ultimately to job placement. Student proficiency in the areas of Math and Language Arts meets the target of 52 percent (*Figure 21*). Student attendance at BIA/tribal schools remained constant at 89 percent against a target of 92 percent as compared to FY 2002. This is attributed to a reduction in overall student count and the implementation of an in-depth data verification and validation process aimed at improving the validity and reliability of data submitted from BIA schools. The technology-use proficiency of BIA school-teachers rose to 75 percent from 73 percent in FY 2002. BIA provided accreditation for 98 percent of BIA and tribal schools.

FIGURE 22

Success Rate for Educational Training and Employment



In addition to education, BIA plays an important role in improving tribal economic development. The BIA exceeded its target of 92 percent when 93 percent of participants were successful in reaching their educational, training, and employment objectives through BIA regional employment and training offices (*Figure 22*). Public Law (P.L.) 102-477, the Indian Employment, Training and Related Services Act, allows federally recognized Tribes to integrate funds from the Departments of Labor, Health and Human Services, and the Interior for employment, training, child care, welfare reform, and related services. Amendments to 477 (P.L. 106-568) strengthened this initiative by providing Tribes with the flexibility to use a percentage of their existing funds for job creation. The Citizen Potawatomi Nation redesigned its P.L. 102-477 plan to create jobs and assist clients as well as employers. In one economic development project alone, the Citizen Potawatomi Nation created 280 jobs for the local community; 105 of the jobs were obtained by

American Indians. In another example, the BIA served as the guarantor for private sector funding that helped create 64 new businesses, against a target of 50, that provided or sustained 1,549 jobs, exceeding a target of 1,000.

While reducing crime is the overall goal of the BIA law enforcement program, preventing crime is the most effective way to create safer communities and neighborhoods. In the spirit of realizing the President's Management Agenda, the BIA Office of Law Enforcement Services (OLES) is fostering a citizen-based organization that meets the goals of reducing and preventing crime in Indian country.

Sweeping changes have been made at the Crow Agency by the BIA Police Department along with a team of tribal officials, community members, business owners, and schools who have dedicated their time and efforts to assure community policing efforts are implemented. Community policing is essential in crime prevention, and experience demonstrates that direct engagement between law enforcement and communities serves to reduce and prevent crime. Community policing efforts have included "Family Nite Out" street dances, and a camping trip into the Black Canyon of the Big Horn Mountains where 132 Indian youth enjoyed community-sponsored activities that included traditional approaches to drug and alcohol abuse prevention, stories told by elders, and canoeing. Police officers have conducted four-week "Citizen Police Academy" training, and one community is forming a Reserve Police Officer Program.

Implementing community-oriented policing has cost the BIA Police Department at the Crow Agency no money, yet the program has allowed the police force to go from a 10 percent satisfaction rating in the community to a 75 percent satisfaction rating in the last year. OLES considers this a best practice model and is continuing to implement Community Policing Initiatives in tribal communities nationwide in an effort to support community needs.

Our final responsibility under Strategic Goal 5 is to improve the management of island communities. Interior's Office of Insular Affairs (OIA) strives to increase economic self-sufficiency by improving the financial management practices of insular governments, increasing economic development, and increasing Federal responsiveness to the unique needs of island communities. Through its emphasis on financial management, economic development, and

Learning from Best Practices

Interior's Office of Insular Affairs (OIA), has, over the past year, emphasized efforts to identify and achieve performance objectives in grant awards to better measure results, identify success, and allow for learning from best practices. In establishing a framework for measurement, the OIA began by identifying critical programs, such as capital infrastructure. In FY 2003, the OIA received results of an assessment of the outcomes of capital infrastructure investment in the insular areas. This assessment was based on a review and assignment of benchmarks for U.S. Insular Areas infrastructure. While only a portion of the insular areas was rated, the objective of this initiative was achieved since a program was developed to identify, catalogue and report on the progress and effectiveness of capital improvement programs and operations and maintenance improvement programs in the U.S. Insular Areas.

The baseline infrastructure study (1) established standardized, quantitative benchmark indicators to measure the condition and maintenance of selected government infrastructure; (2) compiled benchmarking data and identified best practices; and (3) prepared Geographic Information Systems (GIS) for each island to incorporate all site-specific benchmarking project data. Benchmarking rated roads, schools, hospitals, airports, seaports, solid waste disposal, and major government buildings. Best practices—the term in this context refers to the methods of management of a particular asset that have been proven to result in maximizing the benefits to that asset and to the community as a whole—have been identified as follows:

Facility	Best Practices	
Roads	Kosrae, FSM	Ebeye, RMI
Schools	Majuro, RMJ	Saipan, CNMI
Hospitals	Ebeye, RMI	Saipan, CNMI
Airports	Yap, FSM	Moen, FSM
Harbors	Saipan, CNMI	Kosrae, FSM
Solid Waste Disposal	Tutuila, AS	Yap, FSM
Government Buildings	Majuro, RMI	Koror/Babelthoap, RP

responsiveness to the unique needs of the insular areas, the OIA continues to increase or improve the resources available to the insular area governments, focusing primarily on economic self-sufficiency.

The OIA provides financial assistance to help develop more efficient and effective government in the insular areas. This assistance meets a variety of needs, including resources for critical infrastructure like wastewater systems, hospitals, and schools. In FY 2003, the OIA received over $75 million in Assistance to Territories Funding, providing over 92 percent of these funds to insular areas in the form of grants to support and provide financial assistance to them. It also benchmarked 110 infrastructure facilities in selected U.S. insular areas to assess the effectiveness of capital improvement programs as well as operations and maintenance improvement programs. By FY 2005, the OIA plans to expand this effort to more than 200 benchmarked areas.

Looking Forward

The issue of trust management remains a central focus of the Department. We will continue working with tribal governments to ensure that technical and economic assistance is provided to the Tribes, and that organizational and process changes are introduced to address longstanding issues. Solutions to these problems will require working in strong collaborative partnerships.

Interior has developed a new Trust reorganization plan and is articulating a revised strategy for managing and reforming trust responsibilities. The re-engineering of the trust business processes is expected to improve the oversight, management, and administration of fiduciary trust assets. In its 2004 budget, the Department presented the first-ever unified trust budget, a budget that encompasses all of the fiduciary Indian trust programs.

The Department is undertaking a reorganization of systems of delivery and administration of trust programs to improve its ability to fulfill its trust responsibilities. Re-engineering of trust business processes and support functions will continue through FY 2004. The Department's FY 2004 budget proposed substantial resources for historical accounting in Individual Indian Money accounts, based on the Department's plan of January 6, 2003, submitted to the U.S. District Court; tribal accounts would also benefit.

Interior is also expanding its Indian land consolidation effort aimed at reducing the number of individual owner's interests in parcels of Indian lands allotted to individuals. A new Office of Indian Land Consolidation has been established in the BIA and staff was recruited, which allowed 15,500 interests to be acquired in FY 2003. Guidance has also been developed and implemented, which included written policies and procedures for land consolidation to streamline the process. Without this effort, it is projected that the 4 million interests present today could expand to 11 million by 2030, thus creating a substantial workload.

Interior will continue to provide assistance to increase economic development and accountability in the insular areas. Generally, the economies of the insular areas resemble those of developing countries rather than those of States. All of the territories face fiscal crisis, geographic isolation, inadequate infrastructure, minimal resources and dependence on a few industries. Interior's OIA plans to continue devoting resources to these challenges, providing sound building blocks to increase economic self-sufficiency and promote greater accountability in the insular areas. The Interagency Group on Insular Areas (IGIA) is one such resource the OIA will use to assist in resolving issues related to the insular areas. The IGIA was reestablished on May 8, 2003, by Executive Order to coordinate Federal policy related to Guam, American Samoa, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands. The IGIA has been tasked to formulate recommendations to the President and other appropriate officials regarding issues affecting the insular areas. The IGIA will consult with governors, delegates to the U.S. House of Representatives, and other elected representatives from the insular areas, as well as Members of Congress, in the process of fulfilling this mandate.

Performance and Costs At a Glance

Tables 10 and 11 summarize FY 2003 performance and cost data for Strategic Goal 5.

Interior incurred costs of about $2.6 billion for Strategic Goal 5, a decrease of about 11% compared to FY 2002. The Department established 60 performance measures for Strategic Goal 5. Of the 60 performance measures, the Department achieved or exceeded the goals for 33 measures (55%) and did not meet the goals for 23 performance measures (38%) .

The two largest GPRA program activities were "Community Development" and "Education," accounting for $928 million (35.3%) and $879 million (33.4%), respectively, of Strategic Goal 5 costs.

The amount of resources devoted to these GPRA Program Activities was less than the FY 2002 amounts. The "Community Development" activity met or exceeded goals in 11 of 20 performance measures, did not meet the goals in 7 cases, and no performance data are available at this time for 2 measures. Of the 7 goals that were not met, the failure was primarily due to the inability to achieve the intended targeted goals based on programmatic considerations, such as isolation, remoteness, recruitment issues, and overall changes in student count.

The "Education" GPRA program activity achieved only one of its performance goals in FY 2003, did not meet targets for 5 goals, and one performance measure did not have information available. Of the 5 goals not achieved, the specific measures relate to increasing student attendance rate at Bureau/tribal schools, achieving 100% accreditation at Bureau and tribal schools, improving the percentage of teachers' proficiency in technology, reducing violence among students, and bringing student transportation funding to national averages.

More detailed information concerning performance results is available in Part 3, Performance Section.

TABLE 10

Strategic Goal 5 FY 2003 Performance Measure Scorecard						
GPRA Program Activity	**Number of Measures**	**Exceeded Goal**	**Met Goal**	**Did Not Meet Goal**	**No Report**	**Percent Exceeding or Meeting Goal**
Trust Government	4	1	0	3	0	25%
Public Safety and Justice	1	0	0	0	1	0%
Community Development	20	6	5	7	2	55%
Administrative and Support Services	2	0	0	2	0	0%
Education	7	0	1	5	1	14%
Provide Economic and Technical Assistance	8	5	1	2	0	75%
Water and Energy Management and Development	1	1	0	0	0	100%
Partnerships in Natural Resources	5	0	5	0	0	100%
Fulfill Our Mineral Revenue Indian Trust Responsibilities	4	2	2	0	0	100%
Improve Infrastructure	3	0	0	3	0	0%
Improve Governmental Systems and Services	3	1	1	1	0	66%
Improve Governmental Relations	1	0	1	0	0	100%
Overview	1	0	1	0	0	100%
TOTAL	60	16	17	23	4	55%

TABLE 11

Strategic Goal 5 Costs (in millions)		
GPRA Program Activity	**FY 2003**	**FY 2002**
Trust Government	$108	$115
Public Safety and Justice	194	149
Community Development	928	1,179
Administrative and Support Services	*	*
Education	879	974
Water and Energy Management and Development	*	*
Provide Economic and Technical Assistance	*	*
Partnerships in Natural Resources	*	*
Fulfill Our Mineral Revenue Indian Trust Responsibilities	*	*
Improve Infrastructure	371	411
Improve Governmental Systems and Services	11	9
Improve Governmental Relations	*	*
Overview	140	101
Total Gross Cost Prior to Eliminations	2,631	2,943
Less: Elimination of Intra-Department Activity	(7)	(9)
Total Gross Cost After Eliminations	$2,624	$2,934

* Costs not separately identified for this GPRA Program Activity.

Strategic Goal 6: Manage for Excellence and Accountability

Management excellence lies at the heart of fulfilling our mission and meeting our strategic mission goals. It is the glue that binds our program efforts and the catalyst that accelerates them.

The management challenges for Interior are the same challenges that face all public servants: how can we meet the public's increasing expectations within a context of constrained resources, and how can we coordinate the efforts of thousands of employees working across an entire continent? Only a steady stream of innovation will produce the required increases in our efficiency and effectiveness to keep our performance results high. Our success depends on our ability to find more effective means of leveraging and coordinating available resources, and the continuous introduction and evaluation of process and technology improvements.

The President's Management Agenda (PMA) guides our course. Released by the Office of Management and Budget (OMB) in August 2001, it targets five mutually reinforcing management initiatives, each addressing clear opportunities for improvement: Strategic Management of Human Capital, Improved Financial Performance, Expanded Electronic Government, Budget and Performance Integration, and Competitive Sourcing.

Management practices inside the Department reflect the same values that drive our mission efforts. Cooperation, consultation, and communication provide a vision for working together. The Secretary's four key business principles—customer value, accountability, integration, and modernization—are our guide.

These values formed the basis for the September 2002 report detailing the Department's goal of ***Citizen-Centered Governance: Customer Value through Accountability, Modernization, and Integration***. The report describes the critical linkages between the Department's management agenda, the PMA, and the Secretary's 4 Cs. Designed to complement the Department's strategic plan, Citizen-Centered Governance fosters an integrated approach to mission performance with improved program and service delivery, new technology behind new processes, and standards of accountability that extend across the Department.

By focusing on the PMA and the Secretary's vision and management principles, the Department's integrated strategy will improve performance and reduce inefficiency and duplication, giving us the support we need to continue to improve mission performance.

Performance Results

The Department of the Interior measures its performance in managing for excellence and accountability against five long-term goals:

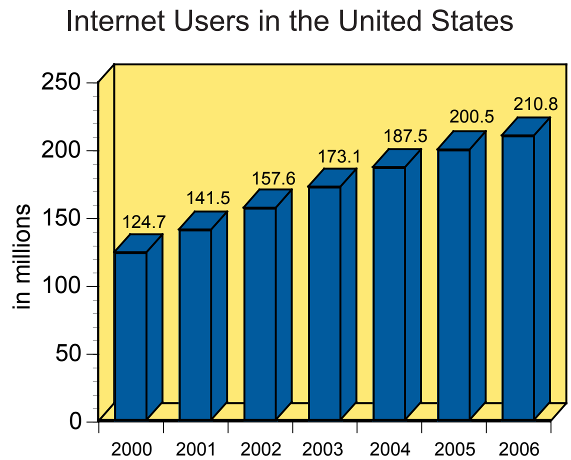
- Lead People to Succeed
- Use Information Technology to Better Manage Resources and Serve the Public
- Ensure Financial and Managerial Accountability
- Provide Safe and High Quality Places of Work
- Ensure Efficient and Effective Business Practices

Our effectiveness as managers depends on our having the right people in the right place at the right time. Consistent with the PMA goal of improving the strengths of our employee base, Interior has identified actions that will enable us to build, sustain, and effectively deploy the skilled, knowledgeable, diverse, and high-performing workforce we will need to move forward.

The Department continues to address the challenge of improving the diversity of its workforce. Our goal was to increase workforce diversity workforce to 4.1 percent in FY 2003, up from a 1.4 percent level in 1999. Instead, we reached 3.35 percent. The decrease is attributed to separations, which offset the increase in the number of new hires.

The next five years will see significant challenges for Interior's workforce. Some 20 percent of Interior's employees are eligible to retire by FY 2008, taking with them significant institutional and disciplinary expertise. Data collected over the past 18 years substantiate that while the number of employees and funding resources have become more and more constrained over the years, Interior is challenged to provide increased levels of service to increasingly technology-savvy citizens and partners who expect more and want more now. For example, Internet and digital technologies have revolutionized the way Interior interacts with the public, but as these capabilities expand (*Figure 23*), so too do expectations for Interior. Along with the right technological and physical infrastructure, Interior needs employees with the right skills and abilities to meet these growing expectations.

FIGURE 23



The Department's Strategic Human Capital Management Plan, presented to OMB in September 2002, presents a framework for addressing those challenges. Along with its accompanying Implementation Plan, introduced in December 2002, it offers a roadmap for human capital management decisions across the entire Department.

The Human Capital Plan calls for the development and implementation of a five-year workforce plan for each Interior bureau and office. These five-year plans will serve as the foundation for an Interior-wide workforce planning implementation effort.

Interior met its targeted annual performance goal of completing a Departmental five-year Workforce Plan overview in FY 2003. This plan identifies the resources, workforce competencies, and human capital programs needed to accomplish Interior's mission over the next five years. It also identifies gaps in critical Interior occupations, including fire management, Indian trust management, law enforcement, facilities management, and financial management. The plan overview summarizes the recruitment, certification, and training approaches that will be used to reduce these crucial gaps.

Restructuring and workforce improvements are already underway in three occupational gap areas, including fire management, law enforcement, and Indian trust management. Interior also achieved two other related FY 2003 annual goals by developing policy and standards for one new Departmental Alternative Dispute Resolution training program, as well as continuing seven existing training programs.

As Interior strives to meet the needs of those we serve, we continue to focus on meeting common process challenges. By reducing our business costs and leveraging resources, we can enhance our capacity for accomplishing program goals, particularly when innovations are spread from bureau to bureau as shared best practices.

Many best practices have resulted from efforts to increase access to our data and services by using Information Technology (IT). Interior has a long record of E-government accomplishment, building strong connections with its partners and the public through such innovative web initiatives as Geospatial One-Stop, Recreation One-Stop, and Volunteer.gov/gov. These accomplishments are just a prologue, however, to the Department's ambitious plans for the years ahead.

Current efforts are focused on a Department E-government strategic plan that will serve as a roadmap for navigating our numerous information highway opportunities. In FY

Improving Citizen-Centered Service through E-Government

USASERVICES

Scientists, researchers, public affairs officers, customer service center staff, and public inquiries staff spend thousands of hours each year responding to citizen inquiries regarding the various services and programs of the Department of the Interior and its bureaus. With current staff resource and funding constraints, Interior and other agencies have found it increasingly challenging to respond to large volumes of citizen questions in a timely manner. But there may now be help to stretch agency resources through an electronic government project led by the General Services Administration (GSA).

Between July 1 and September 30, 2003, Interior partnered with the GSA to pilot USA Services—one of the Office of Management and Budget's (OMB's) electronic government projects aimed at providing Federal agencies with a resource to assist them in responding to citizen inquiries. USA Services also provides citizens with a one-stop point of contact for obtaining information from and about Federal agencies.

USA Services is multi-channel in nature, meaning that it will interact with agencies and citizens using a wide variety of communication media, including fax, e-mail, telephone, and postal mail. It is being built on the foundation of three successful information providers, each of which has been providing comprehensive access to Federal information and services within its particular medium for several years: FirstGov.gov (for Web services); the National Contact Center at 1-800-FED-INFO (for telephone and e-mail services); and the Federal Citizen Information Center in Pueblo, Colorado (for publications).

Two bureaus within Interior, the U.S. Fish and Wildlife Service (FWS) and the Office of Surface Mining (OSM), worked with GSA in a pilot project to direct telephone and e-mail inquiries to USA Services for response on behalf of the two bureaus. USA Services agents answer these phone calls and e-mails as if they are FWS and OSM employees, making the effort transparent to citizens. FWS and OSM employees, in turn, work closely with USA Services agents to ensure that citizen inquiries are addressed accurately, courteously, and in a timely manner.

Between July 1 and September 30, 2003, USA Services handled almost 27,000 citizen inquiries on behalf of the Department of the Interior. More than 26,000 of these were on behalf of the FWS. About 60 percent of these citizen questions were addressed using Interactive Voice Response technology or phone-tree systems. More than 9,000 were "live assistance" calls, meaning that USA Services agents spoke to citizens directly, spending an average of 4 minutes per call. The "live assistance" service translates into about 600 hours or fifteen 40-hour work-weeks' worth of time, that FWS and OSM employees did not need to spend on citizen inquiries. This enabled FWS and OSM employees to spend more time researching complex citizen inquiries and improving service. Citizens were pleased because they had their inquiries addressed accurately and quickly through USA Services. Interior has been pleased with the service provided thus far and is exploring future applications of USA Services across the Department.

2003, Interior met its annual performance goal of expanding on-line procurement by including the use of the Central Contractor Registration—an existing on-line database—as Interior's single validated source of data on vendors who conduct business with the government.

As part of its E-government and enterprise architecture strategies, Interior also implemented a Departmental IT security plan, another performance goal for FY 2003, augmenting this with an IT Security Scorecard that provides the Department's management team with performance measures to continually improve its security posture. The IT Security Scorecard tracks bureau and office achievements in IT security programs. The scorecard is published monthly and contains nine major performance elements that are derived from reportable elements of the Federal Information Security Management Act (FISMA) and activities deemed a priority by DOI. The Department exceeded its goal of a "C" or 70 percent ranking on the IT Scorecard with a 75 percent ranking in FY 2003, a noteworthy 31-point improvement from the original ranking of 44 in May 2003, when monitoring commenced.

As a function of its IT program, Reclamation supports mission-related activities and facilities, several of which have been identified as components of the national critical infrastructure. Recognizing the importance of its role as a provider of water and power resources, Reclamation set performance goals focused on improving the security of its supporting IT infrastructure. Towards this end, Reclamation improved its perimeter security by decreasing the number of IT systems directly addressable from the Internet to less than 5 percent of the total number of systems.

The Department's ability to produce accurate and timely financial information has been a good news/bad news story for many years. The good news is that Interior has received an unqualified or "clean" opinion on its consolidated financial statements for the past seven years, consistently achieving its annual goals. The bad news is how labor intensive producing those statements has been. Interior's goals for improving its financial performance include replacing outdated technology and linking other critical transaction systems and budget formulation systems with its core financial systems.

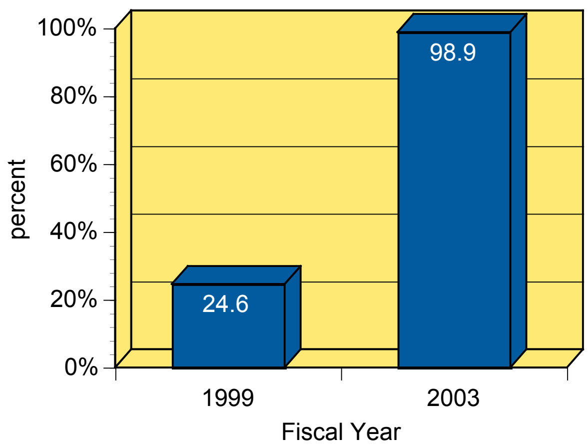
New capital planning processes are providing the framework for evaluating and managing more than $1 billion in annual investments in facilities and IT assets and services. In FY 2003, the Department put into place a structure for reviewing bureau and Department capital and IT investments, including the establishment of an executive council that reviews and approves individual projects, promoting greater alignment with the President's Management Agenda and Secretarial priorities. In FY 2003, Interior worked to complete 95 percent of its repair and construction projects funded at the beginning of FY 2000, and to complete initial environmental audits of 80 percent of all internal facilities. Final results of these efforts will be published in the Supplemental Report in the third quarter of FY 2004.

The National Park Service (NPS) met its performance target for environmental compliance audits of 100 percent of park units, but estimates that only 10 percent of concession operations (against a target of 11 percent) have been audited for environmental compliance in FY 2003. It exceeded its target for implementing regulatory recommendations arising from environmental audits with 54 percent of park units (against a target of 50) and estimates it will meet its target of 5 percent of concessions having implemented regulatory recommendations, resulting in more sustainable planning and operations. Annual condition assessments were conducted for 98.9 percent (381) of NPS park units, meeting its performance target in FY 2003 (*Figure 24*). Interior's Bureau of Reclamation conducted 155 management reviews and implemented 74 percent of the corrective actions identified to improve the quality of its recreation areas, against an FY 2003 target of 157 reviews and 65 percent corrective actions.

In FY 2003, Interior further improved its financial performance by estimating that it implemented 100 percent of OIG and GAO audit recommendations in a timely manner, exceeding the target of 80 percent. These recommendations helped the Department correct its material weaknesses; Interior completed 100 percent of its corrective plans for these material weaknesses, against a goal of 80 per-

FIGURE 24

Annual Condition Assessment Completed by the NPS



cent. Interior also estimates a reduction in erroneous payments in FY 2003 by maintaining adequate controls over Federal assistance payment processes. Erroneous payments were kept below 0.6 percent at .058 percent.

One best practice approach widely used by agencies across the Federal government to improve our service and provide value is competitive sourcing. Competitive Sourcing is about harnessing the best that government or the private sector has to offer to improve service delivery for our customers by opening up commercial-type functions to competition. It gives managers a mechanism to choose whatever internal or external supplier will produce the best result for the public.

Launched in 2001, the Department's ongoing competitive sourcing initiative is facilitated by our Center for Competitive Sourcing Excellence. Our one-stop center includes staff expertise in such disciplines as human resource planning, budgeting, and acquisition and program management—professionals whose skills are available to help bureaus with such challenges as commercial activity inventory preparation, activity selection, cost analysis and comparison, and performance-based work statements.

In FY 2003, Interior completed competitive reviews of 2,575 FTEs. These studies were performed in a manner that was sensitive to the concerns that employees have about competitive sourcing. Interior's competitive sourcing activities provide the most flexibility and opportunity for employees to compete for their jobs. Furthermore, Interior management has made the commitment that the Department will take every reasonable action to ensure that any employee whose job may be lost through competitive sourcing will be provided appropriate alternative work opportunities. As of October 1, 2003, not a single permanent employee has been involuntarily separated from the Department. Estimated savings for Interior are $2.4 million annually, at a one-time cost of $2.1 million.

The National Park Service: A Best Practice in Competitive Sourcing

A competitive sourcing team at the National Park Service's Southeastern Archeological Center in Tallahassee, Florida, tested the new Streamlined Competition with a Most Efficient Organization (MEO) developed by the Department of the Interior and adopted by the OMB. The team of 45 archeologists was the winner of the competition. The in-house team reorganized itself into an MEO and eliminated 17 full-time equivalent positions. The elimination trimmed $850,000 per year in annual personnel costs from the NPS program. Over the next five years, the NPS will save $4.2 million as a result of the competitive sourcing study. The savings, in accordance with the Secretary of the Interior's policy, will be retained by the NPS to enhance mission delivery. Not one permanent employee lost his or her job as a result of the competitive sourcing study. The results of this study represent the largest cost savings realized by the Department of the Interior in implementing the President's Management Agenda goal area for competitive sourcing.

In another NPS example, also in Florida, NPS held an Express Review competition of four full-time equivalent Federal employee lifeguards. The winning contractor hired the Department's former temporary and seasonal employees. These employees report they are now working more hours for the contractor, who has a large number of contracts for providing lifeguard services, than they did previously with the Department.

Looking Forward

Continued performance improvement depends on continued management innovation. To meet our growing mission challenges, we will need to continue to upgrade our processes, developing teams, tactics, and tools to attack the Department's maintenance management issues while cutting cycle time, reducing friction, and improving communication with resource users. At the same time we will work to spread best practices Department-wide, driven by the mandates of the PMA.

Continued human capital success will require thoughtful succession planning and strategic use of partnerships, contractors, and volunteers. Our focus will be on finding new ways of recruiting and training our people; providing employees with new technology; building on our considerable E-government capability while developing security, consistency, efficiency and integration across bureau lines, and giving our employees new ways of working together and with other partners through shared best practices.

Asset Management and the President's Commitment to Reduce the Maintenance Backlog at National Parks

Both the Secretary of the Interior and the President are committed to providing funding and initiating management reforms and performance measurement tools to enable the National Park Service (NPS) to address maintenance backlog challenges, thereby ensuring the preservation of our natural and cultural heritage for the enjoyment of millions of Americans today and into the future.

The NPS has identified several key construction projects for attention in FY 2004. These include:

- Replacing a failing wastewater treatment facility at Wind Cave National Park;
- Reconstructing historic stone guard walls along the Blue Ridge Parkway;
- Replacing and expanding the Sunset Point restroom and renovating a picnic facility at Bryce Canyon National Park;
- Installing safety rails and repairing walkways on George's Island at Boston Harbor Islands National Recreation Area; and
- Preserving and protecting Meridian Hill Park in Rock Creek Park.

Emphasis on management reforms and performance measures, featuring a state-of-the-art software system, is helping the NPS refine budget estimates for its maintenance and construction projects based on the actual condition of the facilities. The NPS has accelerated its efforts to conduct facility condition assessments at all park units to provide, for the first time ever, a comprehensive inventory of maintenance needs. Annual condition assessments were completed for all but four of the larger parks in FY 2003.

The Department's new E-Gov Strategic Plan is being designed to support Interior's overall strategic mission and management goals. It aligns IT with the Department's major mission delivery areas—resource protection, resource use, recreation, and serving communities. It helps improve management support to enhance strategic human performance, financial management, physical asset management, performance measurement and decision-making, and information management and workflow. Its goals, enabling strategies, and performance measures are tied to IT privacy and security, technical infrastructure, and governance and program management. Enterprise architecture is the integral component, promoting inter-bureau cooperation and improving data-sharing capabilities across business lines.

In each of these management initiatives, as in each of our program projects, we are moving away from a bureau-centric approach toward a more coordinated and integrated Department that shares a common culture, challenges, and goals. We can and will develop this enterprise culture without losing the traditions and identity of the individual bureaus.

Our new strategic plan is the keystone of that ongoing integration, and a significant document in its own right.

Unlike all previous planning and reporting documents, the Department's new strategic plan works as a single integrated whole encompassing the broad range of departmental missions, programs, and organizations. At the same time, it connects our larger goals with each day's ground-level work, whether that work is rehabilitating a wetland clogged with the invasive plant purple loosestrife, improving a visitor center at a national park, monitoring the rehabilitation of a played-out mine, or adding real-time capability to a flood warning system. It gives us a better way to gauge our successes and failures, a new link between budget and performance, and the rudder that will help us steer our course into the future.

Although Departmental planning now centers on high-level outcome-oriented goals and performance measures, performance information will be tracked and evaluated at various levels within the organization. Because the plan sets targets at every level, it gives us numerical measures by which we can judge what we've accomplished, whether we want to evaluate individual, program, bureau, or Department-wide activities.

The gain will be significant. Linking key programs and outcomes of individual efforts, programs, and bureaus reinforces the Department's unity and its stewardship of critical resources, especially important in light of increasing population pressures, growing public demand, and accelerating changes in science and technology. It gives us a set of consistent goals with a common agenda. It gives us the means to increase our focus on performance results, helps make our managers more accountable, and creates a springboard for communication, collaboration, and coordination in the interest of conservation.

We believe adoption of our FY 2003-2008 Strategic Plan marks a significant step forward in the Department's ongoing efforts to improve its reporting performance under the Government Performance and Results Act as well. Our new system and measures will make our reporting more transparent, more exact, and easier to evaluate. In addition, the Department's direction will be guided by an ongoing series of OMB assessments of the effectiveness of agency programs. Each year, about 20 percent of the programs covered under an agency's budget will be evaluated using the OMB Program Assessment Rating Tool (PART).

The pressures on our resources have never been greater, and they will continue to grow in the years ahead. Our response must be a relentless focus on their efficient and careful use and management. Only by effectively measuring the results we achieve—and connecting them to budgets, spend-

Green Cleaners Close the Circle

In 2003, the Department of the Interior received a "Closing the Circle" Award from the White House. This award recognizes efforts made by Federal agencies to use environmentally sound practices and technologies in carrying out their missions. Interior's award hailed our promotion of environmentally preferable cleaners in Federal buildings. Four years ago, building managers at the Department's Main Interior Building in Washington, DC, were the first in the Federal government to incorporate green-cleaning performance objectives in a solicitation and contract for new custodial services. Interior managers defined criteria containing major attributes of environmentally preferable cleaners. Interior shared its contract language with several other Federal agencies, including the U.S. Coast Guard, the Social Security Administration, the Environmental Protection Agency, and the Department of Agriculture, as well as defense agencies (where the language was used in all new cleaning contracts at the Pentagon). Interior partnered with the National Industries for the Blind and National Institutes for Safety and Health (NISH) to educate companies with large percentages of disabled employees about the advantages of green cleaners. Based on its satisfaction with green cleaning products used within the Interior building, Chimes, Inc., a NISH-affiliated community work program, converted all of its janitorial cleaning sites (over 20 million square feet of Federal office space) to environmentally preferable cleaners during 2001 and 2002. This action resulted in improvements to indoor air quality for as many as 90,000 Federal employees in the Washington, DC area, and has created a safer workplace for 1,300 Chimes employees, no fewer than 75 percent of which have mental or other disabilities.

ing, and human capital development—can we adjust the tactics and strategy we use to meet our goal of mission excellence, and deliver the best possible performance for the American people.

Performance and Costs at a Glance

Tables 12 and 13 summarize FY 2003 performance and cost data for Strategic Goal 6.

The Department established 47 performance measures for Strategic Goal 6. Of the 47 performance measures, the Department achieved or exceeded the goals for 33 measures (70%), did not meet the goals for 11 measures (23%), and is unable to report performance information on 3 measures (6.4%) because data was not available.

The Department has established aggressive goals in pursuit of its quest for management excellence and accountability. A number of performance measures that were not achieved relate to Interior offices that have established the most aggressive management improvement agendas.

The cost of management activities are not reported separately. Instead the Department includes theses costs in other GPRA program activities or allocates the costs to the activities.

The Department manages a number of working capital funds that operate on a reimbursable basis. These funds are required by law to cover the costs of operation. In FY 2003, the cost of operations for these funds totaled approximately $2 billion. This cost includes the Interior Franchise Fund, which administers the Government Works Acquisition Services and the U.S. Films and Video Productions ($1.12 billion in cost), and Department Offices Federal Services ($1.47 million in cost). GPRA performance measures have not been established for these operations.

More detailed information concerning performance results is available in Part 3, Performance Section.

TABLE 12

Strategic Goal 6 FY 2003 Performance Measure Scorecard						
GPRA Program Activity	**Number of Measures**	**Exceeded Goal**	**Met Goal**	**Did Not Meet Goal**	**No Report**	**Percent Exceeding or Meeting Goal**
Advance Reclamation's Organizational Effectiveness	6	2	1	3	0	50%
Ensure NPS Organizational Effectiveness	17	3	10	2	2	76%
Lead People to Succeed	4	0	3	1	0	75%
Use Information Technology to Better Manage Resources and Serve the Public	4	0	3	1	0	75%
Ensure Financial and Managerial Accountability	10	1	6	3	0	70%
Provide Safe and High Quality Places to Work	2	1	0	0	1	50%
Ensure Efficient and Effective Business Practices	4	0	3	1	0	75%
TOTAL	47	7	26	11	3	70%

TABLE 13

Strategic Goal 6 Costs (in millions)		
GPRA Program Activity	**FY 2003**	**FY 2002**
Advance Reclamation's Organizational Effectiveness	*	*
Ensure NPS Organizational Effectiveness	*	*
Lead People to Succeed	*	*
Use Information Technology to Better Manage Resources and Serve the Public	*	*
Ensure Financial and Managerial Accountability	*	*
Provide Safe and High Quality Places to Work	*	*
Ensure Efficient and Effective Business Practices	*	*
Shared Services **	$2,866	$1,630
Cost of Other Programs **	228	218
Total Gross Cost Prior to Eliminations	3,094	1,848
Less: Elimination of Intra-Department Activity	(1,483)	(1,056)
Total Gross Cost After Eliminations	$1,611	$792

Note - The Reimbursable Activity and Other category in the Consolidated Statement of Net Cost correlates to Goal 6.

* Costs not separately identified for this GPRA Program Activity.

** No GPRA measures are included in the GPRA Annual Plan.

Compliance With Legal and Regulatory Requirements

This section of the report provides information on the Department's compliance with the:

- Federal Managers' Financial Integrity Act (FMFIA);
- Federal Financial Management Improvement Act (FFMIA);
- Inspector General Act Amendments (Audit Follow-Up);
- Biennial review of user fees; and
- Other key legal and regulatory requirements.

This section also includes a crosswalk of management control reviews and Office of Inspector General (OIG) and General Accounting Office (GAO) audits related to:

- The President's Management Agenda; and
- Other management challenges facing the Department.

Federal Managers' Financial Integrity Act (FMFIA)

The FMFIA requires agencies to provide a statement of assurance annually regarding the effectiveness of their management, administrative, and accounting controls, and financial systems. Interior's FY 2003 Annual Assurance Statement is provided in *Figure 25*. The basis for the assurance statement conclusions is discussed in the FY 2003 Management Control Assessments section that follows.

The Department believes that maintaining integrity and accountability in all programs and operations: (1) is critical for good government; (2) demonstrates responsible stewardship over assets and resources; (3) ensures high-quality, responsible leadership; (4) ensures the sound delivery of services to customers; and (5) maximizes desired program outcomes. Interior has developed and implemented management, administrative, and financial system controls that reasonably ensure that:

- Programs and operations achieve intended results efficiently and effectively;

- Resources are used in accordance with the mission;

- Programs and resources are protected from waste, fraud, and mismanagement;

- Laws and regulations are followed; and

- Reliable, complete, and timely data are maintained and used for decision-making at all levels.

Interior's management control program is designed to ensure full compliance with the goals, objectives, and requirements of the FMFIA and Office of Management and Budget (OMB) Circular A-123, "Management Accountability and Control," Circular A-127, "Financial Systems," and OMB Circular A-130, "Management of Federal Information Resources."

FIGURE 25

FISCAL YEAR 2003
ANNUAL ASSURANCE STATEMENT

The Department conducted the annual assessment of its systems of management, accounting, administrative, and financial systems controls in accordance with the requirements and guidelines prescribed by the Federal Managers' Financial Integrity Act (FMFIA) and the Office of Management and Budget (OMB). Based on the results of this assessment, with the exception of the Department's concerns regarding the controls over the accuracy of ownership records and propriety of account balances in the Indian Trust Fund and the other material weaknesses noted herein, the Department can provide reasonable assurance that its systems of management, accounting, and administrative controls, taken as a whole, meet the objectives specified in Section 2 of FMFIA, and OMB Circular A-123, "Management Accountability and Control."

Based on the results of the annual independent audited financial statement process, the Department is not in full compliance with applicable Federal accounting standards and the U.S. Government Standard General Ledger at the transaction level. Further, due to the weaknesses in information system security controls, the Department does not fully comply with Federal financial management systems requirements specified in OMB Circular A-130, "Management of Federal Information Resources." Therefore, the Department does not fully comply with, or meet the objectives of, Section 4 of the FMFIA and OMB Circular A- 127, "Financial Systems." The Department has implemented a remediation plan to resolve these material weaknesses and expects to complete corrective actions in fiscal year 2005.

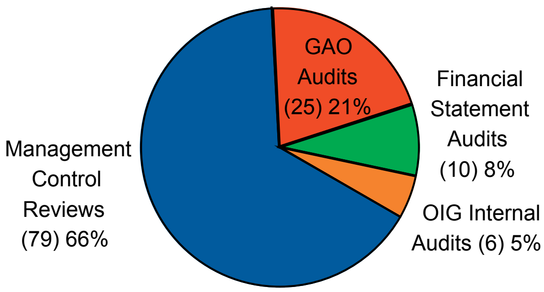
Secretary of the Interior

FY 2003 Management Control Assessments

Interior conducted an annual assessment of the effectiveness of its management, administrative, and accounting systems controls in accordance with the FMFIA and OMB guidelines. The conclusions in the Secretary's Annual Assurance Statement are based on the results of management control reviews of programs and administrative functions conducted by bureaus and offices, OIG and GAO program audit reports, and the results of the financial statement audits conducted by the independent public accounting firm, KPMG LLP, under the auspices of the Chief Financial Officers (CFO) Act of 1990 and the Government Management Reform Act (GMRA) of 1994. *Figure 26* presents the distribution of management control reviews and audits used to support the FY 2003 Annual Assurance Statement. It should be noted that, as in prior years, management control reviews performed by the Department and its bureaus provided a majority of the support (66%) for the Annual Assurance Statement. As noted later in this section of the report, Interior's FY 2003 manage-

FIGURE 26

Basis for FY 2003 Assurance Statement



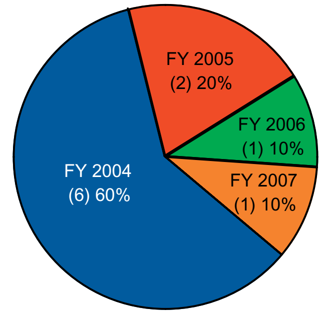
ment controls reviews, OIG and GAO program audits, and financial statement audits also focused on areas that were identified as Major Management Challenges for the Department or as Presidential Management Initiatives.

Material Weaknesses and Accounting System Non-conformances

Since the inception of the FMFIA in 1982, Interior has identified and reported 172 material weaknesses and 65 accounting system non-conformances. By the end of FY 2003, Interior had corrected 162 of these material weaknesses (94%). No new material weaknesses were identified during FY 2003 and the one material weakness targeted for correction in FY 2003, (the U.S. Fish and Wildlife Service Federal Aid Management Control and Audit Follow-up Program), was completed on schedule. All accounting system non-conformances identified through FY 2000 have been corrected. The correction of the accounting system non-conformance reported in FY 2001 for financial management system security controls remains pending. Significant progress was achieved during FY 2003 and final corrective actions are on target for FY 2004.

FIGURE 27

Planned Correction of Pending Material Weaknesses



Interior is committed to the timely correction of material weaknesses and non-conformances in order to improve integrity and accountability in all programs, organizations, and functions. As previously noted, only one material weakness was scheduled for correction in FY 2003 and all corrective actions were accomplished on time. This commitment is further demonstrated by the Government Performance and Results Act (GPRA) goals developed for the timely correction of material weaknesses, timely implementation of OIG and GAO audit recommendations, and the achievement of unqualified (clean) financial statement audit opinions. The performance results for these goals are discussed in the Management Discussion and Analysis section of this report and summarized later in this section. These goals will also be included in the Department's FY 2004 Annual Performance Plan.

The Department's progress in correcting material weaknesses and accounting system non-conformances is presented in *Table 14* and *Table 15*. These tables present the number of new material weaknesses and accounting system non-conformances reported in a given fiscal year. The number of weaknesses and non-conformances corrected and pending also correspond to the year in which they are reported. Interior will carry forward 10 material weaknesses to FY 2004. As shown in *Figure 27*,

TABLE 14

Number of Material Weaknesses

Period Reported	Reported	Corrected	Pending
Prior Years	166	160	6
FY 2000	3	1	2
FY 2001	1	1	0
FY 2002	2	0	2
FY 2003	0	0	0
Total	172	162	10

TABLE 15

Number of Material Non-Conformances

Period Reported	Reported	Corrected	Pending
Prior Years	64	64	0
FY 2000	0	0	0
FY 2001	1	0	1
FY 2002	0	0	0
FY 2003	0	0	0
Total	65	64	1

TABLE 16

Pending FMFIA Material Weaknesses as of September 30, 2003			
Bureau	**Material Weakness**	**Corrective Actions**	**Target Correction Date**
Mission Critical Material Weaknesses			
OST, BIA, and OS/ OHTA	Trust Fund Management: Beginning balances in the trust funds accounts may not be portrayed fairly due to inadequacies in certain Department of the Interior trust related systems and procedures. The remaining items to correct this material weakness include OHTA's historical accounting and strengthening the existing system of controls to ensure that BIA ownership and distribution information is correct.	Departmental trust policies, procedures, systems, and internal controls will continue to be improved and training provided to achieve the goals of the Comprehensive Trust Management Plan. The reconciliation of all individual Indian money accounts by the Office of Historical Accounting should allow the beginning balances to be more fairly portrayed.	FY 2007
OST and BIA	Records Management: Long-standing deficiencies in the records management program have made it difficult to ensure the maintenance and preservation of Indian Trust records.	An updated work plan with strategies, tasks, timelines, and resource requirements has been developed by the Office of Trust Records. The implementation of this work plan will resolve many of the identified deficiencies and establish an active and comprehensive records management program for the BIA and OST.	FY 2006
NPS	Oil and Hazmat Incident Preparedness and Response Program: The lack of an adequate oil and hazardous material incident preparedness and response program seriously endangers the safety of the public, employees, and park resources.	The NPS will develop and implement a comprehensive corrective action plan to ensure full and complete compliance with applicable laws, regulations, executive orders, and policies to ensure the safety of the public, employees, concessionaires, and park resources.	FY 2004
NPS	Structural Fire Program: The current program does not provide adequate protection of employees and visitors, contents, structures, and resources from the effects of fire as required by Director's Order No. 58.	The NPS will develop and implement a comprehensive structural fire program plan as directed by Congress. The plan will include specific milestones to address the operational, organizational, technical, and staffing deficiencies cited in the May 2000 GAO audit report and July 2000 congressional hearing on fire safety failures of the NPS.	FY 2004
DEPT	Information Technology (IT) Security: The increasing growth in electronic commerce, the heightened reliance on information systems to accomplish basic missions, and potential for exposing information systems to unauthorized access have resulted in the need for a comprehensive Department program to improve IT security further.	The Department is conducting a comprehensive IT security assessment to determine the security and control issues in DOI bureaus and offices. Based on its findings, the Department will develop and implement additional information security measures, including capital budgeting requirements.	FY 2004
DEPT	Wireless Telecommunications: Effective radio communications are critical to employee and public safety, and the efficient management of the parks and public lands. The current wireless telecommunications program in some bureaus does not effectively support bureau and public safety operations, does not comply with Departmental management directives, and is not funded to achieve timely compliance.	The Department will develop and implement a plan to meet employee and public safety objectives; restore program efficiency by reviewing bureau narrowband capital investment and implementation plans; revise plans to maximize radio system sharing, minimize supporting infrastructure requirements; and ensure maximum use of alternative wireless services.	FY 2005
DEPT	Departmentwide Maintenance Management Capability: Interior lacks consistent, reliable, and complete information to plan for, budget, and account for resources dedicated to maintenance activities.	The Department will identify and implement a comprehensive maintenance management system with an appropriate linkage to the accounting system; conduct comprehensive condition assessments; make determinations to repair, replace, or relocate facilities; develop a five-year Deferred Maintenance Plan and Capital Improvement Plan; repair, replace, and relocate facilities to achieve "good condition"; and reduce deferred maintenance to established goals (5% or less of replacement cost).	FY 2004

TABLE 16 CONTINUED

Pending FMFIA Material Weaknesses as of September 30, 2003			
Bureau	**Material Weakness**	**Corrective Actions**	**Target Correction Date**
Other Material Weaknesses			
BIA	Irrigation Operations and Maintenance: The establishment of irrigation assessment rates and collection, recording, investment, and utilization of irrigation receipts are inadequate. Operation and maintenance (O&M) receivable balances have not been kept current and billing and debt collection processes have not been consistently followed.	The BIA will publish 25 CFR 171 A and B as a Final Rule, reconcile past O&M receivables, and bring all accounts to current status. The BIA will also develop Operations Handbook regarding project operation and keeping O&M assessments and collection processes current. The BIA will convert irrigation project billings and collections to the National Irrigation Information Management System (NIIMS) and interface with Federal Financial System (FFS).	FY 2004
BLM	Land Appraisal and Exchange Functions: Management and oversight of the land appraisal and exchange functions does not ensure that objective and independent market value opinions from qualified appraisers are used in land transactions.	The BLM will establish an independent appraisal function to review all land exchange transactions and establish a multi-agency team to review and identify appraisal and exchange function deficiencies and implement appropriate corrective actions.	FY 2004
BOR and FWS	Improving Controls and Systems for Accounting and Reporting Real Property: The Bureau of Reclamation and U.S. Fish and Wildlife Service do not have the internal controls, accounting procedures and or systems to properly account for real property.	The BOR will improve its land inventory and financial reconciliations by (1) conducting reconciliations and searches to validate the accuracy of its land records; (2) populating its new real property system with such data; (3) developing and issuing policy and procedures to ensure future quality, accuracy, and completeness of data captured in the lands and finance systems; and (4) conducting an initial and periodic reconciliation between the detailed land data maintained in its real property system and FFS to ensure the quality of information contained in both systems. FWS will improve the processes, procedures, controls and systems to ensure that regions provide accurate and timely information for the real property system.	FY 2005

Interior plans to complete corrective actions for 6 of the 10 material weaknesses (60%) by the end of FY 2004 and all of the remaining material weaknesses by the end of FY 2007. *Table 16* presents a description of the 10 pending material weaknesses, including those designated as "mission critical weaknesses," along with summaries of planned corrective actions and targeted completion dates.

Government Performance and Results Act Performance Goal

In order to ensure that the material weaknesses identified and reported in the FMFIA program are corrected in a timely manner, the Department's Management Control and Follow-up (MCAF) Council established a GPRA performance measure. The Department's annual performance target for FY 2003 was to substantially complete 80% of the material weakness corrective action plans by the targeted completion date reported in the Annual Performance and Accountability Report.

The Department achieved its performance target in FY 2003 by completing corrective actions for the one material weakness targeted for completion in FY 2003. As a result, a 100% performance goal achievement is reported for this measure.

FIGURE 28

Material Weakness Guidelines

The Department defines a mission critical material weakness as:

- An inherent program or administrative functional material weakness that makes the program or activity susceptible to fraud, waste, and abuse.
- A systemic deficiency caused by ineffective program or management support, financial systems, policies, and/or procedures established by a bureau or reporting entity to carry out a major program or administrative function.
- A practice that is seriously detrimental to public health or safety, a program or administrative activity, service delivery, national security, economic growth, privacy, or citizens' rights.
- A practice that could result in significantly impaired service, program failure, significantly reduced program effectiveness or efficiency, public injury or loss of life, unreliable decisionmaking data, reduced confidence in government, and unauthorized disclosure, manipulation or misuse of sensitive information such as personal, financial management, or programmatic data maintained in computerized systems.

The Department will remove a mission critical designation or report a material weakness corrected or downgraded when:

- Senior management has demonstrated its commitment to resolving the material weakness as evidenced by resource deployment and frequent and regular monitoring of corrective action progress.
- Substantial and timely documented progress in completing material weakness corrective actions is provided.
- Corrective actions have been substantially completed, and the remaining actions are minor in scope and will be completed within the next fiscal year.
- Implemented corrective actions have eliminated or minimized the root cause(s) of the material weakness.
- Substantial validation of corrective action effectiveness has been performed.

Material Weaknesses Corrected

Figure 28 presents the criteria used by the Department to report a "mission critical" material weakness and to correct or downgrade a material weakness in the Annual Performance and Accountability Report. The criteria are based on guidelines in OMB Circular A-123, "Management Accountability and Control." The following is a summary of the corrective actions implemented for the U.S. Fish and Wildlife Service's Federal Aid Management Control and Audit Follow-up Program material weakness.

Federal Aid Management Control and Audit Follow-up Program (FWS). Program deficiencies identified by the Office of Inspector General and U.S. General Accounting Office, as well as increased Congressional interest and scrutiny of selected aspects of the Federal Aid Program, resulted in the Federal Aid Program being declared a material weakness in the FY 2000 Performance and Accountability Report. The program deficiencies cited prevented the FWS from achieving several fundamental objectives of management controls, including complying with laws and regulations; safeguarding assets (grant funds) from waste fraud, and mismanagement; and, providing timely, accurate and reliable financial information on the distribution of grant funds.

The FWS developed and implemented a multi-phased corrective action plan with a targeted completion date of September 2003. Significant milestones in the corrective action plan included: terminating the FWS administrative grant program; restricting use of Federal Aid travel funds; expanding program management oversight to three Assistant Directors; and establishing process improvement teams in the areas of grant management systems, financial reconciliations, grant operations audit review and resolution, and organization and staffing. In addition, the OIG's FY 2000 financial statement audit opinion identified two aspects of the Federal Aid Grant Program as material internal control weakness: (1) failure to perform timely and complete reconciliations of grant data in the Federal Aid Information Management Systems and the Federal Financial Systems and (2) failure to comply with 43 CFR 12.81 by not requiring grantees to report on the status of funds at least annually.

Over the last three years, the FWS has successfully implemented the comprehensive corrective action plan for this material weakness. Recommendations from the process improvement teams have been completely implemented, sound management controls have been restored in all program areas, and program integrity and accountability have been reinforced by ongoing State Federal Aid Program audits and resolution of audit findings by the FWS Division of Federal Aid Audit Follow-up staff. In addition, the FWS conducted a follow-up management control review of the Federal Aid Program in FY 2003 and found no material weaknesses or major vulnerabilities or deficiencies exist.

New Material Weaknesses

As a result of the FY 2003 audited financial statement process, the FWS elected to report its Real Property Inventory and Reconciliations as a material weakness for FMFIA reporting purposes because information recorded in the Real Property Inventory is used to support budget estimates and justifications for FWS maintenance and funding levels. A similar material weakness has been reported for the Bureau of Reclamation since FY 2000 for the same reasons. Due to the similarity in the scope of the FWS and BOR material weaknesses and their associated corrective action plans, the Department has combined these material weaknesses for FMFIA reporting purposes under the heading" Improving Controls and Systems for Accounting and Reporting for Real Property." If similar weaknesses are identified in the audited financial statement opinions of other bureaus and offices in the future, they will also be incorporated and tracked under this material weakness.

Mission Critical Material Weaknesses

OMB Circular A-123, "Management Accountability and Control," requests that each agency identify and report on the most critical material weaknesses affecting the agency. The Department has adopted the guidelines for mission critical material weakness designations recommended by the GAO. These guidelines are noted in *Figure 28*. Interior has identified 7 of its 10 (70%) pending material weaknesses as "mission critical weaknesses."

Interior recognizes the importance of correcting these mission critical weaknesses in a timely manner. Corrective action plans with key milestones, target dates, and accountable officials have been established and approved. The Department and senior program management officials continuously monitor corrective action progress for each mission critical weakness. The 7 mission critical material weaknesses and corrective action highlights are as follows:

1. Trust Fund Management. The American Indian Trust Fund Management Reform Act of 1994 affirmed the Secretary's trust responsibilities and established the Office of Special Trustee for American Indians (OST). The Act identified actions required for the Secretary's proper discharge of trust responsibilities, including providing adequate systems for accounting for and reporting trust fund balances; providing adequate controls over receipts and disbursements; providing periodic, timely account reconciliations; determining accurate cash balances; and preparing periodic statements of account performance and balances. The Act also addressed the need for developing systems for accounting and investing funds, for reporting to account holders, and for maintaining accurate data on the ownership and leasing of Indian lands.

The OST provides oversight for all trust reform efforts and coordinates certain trust fund-related projects within the Department. It is headed by the Special Trustee, who reports to the Office of the Secretary. Under the new organization adopted in April 2003, OST consists of the Office of Trust Review and Audit; CIO; Office of Budget, Finance and Administration; Office of External Affairs; Deputy Special Trustee - Trust Accountability; Deputy Special Trustee - Field Operations; and the Deputy Special Trustee - Trust Services.

Past reviews by the General Accounting Office, congressional committees, the Department's Office of Inspector General, and independent accounting firms have identified serious financial management problems in the management of Indian trust funds. Beginning in April 1997, the Department pursued a series of reform efforts, culminating in the current trust reform plan. The Comprehensive Trust Management Plan is based on an analysis of the trust reform program to date and substantially strengthens previous reform efforts in this area. The plan focuses on services to be provided to beneficiaries and calls for the re-engineering of current business processes and the development of Indian trust systems that are fully integrated and parallel the comparable "best practices" of trust services operations in the private sector.

In FY 2003, Interior continued to design and implement long-term comprehensive reform. Specific accomplishments included a new Special Trustee, Ross Swimmer, who was officially sworn in to become the third Special Trustee since the enactment of the American Indian Trust Fund Management Reform Act of 1994. Mr. Swimmer was formerly the Director of the Office of Indian Trust Transition, and has extensive experience with the financial industry and Indian trust; approval and initial implementation of the reorganization of BIA and the Office of the Special Trustee; implementation of a process for determining survey priorities that was developed by the Bureau of Land Management for use by the Bureau of Indian Affairs; and establishment of the Office of Trust Review and Audit (OTRA) to place greater emphasis on audit and accountability. OTRA is expected to increase the audits and reviews of self-governance tribes as well as respond to questions and concerns from individual Indian trust beneficiaries.

2. Records Management. The Office of Trust Records is responsible for developing and implementing the solution to long-standing problems with the records management programs of the BIA and the Office of the Special Trustee for American Indians. The records management responsibility was assigned to the Office of Trust Records as a subproject of the former High Level Implementation Plan. While some progress was made under that plan, the Department began an intensive effort to revitalize the Office of Trust Records beginning in July 2002.

A permanent Director was selected in December 2002 and a rigorous endeavor was begun to develop a comprehensive work plan for the OTR. To make this commitment even stronger, on September 5, 2002, the Deputy Secretary assigned the Assistant Deputy Secretary the direct management responsibility for OTR. The Assistant Deputy Secretary has worked very closely with the Director of the OTR to develop the work plan.

The work plan identifies six strategies for OTR. They are:

1. Establish records retention schedules;
2. Establish and implement record keeping requirements that allow for record retrieval on an "as needed" basis;
3. Safeguard records;
4. Implement training program;
5. Undertake continual evaluation of the records program; and
6. Establish programs to meet trust and other record retrieval needs of customers and document production requests.

The work plan includes tasks, timelines and resources required for implementation. It incorporates some activities begun within the past two years and represents a significant commitment to re-establishing a strong records management program that provides a real means for measuring accomplishments.

During FY 2003, the records management program continued to evolve with the goals of ensuring that: necessary Indian records are maintained; records retention needs are met through authorized schedules and records are safeguarded throughout their life-cycle. Specific accomplishments included: the Deputy Secretary issuing the Definition of Indian Trust Records memorandum; the release of a new Departmental Manual Chapter, "Indian Trust Responsibilities for Indian Fiduciary Trust Records," which provides records management guidance for Interior bureaus and offices to properly identify, manage, protect, and control Indian fiduciary trust records; issue of a Memorandum of Understanding (MOU) between the Secretary and the Archivist of the United Stated with the purpose of consolidating and preserving on a continuing and long-term basis designated Indian records and related Interior fiduciary records, and to develop an archival and records management studies program at the Haskell Indian Nations university; a conference with tribal leases, tribal record custodians, and other users of Indian Affairs records to provide tribes with information on records management, conduct a scoping session to identify records management policy issues facing Tribes that contract programs or have self-governance compacts, and a tour of the Federal Records Center at Lee's Summit, MO; development of decision trees for BIA, OST, BLM, MMS, OSM and other Department bureaus and offices; guidance was issued to OST and BIA offices for procedures to follow when requesting approval to move records to the Federal Records Center or OTR records center; the records training program was resumed; draft polices and procedures were developed for conducting records site assessments; hardware and software to implement a single index database with full test search capabilities were purchased; and, the contractor indexing Indian records in Albuquerque, NM, and Kansas City, MO, completed indexing approximately 24,800 boxes and loaded 22,601 boxes into the search data base, with priority given to indexing boxes responsive to tribal trust litigation.

3. Structural Fire Program (NPS). In response to the findings and recommendations in a FY 2000 GAO audit report, and Congressional hearings on fire safety issues, the NPS declared its Structural Fire Program a material weakness. In summary, the Structural Fire Program does not provide adequate protection of people, contents, structures, and resources from the effects of fire. The NPS has developed a comprehensive improvement plan that addresses the operational, technical, and organizational deficiencies in the program which were cited in the GAO audit report and Congressional hearings. The plan is expected to be fully implemented by the end of FY 2004.

The NPS has progressed in its efforts to mitigate risks associated with the Structural Fire Program. For example, additional building inspection training, testing, and structural condition assessments have been performed. Funding requests for the program are now based on priorities established by the condition assessments. To date, condition assessments were conducted at 30,000 buildings and structures. A total of 3,000 have been determined to be high risk. Structural fire condition assessments have been incorporated as an integral part of the ongoing Facility Management Software System which tracks facilities maintenance needs and improvements. NPS has established a Structural Fire Advisory Group which is chartered to assist with program development, direction, and oversight.

The following corrective action milestones were achieved in FY 2003: a new annual fire inspection form was developed and implemented; a core work plan for regional structural fire management officers was developed and implemented, a draft reference manual for field guidance in implementing uniform structural standards was developed and circulated for comments; six new fire engines were procured for the highest risk areas; building inspection, testing, and structural training continued according to plan; and, post corrections follow-up reviews were conducted to ensure that identified deficiencies have been properly corrected.

4. Oil and Hazmat Response Program (NPS). In response to the findings and recommendations from a Department environmental management control review, the NPS Oil and Hazardous Material Incident Preparedness and Response Program were declared a material weakness in FY 2002. In summary, the NPS determined that the program endangers the safety of the general public, employees, and park resources. NPS has developed and began implementation of a comprehensive corrective action plan which was originally targeted for completion in FY 2005, but based upon progress through the end of FY 2003, is now targeted to be completed one year ahead of schedule (by the end of FY 2004).

Progress to date has focused on the material deficiencies related to fuel transfers, fuel storage and fuel handling operations. In FY 2003, the NPS Office of Environmental Management completed fuel system surveys at nine high risk park units that resulted in immediate on-site corrective actions. The corrective actions were implemented at little or no cost during the survey period. In addition, NPS: prioritized replacement of antiquated fuel distribution systems; retrofitted several single-hulled to double-hulled bulk fuel transport barges; established a "zero tolerance" policy for preventable fuel spills; formally designated a program lead to establish and implement a bureau-wide hazardous materials response program consistent with existing law; and, developed an organizational structure and reporting line of authority for the Hazmat Program which establishes the role of Hazmat Response Program within the Visitor and Resource Protection function. Other ongoing efforts to improve the program are continuing and when fully implemented will insure NPS national policies and facilities are in compliance with applicable laws and regulations governing hazmat response.

5. Information Technology Security (Department). In response to findings and recommendations from recent OIG Annual Evaluation of the Information Security Program reports, the results of the annual financial statement audit of the Department and its bureaus, and the Department's IT security program reviews conducted by the CIO, IT security continues to be a material weakness for the Department. As reported in prior years, the increasing growth in electronic commerce, the heightened reliance on information systems to accomplish basic missions, and the potential exposure of information systems to unauthorized access have all resulted in the need for a comprehensive Department program to improve IT security further. Interior's strategy focuses on remediating IT security deficiencies beginning with the most important IT systems as expressed through categories and prioritized as follows:

1. National Critical Infrastructure
2. National Security Information Systems
3. Indian Trust Systems
4. Interior Mission Critical Systems
5. Systems supporting Mission Essential Facilities
6. Other Sensitive Systems
7. All Other Systems

As noted in the OIG's FY 2003 Annual Evaluation of the Information Security Program report dated September 22, 2003, Interior has made substantial progress over the last two years in improving the security of its information and information technology systems.

Interior's Chief Information Officer has concluded that if the current rate of improvement continues, Interior should meet its target date of having all IT information systems certified and accredited by December 2005. To do so, bureaus and offices must fully implement security policies and procedures, effectively assess risks, and fully integrate corrective action plans with the capital planning and investment control process.

During FY 2003, the Secretary, the Deputy Secretary, the Associate Deputy Secretary, and the Assistant Secretary for Policy, Management and Budget each continued to demonstrate strong support for improving IT security. They declared IT security as a high priority for Interior, required bureaus and offices to standardize functions with their chief information officers, and monitored the successfully and timely implementation of 11 of 19 suggested improvements included in the OIG's Annual Evaluation of the Information Security Program issued in September 2002.

Interior's Chief Information Officer (CIO) developed and monitored the implementation of new IT security policies, guidance and practices. In addition the CIO designed and implemented a methodology to report on the status of bureau and office progress in safeguarding IT systems and in meeting the requirements of the Federal Information Security Management Act of 2002 (FISMA). The methodology is used by the CIO to conduct semi-annual IT security program reviews for bureaus and offices based on National Institute of Standards and Technology (NIST) SP 800-26 (Self-Assessment

Guide for Information Technology Systems). This semi-annual review process will be used for continued monitoring of bureau and office IT security programs, and to identify and address program weaknesses and strengths. Interior's CIO will continue to utilize the IT Security Scorecard approach developed for this semi-annual review process (derived from reportable elements of FISMA/GISRA and published monthly) to measure performance and improve the IT security posture.

6. Wireless Telecommunications (Department). As reported in prior years, effective radio communications are critical to employee and public safety, as well as efficient management of the parks and public lands. The current Wireless Telecommunications Program in two bureaus does not effectively support bureau and public safety operations and does not comply with Department management directives. The Department has developed and is implementing a comprehensive Wireless Communications Plan to meet employee and public safety objectives and restore program efficiency by reviewing bureau narrowband capital investment levels and implementation plans, revising plans to maximize radio system sharing, minimizing supporting infrastructure requirements, and ensuring maximum use of alternative wireless services.

During FY 2003, corrective action milestones included developing a plan for conversion priorities of wireless system to narrowband digital technology with encryption capabilities for emergency service radios; reviewing and analyzing regional radio conversion plans to ensure conformity with established criteria and consistency in application; and continuing the phased radio replacement programs based on Department and regional bureau priorities.

The Department will continue to review and monitor its implementation plans to ensure employee and public safety objectives are being adequately addressed and prioritized; revise implementation plans to account for funding variations; and maximize the use of alternative wireless services.

7. Department-wide Maintenance Management Capability. Interior lacks consistent, reliable, and complete information to plan, budget, and account for resources dedicated to maintenance activities. As a result, Interior does not have ready access to the information needed to report on deferred maintenance in its financial statements as required by the Statement of Federal Financial Accounting Standard (SFFAS) No. 6, "Accounting for Property, Plant, and Equipment." The Department has established a Facilities Management Systems Partnership that provides a forum for the Department and its facilities-managing bureaus to coordinate the development and use of facilities management systems.

To address substantive issues in a systematic manner, Interior conducted a department-wide review of maintenance and repair issues to reduce financial, health, and safety liability to Interior; increase the effectiveness and awareness of facilities maintenance; manage deferred maintenance; and ultimately improve the stewardship of Interior's constructed assets. Based on this review, the Department has established the following three facilities maintenance objectives: (1) to properly manage and account for maintenance and construction funds from appropriations and fee receipts; (2) to identify the highest-priority facilities maintenance and construction needs of the Department by using standard definitions and data; and (3) to formulate and implement a Five-Year Maintenance and Capital Improvement Plan (Five-Year Plan) for infrastructure, which began with the 2000 Budget. Concurrent with the development of the Five-Year Plan, improvements to the Department's budget structure and accounting systems are being made to enable the Department to measure the effectiveness of its facilities management programs more accurately.

Interior has adopted MAXIMO, a commercial off-the-shelf product, as the core management enterprise software system to manage its facilities inventories, condition assessments, and work management and reporting requirements. The implementation status of MAXIMO varies among bureaus and offices. Highlights of progress during FY 2003 include Interior establishing the Facilities Condition index (FCI) as a standard results-based performance measure for bureau management programs. This will enable Interior to effectively determine at what pace its facilities condition is improving and how effectively the bureaus are

TABLE 17

Crosswalk of Activities Related to Major Management Challenges and the President's Management Agenda

Management Accountability and Integrity Program Activities in FY 2003 Related to Interior's Major Management Challenges and President's Management Agenda	Interior's Top Management Challenges: Financial Management	Managing Land Exchanges and Appraisals	Deferred Maintenance Backlog	Responsibilities to Indians and Insular Affairs	Ecosystems Restoration Efforts	Management of National Parks	President's Management Agenda: Competitive Sourcing	Strategic Management of Human Capital	Expanded Electronic Government	Improved Financial Management	Budget and Performance Integration
Management Control Reviews/Management Studies and Initiatives	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Office of Inspector General Audits											
- Program Audits Completed	✔	✔	✔	✔	✔	✔			✔	✔	✔
- Financial Statement Audits Completed	✔									✔	
U.S. General Accounting Audits Completed											
Federal Manager's Financial Integrity Act (FMFIA) Material Weaknesses											
- Corrected During FY 2003	✔									✔	
- Pending and Carried Forward to FY 2004	✔	✔	✔	✔		✔			✔	✔	

using their maintenance funding. It will also allow the Department, OMB, and Congress to make more sound investment decisions; NPS completed deployment of the MAXIMO facilities management software in their remaining park units; USGS has initiated the software in the 3 of 14 installations for which it is to be used; and, BLM, FWS, and BIA/Irrigation Projects and Safety of Dams have begun a phased deployment of the system. NPS expects to have their system fully deployed by the end of this FY 2004, USGS, BLM and FWS by the end of FY 2005 and BIA Irrigation Projects and Safety of Dams by the end of FY 2007.

Major Management Challenges Confronting Interior

Recently, the OIG and the GAO advised Congress regarding what they consider to be the Major Management Challenges facing the Department. Most of these challenges have met the FMFIA criteria for, and been reported as, material weaknesses in the Department's Annual Performance and Accountability Report. The others, while not meeting the FMFIA material weakness criteria, are receiving priority management attention. *Table 17* presents a crosswalk of the FY 2003 management control reviews, OIG and GAO audits, and financial statement audits related to the Major Management Challenges identified by the GAO and initiatives in the President's Management Agenda. These management control reviews and audits helped determine progress to date in addressing these challenges and initiatives, and areas for additional management attention and/or improvement.

Table 18 presents a summary of the Major Management Challenges facing Interior and actions taken to address these challenges to date.

Audited Financial Statement Results

As required by the Government Management Reform Act, Interior prepares consolidated financial statements. Beginning in FY 2001, these financial statements have been audited by KPMG, an independent auditing firm (the OIG audited the financial statements prior to FY 2001). Additionally, each individual bureau prepares financial statements that are also audited.

The preparation and audit of financial statements are an integral part of the Department's centralized process to ensure the integrity of financial information maintained by Interior.

The results of the FY 2002 and FY 2003 audited financial statement process are summarized in *Table 19*. As shown in the table, there were instances

TABLE 18

Summary of Major Management Challenges Facing Interior		
Major Management Challenge Area	**Description of Challenge**	**Interior Actions to Date**
Financial Statement	Interior's consolidated financial statements for fiscal year 2002 received an unqualified opinion. However, the auditors identified 15 reportable internal control weakness, 6 of which were material weaknesses.	Interior aggressively initiated the first phase of a transformation process designed to significantly change financial management in the Department. Progress was achieved in the following key areas: - Revised policies and processes to improve financial operations, particularly related to real and personal property, eliminations, environmental liabilities, and the US Geological Survey; - Reduced vulnerabilities to unauthorized access, use or loss of sensitive information in Interior's financial management systems; - Implemented revised financial guidance and processes to meet accelerated deadlines for financial reporting; and - Addressed over 60% of the internal control findings and non-compliance issues reported in the FY 2002 financial statement audit reports. Interior established metrics to measure progress in these areas, and commenced development of a workforce plan to address financial management structures, recruitment, retention, and training needs.
Managing Land Exchanges and Appraisals	While a private contractor has studied Interior's land exchange program, concern still exists that land exchange appraisals do not ensure that lands are appropriately valued or that the public's interest is protected.	Established an independent appraisal function to review all land exchange transactions. Establish a multi-agency team to review and identify appraisal and exchange function deficiencies and implement appropriate corrective actions.
Management of National Parks	Better scientific information on the condition of its natural resources is needed, and persistent management problems in its concessions program still need to be addressed.	The NPS has received funding to start to build natural resources inventories and has hired a private firm to analyze its concession program. These are recognized as good first steps.
Deferred Maintenance Backlog	Interior faces a deferred maintenance backlog of between $7.5 billion and $12.8 billion.	Interior issued guidance to standardize deferred maintenance estimates and repair priorities, but these efforts are new and attention will need to be paid to how they are implemented.
Ecosystems Restoration Efforts	Interior needs to address the growing wildland fire threat caused by the excessive fuel buildup; complete actions to improve the South Florida ecosystems restoration effort; issue guidance to increase and restore natural habitats; and establish an agencywide goal to control and eradicate invasive species.	Interior has taken steps to better manage ecosystem restoration efforts. It has adopted the National Fire Plan, identified the resources needed to restore the South Florida ecosystem, and issued a plan to control invasive species.
Responsibilities to Indians and Insular Affairs	Interior's efforts to properly account for Indian trust funds continues to be hampered by information systems and internal control weaknesses in the collection of Indian trust funds. Interior also has varying responsibilities to seven island communities that have long-standing financial and program management deficiencies.	Interior has continued its efforts to resolve deficiencies in its collection of Indian trust funds and places a high priority on solving these problems. Departmental trust policies, procedures, systems, and internal control are being improved and training is being provided to achieve the goals of the Comprehensive Trust Management Plan. An updated work plan with strategies, tasks, timelines and resource requirements have been developed by the Office of Trust Records. The implementation of this work plan will resolve many of the identified deficiencies and establish an active and comprehensive records management program for BIA and OST. Interior is assisting the island communities in developing more efficient and effective government by providing financial and technical assistance and helping manage Federal-island relations by promoting appropriate Federal policies.

TABLE 19

Summary of FY 2002 and FY 2003 Financial Statement Audits											
	Unqualified Opinion on Financial Statements		Clean Report on Internal Controls		Full Compliance with Laws and Regulations (Non FFMIA)		Full Compliance with Laws and Regulations (FFMIA)		Full Component Compliance with Laws and Regulations (FFMIA)		
									Systems	Accounting	SGL
	FY 2002	FY 2003	FY 2002	FY 2003	FY 2002	FY 2003	FY 2002	FY 2003	FY 2003	FY 2003	FY 2003
Dept	Yes	Yes	No	No	No (3,4)	No (3,5,6)	No	No	No	No	No
FWS	Yes	Yes	No	No	Yes	Yes	No	No	No	No	Yes
USGS	No (1)	Yes (2)	No	No	Yes	Yes	No	No	No	No	Yes
BIA	Yes	Yes	No	No	No (3)	No (3,5,6)	No	No	No	No	No
BLM	Yes	Yes	No	No	Yes	Yes	No	No	No	No	Yes
MMS	Yes	Yes	No	No	Yes	Yes	No	No	No	Yes	No
NPS	Yes	Yes	No	No	Yes	No (6)	No	No	No	No	Yes
BOR	Yes	Yes	No	No	Yes	Yes	No	No	No	No	Yes
OSM	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No	Yes	Yes
DO	Yes	Yes	No	No	No (4)	No (6)	No	No	No	No	Yes

(1) No opinion issued.
(2) Balance sheet only.
(3) Debt Collection Improvement Act
(4) P.L. 104-28 Advances to Interior Franchise Fund
(5) Prompt Payment Act
(6) Single Audit Act

where exceptions on internal controls were noted as material weaknesses or reportable conditions, as well as instances of noncompliance with laws and regulations other than compliance with the Federal Financial Management Improvement Act (FFMIA).

Resolution of Internal Control Weaknesses Reported in FY 2002 Audited Financial Statements

Table 20 summarizes the status of material weaknesses reported in the FY 2002 audited financial statements. The Department has established an internal goal of completing corrective actions for audited financial statement material weaknesses by the end of the following fiscal year, unless the magnitude of the corrective action plans involves a multi-year effort.

While the Department made good progress in correcting material weaknesses reported in FY 2002, delays in completing corrective action in some bureaus and several multi-year corrective action plans precluded the achievement of the internal goal in FY 2003. In summary, 21 of the 34 (62%) total material weaknesses reported in FY 2002 financial statements were corrected or downgraded to reportable conditions during FY 2003. Moreover, 20 of the 26 (77%) material weaknesses reported in FY 2002 and targeted for correction in FY 2003 were corrected or downgraded to reportable conditions. This was a substantial improvement over the performance level in FY 2002 when only 14 of the 38 (37%) material weaknesses were corrected or downgraded. The Department intends to continue its aggressive monitoring actions during FY 2004 in order to correct material weaknesses and noncompliance issues reported in FY 2003.

Table 21 presents a summary of each of the material weaknesses reported in Department consolidated and bureau FY 2003 financial statement audit opinions. A total of 16 material weaknesses were reported, of which 14 (88%) were carried over from FY 2002. Of the 16 material weaknesses reported in FY 2003, 13 (81%) are expected to be corrected or downgraded by the end of FY 2004.

Federal Financial Management Improvement Act (FFMIA)

The Federal Financial Management Improvement Act (FFMIA) builds upon and complements the CFO Act, the Government Performance and Results Act, and the Government Management Reform Act. The FFMIA requires that Federal agencies conform to the government-wide Standard General Ledger

TABLE 20

FY 2002 Audited Financial Statements Status of Material Weakness Corrective Actions (as of 9/30/03)				
Bureau	**Material Weakness Description**	**Corrective Action**	**Original Target Date**	**Corrective Action Status**
DEPT	General and Application Controls Over Financial Management Systems	Establish and implement controls and other safeguards to ensure that sensitive and critical financial data and systems are protected.	9/30/04	Downgraded to Reportable Condition
DEPT	Reconciliation of Trading Partner Data	Implement policies and procedures to ensure the timely reconciliation of trading partner data, and a more streamlined and efficient year-end reporting process.	9/30/03 9/30/04	Intra-departmental Downgraded to Reportable Condition Intra-governmental
DEPT	Controls Over Property, Plant, and Equipment	Implement policies and procedures to ensure the proper accounting for and reconciliation of Property, Plant, and Equipment.	9/30/04	Carryover
DEPT	Controls Over Trust Funds	Implement the Department's Comprehensive Trust Management Plan to achieve comprehensive Indian Trust reform, including vital improvements to systems, policies and operations necessary to fulfill trust obligations to Indian Tribes and individuals.	9/30/05	Carryover
DEPT	Financial Processes at the U.S. Geological Survey	Implement procedures and controls to ensure timely and accurate financial transaction recording.	9/30/04	Completed
DEPT	Financial Reporting Controls	Implement policies and procedures to improve transaction entry, reconciliations, grant monitoring and activity-based costing.	9/30/04	Carryover
DO	Controls to Reconcile Transactions and Balances with Trading Partners	Adopt procedures to reconcile and clear balances with other Interior components on a quarterly basis.	9/30/03	Downgraded to Reportable Condition on Financial Reporting
DO	Accounting Controls over Interior Franchise Fund	Establish and implement policies and procedures to monitor service provider disbursements, update pricing schedules, improve controls over receipts and accounts receivables, and improve software change control.	9/30/03	Completed
DO	Controls over Tribal and Other Special Trust Funds	Implement policies, procedures, controls and systems to effectively manage Tribal and Other Special Trust Funds.	9/30/05	Carryover
DO	Controls over Property, Plant, and Equipment	Implement policies and procedures to ensure the proper accounting for and reconciliation of Property, Plant, and Equipment.	9/30/03	Completed
DO	Controls over Financial Reporting	Improve controls over year-end adjustments, suspense accounts and communications with the Office of the Solicitor.	9/30/03	Downgraded to Reportable Condition with Exception of Suspense Account Issues
FWS	Controls to Reconcile Transactions and Balances with Trading Partners	Adopt procedures to reconcile and clear balances with other Interior components on a quarterly basis.	9/30/03	Downgraded to Reportable Condition
FWS	Controls over Accounting for Property	Implement policies, procedures, controls to improve accounting for property.	9/30/03	Carryover
FWS	Controls over Year-End Accruals	Improve processes to identify and record year-end payables.	9/30/03	Completed
FWS	Financial Reporting Processes	Improve controls and processes associated with accounting and financial reporting.	9/30/03	Downgraded to Reportable Condition
NPS	Controls to Reconcile Transactions and Balances with Trading Partners	Adopt procedures to reconcile and clear balances with other Interior components on a quarterly basis.	9/30/03	Downgraded to Reportable Condition
NPS	Security and Controls Over Information Technology Systems	Develop and implement the Department IT security initiatives designed to provide appropriate policies, procedures, controls, and segregation of duties to effectively control and protect information technology systems.	9/30/03	Downgraded to Reportable Condition

TABLE 20 CONTINUED

FY 2002 Audited Financial Statements Status of Material Weakness Corrective Actions (as of 9/30/03)				
Bureau	**Material Weakness Description**	**Corrective Action**	**Original Target Date**	**Corrective Action Status**
BLM	Accounting for Property	Implement procedures to ensure proper accounting for and reconciliation of property	9/30/03	Downgraded to Reportable Condition
BLM	Controls for Accounting for Year-End Payables	Implement procedures to ensure year-end payables are completely captured and recorded.	9/30/03	Completed
USGS	Security and Contols over Information Technology Systems	Develop and implement the Department IT security initiatives designed to provide appropriate policies, procedures, controls, and segregation of duties to effectively control and protect information technology systems.	9/30/03	Downgraded to Reportable Condition
USGS	Financial Management Organization Structure	Improve controls over processing field office information; delegate authority to ensure uniform administration of and compliance with accounting policies Survey-wide; review decentralized financial management systems and internal controls; and fill existing vacancies and provide accounting training programs.	9/30/03	Completed
USGS	Account Analysis and Adjustments	Develop and implement procedures to ensure that all accounting adjustments and reconciliations (including intra-departmental eliminations) are adequately supported, timely, and independently reviewed throughout the year.	9/30/03	Downgraded to Reportable Condition
USGS	Controls over Property, Plant, and Equipment	Implement policies and procedures to ensure the proper accounting for and reconciliation of Property, Plant, and Equipment.	9/30/03	Downgraded to Reportable Condition
USGS	Controls over Revenue Cycle	Perform a study of the entire revenue cycle and consider redesigning or re-engineering the process to achieve greater efficiency and simplicity.	9/30/03	Carryover (as Unbilled Accounts Receivable issue)
USGS	Accounting for Inventory	Establish policies and procedures to account for map and hydrological inventory that will ensure full compliance with SFFAS No. 3 – Accounting for Inventory and Related Property.	9/30/03	Completed
USGS	Working Capital Fund Compliance with Accounting Standards	Develop and implement a posting model to record fee-for-services and investment components of the working capital fund.	9/30/03	Completed
USGS	Policies and Procedures	Document policies and procedures for all accounts having a material effect on the financial statements and train personnel in the applications.	9/30/03	Downgraded to Reportable Condition
BOR	Controls over Land Inventory	Develop a complete and accurate inventory system that identifies by project all land and land rights.	9/30/05	Carryover
BIA	Controls over Processing Trust Transactions	Improve fiduciary controls over the processing of Trust transactions including segregation of duties, related party transactions, probate backlogs, and appraisal compacts	9/30/04	Carryover
BIA	Controls over Financial Reporting	Improve controls and processes for financial reconciliations, transaction entry, and analysis.	9/30/03	Carryover
BIA	Legal Liabilities	Develop a communication and tracking plan with the Solicitor to provide complete, accurate, and timely contingent liability data for financial reporting	9/30/03	Carryover
BIA	Security and Contols over Information Technology Systems	Develop and implement the Department IT security initiatives designed to provide appropriate policies, procedures, controls, and segregation of duties to effectively control and protect information technology systems.	9/30/03	Downgraded to Reportable Condition
OST	Reliance on Processing of Trust Transactions	Work collaboratively with Departmental offices to monitor progress and ensure timely completion of trust reform initiatives.	9/30/03	Carryover
OST	Resolution of Financial Reporting Issues from Prior Periods	Continue to develop issue papers and action plans to address and resolve prior period issues.	9/30/03	Carryover

TABLE 21

FY 2003 Audited Financial Statements Material Weakness Corrective Action Plan				
Bureau	**Material Weakness Description**	**Corrective Action**	**Target Date**	**New Weakness or Carryover from FY 2003**
DEPT	Controls over Property, Plant, and Equipment	Implement controls to improve reporting of additions and disposals, land and land rights, construction-in-progress, leased property, depreciation, and reconciliations between general and subsidiary ledgers.	9/30/04	Carryover
DEPT	Financial Reporting Controls	Improve controls and process for financial analysis, transaction entry, and reconciliations. Continue to enhance financial staff resources.	9/30/04	Carryover
DEPT	Intra-Governmental Eliminations	Implement policies and procedures and work with other Federal agencies to provide streamlined and efficient year-end eliminations and reporting processes.	9/30/04	Carryover
DEPT	Controls Over Trust Funds	Implement the Department's plans to achieve comprehensive Indian Trust reform, including vital improvements to systems, policies and operations necessary to fulfill the trust obligations to Indian tribes and individuals.	9/30/05	Carryover
DO	Controls Over Tribal and Other Special Trust Funds	Implement policies, procedures, controls and systems to effectively manage Tribal and Other Special Trust Funds.	9/30/05	Carryover
DO	Suspense Accounts	Adopt procedures to reconcile the customer payroll suspense accounts and investigate and resolve the contents of suspense accounts on a monthly basis. Adopt procedures to ensure that entries to resolve suspense accounts are properly supported.	9/30/04	Carryover
FWS	Real Property Controls and Processes	Develop and implement procedures to assess regional responsibilities and capabilities related to real property inventory and make changes as necessary to ensure that real property transactions are recorded in the subsidiary ledger and general ledger at the time the financial event occurs and at the proper amount.	9/30/04	Carryover
BOR	Controls Over Land Inventory	Develop a complete and accurate inventory system that identifies by project all land and land rights.	9/30/05	Carryover
USGS	Unbilled Accounts Receivable and Deferred Revenue Related to Reimbursable Agreements	Implement more effective internal controls through a centralized review and analysis of agreements with abnormal billed and unbilled accounts receivable and deferred revenue balances. Also, enforce current policies and procedures for conducting reviews of agreements.	9/30/04	Carryover
BIA	Financial Reporting Controls	Improve controls and process for financial analysis, transaction entry, and reconciliations. Continue to enhance financial staff resources.	9/30/04	Carryover
BIA	Legal Liabilities	Implement controls and processes to provide complete, timely, and accurate data for contingent liabilities.	9/30/04	Carryover

TABLE 21 CONTINUED

FY 2003 Audited Financial Statements Material Weakness Correction Action Plan				
Bureau	**Material Weakness Description**	**Corrective Action**	**Target Date**	**New Weakness or Carryover from FY 2003**
BIA	Year-End Accruals and Deobligations	Develop and implement policies and procedures to ensure that appropriate accruals and deobligations are recorded in financial management systems.	9/30/04	New
BIA	Controls Over Procurement Activity	Implement controls and processes to improve the timely, accurate, and complete recording of acquisitions. Ensure that documentation complies policies and procedures.	9/30/04	New
BIA	Controls Over Processing Trust Transactions	Improve fiduciary controls over the processing of Trust transactions including segregation of duties, related party transactions, probate backlogs, and appraisal compacts.	9/30/04	Carryover
OST	Reliance on Processing of Trust Transactions in the BIA	Work collaboratively with Departmental offices to monitor progress, ensure timely completion of trust reform initiatives, and fulfill fiduciary responsibility to trust fund beneficiaries.	9/30/04	Carryover
OST	Resolution of Financial Reporting Issues from Prior Periods	Continue to develop issue papers and action plans to address and resolve prior period issues.	9/30/04	Carryover

(SGL), comply with all applicable Federal accounting standards, establish financial management systems that meet government-wide standards and requirements, and support full disclosure of Federal financial data, including the costs of Federal programs and activities.

Federal agencies are required to address compliance with the requirements of the FFMIA in the representation letter to the financial statement auditor. The auditor is required to report on the agency's compliance with FFMIA requirements in the financial statement audit opinion. If an agency is not in compliance with the requirements of the FFMIA, the agency head is required to establish a remediation plan to achieve substantial compliance.

As a result of the material weaknesses and other reportable conditions identified in FY 2003 financial statement audits, Interior concluded that its financial management systems did not substantially comply with all Federal financial management systems requirements and all Federal accounting standards. The Department has reported this noncompliance with the components of the FFMIA.

Information Technology Initiatives

The Department has developed initiatives to correct the material weaknesses in information technology systems as well as ensure compliance with all Federal accounting standards. The corrective actions are targeted for completion between FY 2004 and FY 2005.

Information Technology Security. Interior developed an Information Technology (IT) Security Plan to improve controls over financial and information technology systems, and protect information resources. Substantial progress has been achieved in implementing the plan at both the Department and bureau-levels to date. When completely implemented, the IT Security Plan will bring Interior's financial management and information technology systems into substantial compliance with the requirements of the FFMIA and Appendix III of OMB Circular A-130, "Management of Federal Information Resources."

IT Security Management Structure. Interior's IT Security Management Structure is aimed at providing a framework and a continuing cycle of activity for managing risks, developing and implementing security policies, assigning responsibilities, and monitoring the adequacy of Department and bureau information technology system controls. Bureaus with material weaknesses or vulnerabilities in this area, and the related corrective action plans, are noted in *Tables 21 and 26*.

Segregation of Duties. The Department requires the review and restructuring of employee roles and responsibilities to achieve a higher degree of segregation of duties in information technology system-related operations. Some bureaus have not sufficiently ensured proper segregation of duties for personnel working with information technology systems and applications through its policies, procedures, and organization structures. As a result, key aspects of information system-related operations could be controlled by a single employee, and unauthorized actions or access to assets or records could go undetected. Bureaus with material weaknesses and vulnerabilities in this area, and the related corrective action plans, are noted in *Tables 21 and 26*.

Access Controls. The Department has taken action to secure networks and improve access controls in each of the following areas: network configuration management; password management; monitoring of security audit logs; access to sensitive program files that control computer hardware and sensitive applications; and, other physical security controls. Some bureaus have not yet established sufficiently robust access controls that limit or detect inappropriate access to information technology systems and related resources. Bureaus with material weaknesses and vulnerabilities in this area, and the related corrective action plans, are noted in *Tables 21 and 26*.

Software Development and Change Controls. The Department seeks to assure that appropriate policies, procedures, and operational controls are developed and implemented to prevent unauthorized system, program, or application modifications. Some bureaus do not yet have adequate controls over application software development and change controls for all information technology systems and applications. The bureaus with material weaknesses and vulnerabilities in this area, and the related corrective action plans, are noted in *Tables 21 and 26.*

Service Continuity. The Department provides a framework for all bureaus and offices to: identify critical operations and resources; prioritize data and operations; document emergency processing priorities; provide current backup tapes and files to secure off-site facilities; and, ensure comprehensive Continuity of Operations Plans are established and communicated for all major system applications and operation centers. Some bureaus do not yet have adequate controls in place in all programs and operations to minimize the risk of unplanned interruptions, to recover critical operations, and to protect data should interruptions occur. Bureaus with material weaknesses and vulnerabilities in this area, and the related corrective action plans, are noted in *Tables 21 and 26.*

TABLE 22

FY 2003 GPRA Performance Goal for Implementation of OIG and GAO Audits

Bureau/ Office	Number of Recommendations Meeting GPRA Goal Criteria	Number of Recommendations Implemented Within Planned One Year Target	Percentage Implemention
BIA	19	17	89%
NPS	15	3	20%
FWS	28	23	82%
BLM	18	9	50%
MMS	12	12	100%
OSM	1	1	100%
BOR	28	28	100%
USGS	17	17	100%
OS (Dept)	11	9	82%
PIA (Dept)	9	9	100%
OST (Dept)	3	2	67%
TOTAL	**161**	**130**	**81%**

Federal Accounting Standards and U.S. Standard General Ledger. Interior is striving to fully develop and implement strengthened policies, procedures and controls to ensure that financial statements and related disclosures are prepared in accordance with Federal accounting standards and the U.S. Standard General Ledger, specifically the standards concerning intra-governmental eliminations and real property. The Department consolidated bureau material weaknesses and vulnerabilities in these areas. The related corrective action plans are noted in *Tables 21 and 26.*

Inspector General Act Amendments (Audit Follow-Up)

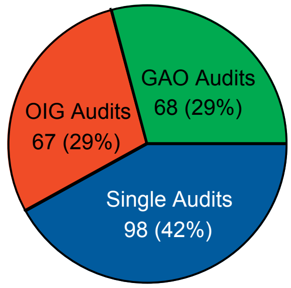
Interior believes that the timely implementation of OIG and GAO audit recommendations is essential to improving efficiency and effectiveness in its programs and operations, as well as achieving integrity and accountability goals. As a result, Interior has instituted a comprehensive audit follow-up program to ensure that audit recommendations are implemented in a timely and cost-effective manner and that disallowed costs and other funds due from contractors and grantees are collected or offset.

To further demonstrate the importance of timely implementation of OIG and GAO audit recommendations, beginning in FY 2001 Interior established an aggressive annual GPRA performance goal of implementing 75% of all GAO and OIG audit recommendations within one year of the referral of those recommendations to the Department for tracking of implementation. After successfully meeting that goal for the first time in FY 2002, Interior elected to raise the performance goal to 80% for FY 2003.

Interior was able to meet its GPRA performance goal for FY 2003. A composite implementation rate of 81% was achieved (*Table 22*). The primary reason for Interior's success in achieving the GPRA performance goal for the second consecutive year was the aggressive progress monitoring plan implemented at the direction of the Assistant Secretary – Policy, Management and Budget. In addition to the detailed quarterly management control and audit follow-up progress reports submitted by each bureau and office, a monthly summary progress report was implemented to ensure audit recommendation implementation commitments were being met, and that immediate senior management attention was directed to slippage when it occurred. Interior plans to employ the same aggressive progress monitoring plan in FY 2004 to ensure the achievement of its GPRA performance goal.

FIGURE 29

FY 2003 Audit Follow-up Program Workload



In FY 2003, Interior monitored a substantial amount of Single Audit, OIG, and GAO audit activity, including 98 Single Audits, 67 OIG audits, and 68 GAO audits (*Figure 29*). Audit follow-up actions included tracking, reviewing, and validating audit recommendations; developing mutually acceptable and timely resolution to disputed audit findings and recommendations; and, monitoring the recovery of disallowed costs.

Single Audits

Interior provides over $2 billion each year in funding for grants, cooperative agreements, Indian self-determination contracts, and self-governance compacts to State and local governments, Indian tribes, colleges and universities, and other nonprofit organizations. Under the provisions of the Single Audit Act, the grantees' financial operations, management control structure, and level of compliance with applicable laws and regulations must be audited each year. All Single Audit reports are now forwarded to and screened by the Federal Single Audit Clearinghouse (Clearinghouse). Those Single Audit reports, with findings and recommendations requiring OIG processing (review and audit follow-up actions), are then forwarded to the OIG for distribution to the appropriate bureaus for tracking. Each bureau is responsible for meeting with grantees and negotiating a resolution of the deficiencies identified in the audit reports, as well as for determining the allowability of any expenditure of Federal funds that has been questioned by the auditors.

Reaching Timely Management Decisions on Single Audits

Management decisions (agreement on actions to implement audit recommendations between the bureau and grantee) are expected to be agreed to within six months from receipt of the audit report. If an audit results in disallowed costs, bureaus are responsible for collecting the disallowed costs from the grantees.

During FY 2003, 98 single audits were tracked by the Department. At the end of the year, 86 audits were still pending, of which 34 (40%) had management decision dates less than six months from the date of the audit report.

Collecting and Offsetting Disallowed Costs

As shown in *Table 23*, Interior only closed 12 of 98 (12%) audits in tracking during FY 2003. There was a substantial increase in the number of audits referred for tracking with disallowed costs (62 audits with $47.2 million in disallowed costs) compared to prior years. This was primarily due to the completion of the first cycle of U.S. Fish and Wildlife Federal Aid audit program, and a clearing of the backlog in audits of insular area governments and programs. As a result, the percentage of audits in tracking closed was significantly less than the prior year. However, the $9.9 million in disallowed costs recovered was over 10 times greater than the prior year. The $9.9 million in disallowed costs recovered represented about 18% of total disallowed costs in tracking during the year.

TABLE 23

FY 2003 Summary of Actions Taken on Contract, Grant, and Single Audits with Disallowed Costs

			Number of Reports	Disallowed Costs
(A) Reports on Hand at Beginning of Period			36	$8,237,836
(B) New reports			62	$47,265,309
Total reports in tracking			98	$55,503,145
(C) Final action taken during period			12	$9,911,042
Collected	10	$6,116,677		
Written Off				
Offset	1	$3,407,022		
Reinstated	1	$387,343		
Referred to Treasury for Collection Action				
(D) Reports in progress at end of period			86	$45,592,103
Mgmt Dec < 1 yr old	34	$3,189,903		
Mgmt Dec > 1 yr old	51	$40,232,585		
Mgmt decision under formal appeal	1	$2,169,615		

Internal Audits

Internal audits are audits conducted by the OIG of Interior's programs, organizations, and financial and administrative operations. During FY 2003, 67 audits were being tracked (51 audits carried over from FY 2002 and 16 new audits were referred for tracking during FY 2003), and 21 of those audits were closed (31%). A total of 443 recommendations from OIG internal audit reports were in tracking during the year. For the 46 audits pending at the end of FY 2003, there are 227 recommendations awaiting final implementation action.

One category of OIG internal audits is those audits where the OIG presents recommendations to improve efficiency and where funds can be put to better use (FBU audits). Interior tracks the successful implementation of FBU audit recommendations and FBU dollar estimates, which are agreed to by management. As noted in *Table 24*, there was no change in the number of audits or FBU dollars tracked during FY 2003. The two audits carried forward from FY 2002 have recommendations with multi-year targeted implementation dates. In addition, there were no new FBU audits referred to the Department for tracking during FY 2003.

TABLE 24

Summary of Actions Taken with Funds to be Put to Better Use (FBU) in FY 2003

			Number of Reports	FBU Dollars
(A) Reports on hand at beginning of report period			2	$14,435,553
(B) New reports received during report period				
Total reports in tracking			2	$14,435,553
(C) Reports closed during report period				
(D) Reports in progress at end of report period			2	$14,435,553
Mgmt dec < 1 yr old				
Mgmt dec > 1 yr old	2	$14,435,553		
Mgmt dec under formal appeal				

Note - Includes only audits with monetary impact of Federal funds (excludes audits of non-Federal funds for insular area governments and indirect cost proposals negotiated).

TABLE 25

Summary of Actions Taken on Reports Issued by the GAO in FY 2003

				Number of Recommendations	Number of Reports
In tracking at the beginning of reporting period				58	25
Issued during the reporting period				10	25
Subtotal				68	50
Closed during the reporting period				(11)	(25)
In tracking at the end of the reporting period				57	25
Code	Status of final reports in tracking	No. of Recommendations	No. of Reports		
D1	Management decisions < 1 yr old	16	4		
D2	Management decisions > 1 yr old	41	21		
D3	Mgmt decisions under formal appeal	0	0		

General Accounting Office Audits

GAO audits are a major component of Interior's audit follow-up program workload and cover a variety of programs, operations, and activities. A total of 25 GAO final audit reports were carried over from FY 2002, and GAO issued a total of 25 new final audit reports. The Department was successful in closing 25 of the 50 (50%) audits in tracking during FY 2003, along with 11 recommendations. A total of 25 final audit reports and 57 recommendations were pending at the end of the fiscal year (*Table 25*).

Compliance With Other Key Legal and Financial Regulatory Requirements

Interior is required to comply with other legal and regulatory financial requirements, including the Prompt Payment Act, the Debt Collection Improvement Act, and the Independent Offices Appropriation Act (User Fees).

Based on the results of the FY 2003 independent financial statement audit, Interior was determined to be non-compliant with several legal and regulatory financial requirements, in addition to the Federal Financial Management Improvement Act (FFMIA). *Table 26* presents a summary of the areas of non-compliance, as well as planned corrective actions and target dates.

The Department is continuing to strive to improve performance under the requirements of the Prompt Payment Act and the Debt Collection Improvement Act. The Department's FY 2003 performance in these areas is summarized in *Figure 30* (Prompt Pay), *Figure 31* (Debt Collection), and *Table 27* (Electronic Fund Transfers). In addition, the Chief Financial Officers Act of 1990 requires biennial reviews by Federal agencies of agency fees, rents, and other charges imposed for services and things of value provided to specific beneficiaries, as opposed to the American public in general. The objective of these reviews is to identify such activities and begin charging fees, if permitted by law, and to periodically adjust existing fees to reflect current costs or market value. This minimizes general taxpayer subsidy of specialized services or things of value (such as rights or privileges) provided directly to identifiable non-Federal beneficiaries.

Interior conducted a biennial review of its user fee programs during FY 2003 as required by the Chief Financial Officers Act of 1990. Interior expects all bureaus to submit a summary of their reviews on or before January 15, 2004. Based on preliminary review results, Interior does not expect any significant deficiencies to be reported by the bureaus. The last biennial review was completed in FY 2002 based on FY 2001 performance data.

The results of the FY 2003 consolidated financial statement audit indicated that Interior is not in compliance with the Debt Collection Improvement Act. This non-compliance is primarily attributable to BIA because its eligible delinquent debt represents a significant share (approximately 70%) of the Department's total. The BIA referred approximately 35% of its eligible delinquent debt to Treasury in FY 2003, which negatively impacted the overall performance of the Department (approximately 54%). It is significant to note that by excluding BIA, the Department's total referral performance would be 96%, exceeding the target of 93%.

TABLE 26

FY 2003 Audited Financial Statements Non-Compliance with Laws and Regulations Status Report				
Bureau	**Non-Compliance Description**	**Corrective Action**	**Target Date**	**New Issues or Carryover from FY 2003**
DEPT	Debt Collection Improvement Act of 1996	DOI should establish a process to ensure eligible receivables in all bureaus are referred to the U.S. Department of the Treasury in a timely manner.	9/30/04	Carryover
DEPT	Prompt Payment Act of 1982 (P.L. 97-177)	Ensure that all bureaus correctly enter payment data voucher into FFS in order to properly calculate and pay prompt pay interest due.	9/30/04	New
DEPT	Single Audit Act Amendments of 1996	Improve grantee monitoring processes to ensure compliance with the reporting requirements of the Single Audit Act Amendments.	9/30/04	New
DEPT	Federal Financial Management Improvement Act (FFMIA)	Develop and implement appropriate controls to ensure full compliance with Federal financial management systems, accounting standards, and U.S. standard general ledger at the transaction level.	9/30/04	Carryover
BIA	Single Audit Act Amendments of 1996	Improve grantee monitoring processes to ensure compliance with the reporting requirements of the Single Audit Act Amendments.	9/30/04	New
BIA	Federal Financial Management Improvement Act (FFMIA)	Develop and implement appropriate controls to ensure full compliance with Federal financial management systems, accounting standards, and the SGL at the transaction level.	9/30/04	Carryover
BIA	Prompt Payment Act of 1982 (P.L. 97-177)	Train and monitor employees to ensure that the acceptance dates per the invoice and receiving report are correctly transferred to the payment voucher and that the information should also be correctly entered into FFS.	9/30/04	New
BIA	Debt Collection Improvement Act of 1996	Establish, implement, and monitor policies and procedures addressing debt collection issues to ensure compliance with the Debt Collection Improvement Act.	9/30/04	Carryover
DO	Federal Financial Management Improvement Act (FFMIA)	Develop and implement appropriate controls to ensure full compliance with Federal financial management systems and accounting standards.	9/30/04	Carryover
DO	Single Audit Act Amendments of 1996	Improve grantee monitoring processes to ensure compliance with the reporting requirements of the Single Audit Act Amendments.	9/30/04	New

TABLE 26 CONTINUED

FY 2003 Audited Financial Statements Non-Compliance with Laws and Regulations Status Report				
Bureau	**Non-Compliance Description**	**Corrective Action**	**Target Date**	**New Issues or Carryover from FY 2003**
MMS	Federal Financial Management Improvement Act (FFMIA)	Develop and implement appropriate controls to ensure full compliance with Federal financial management systems and the U.S. Standard General Ledger at the transaction level.	9/30/04	Carryover
FWS	Federal Financial Management Improvement Act (FFMIA)	Develop and implement appropriate controls to ensure full compliance with Federal financial management systems and accounting standards.	9/30/04	Carryover
BLM	Federal Financial Management Improvement Act (FFMIA)	Develop and implement appropriate controls to ensure full compliance with Federal financial management systems and accounting standards.	9/30/04	Carryover
NPS	Federal Financial Management Improvement Act (FFMIA)	Develop and implement appropriate controls to ensure full compliance with Federal financial management systems and accounting standards.	9/30/04	Carryover
NPS	Single Audit Act Amendments of 1996	Develop controls to ensure grantees complete, report on, and implement timely corrective actions for single audits.	9/30/04	New
BOR	Federal Financial Management Improvement Act (FFMIA)	Develop and implement appropriate controls to ensure full compliance with Federal financial management systems and accounting standards.	9/30/04	Carryover
USGS	Federal Financial Management Improvement Act (FFMIA)	Develop and implement appropriate controls to ensure full compliance with Federal financial management systems accounting standards.	9/30/04	Carryover
OSM	Federal Financial Management Improvement Act (FFMIA)	Continue to improve security and internal controls over information technology systems to substantially comply with OMB Circular A-130	9/30/04	Carryover

FIGURE 30

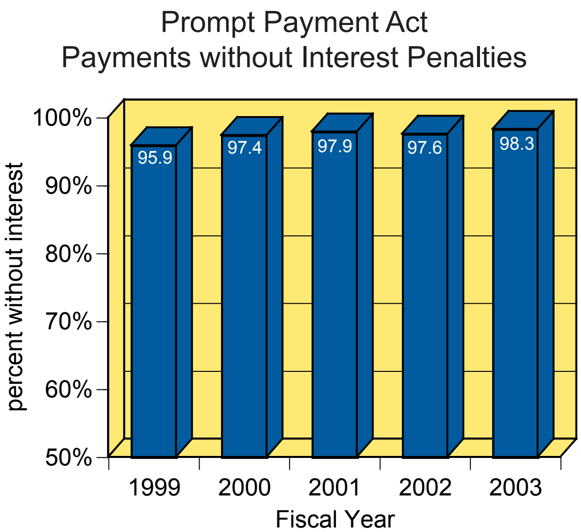


FIGURE 31

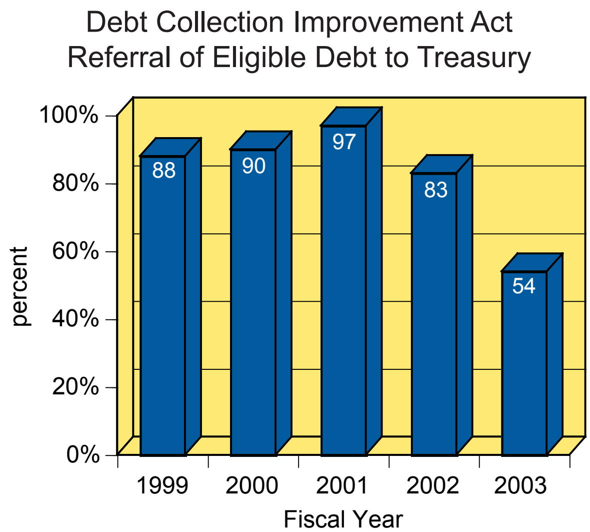


TABLE 27

Electronic Funds Transfer Payments					
Type of Payment	**FY 1999**	**FY 2000**	**FY 2001**	**FY 2002**	**FY 2003**
Salary	97.9%	98.0%	98.6%	98.9%	99.2%
Vendor	61.1%	76.5%	80.6%	84.9%	88.1%
Miscellaneous	83.5%	91.6%	92.8%	93.3%	94.7%

Analysis of Financial Statements

To ensure the integrity of financial operations and the accuracy of financial data, Interior prepares audited financial statements for the Department as well as individual bureaus. The Department's principal financial statements include:

(1) Consolidated Balance Sheet;
(2) Consolidated Statement of Net Cost;
(3) Consolidated Statement of Changes in Net Position;
(4) Combined Statement of Budgetary Resources;
(5) Consolidated Statement of Financing; and
(6) Statement of Custodial Activity.

Table 28 summarizes the objective of each financial statement.

Selected consolidating and combining financial statements are provided to assist in the analysis of key data. The Consolidating Statement of Net Cost is presented in Note 18 (see Notes to Principal Financial Statements); the Combining Statement of Budgetary Resources is presented in the Required Supplementary Information section of this report; and the Consolidating Balance Sheet and Consolidating Statement of Changes in Net Position are presented in the Other Supplementary Information section of this report.

The Department's goal is to achieve an unqualified (clean) audit opinion on its financial statements, without any findings related to deficiencies in internal control of financial reporting or any reported noncompliance with laws and regulations, including Federal Financial Management Improvement Act requirements.

Unqualified audit opinions provide independent, reasonable assurance to the public and other external users that the information being provided is reliable and accurate. The benefits of conducting financial statement audits and obtaining unqualified opinions are twofold. The audits:

- Ensure that quality data is provided to external parties and the public; and
- Ensure that financial documents and records used by management can withstand the rigors of the audit process.

TABLE 28

Federal Financial Statements	
Statement	**Federal Objective**
Balance Sheet	The Balance Sheet is intended to present the Department's financial position—assets, liabilities, and net position—at the statement date.
Statement of Net Cost	The Statement of Net Cost is intended to demonstrate the costs of missions and programs accomplished by the Department for the taxpayer.
Statement of Changes in Net Position	The Statement of Changes in Net Position explains how the Net Cost to the taxpayers for the Department's operations was funded, and reports other changes in equity that are not included in the Statement of Net Cost.
Statement of Custodial Activity	The Statement of Custodial Activity presents financial information related to oil and gas royalties.
Statement of Budgetary Resources	Statement of Budgetary Resources provides information about how budgetary resources were made available as well as their status at the end of the period.
Statement of Financing	The Statement of Financing reports the differences and facilitates the understanding of the differences between the net cost of operations and the obligations of budget authority.

Moreover, the discipline required to produce audited financial statements demands that appropriate management attention be directed to improving financial management and complying with applicable laws and regulation. It also shows external parties and the public how the Department utilizes the resources provided by Congress.

Limitations of Financial Statements

Responsibility for the integrity and objectivity of the financial information presented in the financial statements lies with Interior management. The financial statements and supplemental schedules included in this report reflect the financial position and results of operation of the Department pursuant to the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. While these statements have been prepared from the books and records of Interior in accordance with generally accepted accounting principles (GAAP), the statements differ from financial reports used to monitor and control budgetary resources that are prepared from the same books and records. The financial statements should be read with the realization that Interior is an agency of the executive branch of the United States government, a sovereign entity. Accordingly, unfunded liabilities reported in the statements cannot be liquidated without the enactment of an appropriation and ongoing operations are subjected to enactment of appropriations.

Net Costs of Operations

As shown on the Consolidated Statement of Net Cost, the total FY 2003 cost of Interior operations was $12,239 million, a decrease of $737 million from the FY 2002 cost of $12,976 million (*Table 29*).

The Consolidated Statement of Net Cost is divided into the following six major program segments:

- Protect the Environment and Preserve Our Nation's Natural and Cultural Resources
- Provide Recreation for America
- Manage Natural Resources for a Healthy Environment and a Strong Economy
- Provide Science for a Changing World
- Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities
- Reimbursable Activity and Other

Approximately 32% of Interior's total costs are directed toward "Protect the Environment and Preserve Our Nation's Natural and Cultural Resources" while 23% are provided to "Manage Natural Resources for a Healthy Environment and a Strong Economy." Resources devoted to "Meet Our Trust Responsibilities to American Indians and Our Commitments to Island Communities" account for approximately 19% of total costs (*Figure 32*).

Most costs incurred by the Department are directly related to providing services to the public. Costs associated with earning revenue from Federal agencies are approximately 15% of total expenses.

In addition, costs associated with Reimbursable and Other Activities are separately identified (see Revenues section for additional information). During FY 2003, the cost of Interior operations was impacted by an increase in revenue of approximately $1 billion, primarily due to an increase in the client base and contracts for the Franchise Fund operations. During FY 2003, the USGS experienced technical difficulties with a satellite used in operations, which is currently operating in a diminished capacity. The satellite was deemed to be impaired, and as a result, an $81.1 million impairment cost is reflected in the Statement of Net Cost.

TABLE 29

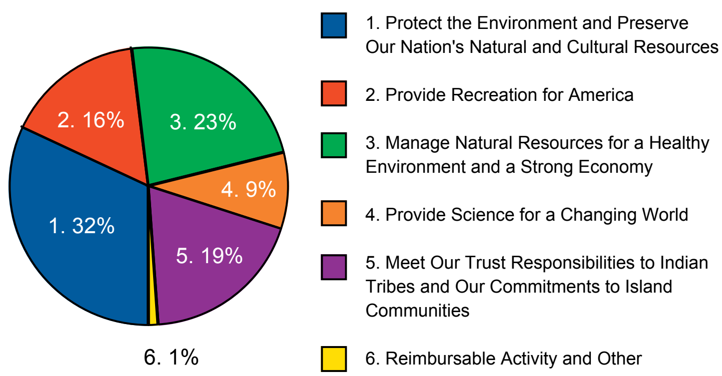
Interior Change in Net Cost of Operations (millions)

	FY 2003	FY 2002	Change	% Change
Protect the Environment and Preserve Our Nation's Natural and Cultural Resources	$3,848	$3,624	$224	6.2%
Provide Recreation for America	1,944	1,998	(54)	-2.7%
Manage Natural Resources for a Healthy Environment and a Strong Economy	2,773	3,409	(636)	-18.7%
Provide Science for a Changing World	1,108	1,119	(11)	-1.0%
Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities	2,305	2,656	(351)	-13.2%
Reimbursable Activity and Other	180	170	10	6.0%
Asset Impairment	81	-	81	-
Totals	$12,239	$12,976	(737)	-5.7%

The Department is routinely subject to various types of litigation. The vast majority of these lawsuits occur in the normal course of business and are reflected in the appropriate program costs. Legal and environmental contingencies are discussed more fully below.

FIGURE 32

FY 2003 Net Cost of Operations



Revenues

In general, Interior's strategic goals are intended to be funded by general government funds derived from tax receipts and other sources. However, other fees and collections are supporting an increasing number of Departmental activities. Federal government revenues are classified as either (1) Exchange Revenue or (2) Non-Exchange Revenue. Exchange revenue occurs when both parties to the transaction receive value (e.g., the government sells maps or other products and services to the public for a price). Non-Exchange Revenue occurs when only one party receives value (e.g., donations to the government from the public or government demands for payment through taxes, fines and penalties). In accordance with Federal accounting standards, only Exchange Revenues are presented on the Consolidated Statement of Net Cost so that the statement reflects, to the extent possible, the net cost to the taxpayer of the agency operations.

Total Interior revenues from the public derive from sales of hydroelectric power, entrance fees at parks and wildlife refuges, sales of maps, and other products and services that are directly related to the operating responsibility of the Department. Revenues collected from other Federal agencies consist of reimbursable revenues from activities such as construction, engineering, and other technical services. In addition to the exchange revenues presented in the Statement of Net Cost, the Department also collects mineral leases revenues on behalf of the Federal government. These are presented in the Statement of Custodial Activity rather than the Statement of Net Cost.

In FY 2003, the Department earned approximately $1,544 million in revenues from the public and approximately $2,318 million in revenue from other

TABLE 30

Interior Costs and Revenues to the Public and Federal Agencies (in millions)

	FY 2003	FY 2002	Change	% Change
Cost of services provided to the Public	$13,675	$14,194	($519)	-3.9%
Revenue earned from the Public	1,544	1,258	286	22.7%
Cost of services provided to Federal agencies	2,345	1,516	829	54.7%
Revenue earned from Federal agencies	$2,318	$1,475	$843	57.1%

Federal entities for a total of $3,862 million (*Table 30*). This is an increase of about $1,129 million from FY 2002. In FY 2002, approximately $1,258 million was earned in revenues from the public and approximately $1,475 million was earned in revenue from other Federal entities for a total of $2,733 million.

Bureau revenue details include revenue from The Southern Nevada Public Land Management Act (SNPLMA), which was enacted in October 1998 and authorizes BLM to sell public land tracts that are interspersed with or adjacent to private land in the Las Vegas Valley. During FY 2003, BLM had larger land sales than in any previous fiscal year and was able to invest almost $280 million of the proceeds from these sales. Additionally, BLM collected almost $3 million of interest revenue related to the SNPLMA investments. Finally, revenues earned by the Interior Franchise Fund increased by $717 million in FY 2003 as a result of an increase in the Franchise Fund operations.

In addition to earned revenues reported on the Statement of Net Cost, the Department collects various non-exchange revenues. Non-exchange revenues are those such as taxes, fines and penalties which the government collects as a result of its sovereign powers rather than as a result of providing a good or service for a fee. Donations to the Department are also reported as non-exchange revenues. Non-exchange revenue including taxes and donations increased from $1,118 in FY 2002 to $1,159 million in FY 2003.

Revenues earned may either be retained in the Department to further Interior's mission or returned to the General Fund of the Treasury. In either case, these revenues offset the taxpayer's investment in the Department. In FY 2003 and FY 2002, the Department returned $31 and $34 million to the General Fund of the Treasury.

Custodial Mineral Lease Revenues

Mineral leasing revenues reported on the Statement of Custodial Activity totaled $8,247 and $6,593 million in FY 2003 and FY 2002, respectively, and include Outer Continental Shelf and onshore oil, gas, and mineral sales and royalties.

In accordance with Federal accounting standards, these receipts are presented in the Department's Statement of Custodial Activity since the collections are considered to be revenue of the government as a whole rather than of the Department. In FY 2003 and FY 2002, respectively, $2,948 and $2,397 million was distributed to Interior programs, and $5,420 and $4,509 million was distributed to other entities, primarily Federal and State treasuries, and Indian tribes and organizations. The $1,654 million increase between FY 2003 and FY 2002 is primarily due to national and world economic conditions impacting oil and gas production. The distributions to the various Federal and non-Federal recipients are determined by formula and fluctuate in accordance with custodial receipts.

The Department collects a portion of revenue as royalties-in-kind for transfer to the Strategic Petroleum Reserve. The Strategic Petroleum Reserve revenues increased in FY 2003 as Interior received approximately 38.2 million barrels in FY 2003 at the request of the Strategic Petroleum Reserve while Interior only received 11.2 million barrels in FY 2002.

Distributions to Interior programs reported in the Statement of Custodial Activity differ from Royalties Retained reported on the Statement of Changes in Net Position because distributions are reported on a cash basis whereas the Royalties Retained are reported on an accrual basis.

Budgetary Resources

The Department receives most of its funding from general government funds administered by the

FIGURE 33

Budgetary Resources *
(in millions)

* Excludes Non-Budgetary Credit Program Financing Accounts

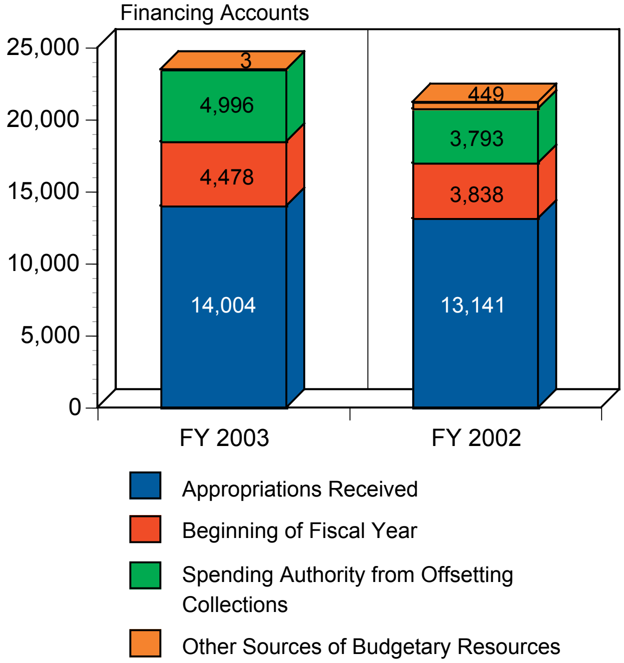
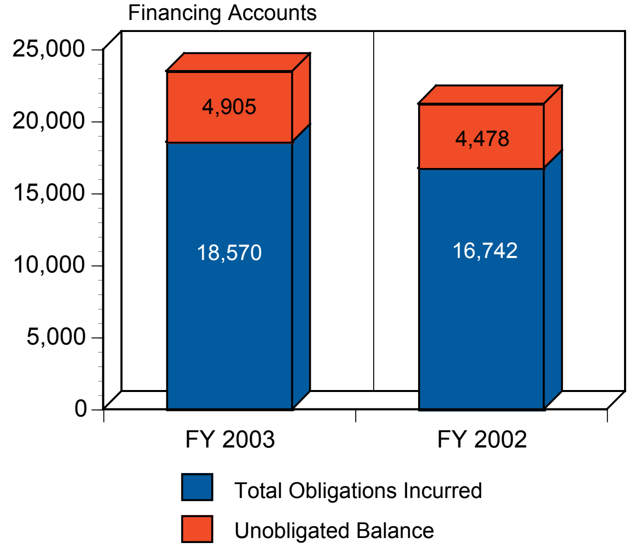


FIGURE 34

Status of Budgetary Resources *
(in millions)

* Excludes Non-Budgetary Credit Program Financing Accounts



Treasury Department and appropriated for Interior's use by Congress. These resources consist of the balance at the beginning of the year, appropriations received during the year, and spending authority from offsetting collections as well as other sources of budgetary resources (*Figure 33*).

Since budgetary accounting rules and financial accounting rules may recognize certain transactions and events at different points in time, Appropriations Used in any given period as reported on the Consolidated Statement of Changes in Net Position will not match expenses for that period.

The Combined Statement of Budgetary Resources provides information on the budgetary resources that were made available to the Department for the year and the status of those resources at the end of the fiscal year. Obligations of $18,570 and $16,742 million were incurred in FY 2003 and FY 2002 on total budgetary resources of $23,475 and $21,220 million, respectively (*Figure 34*). The increase in Total Budgetary Resources is due primarily to an increase in Spending Authority from Offsetting Collections resulting from increased activity in Interior's Franchise Fund. This budgetary information is presented according to budgetary accounting principles designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction.

Appropriations Received reported in the Statement of Budgetary Resources differ from Appropriations Received reported in the Statement of Changes in Net Position due to Special and Trust fund appropriated receipts. These are shown as appropriations received in the budgetary statement but are reported based on the nature of the receipt in the proprietary statements as exchange revenue, non-exchange revenue or transfers.

Budgetary and Financial Accounting

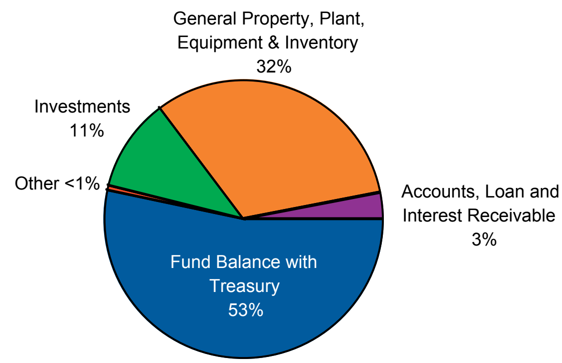
The Statement of Financing reconciles the accrual-based and budgetary-based information. The major factors impacting the FY 2003 Statement of Financing as compared to FY 2002 include an increase in obligations incurred in FY 2003 of $1,830 million, and a decrease in net cost of operations of $737 million. The decrease in net cost of operations occurred because of decreases to liabilities that do not

TABLE 31

Change in Interior Assets (in millions)	FY 2003	FY 2002	Net Change	% Change
Fund Balance with Treasury and Cash	$28,698	$26,877	$1,821	6.8%
Investments	5,793	5,488	305	5.6%
Accounts, Loan & Interest Receivable	1,848	2,127	(279)	-13.1%
General Property, Plant & Equipment and Inventory	17,295	17,128	167	1.0%
Other	$332	$337	($5)	-1.3%

FIGURE 35

Types of FY 2003 Assets



require resources in the current period. The largest of these decreases were in environmental and disposal liability and in future expenses for current employees.

Assets

The Consolidated Balance Sheet shows FY 2003 assets totaling $53,966 million, an increase of $2,009 million (3.9%) over the prior year's assets total of $51,957 million. *Table 31* and *Figure 35* summarize the Department's assets reflected in the Consolidated Balance Sheet. Fund Balance with Treasury of $28,698 and $26,877 million and net General Property, Plant, and Equipment and Inventory of $17,295 and $17,128 million stayed constant at approximately 32% of the Department's total assets for both FY 2003 and FY 2002. BOR accounts for approximately 77% of the DOI's Property, Plant and Equipment asset account and consist of diversion and storage dams, hydroelectric power plants, water conveyance facilities, recreational facilities and associated buildings, bridges and roads as well as related construction, maintenance, laboratory and scientific equipment.

A portion of the Fund Balance with Treasury amounting to $19,315 and $18,508 million in FY 2003 and FY 2002, respectively consists of various Conservation Funds and is reported as "restricted" as these funds are not presently available to Interior. Fund Balance with Treasury increased primarily because of an increase in advances from other Federal agencies for the Interior Franchise Fund and Working Capital Fund and because revenues exceeded transfers out and expenses for Reclamation Fund, LWCF, HPF, and AML.

The receivables for MRM decreased by $185 million due to a greater efficiency on the part of MMS to match production records and distribute cash appropriately at the end of FY 2003. Due to the Internet shutdown, there was a larger amount of undistributed cash in FY 2002 because the matching could not be accomplished. When the cash is not distributed, it is returned to Treasury and a corresponding receivable is recorded.

Most of Interior's Buildings, Structures, and Facilities are composed of dams and power and irrigation facilities managed by the Bureau of Reclamation. The remainder consists of buildings and other structures and facilities used in the Department's operations (e.g., visitor centers, fish hatcheries, and Bureau of Indian Affairs schools).

Interior's reported values for Property, Plant, and Equipment (PP&E) exclude stewardship property, such as land for national parks and national wildlife refuges, public domain land, historic buildings, and national monuments. These stewardship assets are priceless and do not have an identifiable financial value; therefore, monetary amounts cannot be assigned to them. An in-depth discussion of these assets is presented in the Required Supplementary Stewardship Information section of the report.

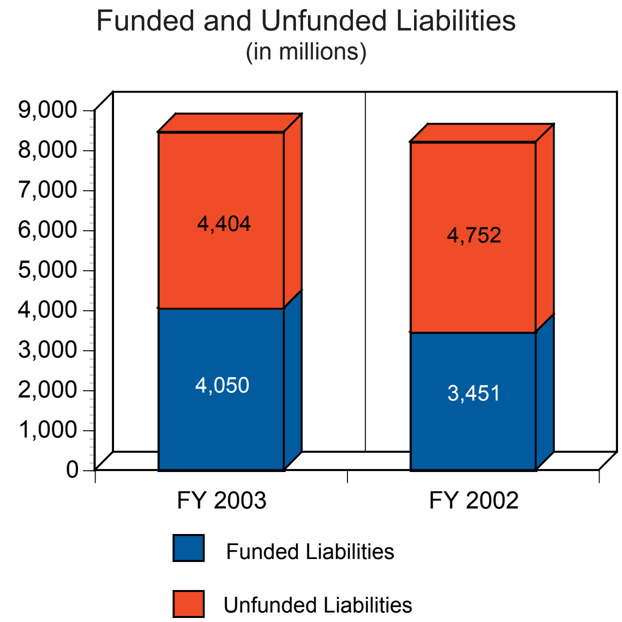
The Bureau of Reclamation, through the Reclamation Fund finances certain capital investment and operation and maintenance activities of the West-

TABLE 32

Change in Interior Liabilities
(in millions)

	FY 2003	FY 2002	Net Change	% Change
Accounts Payable	$1,033	907	126	13.9%
Accrued Payroll and Benefits	620	740	(120)	-16.2%
Debt	1,364	1,455	(91)	-6.2%
Advances & Deferred Revenue	1,238	597	641	107.2%
Custodial Liability	763	818	(55)	-6.7%
Aquatic Resource Amounts Due to Others	390	371	19	5.0%
Federal Employ-ees Compensation Act Liability	712	659	53	8.2%
Environmental, Legal & Contin-gent Liabilities	893	1,261	(368)	-29.2%
Other Liabilities	1,441	1,395	46	3.3%
Total	$8,454	$8,203	$251	3.1%

FIGURE 36



ern Area Power Administration, a component entity of the Department of Energy. Western recovers the capital investment, associated interest, and other costs through power sales to the public, and deposits these recoveries back into the Reclamation Fund. The Bureau of Reclamation currently accounts for these appropriated transfers from the Reclamation Fund to Western as transfers to the Department of Energy, which are on the Consolidated Statement of Changes in Net Position in accordance with SFFAS No. 7 "Accounting for Revenue and Other Financing Sources," and using current Treasury Standard General Ledger guidance. The Department of Energy, however, views these payments as a loan from the Reclamation Fund. Net transfers between the Bureau of Reclamation and the Western Area Power Administration totaled $34,095 for FY 2003.

During FY 2003, OMB began a project to review the accounting and reporting of these types of appropriated transfers and plans to submit its findings and recommendations to the Accounting and Auditing Policy Committee (AAPC) of the Federal Accounting Standards Advisory Board for interpretation and guidance in FY 2004. The conclusions of the AAPC may require a change in accounting and reporting for these transactions.

Liabilities and Net Position

Total liabilities of $8,454 million are shown on the Department's Consolidated Balance Sheet, representing an increase of 3.1% over liabilities of $8,203 million from the prior year. *Table 32* and *Figure 36* summarize the Department's liabilities reflected in the Consolidated Balance Sheet. Federal agencies by law cannot make any payments unless Congress has appropriated funds. The Department's "Funded Liabilities" are expected to be paid out of funds currently available to the Department. The Department's unfunded liabilities consist primarily of legal and environmental contingent liabilities and unfunded annual leave, and will be paid out of funds made available to the agency in future years. However, under accounting concepts, these are considered to be expenses recognized in the period in which the liability is established, regardless of budgetary funding considerations.

The primary reason for the increase in advances and deferred revenue is due to the procurement function at Fort Huachuca, which had a large increase in customer orders during FY 2003. Due to the war in Iraq, there were increased requirements from DOD and the Defense Advanced Research Project Agency, which resulted in advance payments

TABLE 33

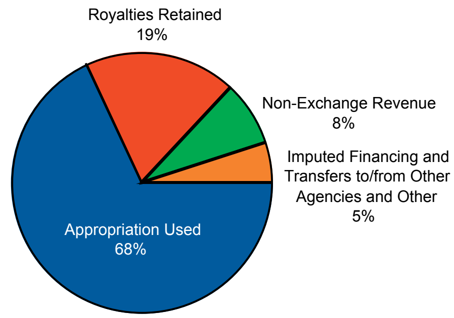
Change in Financing Sources Cumulative Results of Operations (in millions)				
	FY 2003	FY 2002	Change	% Change
Appropriations Used	$9,520	$9,211	$309	3.3%
Royalties Retained	2,583	2,541	42	1.6%
Non-Exchange Revenue	1,159	1,118	41	3.7%
Imputed Financing and Transfers to/from Other Agencies & Other	654	886	(233)	-26.2%
Total	$13,915	$13,756	$159	1.2%

from contracts. There were also increases with GSA due to the E-government initiative.

Contingent liabilities include Interior's potential responsibility for cleanup of contaminated sites and legal claims brought against the Department. The Department's liability for financial statement purposes for environmental cleanup is for sites where the Department either caused contamination or is otherwise involved in such a way that it may be legally liable for some portion of the cleanup, and the environmental cleanup liability is probable and reasonably estimable. There are also numerous sites, including abandoned mines and illegal waste dumps, where parties have caused contamination on lands managed by the Department. Although such hazards do not constitute liabilities under Federal accounting rules, the Department will often, in its stewardship capacity, correct the environmental hazard. Wherever feasible the Department will continue to initiate collection efforts against the responsible parties. As of September 30, 2003, the Department has recognized $121 million for potential environmental cleanup liabilities and $772 million related to other claims and litigation. In addition to amounts recognized in the financial statements, the Department has a number of claims against it where the potential exposure to the Department cannot be estimated. These matters include claims related to the Department's management of Indian Trust Funds, explained in more detail at Note 15.

FIGURE 37

FY 2003 Financing Sources



Contingent liabilities decreased due to the settlement of one large case and the change in likelihood of loss from probable to remote for another case. These two cases decreased the liability by approximately $300 million. The liability for estimated environmental cleanup costs decreased as a result of cleanup efforts and decreases in estimated remaining cleanup costs.

The Department's Net Position at the end of FY 2003 on the Consolidated Balance Sheet and the Consolidated Statement of Changes in Net Position was approximately $45,513 million, an increase of about $1,759 million or 4.0% from the prior year.

The Net Position of the Department consists of two components: (1) Unexpended Appropriations of $3,929 million and (2) Cumulative Results of Operations of $41,584 million.

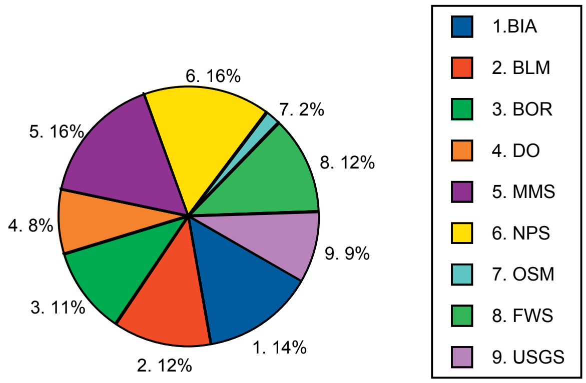
Results of Operations

The Consolidated Statement of Changes in Net Position presents, on an accrual basis, the changes to the net position section of the balance sheet since the beginning of the fiscal year. *Table 33* and *Figure 37* shows the financing sources of $13,915 and $13,756 million received by the Department during FY 2003 and FY 2002. The Consolidated Statement of Net Cost reflects, on an accrual basis, revenue and expenses by bureau. *Figure 38* illustrates total expenses of $16,020 and $15,709 million by bureau in FY 2003 and 2002.

Transfers In/Out Without Reimbursement reflect the transfer of the Landsat 7 satellite that occurred in FY 2002 in the amount of $257 million. During

FIGURE 38

FY 2003 Cost by Bureau



FY 2003, the satellite experienced technical problems and is currently operating in a diminished capacity which reduced its value by $81.1 million. This reduction, in addition to normal depreciation brought the satellite's book value to $75.7 million for FY 2003. In addition, BLM's FY 2003 receipts from the National Park Service's Land and Water Conservation Fund was approximately $70 million less than in FY 2002. Additionally, the National Park Service's transfers of unobligated balances related to fire suppression were reduced by $156 million in FY 2003 because the FY 2003 transfers were from current budget authority and unobligated balances brought forward.

Stewardship Assets

Interior is the Federal government's largest land-controlling agency, administering over 500 million acres of America's land mass and serves as steward for the natural and cultural resources associated with these lands. Parks and historic sites are the predominant categories of stewardship lands administered by the Department. Approximately 437 million acres of the 500 million acres are considered stewardship land. The 437 million acres do not include approximately 11 million acres of non-Federal land that cross or adjoin Interior-managed lands. Additional resources for which the Department has stewardship responsibility are natural heritage assets such as the national wilderness preservation system; national wild and scenic rivers; national natural landmarks and paleontological sites; cultural heritage assets, such as historical structures; cultural landscapes; archaeological sites; and stewardship lands.

The Stewardship assets managed by the Department tend to be constant from year to year, experiencing slight net increases due to new acquisitions (*Table 34*). Stewardship assets are discussed in the Required Supplementary Stewardship Information section of the report.

TABLE 34

Stewardship Land

	Beginning Acres	Additions	Withdrawals	Ending Acres
BLM	261,457,325	849,729	(356,676)	261,950,378
NPS	79,042,247	418,591	(618,014)	78,842,824
FWS	90,120,000	144,000	0	90,264,000
BOR	5,801,369	59,785	0	5,861,154
BIA	204,949	1,965	(1,709)	205,205
Other	12,140	241	0	12,381
Total	436,638,030	1,474,311	(976,399)	437,135,942

Stewardship Investments

Stewardship investments, as defined for Federal financial reporting, represent expenses charged to current operations that nevertheless are expected to benefit the Nation over time. The Department's Stewardship Investments include research and development programs, investment in education, and the purchase or construction of assets for which State, local or tribal governments and insular areas retain title. Stewardship investments are summarized on *Table 35*. Changes in the investments from FY 2002 to FY 2003 are due primarily to reduced funding available of stewardship investments.

TABLE 35

Stewardship Investments
(in millions)

	FY 2003	FY 2002	Change	% Change
Non-Federal Physical Property	$645	$748	($103)	-13.8%
Research and Development	945	1,060	(115)	-10.8%
Human Capital	621	677	(56)	-8.3%
Totals	$2,211	$2,485	($274)	-11.0%

Part 2.
Financial Section

Principal Financial Statements

The principal financial statements included in the Department of the Interior's (DOI) FY 2003 Annual Report on Performance and Accountability have been prepared in accordance with the requirements of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the Office of Management and Budget's (OMB) Bulletin No. 01-09, "Form and Content of Agency Financial Statements." These statements include the following:

- Consolidated Balance Sheet
- Consolidated Statement of Net Cost
- Consolidated Statement of Changes in Net Position
- Combined Statement of Budgetary Resources
- Consolidated Statement of Financing
- Statement of Custodial Activity

The responsibility for the integrity of the financial information included in these statements rests with management of the Department of the Interior. The audit of DOI's principal financial statements was performed by an independent certified public accounting firm, selected by the Department's Office of Inspector General. The auditors' report issued by the independent certified public accounting firm is included in Part 4 of this report.

Consolidated Balance Sheet
as of September 30, 2003 and 2002
(dollars in thousands)

	2003	2002 (As Restated)
ASSETS		
Intragovernmental Assets:		
Fund Balance with Treasury (Note 2)	$ 28,698,208	$ 26,876,542
Investments, Net (Note 4)	5,609,992	5,348,939
Accounts and Interest Receivable, Net (Note 5)	390,747	597,293
Other		
Advances and Prepayments	3,624	5,508
Total Intragovernmental Assets	34,702,571	32,828,282
Cash (Note 3)	1,094	1,422
Investments, Net (Note 4)	182,637	138,602
Accounts and Interest Receivable, Net (Note 5)	1,223,406	1,304,010
Loans and Interest Receivable, Net (Note 6)	233,656	225,831
Inventory and Related Property (Note 7)	338,714	363,089
General Property, Plant and Equipment, Net (Note 8)	16,955,915	16,764,926
Other		
Advances and Prepayments	126,866	122,662
Other Assets, Net (Note 9)	201,544	208,134
Stewardship Assets (Note 10)		
TOTAL ASSETS (Note 11)	$ 53,966,403	$ 51,956,958
LIABILITIES		
Intragovernmental Liabilities:		
Accounts Payable	$ 67,838	$ 54,217
Debt (Note 12)	1,364,452	1,454,963
Other		
Accrued Payroll and Benefits	185,437	182,442
Advances and Deferred Revenue (Note 13)	1,236,739	596,951
Deferred Credits	19,326	35,898
Custodial Liability	763,387	818,081
Aquatic Resource Amounts Due to Others	389,762	371,122
Judgment Fund	179,725	148,870
Other Liabilities	121,757	93,203
Total Intragovernmental Liabilities	4,328,423	3,755,747
Public Liabilities:		
Accounts Payable	965,509	852,913
Loan Guarantee Liability (Note 6)	52,185	49,097
Federal Employees Compensation Act Liability (Note 14)	712,250	658,501
Environmental Cleanup Costs (Note 15)	121,045	227,629
Other		
Accrued Payroll and Benefits	434,225	557,188
Deferred Credits	498,545	424,895
Contingent Liabilities (Note 15)	771,587	1,033,838
Other Liabilities	569,769	642,715
Total Public Liabilities	4,125,115	4,446,776
TOTAL LIABILITIES (Note 16)	8,453,538	8,202,523
Commitments and Contingencies (Notes 15 and 17)		
Net Position (Note 21)		
Unexpended Appropriations	3,929,302	3,914,862
Cumulative Results of Operations	41,583,563	39,839,573
Total Net Position	45,512,865	43,754,435
TOTAL LIABILITIES AND NET POSITION	$ 53,966,403	$ 51,956,958

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Net Cost
for the years ended September 30, 2003 and 2002
(dollars in thousands)

	2003	2002 (As Restated)
Protect the Environment and Preserve Our Nation's Natural and Cultural Resources		
Cost - Services provided to the Public	$ 4,286,288	$ 3,910,734
Revenue Earned from the Public	442,178	290,406
Net Cost of Services to the Public	3,844,110	3,620,328
Cost - Services provided to Federal Agencies	139,500	114,253
Revenue Earned from Federal Agencies	135,265	110,715
Net Cost of Services provided to Federal Agencies	4,235	3,538
Net Program Costs	3,848,345	3,623,866
Provide Recreation for America		
Cost - Services provided to the Public	2,112,924	2,144,885
Revenue Earned from the Public	170,729	147,984
Net Cost of Services to the Public	1,942,195	1,996,901
Cost - Services provided to Federal Agencies	31,760	35,683
Revenue Earned from Federal Agencies	30,268	34,699
Net Cost of Services provided to Federal Agencies	1,492	984
Net Program Costs	1,943,687	1,997,885
Manage Natural Resources for a Healthy Environment and a Strong Economy		
Cost - Services provided to the Public	3,375,407	3,894,743
Revenue Earned from the Public	608,884	491,568
Net Cost of Services to the Public	2,766,523	3,403,175
Cost - Services provided to Federal Agencies	387,775	417,082
Revenue Earned from Federal Agencies	381,241	411,001
Net Cost of Services provided to Federal Agencies	6,534	6,081
Net Program Costs	2,773,057	3,409,256
Provide Science for a Changing World		
Cost - Services provided to the Public	1,264,688	1,286,902
Revenue Earned from the Public	166,654	176,938
Net Cost of Services to the Public	1,098,034	1,109,964
Cost - Services provided to Federal Agencies	186,508	179,330
Revenue Earned from Federal Agencies	176,478	170,419
Net Cost of Services provided to Federal Agencies	10,030	8,911
Net Program Costs	1,108,064	1,118,875
Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities		
Cost - Services provided to the Public	2,420,119	2,775,680
Revenue Earned from the Public	117,692	121,012
Net Cost of Services to the Public	2,302,427	2,654,668
Cost - Services provided to Federal Agencies	204,025	158,422
Revenue Earned from Federal Agencies	201,491	156,917
Net Cost of Services provided to Federal Agencies	2,534	1,505
Net Program Costs	2,304,961	2,656,173
Reimbursable Activity and Other		
Cost - Services provided to the Public	216,330	180,966
Revenue Earned from the Public	38,273	30,423
Net Cost of Services to the Public	178,057	150,543
Cost - Services provided to Federal Agencies	1,394,950	610,741
Revenue Earned from Federal Agencies	1,392,827	591,316
Net Cost of Services provided to Federal Agencies	2,123	19,425
Net Program Costs	180,180	169,968
Costs Not Associated with Programs		
Asset Impairment (Note 18)	81,100	-
Total		
Cost - Services provided to the Public	13,675,756	14,193,910
Revenue Earned from the Public	1,544,410	1,258,331
Net Cost of Services to the Public	12,131,346	12,935,579
Cost - Services provided to Federal Agencies	2,344,518	1,515,511
Revenue Earned from Federal Agencies	2,317,570	1,475,067
Net Cost of Services provided to Federal Agencies	26,948	40,444
Costs Not Associated with Programs	81,100	-
Net Cost of Operations (Notes 18, 19, 20 & 21)	$ 12,239,394	$ 12,976,023

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Net Position
for the years ended September 30, 2003 and 2002
(dollars in thousands)

	2003	2002 (As Restated)
UNEXPENDED APPROPRIATIONS		
Beginning Balance, as restated (Note 21)	$ 3,914,862	$ 3,725,984
Cumulative Effect of Change in Accounting (Note 21)	(68,544)	(53,576)
Beginning Balances, as restated and adjusted	3,846,318	3,672,408
Budgetary Financing Sources		
Appropriations Received, General Funds	9,610,818	9,207,436
Appropriations Transferred In/Out	81,820	293,474
Appropriations-Used	(9,519,709)	(9,211,142)
Other Budgetary Financing Sources	(89,945)	(47,314)
Total Budgetary Financing Sources	82,984	242,454
Ending Balance - Unexpended Appropriations	$ 3,929,302	$ 3,914,862
CUMULATIVE RESULTS OF OPERATIONS		
Beginning Balance, as restated (Note 21)	$ 39,839,573	$ 39,062,514
Cumulative Effect of Change in Accounting (Note 21)	68,544	(2,694)
Beginning Balances, as restated and adjusted	39,908,117	39,059,820
Budgetary Financing Sources		
Appropriations-Used	9,519,709	9,211,142
Royalties Retained (Note 22)	2,582,663	2,541,126
Transfers In/Out without Reimbursement	127,338	108,566
Non-Exchange Revenue		
Tax Revenue	659,217	656,923
Abandoned Mine Fees	282,411	285,580
Donations and Forfeitures of Cash and Cash Equivalents	39,833	20,635
Other Non-Exchange Revenue	130,544	150,263
Other Budgetary Financing Sources and Adjustments	13,361	(1,799)
Other Financing Sources		
Imputed Financing from Financing absorbed from others (Note 20)	570,544	541,025
Transfers In/Out without Reimbursement	(57,643)	237,851
Donations and Forfeitures and Property	46,863	4,464
Total Financing Sources	13,914,840	13,755,776
Net Cost of Operations	(12,239,394)	(12,976,023)
Ending Balance - Cumulative Results of Operations	$ 41,583,563	$ 39,839,573

The accompanying notes are an integral part of these financial statements.

Combined Statement of Budgetary Resources
for the years ended September 30, 2003 and 2002
(dollars in thousands)

	2003 Total Budgetary Accounts	2003 Non-Budgetary Credit Program Financing Accounts	2002 (As Restated) Total Budgetary Accounts	2002 (As Restated) Non-Budgetary Credit Program Financing Accounts
Budgetary Resources:				
Budget Authority:				
Appropriations Received	$ 14,003,754	$ -	$ 13,141,468	$ -
Borrowing Authority	-	18,906	-	11,944
Net Transfers, Current Year Authority	(70,350)	-	198,154	-
Unobligated Balance: (Note 24)				
Beginning of Fiscal Year (Note 21)	4,478,411	55,779	3,837,803	56,818
Net Transfers, Unobligated Balance, Actual	(29,833)	-	13,324	-
Spending Authority From Offsetting Collections:				
Earned				
Collected	4,784,999	8,322	3,108,129	7,298
Receivable From Federal Sources	(146,516)	(475)	79,348	(381)
Change in Unfilled Customer Orders				
Advance Received	517,626	-	333,166	-
Without Advance From Federal Sources	(159,721)	-	272,191	-
Recoveries of Prior Year Obligations	304,691	137	334,138	195
Temporarily Not Available Pursuant to Public Law	-	-	(23,502)	-
Permanently Not Available	(207,623)	2,487	(73,342)	(5,220)
Total Budgetary Resources (Notes 21 and 24)	$ 23,475,438	$ 85,156	$ 21,220,877	$ 70,654
Status of Budgetary Resources:				
Obligations Incurred:				
Direct	$ 14,035,601	$ 17,478	$ 13,385,903	$ 14,877
Reimbursable	4,534,566	-	3,356,563	-
Total Obligations Incurred (Note 24)	18,570,167	17,478	16,742,466	14,877
Unobligated Balance: (Note 24)				
Apportioned	4,738,941	66,160	4,297,332	55,777
Exempt From Apportionment	41,349	-	46,873	-
Unobligated Balance not Available (Note 24)	124,981	1,518	134,206	-
Total Status of Budgetary Resources (Note 21)	$ 23,475,438	$ 85,156	$ 21,220,877	$ 70,654
Relationship of Obligations to Outlays:				
Obligations Incurred	$ 18,570,167	$ 17,478	$ 16,742,466	$ 14,877
Obligated Balance, Net, Beginning of Fiscal Year (Notes 21 and 24)	4,953,205	11,601	4,522,627	20,139
Obligated Balance, Net, End of Fiscal Year:				
Accounts Receivable	331,195	-	477,712	475
Unfilled Customer Orders From Federal Sources	523,353	-	683,075	-
Undelivered Orders	(5,345,138)	(8,063)	(4,798,537)	(12,040)
Accounts Payable	(1,250,384)	-	(1,315,453)	(36)
Less: Spending Authority Adjustments	1,546	338	(685,678)	185
Outlays:				
Disbursements	17,783,944	21,354	15,626,212	23,600
Collections	(5,302,624)	(8,322)	(3,441,296)	(7,298)
Subtotal	12,481,320	13,032	12,184,916	16,302
Less: Offsetting Receipts	(3,661,729)	-	(2,869,967)	-
Net Outlays (Note 21)	$ 8,819,591	$ 13,032	$ 9,314,949	$ 16,302

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Financing
for the years ended September 30, 2003 and 2002
(dollars in thousands)

	2003	2002 (As Restated)
Resources Used to Finance Activities (Note 21):		
Budgetary Resources Obligated:		
Obligations Incurred	$ 18,587,645	$ 16,757,343
Less: Spending Authority From Offsetting Collections/Adjustments	(5,309,063)	(4,134,084)
Obligations Net of Offsetting Collections and Adjustments	13,278,582	12,623,259
Less: Offsetting Receipts	(3,661,729)	(2,869,967)
Net Obligations	9,616,853	9,753,292
Other Resources:		
Donations and Forfeitures of Property	46,863	4,658
Transfers In/Out Without Reimbursement	(57,643)	237,851
Imputed Financing From Costs Absorbed by Others	570,544	541,025
Other	-	-
Net Other Resources Used to Finance Activities	559,764	783,534
Total Resources Used to Finance Activities	10,176,617	10,536,826
Resources Used to Finance Items Not Part of the Net Cost of Operations (Note 21):		
Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	(47,223)	(131)
Resources That Fund Expenses Recognized in Prior Periods	(264,012)	134,217
Budgetary Offsetting Collections and Receipts That Do Not Affect Net Cost of Operations:		
Credit Program Collections Which Increase Liabilities for Loan Guarantees or Allowances for Subsidy	15,408	(10,797)
Offsetting Receipts Not Part of the Net Cost of Operations	2,547,888	1,908,000
Resources That Finance the Acquisition of Assets	(870,147)	(1,055,297)
Other Resources or Adjustments to Net Obligated Resources That Do Not Affect Net Cost of Operations	(20,454)	14,163
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	1,361,460	990,155
Total Resources Used to Finance the Net Cost of Operations	11,538,077	11,526,981
Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period (Note 21):		
Components Requiring or Generating Resources in Future Periods:		
Increase (Decrease) in Annual Leave Liability	12,013	16,587
Increase (Decrease) in Environmental and Disposal Liability	(102,365)	(45,933)
Upward/Downward Re-estimates in Credit Subsidy Expense	1,510	2,735
Increase (Decrease) in Exchange Revenue Receivable From the Public	(10,978)	3,844
Other	(115,399)	625,373
Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods	(215,219)	602,606
Components Not Requiring or Generating Resources:		
Depreciation and Amortization	455,939	475,529
Revaluation of Assets or Liabilities	81,100	14,830
Components of Net Cost of Operations Related to Transfer Accounts Where Budget Amounts are Reported by Other Federal Entities (Note 25)	367,938	350,823
Other	11,559	5,254
Total Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period	916,536	846,436
Total Components of Net Cost of Operations That Will Not Require or Generate Resources	701,317	1,449,042
Net Cost of Operations	$ 12,239,394	$ 12,976,023

The accompanying notes are an integral part of these financial statements.

Statement of Custodial Activity
for the years ended September 30, 2003 and 2002
(dollars in thousands)

	2003	2002
Revenues on Behalf of the Federal Government		
Mineral Lease Revenue		
Rents and Royalties	$ 6,716,830	$ 5,445,180
Offshore Lease Sales	485,841	884,859
Strategic Petroleum Reserve (Note 23)	1,044,350	262,752
Total Revenue	$ 8,247,021	$ 6,592,791

Disposition of Revenue		
Distribution to Department of the Interior		
National Park Service Conservation Funds	$ 1,049,000	$ 1,047,980
Bureau of Reclamation	753,374	544,826
Minerals Management Service	1,070,294	794,779
Bureau of Land Management	72,843	8,270
Fish and Wildlife Service	2,909	891
Distribution to Other Federal Agencies		
Department of the Treasury	4,208,092	4,138,702
Department of Agriculture	22,920	16,091
Department of Energy (Note 23)	1,044,350	262,752
Distribution to Indian Tribes and Agencies	79,544	61,338
Distribution to States and Others	65,488	30,443
Change in Untransferred Revenue	(121,793)	(313,281)
Total Disposition of Revenue	$ 8,247,021	$ 6,592,791

The accompanying notes are an integral part of these financial statements.

U.S. Department of the Interior
Notes to Principal Financial Statements
as of September 30, 2003 and 2002

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Department of the Interior (Department or Interior) is a cabinet-level agency of the executive branch of the Federal government. Created in 1849 by Congress as the Nation's principal conservation agency, Interior has responsibility for most of the Nation's publicly owned lands and natural resources. Interior's mission is: (a) to encourage and provide for the appropriate management, preservation, and operation of the Nation's public lands and natural resources for use and enjoyment both now and in the future; (b) to carry out related scientific research and investigations in support of these objectives; (c) to develop and use resources in an environmentally sound manner and provide equitable return on these resources to the American taxpayer; and (d) to carry out the trust responsibilities of the Federal government with respect to American Indians and Alaska Natives.

The accompanying financial statements include all Federal funds under Interior's control or which are a component of the reporting entity, including Conservation Funds (Land and Water Conservation Fund, Historic Preservation Fund, and Environmental Improvement and Restoration Fund), Custodial Funds and the Aquatic Resources Trust Fund. The financial statements, however, do not include non-Federal trust funds, trust related deposit funds, or other related accounts that are administered, accounted for and maintained by Interior's Office of Trust Funds Management on behalf of Native American Tribes and individuals. Interior issues financial statements for these Tribal and other Special Trust Funds and Individual Indian Monies under separate cover. A summary of the trust fund balances and changes in trust fund balances managed on behalf of Indian Tribes and individuals is included in Note 26. The financial statements included herein also do not include the effects of centrally administered assets and liabilities related to the Federal government as a whole, such as public borrowing or certain tax revenue, which may in part be attributable to Interior.

B. Organization and Structure of Interior

The Department is composed of the following nine operating bureaus and Departmental Offices (Bureaus):

- National Park Service (includes the Land and Water Conservation Fund and Historic Preservation Fund)
- U.S. Fish and Wildlife Service (includes the Aquatic Resources Trust Fund)
- Bureau of Land Management
- Bureau of Reclamation
- Office of Surface Mining
- Minerals Management Service (includes the Environmental Improvement and Restoration Fund)
- U.S. Geological Survey
- Bureau of Indian Affairs
- Departmental Offices

An overview of the operating performance of the Department and its components is presented in the Management's Discussion and Analysis portion of this report. In addition, more detailed information about the Bureaus may be found in the individual financial reports prepared by each Bureau.

The U.S. Bureau of Mines (USBM) was closed in 1996. Although it no longer exists, certain transactions and data related to USBM programs and activities are reflected in Interior's 2003 and 2002 financial statements and notes.

C. Basis of Accounting and Presentation

These financial statements have been prepared to report the financial position, net cost, custodial activities, changes in net position, budgetary resources and reconciliation of net cost to budgetary obligations of the U.S. Department of the Interior as required by the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. These financial statements have been prepared from the books and records of Interior in accordance with generally accepted accounting principles (GAAP), Office of Management and Budget (OMB) Bulletin No. 01-09, "Form and Content of Agency Financial Statements." GAAP for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official standard-setting body for the Federal government. These financial statements present proprietary and budgetary information. The Department, pursuant to OMB directives, prepares additional financial reports that are used to monitor and control the Department's use of budgetary resources.

OMB financial statement reporting guidelines for FY 2003 require the presentation of comparative financial statements for all of the principal financial statements. Interior has presented comparative FY 2002 financial statements for the Consolidated Balance Sheet, Consolidated Statement of Net Cost, Consolidated Statement of Changes in Net Position, the Combined Statement of Budgetary Resources, Consolidated Statement of Financing, and the Statement of Custodial Activity. Certain prior amounts have been reclassified to conform to current year presentation.

The financial statements should be read with the realization that they are for a component of the United States Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources and legal authority to do so.

The accounting structure of Federal agencies is designed to reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned, and expenses are recognized when incurred, without regard to receipt or payment of cash. The budgetary accounting principles, on the other hand, are designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of Federal funds.

D. Fund Balance with Treasury and Cash

Interior maintains all cash accounts with the U.S. Department of the Treasury (Treasury) except for imprest fund accounts. The account, Fund Balance with Treasury, includes several types of funds available to pay current liabilities and finance authorized purchases as well as funds restricted until future appropriations are received. The types of funds are: (1) general funds are funds not earmarked by law for a specific purpose; (2) special funds are funds earmarked for specific purposes; (3) revolving funds are funds that conduct continuing cycles of business-like activity, in which the fund charges for the sale of products or services and uses the proceeds to finance its spending, usually without requirement for annual appropriations; (4) trust funds are funds that are designated by law as a trust fund where the receipt accounts collect earmarked receipts for specific purposes and the associated trust fund expenditure accounts track spending of the receipts; and (5) other funds include balances in deposit accounts, such as for collections pending litigation, awaiting determination of the proper accounting disposition, or being held by the entity in the capacity of a banker or agent for others.

Treasury processes cash disbursements, and Interior's records are reconciled with those of Treasury on a regular basis.

Cash consists primarily of Federal funds held by private banks and investing firms for the Office of Trust Funds Management.

See Note 2 (Fund Balance with Treasury) and Note 3 (Cash) for additional information.

E. Investments, Net

Interior invests funds in Federal government and public securities on behalf of various Interior programs and for amounts held in certain escrow accounts.

The Federal government securities include marketable Treasury securities and non-marketable par value or non-marketable market-based securities issued by the Federal Investment Branch of the Bureau of the Public Debt. Par value securities are special issue bonds or certificates of indebtedness that bear interest determined by legislation or the Treasury. Market-based securities are Treasury securities that are not traded on any securities exchange, but mirror the prices of marketable securities with similar terms.

Public securities include, but are not limited to, marketable securities issued by government-sponsored entities and consist mainly of various mortgage instruments, bond and bank notes. Mortgage instruments are with the Federal National Mortgage Association, the Government National Mortgage Association, and the Federal Home Loan Mortgage Corporation, the Private Export Funding Corporation, the Federal Farm Credit Banks Consolidated System, the Federal Agricultural Mortgage Corporation, and the Government National Real Estate Mortgage Investment Conduit. Bonds and bank notes are with the Federal Home Loan Bank and the Federal Judiciary.

It is expected that Investments will be held until maturity; therefore they are valued at cost and adjusted for amortization of premiums and discounts, if applicable. The premiums and discounts are recognized as adjustments to interest income, utilizing the straight-line method of amortization for short-term securities (i.e., bills) and the interest method for longer-term securities (i.e., notes). Interest on investments is accrued as it is earned.

The market value is estimated as the sales price of the security multiplied by the bid price as of September 30, 2003.

Note 4 provides additional information on Investments, Net.

F. Accounts and Interest Receivable, Net

Accounts and interest receivable consists of amounts owed to Interior by other Federal agencies and the public. Federal accounts receivable arise generally from the provision of goods and services to other Federal agencies and, with the exception of occasional billing disputes, are considered to be fully collectible. Receivables from the public generally arise either from the provision of goods and services or from the levy of fines and penalties resulting from Interior's regulatory responsibilities. An allowance for doubtful accounts is established for reporting purposes based on past experience in the collection of accounts receivable and analysis of outstanding balances.

Note 5 provides additional information on Accounts and Interest Receivable, Net.

G. Loans and Interest Receivable, Net

Loans are accounted for as receivables after the funds have been disbursed. For loans obligated after the effective date of the Credit Reform Act, October 1, 1990, the amount of the Federal loan subsidy is computed. The loan subsidy includes estimated delinquencies and defaults net of recoveries, the interest rate differential between the loan rates and Treasury borrowings, offsetting fees, and other estimated cash flows associated with these loans. The value of loans receivable is reduced by the present value of the expected subsidy costs. The allowance for subsidy cost is re-estimated annually, on September 30.

For loans obligated prior to October 1, 1990, principal, interest and penalties receivable are presented net of an allowance for estimated uncollectible amounts. The allowance is based on past experience, present market conditions, an analysis of outstanding balances and other direct knowledge relating to specific loans.

Note 6 provides additional information on Loans and Interest Receivable, Net.

H. Inventory and Related Property

Interior's inventory is primarily composed of maps, map products, helium gas and storage rights, and helium stockpile inventory.

The U.S. Geological Survey has inventories of supplies and materials used for normal agency operations and inventories of maps and map products. Maps and map products are located at nine Earth Science Information Centers across the United States. Inventory is available for sale without restrictions. Map and map products are valued at historical cost using a method that approximates the weighted average cost method. Values are adjusted at fiscal year-end based on actual physical counts. The map inventory does not turn over rapidly.

The helium inventory includes both above-ground refined helium at the end of the fiscal year and helium, which is stored in a partially depleted natural gas reservoir. The volume of helium is accounted for on a perpetual inventory basis. Each year the amount of helium is verified by collecting reservoir data and using generally accepted petroleum engineering principles to calculate the volume. The calculated volume supports the volume carried in the inventory.

Interior believes that 95 percent of the stockpile is recoverable; however, the amount of helium that will eventually be recovered depends on the future price of helium and the ability to control the mixing of natural gas and the stockpiled helium. The helium stockpile and gas and storage rights for the storage of helium are recorded at historical cost because no additional purchases have been made. A depletion allowance is computed annually to record gas consumed in the processing of helium for sale.

The Helium Privatization Act of 1996, enacted October 9, 1996, directs the privatizing of Interior's Federal Helium Refining Program. Under this law, Interior ceased the production, refining, and marketing of refined helium as of April 1, 1998. Interior is authorized to store, transport, and withdraw crude helium and maintain and operate crude helium storage facilities in existence on the date of enactment. The sale of stockpile crude helium began in March 2003 and will continue until January 1, 2015, at which time the helium reserves should be sold.

Interior's operating materials consist of the working capital fund inventory items that will be consumed in future operations. This inventory is held for use in the BLM's resource management programs and is maintained for sign construction, employee uniforms, and the Department's forms functions. This inventory is not held for sale, nor is any of the inventory balance held in reserve for future use or sale. There is no excess, obsolete, or unserviceable inventory, nor is any inventory held for repair. This inventory is stated at historical cost using the weighted average cost method.

Other inventory includes primarily aircraft fuel and parts that will be consumed or sold in future operations and are valued at historical cost, based on the moving average cost method. The recorded values are adjusted for the results of physical inventories taken periodically.

Note 7 provides additional information on Inventory and Related Property.

I. General Property, Plant, and Equipment, Net

General purpose property, plant, and equipment consists of buildings, structures, and facilities used for general operations, power, irrigation, fish protection, wildlife enhancement, and recreation; land acquired for general operating purposes; equipment, vehicles, and aircraft; and construction in progress. Other property and equipment consists of internal use software and property pending disposition. Buildings, structures, and facilities are capitalized at acquisition cost and depreciated using the straight-line amortization method over a useful life of from 20 to 50 years with the exception of dams and certain related property which are depreciated over useful lives of up to 100 years. Equipment, vehicles, and aircraft are capitalized at acquisition cost and are depreciated using the straight-line amortization method over the useful lives of the property, generally ranging from five to twenty years. Capitalization thresholds are determined by the individual bureaus and range up to $500,000 for buildings, structures, and facilities and from $5,000 to $15,000 for equipment, vehicles and aircraft.

In accordance with the implementation guidance for SFFAS No. 6, Interior recorded certain general property, plant and equipment acquired on or before September 30, 1996, at its estimated net book value (i.e., gross cost less accumulated depreciation) or its estimated gross cost. Interior estimated these costs and net book values based on available historic supporting documents, current replacement cost deflated to date of acquisition, and the cost of similar assets at the time of acquisition.

Construction in Progress. Construction in Progress is used for the accumulation of the cost of construction or major renovation of fixed assets during the construction period. The assets are transferred out of construction in progress when the project is substantially completed.

Internal Use Software. Internal use software includes purchased commercial off-the-shelf software (COTS), contractor-developed software, and software that was internally developed by agency employees. Internal use software is capitalized at cost if the acquisition cost is $100,000 or more. For COTS software, the capitalized costs include the amount paid to the vendor for the software; for contractor-developed software it includes the amount paid to a contractor to design, program, install, and implement the software. Capitalized costs for internally developed software include the full cost (direct and indirect) incurred during the software development stage. The estimated useful life is two to five years for calculating amortization of software using the straight-line method.

Stewardship Property, Plant, and Equipment. SFFAS No. 6, "Accounting for Property, Plant, and Equipment," established various categories of stewardship property, plant, and equipment, including stewardship land and heritage assets.

The majority of public lands presently under the management of the Department were acquired by the Federal government as public domain land during the first century of the Nation's existence and are considered to be stewardship land. A portion of these lands has been reserved as national parks, wildlife refuges, and wilderness areas, while the remainder is managed for multiple uses. Heritage assets are assets with historical, cultural, or natural significance. The Department is responsible for maintaining a variety of heritage assets, including national monuments, historic structures, archeological artifacts, and museum collections.

Since the stewardship property, plant, and equipment managed by the Department are priceless and irreplaceable, no financial value can be placed on them. Thus, in accordance with Federal accounting standards, Interior assigns no financial value to the stewardship land or heritage assets it administers, and the property, plant, and equipment capitalized and reported on the Balance Sheet excludes these assets.

The Required Supplementary Stewardship Information (RSSI) section of this report provides additional information concerning stewardship land and heritage assets.

Note 8 provides additional information on General Property, Plant, and Equipment, Net.

J. Liabilities

Liabilities represent the amount of monies or other resources that are likely to be paid by Interior as the result of a transaction or event that has already occurred. The financial statements should be read with the realization that the Department of the Interior is a component of a sovereign entity, that no liability can be paid by the Department absent an appropriation of funds by the U.S. Congress, and the payment of all liabilities other than for contracts can be abrogated by the sovereign entity. Liabilities for which an appropriation has not been enacted are, therefore, disclosed as liabilities not covered by budgetary resources, or unfunded liabilities, and there is no legal certainty that the appropriations will be enacted.

Interior estimates certain accounts payable balances based on past history of payments in current periods that relate to prior periods or on a current assessment of services/products received but not paid.

Environmental Cleanup Costs and Contingent Liabilities. The Department has responsibility to clean up its sites with environmental contamination, and it is party to various administrative proceedings, legal actions, and tort claims which may result in settlements or decisions adverse to the Federal government. Interior has accrued environmental liabilities where losses are determined to be probable and the amounts can be estimated. In accordance with Federal accounting guidance, the liability for future cleanup of environmental hazards is "probable" when the government is legally responsible for creating the hazard or is otherwise related to it in such a way that it is legally liable to clean up the contamination.

When the Department is not legally liable, but chooses to accept financial responsibility, it is considered "Government-acknowledged." Government-acknowledged events are events that are of financial consequence to the Federal government because it chooses to respond to the event. When the Department accepts financial responsibility for cleanup, has an appropriation for the cleanup, and has begun incurring cleanup costs, then any unpaid amounts for work performed are reported as accounts payable.

Contingent liabilities are liabilities where the existence or amount of the liability cannot be determined with certainty pending the outcome of future events. Interior recognizes contingent liabilities when the liability is probable and reasonably estimable. Interior discloses contingent liabilities in the notes to the financial statements when the conditions for liability recognition are not met and when the outcome of future events is more than remote. In some cases, once losses are certain, payments may be made from the Judgment Fund maintained by Treasury rather than from amounts appropriated to Interior for departmental operations.

Note 15 provides additional information on Environmental Cleanup Costs and Contingent Liabilities.

K. Revenues and Financing Sources

The United States Constitution prescribes that no money may be expended by a Federal agency unless and until funds have been made available by congressional appropriation. Thus, the existence of all financing sources is dependent upon congressional appropriation.

Appropriations. Congress appropriates the majority of the Department's operating funds from the general receipts of the Treasury. These funds are made available to the Department for a specified time period (one or more fiscal years) or until expended. For example, funds for general operations are generally made available for one fiscal year; funds for long-term projects such as major construction are generally available to the Department until expended; and funds used to establish revolving fund operations are generally available indefinitely (i.e., no year funds). The greater majority of operating funds for the Department are available for either multiple years or until expended. Appropriations are reflected as a financing source entitled "Appropriations Used" on the Consolidated Statement of Changes in Net Position once goods and services have been received. The Combined Statement of Budgetary Resources presents information about the resources appropriated to the Department.

Exchange and Non-Exchange Revenue. Interior classifies revenues as either exchange revenue or non-exchange revenue. Exchange revenues are those that derive from transactions in which both the government and the other party receive value, including park entrance fees; map sales; reimbursements for services performed for other Federal agencies and the public; reimbursements for the cost of constructing and maintaining irrigation and water facilities; and other sales of goods and services. These revenues are presented on Interior's Consolidated Statement of Net Cost and serve to reduce the reported cost of operations borne by the taxpayer. We do not anticipate any losses to occur. Non-exchange revenues result from donations to the government and from the government's sovereign right to demand payment, including taxes, fines for violation of environmental laws and Abandoned Mine Land duties charged per ton of coal mined. These revenues are not considered to reduce the cost of Interior's operations and are reported on the Consolidated Statement of Changes in Net Position.

With minor exceptions, all receipts of revenues by Federal agencies are processed through the Department of the Treasury central accounting system. Regardless of whether they derive from exchange or non-exchange transactions, all receipts that are not earmarked by congressional appropriation for immediate departmental use are deposited in the general or special funds of the Treasury. Amounts not retained for use by the Department are reported as transfers to other government agencies on Interior's Consolidated Statement of Changes in Net Position.

Reporting entities that provide goods and services to the public or another government entity should disclose specific information related to their pricing policies. In certain cases, the prices charged by Interior are set by law or regulation, which for program and other reasons may not represent full cost (e.g., grazing fees, park entrance, and other recreation fees). Prices set for products and services offered through working capital funds are intended to recover the full costs (cost plus administrative fees) incurred by these activities.

Interior transfers a portion of royalty collections from the custodial fund to the operating funds for distribution to certain States. In accordance with Statement of Federal Financial Accounting Standard No. 7, Interior reports these State amounts as "Royalties Retained" on the Consolidated Statement of Changes in Net Position rather than on the Consolidated Statement of Net Cost, because MMS incurred minimal costs in earning this revenue.

Custodial Revenue. Interior's Minerals Revenue Management (MRM), administered by the Minerals Management Service (MMS), collects royalties, rents, bonuses, and other receipts for Federal and Indian oil, gas, and mineral leases, and distributes the proceeds to the Treasury, other Federal agencies, States, Indian Tribes, and Indian allottees, in accordance with legislated allocation formulas. MMS is authorized to retain a portion of the rental income collected as part of the custodial activity provided by the MRM Program to fund operating costs.

Interior estimates royalty accruals based on prior months collections resulting from production of oil and gas leases.

Royalty-in-Kind (RIK). Interior, under the provisions of the Mineral Lands Leasing Act of 1920 and the Outer Continental Shelf Lands Act (OCSLA) of 1953, may take part or all of its oil and gas royalties in-kind (a volume of the commodity) as opposed to in value (cash). Interior may either transfer the volume of oil or gas commodity taken in-kind to Federal agencies for internal use or sell the commodity on the open market at fair market value and transfer the cash received. Interior reflects royalty-in-kind as mineral lease revenue on the Statement of Custodial Activity.

MRM assists the administration's initiative to fill the Strategic Petroleum Reserve. MMS transfers to the Department of Energy royalty oil received-in-kind from Federal leases in the Gulf of Mexico. MMS determines the value of the commodity transferred using the fair market value on the date of transfer. MMS reports these transfers as mineral lease revenue and transfers to the Department of Energy on the Statement of Custodial Activity.

Aquatic Resources Trust Fund. The Department presents the Aquatic Resources Trust Fund (ARTF) in its financial statements in accordance with the requirements of Statement of Federal Financial Concepts No.2, "Entity and Display." The source of funding for the ARTF includes excise taxes levied on the sale of fishing tackle and equipment, certain motorboat and small engine gasoline, and interest earned on invested trust funds. These funds are used to make grants available to States for support projects that restore, conserve, manage, protect, and enhance sport fish resources and coastal wetlands and projects that provide for public use and benefit from sport fish resources. The ARTF also provides funding for boating safety programs conducted by the U.S. Coast Guard and coastal wetlands initiatives conducted by the U.S. Army Corps of Engineers. The Appropriations Act of 1951 authorized amounts equal to revenues credited during the year to be used in the subsequent fiscal year. This inflow is recorded as permanent appropriations to remain available until expended.

Reclamation Fund. The Reclamation Fund is a restricted, unavailable receipt fund into which a substantial portion of Reclamation's revenues (mostly repayment of capital investment costs, associated interest and operating and maintenance reimbursements from water and power users) and receipts from other Federal agencies (primarily revenues from certain Federal mineral royalties and hydropower transmission) are deposited. No expenditures are made directly from the Reclamation Fund; however, funds are transferred from the Reclamation Fund into Reclamation's appropriated expenditure funds or other Federal agencies pursuant to specific appropriation acts authorized by the U.S. Congress.

The funds transferred from the Reclamation Fund to the other Federal agencies are primarily for the purpose of funding operating and maintenance and capital investment activities at Western Area Power Administration (Western), a component entity of the Department of Energy. Western recovers the capital investments, associated interest, and operating and maintenance costs through future power rates, and subsequently deposits amounts recovered into the Reclamation Fund.

These transfers, and subsequent recoveries are recorded in the Reclamation Fund, as transfers in/out without reimbursement on the Consolidated Statement of Changes in Net Position in accordance with SFFAS No. 7 Accounting for Revenue and Other Financing Sources and using current Treasury Standard General Ledger guidance. Transfers to Reclamation and other Federal agencies are recorded at the time appropriations are made. Cost recoveries are recorded in the Reclamation Fund as transfers in upon receipt.

During FY 2003, OMB began a project to review the accounting and reporting of the forgoing transactions and plans to submit its findings and recommendations to the Accounting and Auditing Policy Committee (AAPC) of the Federal Accounting Standards Advisory Board for interpretation and guidance in FY 2004. The conclusions of the AAPC may require a change in accounting and reporting for these transactions.

Imputed Financing Sources. In certain instances, operating costs of the Department are paid out of funds appropriated to other Federal agencies. For example, the Office of Personnel Management, by law, pays certain costs of retirement programs, and certain legal judgments against Interior are paid from the Judgment Fund maintained by Treasury. When costs that are identifiable to Interior and directly attributable to Interior's operations are paid for by other agencies, the Department recognizes these amounts as operating expenses. In addition, Interior recognizes an imputed financing source on the Consolidated Statement of Changes in Net Position to indicate the funding of Department operations by other Federal agencies.

Deferred Revenue. Unearned revenue is recorded as deferred revenue until earned.

L. Personnel Compensation and Benefits

Annual and Sick Leave Program. Annual leave is accrued as it is earned by employees and is included in personnel compensation and benefit costs. An unfunded liability is recognized for earned but unused annual leave since from a budgetary standpoint, this annual leave will be paid from future appropriations when the leave is used by employees rather than from amounts which had been appropriated to Interior as of the date of the financial statements. The amount accrued is based upon current pay rates of the employees. Sick leave and other types of leave are expensed when used and no future liability is recognized for these amounts.

Federal Employees Workers' Compensation Program. The Federal Employees Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The FECA program is administered by the U.S. Department of Labor (Labor), which pays valid claims and subsequently seeks reimbursement from Interior for these paid claims.

The FECA liability consists of two components. The first component is based on actual claims paid by Labor but not yet reimbursed by Interior. Interior reimburses Labor for the amount of the actual claims as funds are appropriated for this purpose. There is generally a two to three year lag between payment by Labor and reimbursement by Interior. As a result, Interior recognizes a liability for the actual claims paid by Labor and to be reimbursed by Interior.

The second component is the estimated liability for future benefit payments as a result of past events. This liability includes death, disability, medical, and miscellaneous costs. Labor determines this component annually, as of September 30, using a method that considers historical benefit payment patterns, wage inflation factors, medical inflation factors, and other variables. The projected annual benefit payments are discounted to present value using the Office of Management and Budget's economic assumptions for 10-year Treasury notes and bonds. To provide for the effects of inflation on the liability, wage inflation factors (i.e., cost of living adjustments) and medical inflation factors (i.e., consumer price index medical adjustments) are applied to the calculation of projected future benefit payments. These factors are also used to adjust historical benefit payments to current-year constant dollars. A discounting formula is also used to recognize the timing of benefit payments as 13 payments per year instead of one lump sum payment per year.

Labor also evaluates the estimated projections to ensure that the estimated future benefit payments are appropriate. The analysis includes three tests: (1) a comparison of the current-year projections to the prior-year projections; (2) a comparison of the prior-year projected payments to the current-year actual payments, excluding any new case payments that had arisen during the current year; and (3) a comparison of the current-year actual payment data to the prior-year actual payment data. Based on the outcome of this analysis, adjustments may be made to the estimated future benefit payments.

Note 14 provides additional information on the FECA liability.

Federal Employees Group Life Insurance (FEGLI) Program. Most Department employees are entitled to participate in the FEGLI Program. Participating employees can obtain “basic life” term life insurance, with the employee paying two-thirds of the cost and the Department paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. The Office of Personnel Management (OPM) administers this program and is responsible for the reporting of liabilities. For each fiscal year, OPM calculates the U.S. Government’s service cost for the post-retirement portion of the basic life coverage. Because the Department’s contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the Department has recognized the entire service cost of the post-retirement portion of basic life coverage as an imputed cost and imputed financing source.

Retirement Programs. Interior employees participate in one of two retirement programs, either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), which became effective on January 1, 1987. Most Interior employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, could elect to either join FERS and Social Security or remain in CSRS. Employees covered by CSRS are not subject to Social Security taxes, nor are they entitled to accrue Social Security benefits for wages subject to CSRS.

For FERS employees, Interior contributes an amount equal to one percent of the employee’s basic pay to the tax deferred Thrift Savings Plan and matches employee contributions up to an additional four percent of pay. FERS employees can contribute 13 percent of their gross earnings to the plan. CSRS employees are limited to a contribution of 8 percent of their gross earnings and receive no matching contribution from Interior.

The OPM is responsible for reporting assets, accumulated plan benefits, and unfunded liabilities, if any, applicable to CSRS participants and FERS employees government-wide, including Interior employees. The Department has recognized an imputed cost and imputed financing source for the difference between the estimated service cost and the contributions made by the Department and covered CSRS employees.

M. Federal Government Transactions

Interior’s financial activities interact with and are dependent upon the financial activities of the centralized management functions of the Federal government. These activities include public debt and cash management activities and employee retirement, life insurance, and health benefit programs. The financial statements of Interior do not contain the costs of centralized financial decisions and activities performed for the benefit of the entire government. However, expenses have been recognized as expenses incurred by other agencies on behalf of Interior, including settlement of claims and litigation paid by the Treasury’s Judgment Fund and the partial funding of employee benefits by the Office of Personnel Management.

Transactions and balances among the Department's entities have been eliminated from the Consolidated Balance Sheet, the Consolidated Statement of Net Cost, and the Consolidated Statement of Changes in Net Position. As provided for by OMB Bulletin No. 01-09, the Combined Statement of Budgetary Resources is presented on a combined basis, therefore, intra-departmental transactions and balances have not been eliminated from this statement. In accordance with OMB Bulletin No. 01-09, intra-departmental transactions and balances have been eliminated from all the amounts on the Consolidated Statement of Financing, except for obligations incurred and spending authority from offsetting collections and adjustments, which are presented on a combined basis. In order to present all custodial activity, the distributions to the Department's entities have not been eliminated on the Statement of Custodial Activity; however, the amounts are reported separately on the statement.

N. Income Taxes

As an agency of the Federal government, Interior is generally exempt from all income taxes imposed by any governing body, whether it be a Federal, State, commonwealth, local, or foreign government.

O. Estimates

The Department has made certain estimates and assumptions relating to the reporting of assets, liabilities, revenues, expenses, and the disclosure of contingent liabilities to prepare these financial statements. Actual results could differ from these estimates.

NOTE 2. FUND BALANCE WITH TREASURY

Treasury performs cash management activities for all Federal agencies. The net activity represents Fund Balance with Treasury. The Fund Balance with Treasury represents the right of the Department to draw down funds from Treasury for expenses and liabilities.

Fund Balance with Treasury by fund type as of September 30, 2003 and 2002 consists of the following:

Fund Balance with Treasury by Fund Type

(dollars in thousands)	FY 2003	FY 2002
General Funds	$ 4,680,518	$ 4,805,185
Special Funds	21,402,983	20,444,870
Revolving Funds	2,064,659	1,103,324
Trust Funds	155,973	165,882
Other Fund Types	394,075	357,281
Total Fund Balance with Treasury by Fund Type	$ 28,698,208	$ 26,876,542

The status of the fund balance may be classified as unobligated available, unobligated unavailable, and obligated. Unobligated funds, depending on budget authority, are generally available for new obligations in current operations. The unavailable amounts are primarily composed of funds in unavailable collection accounts, such as the Land and Water Conservation Fund and the Reclamation Fund, which are not available to the Department for use unless appropriated by Congress. The unavailable balance also includes amounts appropriated in prior fiscal years, which are not available to fund new obligations. The obligated but not yet disbursed balance represents amounts designated for payment of goods and services ordered but not yet received or goods and services received but for which payment has not yet been made.

Obligated and unobligated balances reported for the status of fund balance with Treasury do not agree with obligated and unobligated balances reported on the Combined Statement of Budgetary Resources because: (1) the budgetary balances include amounts supported by other than fund balance with Treasury, such as investments in Treasury Securities and allocation transfers (transferring agency); and (2) the fund balance with Treasury amounts include items for which budgetary resources are not recorded, such as deposit funds and unavailable collections and allocation transfers (receiving agency). Allocation transfers result in differences for both the transferring and receiving agency because the budgetary amounts are reported by the agency transferring the funds but the proprietary amounts are reported by the receiving agency.

Status of Fund Balance with Treasury as of September 30, 2003 and 2002 consists of the following:

Status of Fund Balance with Treasury

(dollars in thousdands)	FY 2003	FY 2002
Unobligated		
Available	$ 3,988,552	$ 3,637,316
Unavailable	19,958,000	19,130,996
Obligated Not Yet Disbursed	4,751,656	4,108,230
Total Status of Fund Balance with Treasury	$ 28,698,208	$ 26,876,542

NOTE 3. CASH

The cash amount includes balances held by private banks and investing firms and change-making funds maintained in offices where maps are sold over the counter.

Cash as of September 30, 2003 and 2002 consists of the following:

Cash

(dollars in thousands)	FY 2003	FY 2002
Cash Not Yet Deposited to Treasury	$ 415	$ 722
Imprest Fund	679	700
Total Cash	$ 1,094	$ 1,422

NOTE 4. INVESTMENTS, NET

A. Investments in Treasury Securities

The Bureau of Indian Affairs, the Bureau of Land Management, Departmental Offices, the Minerals Management Service, the National Park Service, the Office of Surface Mining, and the U.S. Fish and Wildlife Service invest funds in securities on behalf of various Interior programs.

Investments as of September 30, 2003 and 2002 consist of the following:

Investments, Net

FY 2003

(dollars in thousands)	Investment Type	Cost	Amortized (Premium)/Discount	Investments, Net	Market Value Disclosure
U.S. Treasury Securities					
Bureau of Indian Affairs	Marketable	$ 68,334	$ -	$ 68,334	$ 68,334
Bureau of Land Management	Non-Marketable, par value	369,097	1,218	370,315	370,400
Departmental Offices					
Utah Reclamation Mitigation and Conservation Account	Non-Marketable, market-based	139,875	(946)	138,929	139,694
National Resources Damage Assessment and Restoration Fund	Non-Marketable, market-based	156,025	(713)	155,312	155,552
Tribal Trust and Special Funds	Non-Marketable, market-based	29,966	-	29,966	29,966
	Marketable	45,875	45	45,920	46,150
Minerals Management Service - Conservation	Non-Marketable, market-based	977,235	285	977,520	977,595
Minerals Management Service - Custodial	Non-Marketable, market-based	25,070	3	25,073	25,074
National Park Service	Non-Marketable	64	1	65	65
Office of Surface Mining	Non-Marketable, market-based	1,926,867	-	1,926,867	1,926,867
U.S. Fish and Wildlife Service	Non-Marketable, market-based	454,807	(1,083)	453,724	454,998
U.S. Fish and Wildlife Service - Aquatic Resources Trust Fund	Non-Marketable, market-based	1,418,172	(2,359)	1,415,813	1,416,278
Total U.S. Treasury Securities		5,611,387	(3,549)	5,607,838	5,610,973
Accrued Interest		2,154	-	2,154	-
Total Non-Public Investments		5,613,541	(3,549)	5,609,992	5,610,973
Public Securities					
Bureau of Indian Affairs	Marketable	1,097	-	1,097	1,099
Departmental Offices - Tribal Trust and Special Funds	Marketable	179,734	323	180,057	184,490
Total Public Securities		180,831	323	181,154	185,589
Accrued Interest		1,483	-	1,483	-
Total Public Investments		182,314	323	182,637	185,589
Total Investments		$ 5,795,855	$ (3,226)	$ 5,792,629	$ 5,796,562

FY 2002

(dollars in thousands)	Investment Type	Cost	Amortized (Premium)/Discount	Investments, Net	Market Value Disclosure
U.S. Treasury Securities					
Bureau of Indian Affairs	Marketable	$ 63,638	$ -	$ 63,638	$ 63,638
Bureau of Land Management	Non-Marketable, par value	164,152	840	164,992	165,047
Departmental Offices					
Utah Reclamation Mitigation and Conservation Account	Non-Marketable, market-based	136,440	(2,476)	133,964	135,945
National Resources Damage Assessment and Restoration Fund	Non-Marketable, market-based	146,582	(414)	146,168	146,517
Tribal Trust and Special Funds	Non-Marketable, market-based	62,540	(89)	62,451	62,467
	Marketable	24,962	(46)	24,916	25,452
Minerals Management Service - Conservation	Non-Marketable, market-based	965,865	1,407	967,272	967,758
Minerals Management Service - Custodial	Non-Marketable, market-based	24,613	4	24,617	24,619
National Park Service	Non-Marketable	64	1	65	65
Office of Surface Mining	Non-Marketable, market-based	1,895,000	-	1,895,000	1,895,000
U.S. Fish and Wildlife Service	Non-Marketable, market-based	500,673	(1,881)	498,792	501,692
U.S. Fish and Wildlife Service - Aquatic Resources Trust Fund	Non-Marketable, market-based	1,363,976	847	1,364,823	1,386,341
Total U.S. Treasury Securities		5,348,505	(1,807)	5,346,698	5,374,541
Accrued Interest		2,241	-	2,241	-
Total Non-Public Investments		5,350,746	(1,807)	5,348,939	5,374,541
Public Securities					
Bureau of Indian Affairs	Marketable	1,192	-	1,192	1,195
Departmental Offices - Tribal Trust and Special Funds	Marketable	135,704	-	135,704	141,430
Total Public Securities		136,896	-	136,896	142,625
Accrued Interest		1,706	-	1,706	-
Total Public Investments		138,602	-	138,602	142,625
Total Investments		$ 5,489,348	$ (1,807)	$ 5,487,541	$ 5,517,166

Bureau of Indian Affairs. The Bureau of Indian Affairs (BIA) invests irrigation and power receipts in U.S. Treasury and public securities until the funds are required for project operations. Federal investments are purchased under the U.S. Treasury Overnighter Program and in marketable Treasury bills and notes. BIA's investments in public securities are discussed more fully below.

Bureau of Land Management. The Bureau of Land Management is authorized to invest in special non-marketable par value and market-based Treasury securities. These securities include U.S. Treasury bills, notes, bonds, and one-day certificates that may be purchased and sold as necessary to meet operating needs and legislated requirements. The BLM invests in these securities of the U.S. Treasury pursuant to authorizing legislation for two accounts: (1) the proceeds of certain land sales as authorized by the Southern Nevada Public Land Management Act enacted in October 1998; and (2) the proceeds of certain oil and gas lease sales authorized by the Alaska Native Claims Settlement Act and the Alaska National Interest Lands Conservation Act, as amended July 17, 2000.

Departmental Offices. Effective in 1994, the Office of the Secretary (part of Departmental Offices) was delegated responsibility for investing funds contributed to the Utah Reclamation Mitigation and Conservation Account by the Utah Reclamation Mitigation and Conservation Commission. Investments are made in non-marketable market-based securities issued by the Federal Investment Branch of the Bureau of the Public Debt.

Commencing with 1999, Departmental Offices assumed financial responsibility, including investment activities, for the Natural Resources Damage Assessment and Restoration Fund (NRDAR). The funds are invested in non-marketable market-based securities issued by Treasury. Funds are invested in both long and short-term securities, depending upon the program's needs for their funds.

The reporting responsibility for the Tribal Trust and Special Funds, including investments in Treasury and public securities, was transferred to Departmental Offices in 1999 in accordance with OMB and FASAB guidance. The Secretary of the Interior invests a portion of Tribal Trust and Special Funds in marketable and non-marketable market-based securities issued by the Federal Investment Branch of the Bureau of the Public Debt. Investment instruments are continually reviewed for appropriateness in conjunction with current tribal needs.

Minerals Management Service (MMS). Investments consist of non-marketable, market-based Treasury securities that are not traded on any securities exchange but mirror the prices of marketable securities with similar terms. The MMS has limited investment authority based on two categories: Environmental Improvement and Restoration and Custodial Investments.

The Environmental Improvement and Restoration Fund (EIRF) is available for investment under the Interior and Related Agencies Appropriations Act of 1998. Congress has permanently appropriated 20 percent of the prior fiscal year interest earned by the EIRF to the Department of Commerce. The remaining 80 percent of interest earned remains in the fund and may be appropriated by Congress to certain other agencies, as provided by the law. This investment was initially funded in 2000 by the settlement of the boundary dispute with the State of Alaska.

MMS is also required by regulation to invest the 1/5 Outer Continental Shelf (OCS) bid amounts from the apparent high bidders for all OCS lease sales. Should any of the apparent high bids be later rejected, the 1/5 bid and actual interest earned are returned to the bidder. The investment earned on accepted bids reverts to the Treasury when the bids are accepted.

National Park Service. The National Park Service administers an endowment on behalf of the Lincoln Farm Association. Endowment funds are invested in non-marketable Treasury securities issued by the Federal Investment Branch of the Bureau of the Public Debt. Investment earnings from this endowment are used to provide for maintenance and upkeep of Abraham Lincoln's birthplace.

Office of Surface Mining. Effective October 1, 1991, the Office of Surface Mining (OSM) was authorized to invest available Abandoned Mine Land (AML) funds in non-marketable securities issued by the Federal Investment Branch of the Bureau of the Public Debt in the Department of the Treasury. The OSM has authority to invest AML trust funds in Treasury bills, notes, bonds, and one-day certificates.

A portion of the AML investment interest earned is transferred to the United Mine Workers of America Combined Benefit Fund to provide health benefits for certain eligible retired coal miners and dependents.

U.S. Fish and Wildlife Service. The U.S. Fish and Wildlife Service has investments in non-marketable market-based Treasury securities that consist of various bills purchased through the Federal Investment Branch of the Bureau of the Public Debt. The invested funds consist of excise tax receipts from the Federal Aid in Wildlife Restoration Fund, the Aquatic Resources Trust Fund and the Multi-National Species Conservation Fund.

The U.S. Treasury collects, invests, and maintains on behalf of the U.S. Fish and Wildlife Service (FWS), the Aquatic Resources Trust Fund (ARTF), which includes FWS's Sport Fish Restoration Account. Although the FWS has advisory authority for ARTF investment decisions, the Treasury has legal responsibility for investing ARTF funds.

Consistent with authorizing legislation and Treasury fiscal investment policies, the Secretary of the Treasury invests such portion of the ARTF balance deemed by the program agencies not necessary to meet current withdrawals to cover program and related costs as defined by law. Such investments are in non-marketable par value or non-marketable market-based securities as authorized by legislation and are issued and redeemed by the Federal Investment Branch of the Bureau of the Public Debt, in the Department of the Treasury. These securities are held in the name of the Secretary of the Treasury for the ARTF.

B. Investments in Public Securities

The BIA is authorized by law to invest irrigation and power receipts in marketable U.S. Treasury and public securities. Investments in public securities consist of certificates of deposit from insured institutions, various mortgage instruments, bank notes, and bonds. Mortgage instruments are issued by the Federal National Mortgage Association (Fannie Mae) and similar government-sponsored enterprises and government corporations. Bonds and bank notes are issued by Federal Home Loan Banks, the Federal Judiciary, and the Federal Farm Credit Banks. Investments in public securities reflect investments held by the BIA's Power and Irrigation program and are recorded at cost.

As stated above, Departmental Offices now have the reporting responsibility for the Indian Trust Funds, including investments in public securities as of 1999. The Secretary of the Interior invests a portion of the Tribal Trust and Special Funds in marketable securities issued by government-sponsored entities. Investment instruments are continually reviewed for appropriateness in conjunction with current tribal needs.

NOTE 5. ACCOUNTS AND INTEREST RECEIVABLE, NET

Due From the Public, Net. Accounts receivable due to Interior from the public may arise either from the sale of products and services or from the imposition of regulatory fines and penalties. Products and services sold by Interior are diverse and include mineral leases sold by the Minerals Management Service, from which royalties are then collected, the sale of water and hydroelectric power by the Bureau of Reclamation, and water testing and other scientific studies conducted for State and local governments by the U.S. Geological Survey. Fines and penalties are imposed by the Office of Surface Mining, the Minerals Management Service, the Fish and Wildlife Service, and other bureaus in the enforcement of various environmental laws and regulations. Unbilled receivables reflect work performed to date on agreements and uncollected revenue for royalties due subsequent to year-end, which will be billed in the future. In general, receivables arising from the sales of products and services are paid more promptly and with fewer uncollectible accounts than those arising from fines and penalties.

Accounts and Interest Receivable from the Public

(dollars in thousands)	FY 2003	FY 2002
Accounts Receivable from the Public		
Current	$ 118,470	$ 210,859
1 - 180 Days Past Due	103,609	14,736
181 - 365 Days Past Due	75,063	19,925
Over 1 Year Past Due	260,291	334,136
Total Billed Accounts Receivable - Public	557,433	579,656
Unbilled Accounts Receivable	1,012,683	1,074,936
Total Accounts Receivable - Public	1,570,116	1,654,592
Allowance for Doubtful Accounts	(346,710)	(350,582)
Total Accounts Receivable - Public Net of Allowance	$ 1,223,406	$ 1,304,010
Change in Allowance for Bad Debts - Public		
Allowance for Doubtful Accounts, beginning	$ 350,582	$ 326,879
Additions	19,555	43,702
Deletions	(23,427)	(19,999)
Allowance for Bad Debts - Public	$ 346,710	$ 350,582

Due from Federal Agencies, Net. Accounts Receivable Due from Federal Agencies arise from the sale of products and services to other Federal agencies, including the sale of maps, the performance of environmental and scientific services, and administrative and other services. These reimbursable arrangements generally reduce the duplication of effort within the Federal government resulting in a lower cost of Federal programs and services. Substantially all receivables from other Federal agencies are considered to be collectible, as there is no credit risk. However, an allowance for doubtful accounts is used occasionally to recognize billing disputes.

Accounts and Interest Receivable from Federal Agencies

(dollars in thousands)		FY 2003		FY 2002
Accounts Receivable from Federal Agencies				
Current	$	66,035	$	60,027
1 - 180 Days Past Due		5,728		7,125
181 - 365 Days Past Due		197		1,337
Over 1 Year Past Due		783		2,275
Total Billed Accounts Receivable - Federal		72,743		70,764
Unbilled Accounts Receivable		319,581		531,699
Total Accounts Receivable - Federal		392,324		602,463
Allowance for Doubtful Accounts - Federal		(1,577)		(5,170)
Total Accounts Receivable - Federal, Net of Allowance	$	390,747	$	597,293
Change in Allowance for Bad Debts - Federal				
Allowance for Doubtful Accounts, beginning	$	5,170	$	1,277
Additions		1,577		5,150
Deletions		(5,170)		(1,257)
Allowance for Bad Debts - Federal	$	1,577	$	5,170

Recovery of Reimbursable Capital Costs. The Bureau of Reclamation enters into long-term repayment contracts and water service contracts with non-Federal (public) water users that allow the use of irrigation and municipal and industrial (M&I) water facilities in exchange for annual payments to repay a portion of the Federal investment allocated to the construction of reimbursable irrigation and M&I facilities. Also, power-marketing agencies enter into agreements with power users to recover capital investment costs allocated to power, on Reclamation's behalf. Costs associated with multipurpose plants are allocated to the various purposes (mainly power, irrigation, M&I water, fish and wildlife enhancement, recreation, and flood control) through a cost allocation process. Generally, only those costs associated with power, irrigation, and M&I water are reimbursable. The typical repayment contract is up to 40 years but may extend to 50 years or more if authorized by the Congress.

Unmatured repayment contracts are not recognized on the Consolidated Balance Sheet until the annual amount is earned each year, at which time current accounts receivable and current period exchange revenue is recorded. As of September 30, 2003 and 2002, amounts owed to Reclamation under unmatured repayment contracts were $2.6 billion.

Transfers to Western Area Power Administration. As discussed in Note 1.K., funds are transferred from the Reclamation Fund to the Western Area Power Administration (Western) to fund power project operation and maintenance and capital investment activities. As Western sells power to customers, it transfers funds back into the Reclamation Fund. The Department reports these transactions as transfers in and out without reimbursement on the Consolidated Statement of Changes in Net Position. The FY 2003 and 2002 transfers in and out related to Western are shown in the following table.

Transfers To/From the Western Area Power Administration			
Fiscal Year	Transfers In	Transfers Out	Net Transfers
2003	$191,669	$157,574	$34,095
2002	$162,027	$166,553	$(4,526)

The net (unrecovered) transfers between the Reclamation Fund and Western prior to FY 2002 approximate $2 billion.

NOTE 6. LOANS AND INTEREST RECEIVABLE, NET

Direct loans and loan guarantees made prior to FY 1992 were funded by congressional appropriation from the general or special funds. These loans, referred to as liquidating loans, are reported net of an allowance for estimated uncollectible loans.

Direct loans and loan guarantees made during and after FY 1991 are accounted for in accordance with the requirements of the Credit Reform Act of 1990 and are referred to as credit reform loans. Under credit reform, loans are comprised of two components. The first component is borrowed from Treasury with repayment provisions. The second component is for the subsidized portion of the loan and is funded by congressional appropriation. The Act provides that the present value of the subsidy costs associated with the direct loans and loan guarantees be recognized as a cost in the year the direct or guaranteed loan is disbursed. While this component is not subject to repayment, the loan program receives appropriations to fund any increases in subsidy due to interest rate fluctuations and changes in default rate estimates. In FY 2003, there were no changes in economic conditions, other risk factors, legislation, credit policies, and subsidy estimation methodologies and assumptions that have had a significant and measurable effect on subsidy rates, subsidy expense, and subsidy re-estimates.

Included in the financial statements is a subsidy re-estimate computed at the end of the fiscal year. The amounts included in the consolidated financial statements are not reported in the budget until the following fiscal year.

The Bureau of Indian Affairs and the Bureau of Reclamation administer loan programs while the Departmental Offices and National Park Service provide loans on an individual basis under special circumstances. An analysis of the loans and the nature and amounts of the subsidy and associated administrative costs are provided in the following tables.

Loans and Interest Receivable, Net

A. Direct Loan and Loan Guarantee Program Names	FY 2003	FY 2002
Bureau of Indian Affairs - Direct Liquidating Loans (Pre-Credit Reform)	$ 25,334	$ 27,419
Bureau of Indian Affairs - Direct Loans (Credit Reform)	11,291	15,094
Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	658	1,234
Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	760	2,584
Bureau of Reclamation - Direct Loans (Pre-Credit Reform)	59,846	62,944
Bureau of Reclamation - Direct Loans (Credit Reform)	106,775	87,686
Departmental Offices - Virgin Island (Pre-Credit Reform)	9,834	11,697
Departmental Offices - American Samoa Government (Credit Reform)	14,841	12,496
National Park Service - Wolf Trap Foundation (Pre-Credit Reform)	4,317	4,677
Total Loans and Interest Receivable, Net	$ 233,656	$ 225,831

Direct Loans (dollars in thousands)

B. Direct Loans Obligated Prior to FY 1992:

Direct Loans Obligated Prior to FY 1992 (Allowance for Loss Method):

	Direct Loan Programs	Loans Receivable, Gross	Interest Receivable	Allowance For Loan Losses	Foreclosed Property	Value of Assets Related to Direct Loans
	Bureau of Indian Affairs - Direct Liquidating Loans (Pre-Credit Reform)	$ 27,153	$ 8,685	$ (10,504)	$ -	$ 25,334
	Bureau of Reclamation - Direct Loans (Pre-Credit Reform)	67,131	933	(8,218)	-	59,846
	Departmental Offices - Virgin Island (Pre-Credit Reform)	9,605	229	-	-	9,834
	National Park Service - Wolf Trap Foundation (Pre-Credit Reform)	4,317	-	-	-	4,317
FY 2003	Total	$ 108,206	$ 9,847	$ (18,722)	$ -	$ 99,331
	Bureau of Indian Affairs - Direct Liquidating Loans (Pre-Credit Reform)	$ 31,170	$ 9,355	$ (13,106)	$ -	$ 27,419
	Bureau of Reclamation - Direct Loans (Pre-Credit Reform)	70,229	933	(8,218)	-	62,944
	Departmental Offices - Virgin Island (Pre-Credit Reform)	11,426	271	-	-	11,697
	National Park Service - Wolf Trap Foundation (Pre-Credit Reform)	4,677	-	-	-	4,677
FY 2002	Total	$ 117,502	$ 10,559	$ (21,324)	$ -	$ 106,737

C. Direct Loans Obligated After FY 1991:

	Direct Loan Programs	Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans
	Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ 20,781	$ 5,638	$ -	$ (15,128)	$ 11,291
	Bureau of Reclamation - Direct Loans (Credit Reform)	121,134	-	-	(14,359)	106,775
	Departmental Offices - American Samoa Government (Credit Reform)	17,324	415	-	(2,898)	14,841
FY 2003	Total	$ 159,239	$ 6,053	$ -	$ (32,385)	$ 132,907
	Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ 21,904	$ 4,984	$ -	$ (11,794)	$ 15,094
	Bureau of Reclamation - Direct Loans (Credit Reform)	121,921	-	-	(34,235)	87,686
	Departmental Offices - American Samoa Government (Credit Reform)	14,512	407	-	(2,423)	12,496
FY 2002	Total	$ 158,337	$ 5,391	$ -	$ (48,452)	$ 115,276

D. Total Amount of Direct Loans Disbursed (Post 1991):

Direct Loan Programs	FY 2003	FY 2002
Bureau of Reclamation - Direct Loans (Credit Reform)	$ 800	$ 6,288
Departmental Offices - American Samoa Government (Credit Reform)	3,100	15,500
Total	$ 3,900	$ 21,788

E. Subsidy Expense for Direct Loans by Program and Component:

Subsidy Expense for New Direct Loans Disbursed:

	Direct Loan Programs	Interest Differential	Defaults	Fees and Other Collections	Other	Total
	Bureau of Reclamation - Direct Loans (Credit Reform)	$ 438	$ -	$ -	$ -	$ 438
	Departmental Offices - American Samoa Government (Credit Reform)	(6)	481	-	-	475
FY 2003	Total	$ 432	$ 481	$ -	$ -	$ 913

	Direct Loan Programs	Interest Differential	Defaults	Fees and Other Collections	Other	Total
	Bureau of Reclamation - Direct Loans (Credit Reform)	$ 2,493	$ -	$ -	$ -	$ 2,493
	Departmental Offices - American Samoa Government (Credit Reform)	(4)	385	-	-	381
FY 2002	Total	$ 2,489	$ 385	$ -	$ -	$ 2,874

Modifications and Reestimates

	Direct Loan Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
	Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ -	$ -	$ 1,608	$ 1,608
	Bureau of Reclamation - Direct Loans (Credit Reform)	-	-	(13,868)	(13,868)
FY 2003	Total	$ -	$ -	$ (12,260)	$ (12,260)
	Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ -	$ -	$ 1,016	$ 1,016
	Bureau of Reclamation - Direct Loans (Credit Reform)	-	-	-	-
FY 2002	Total	$ -	$ -	$ 1,016	$ 1,016

Total Direct Loan Subsidy Expense:

Direct Loan Programs	FY 2003	FY 2002
Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ 1,608	$ 1,016
Bureau of Reclamation - Direct Loans (Credit Reform)	(13,430)	2,493
Departmental Offices - American Samoa Government (Credit Reform)	475	381
Total	$ (11,347)	$ 3,890

F. Subsidy Rates for Direct Loans by Program and Component:

Budget Subsidy Rates for Direct Loans for the Cohorts:

	Direct Loan Programs	Interest Differential	Defaults	Fees and Other Collections	Other	Total
	Bureau of Reclamation - Direct Loans (Credit Reform)	0.00%	0.00%	0.00%	0.00%	0.00%
	Departmental Offices - American Samoa Government (Credit Reform)	-0.21%	15.79%	0.00%	0.00%	15.58%
FY 2003	Total	-0.21%	15.79%	0.00%	0.00%	15.58%

	Direct Loan Programs	Interest Differential	Defaults	Fees and Other Collections	Other	Total
	Bureau of Reclamation - Direct Loans (Credit Reform)	26.92%	0.00%	0.00%	0.00%	26.92%
	Departmental Offices - American Samoa Government (Credit Reform)	-0.21%	15.79%	0.00%	0.00%	15.58%
FY 2002	Total	26.71%	15.79%	0.00%	0.00%	42.50%

The subsidy rates disclosed pertain only to the current year cohorts. These rates cannot be applied to the direct loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans reported in the current year could result from disbursements of loans from both the current year and prior year cohorts. The subsidy expense reported in the current year also includes modifications and re-estimates.

G. Schedule for Reconciling Direct Loan Subsidy Cost Allowance Balances (Post-1991 Direct Loans)

	FY 2003	FY 2002
Beginning balance of the subsidy cost allowance	$ 48,452	$ 53,443
Add: Subsidy expense for direct loans disbursed during the reporting years by component:		
(a) Interest rate differential costs	432	2,489
(b) Default costs (net of recoveries)	481	385
(c) Fees and other collections	-	-
(d) Other subsidy costs	-	-
Total of the above subsidy expense components	913	2,874
Adjustments:		
(a) Loan modification	-	-
(b) Fees received	-	-
(c) Foreclosed property acquired	-	-
(d) Loans written off	(25)	(356)
(e) Subsidy allowance amortization	(4,695)	(4,274)
(f) Other	-	(4,251)
Ending balance of the subsidy cost allowance before re-estimates	44,645	47,436
Add or subtract subsidy re-estimates by component:		
(a) Interest rate re-estimate	-	-
(b) Technical/default re-estimate	(12,260)	1,016
Total of the above re-estimate components	(12,260)	1,016
Ending balance of the subsidy cost allowance	$ 32,385	$ 48,452

The allowance for Subsidy Account reflects the unamortized credit reform subsidy for direct loans.

Defaulted Guaranteed Loans (dollars in thousands)

H. Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method):

	Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance For Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans, Receivable, Net
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	$ 16,963	$ 11,725	$ -	$ (28,030)	$ 658
FY 2003	Total	$ 16,963	$ 11,725	$ -	$ (28,030)	$ 658
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	$ 24,435	$ 16,683	$ -	$ (39,884)	$ 1,234
FY 2002	Total	$ 24,435	$ 16,683	$ -	$ (39,884)	$ 1,234

I. Defaulted Guaranteed Loans from Post-1991 Guarantees (Present Value Method):

	Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans, Receivable, Net
	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ 6,148	$ 3,027	$ -	$ (8,416)	$ 760
FY 2003	Total	$ 6,148	$ 3,027	$ -	$ (8,416)	$ 760
	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ 23,820	$ 4,041	$ -	$ (25,277)	$ 2,584
FY 2002	Total	$ 23,820	$ 4,041	$ -	$ (25,277)	$ 2,584

Loan Guarantees (dollars in thousands)

J. Guaranteed Loans Outstanding as of September 30, 2003:

Guaranteed Loans Outstanding

Loan Guarantee Programs	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Pre-1992	$ 15,424	$ 13,527
FY1992	2,113	1,880
FY1993	6,100	5,407
FY1994	17,800	15,959
FY1995	7,666	6,600
FY1996	10,134	8,932
FY1997	10,206	9,005
FY1998	9,371	8,057
FY1999	38,257	34,121
FY2000	45,804	40,911
FY2001	36,460	32,315
FY2002	46,434	41,065
FY2003	28,249	25,255
Total	$ 274,018	$ 243,034

New Guaranteed Loans Disbursed (Current reporting year):

	Loan Guarantee Programs	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
	Amount Paid in FY2003 for Prior Years	$ 27,951	$ 25,156
	Amount Paid in FY2003 for 2003 Guarantees	28,249	25,255
FY 2003	Total	$ 56,200	$ 50,411
	Amount Paid in FY2002 for Prior Years	$ 18,927	$ 17,005
	Amount Paid in FY2002 for 2002 Guarantees	25,471	22,299
FY 2002	Total	$ 44,398	$ 39,304

K. Liability for Loan Guarantees:

Liability for Loan Guarantees (Estimated Future Default Claims for pre-1992 guarantees):

	Loan Guarantee Programs	Liabilities for Losses on Pre-1992 Guarantees, Estimated Future Default Claims	Liabilities for Loan Guarantees, for Post-1991 Guarantees, Present Value	Total Liabilities for Loan Guarantees
FY 2003	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	$ -	$ (52,185)	$ (52,185)
	Total	$ -	$ (52,185)	$ (52,185)
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	$ -	$ (49,097)	$ (49,097)
FY 2002	Total	$ -	$ (49,097)	$ (49,097)

L. Subsidy Expense for Loan Guarantees by Program and Component:

Subsidy Expense for New Loan Guarantees:

	Loan Guarantee Programs	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
FY 2003	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ 1,841	$ 2,021	$ (821)	$ -	$ 3,041
	Total	$ 1,841	$ 2,021	$ (821)	$ -	$ 3,041
FY 2002	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ 1,906	$ 2,986	$ (1,053)	$ -	$ 3,839
	Total	$ 1,906	$ 2,986	$ (1,053)	$ -	$ 3,839

Modifications and Reestimates:

	Loan Guarantee Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ -	$ -	$ 377	$ 377
FY 2003	Total	$ -	$ -	$ 377	$ 377
	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ -	$ -	$ (3,787)	$ (3,787)
FY 2002	Total	$ -	$ -	$ (3,787)	$ (3,787)

Total Loan Guarantee Subsidy Expense:

Loan Guarantee Programs	FY 2003	FY 2002
Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ 3,418	$ 52
Total	$ 3,418	$ 52

M. Subsidy Rates for Loan Guarantees by Program and Component:

Budget Subsidy Rates for Loan Guarantees for the Current Year's Cohorts:

	Loan Guarantee Programs	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	4.61%	4.10%	-1.80%	0.00%	6.91%
FY 2003	Total	4.61%	4.10%	-1.80%	0.00%	6.91%
	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	2.98%	4.74%	-1.72%	0.00%	6.00%
FY 2002	Total	2.98%	4.74%	-1.72%	0.00%	6.00%

The subsidy rates disclosed pertain only to the current year cohorts. These rates cannot be applied to the direct loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans reported in the current year could result from disbursements of loans from both the current year and prior year cohorts. The subsidy expense reported in the current year also includes modifications and re-estimates.

N. Schedule for Reconciling Loan Guarantee Liability Balances

	FY 2003	FY 2002
Beginning balance of the loan guarantee liability	$ 49,097	$ 47,975
Add: Subsidy expense for guaranteed loans disbursed during the reporting years by component:		
(a) Interest supplement costs	1,841	1,906
(b) Default costs (net of recoveries)	2,021	2,986
(c) Fees and other collections	(821)	(1,053)
(d) Other subsidy costs	-	-
Total of the above subsidy expense components	3,041	3,839
	-	-
Adjustments:	-	-
(a) Loan guarantee modification	-	-
(b) Fees received	972	1,065
(c) Interest supplements paid	(1,788)	(2,320)
(d) Foreclosed property and loans acquired	-	-
(e) Claim payments to lenders	(706)	-
(f) Interest accumulation on the liability balance	1,192	2,325
(g) Other (recovery, revenue, and prior period adjustments)	-	-
Ending balance of the loan guarantee liability before re-estimates	51,808	52,884
	-	-
Add or subtract subsidy re-estimates by component:	-	-
(a) Interest rate re-estimate	-	-
(b) Technical/default re-estimate	377	(3,787)
Total of the above re-estimate components	377	(3,787)
	-	-
Ending balance of the loan guarantee liability	$ 52,185	$ 49,097

O. Administrative Expense:

	Direct Loan Programs		Loan Guarantee Programs	
	Bureau of Reclamation - Direct Loans (Credit Reform)	$ 119	Bureau of Indian Affairs - Guaranteed Loan Programs	$ 303
	Departmental Offices - American Samoa Government (Credit Reform)	783		
FY 2003	Total	$ 902		$ 303
	Bureau of Reclamation - Direct Loans (Credit Reform)	$ 309	Bureau of Indian Affairs - Guaranteed Loan Programs	$ 479
	Departmental Offices - American Samoa Government (Credit Reform)	783		
FY 2002	Total	$ 1,092		$ 479

Bureau of Indian Affairs (BIA). The BIA provides guaranteed loans to Indian Tribes and organizations, Indian individuals, and Alaska Natives for economic development purposes. The BIA loan program includes the Indian Direct Loan Program (which ceased providing loans in 1995), the Indian Loan Guarantee Program under the Credit Reform Act, and a Liquidating Fund for loans made prior to 1992.

Bureau of Reclamation (BOR). The BOR operates loan programs that provide Federal assistance to non-Federal organizations for constructing or improving water resource projects in the Western States. Reclamation's loan programs are authorized under the Small Reclamation Projects Act of 1956, the Distribution System Loans Act, and the Rehabilitation and Betterment Act. The loan programs are classified into two categories, credit reform loans and other loans made prior to the Credit Reform Act.

Other loans consist primarily of drought relief and repayment loans. The other loans receivable balances represent amounts due to Reclamation, net of an allowance for estimated uncollectible loan balances. The allowance amount is determined by reviewing a loans receivable aging report to identify loan balances that are considered uncollectible based on various factors, including age, past experience, present market conditions, and characteristics of debtors.

Loan interest rates vary depending on the applicable legislation; in some cases, there is no stated interest rate on agricultural and Native American loans. Interest on applicable loans does not accrue until the loan enters repayment status.

Departmental Offices. Departmental Offices has two loans, one pre-credit reform loan to the U.S. Virgin Islands and one post-credit reform loan to the American Samoa Government (ASG).

In 1977, a loan was extended to the Virgin Islands from the Federal Financing Bank, Department of the Treasury. The loan receivable from the Virgin Islands has an offsetting liability to the Federal Financing Bank. It has a final payment due date of January 2, 2007. Principal and interest are due in January and July of each year. Interest is based on the amortization schedule for the loan with the Federal Financing Bank. The interest is accrued at year end based upon the period of July - September.

In 2001, a loan was extended to the American Samoa Government. The total has been approved for $18.6 million and made available to the ASG bearing interest at a rate equal to the U.S. Treasury cost of borrowing for obligations of similar duration. The proceeds of the loan will be used by the ASG for debt reduction and fiscal reform. As payments become due, they shall be secured and accomplished with funds from the Escrow Account. The Escrow Account was established under the terms and conditions of the Tobacco Master Settlement Agreement and a judgment granted by the High Court of American Samoa on January 5, 1999. The parties entered into the Agreement on November 23, 1998.

National Park Service (NPS). The NPS has a single loan with the Wolf Trap Foundation for the Performing Arts with an original loan principal totaling $8,560,000. The loan principal is to be repaid to the National Park Service within 25 years from June 1, 1991. The loan principal is repaid in equal annual installments, except for the first three annual payments of $215,000 per year. Repayment of the loan principal may include a credit of up to $60,000 annually, for public service tickets given to entities exempt from taxation pursuant to section 501(c) (3) of the Internal Revenue Code of 1986. In FY 2003 and FY 2002, the NPS granted the full $60,000 credit to Wolf Trap. The monies received for repayment of this loan may be retained until expended by the Secretary of the Interior in consultation with the Wolf Trap Foundation for the maintenance of structures, facilities, and equipment of the park.

NOTE 7. INVENTORY AND RELATED PROPERTY

Inventory and Related Property as of September 30, 2003 and 2002 consists of the following:

Inventory and Related Property

(dollars in thousands)	FY 2003	FY 2002
Stockpile Materials: Recoverable Below-Ground Crude Helium	$ 334,376	$ 352,880
Published Maps Held for Current/Future Sale	2,395	8,342
Gas and Storage Rights Held for Current Sale	1,070	1,076
Airplane Parts Held for Current Sale	477	429
Working Capital Fund: Inventory Held for Use	350	309
Aviation Fuel Held for Current Sale	46	53
Total Inventory and Related Property	$ 338,714	$ 363,089

NOTE 8. GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET

General Property, Plant, and Equipment, consists of that property which is used in operations and, with some exceptions, consumed over time.

Construction in Progress is used for the accumulation of cost of construction or major renovation of fixed assets during the construction period. Each individual bureau sets its own policy for using the Construction in Progress account; however, in general, the assets are transferred out of Construction in Progress when the project is substantially complete. Construction in Progress includes investigations and development which represent funds appropriated by the Congress that have been expended for such activities as general engineering studies and surveys that are directly related to project construction. Investigations and development as of September 30, 2003 and 2002 were $70 million and $96 million, respectively.

Construction in Progress also includes projects in abeyance. In past years, the Department, through the Bureau of Reclamation, began the planning of and construction on various features included in 11 projects located in California, Colorado, Arizona, Washington, North Dakota, and South Dakota, for which activities have been placed in abeyance. These projects were authorized to provide various benefits, among them irrigation, fish and wildlife conservation and enhancement, recreation, municipal water supplies, and flood control. Until congressional disposition of these assets is determined, maintenance costs have been and will continue to be budgeted and expended to minimize the erosive effects of weather and time and to keep the asset ready for potential completion.

Property, Plant, and Equipment categories, with corresponding accumulated depreciation, as of September 30, 2003 and 2002, are shown in the following tables.

General Property, Plant, and Equipment, Net

(dollars in thousands)	Gross	Accumulated Depreciation	Net FY 2003
Land and Land Improvements	$ 2,046,277	$ 53,522	$ 1,992,755
Buildings	2,560,684	1,052,246	1,508,438
Structures and Facilities	19,284,074	8,579,158	10,704,916
Construction in Progress			
Construction in Progress - General	1,344,981	-	1,344,981
Construction in Progress in Abeyance	556,879	-	556,879
Equipment, Vehicles, and Aircraft	1,755,480	1,021,463	734,017
Internal Use Software:			
In Use	90,275	38,317	51,958
In Development	61,971	-	61,971
Total Property, Plant, and Equipment	$ 27,700,621	$ 10,744,706	$ 16,955,915

(dollars in thousands)	Gross	Accumulated Depreciation	Net FY 2002 (As Restated)
Land and Land Improvements	$ 2,024,061	$ 49,081	$ 1,974,980
Buildings	2,416,359	997,461	1,418,898
Structures and Facilities	19,223,500	8,402,889	10,820,611
Construction in Progress			
Construction in Progress - General	1,057,248	-	1,057,248
Construction in Progress in Abeyance	573,276	-	573,276
Equipment, Vehicles, and Aircraft	1,668,106	846,627	821,479
Internal Use Software:			
In Use	63,321	29,783	33,538
In Development	64,896	-	64,896
Total Property, Plant, and Equipment	$ 27,090,767	$ 10,325,841	$ 16,764,926

NOTE 9. OTHER ASSETS, NET

Other Assets were $201.5 million and $208.1 million as of September 30, 2003 and 2002, respectively. Other Assets primarily consists of Bureau of Reclamation costs for power rights. Net power rights were $151.4 million and $162.2 million as of September 30, 2003 and 2002, respectively. Power rights were subject to annual amortization amounts of $10.8 million for the years ended September 30, 2003 and 2002.

Also included in this category is Fractional Land Interest Pending Disposition, which contains the cost of fractional interests in Indian land allotments acquired under the Indian Land Consolidation Act of 2000. The Indian Land Consolidation Act of 2000 provides for the Bureau of Indian Affairs to purchase fractional shares of Trust property to be held in trust for eventual transfer to tribal entities after revenues produced provide funds to repay Treasury for the purchase. Disposition includes sale at purchase price to tribal members holding interest in tract, transfer to Tribe upon recovery of purchase price from income produced from the interest, or transfer to the Tribe based on a Secretarial finding. Fractional Land Interest Pending Disposition was $23 million and $16 million as of September 30, 2003 and 2002, respectively.

NOTE 10. STEWARDSHIP ASSETS

Stewardship Assets consists of public domain land, heritage assets, such as national monuments and historic sites that have been entrusted to the Department to be maintained in perpetuity for the benefit of current and future generations. No financial value is or can be placed on these assets.

As a Nation, the United States once owned nearly two billion acres of public lands. In the course of national expansion and development, public lands were sold or deeded by the Federal government to the States and their counties and municipalities, to educational institutions, to private citizens, and to businesses and corporations. Other lands were set aside for national parks, forests, wildlife refuges, and military installations.

For additional discussion of stewardship land, see the Required Supplementary Stewardship Information section of this report.

NOTE 11. ASSETS ANALYSIS

Assets of the Department include entity assets (unrestricted and restricted) and non-entity assets. Unrestricted assets are those available for use by the Department. Restricted assets, as defined by the Department, are certain large unavailable receipt funds that are only available for Interior use when appropriated by Congress. Non-entity assets are currently held by, but not available to, the Department and will be forwarded to Treasury or other agencies at a future date.

Entity restricted assets consist of the Land and Water Conservation Fund, the Historic Preservation Fund, the portion of the Aquatic Resources Trust Fund not designated for other Federal agencies, the Environmental Improvement and Restoration Fund, the Reclamation Fund, and other unavailable receipt funds. See Note 27, Dedicated Collections, for additional information on some of these funds.

Non-entity assets, restricted by nature, consist of Minerals Management Service's custodial royalty activity, a portion of the Aquatic Resources Trust Fund that is held for others, amounts in deposit, miscellaneous receipts, special receipts, and budget clearing accounts held for others.

Interior's assets as of September 30, 2003 and 2002 are summarized into the following categories:

Assets Analysis

(dollars in thousands)	Entity Unrestricted	Entity Restricted	Non-Entity Restricted	FY 2003
Intragovernmental Assets:				
Fund Balance with Treasury	$ 9,112,736	$ 19,315,217	$ 270,255	$ 28,698,208
Investments, Net	3,436,549	1,600,043	573,400	5,609,992
Accounts and Interest Receivable, Net	193,947	1,700	195,100	390,747
Other				
Advances and Prepayments	3,624	-	-	3,624
Total Intragovernmental Assets	12,746,856	20,916,960	1,038,755	34,702,571
Cash	1,094	-	-	1,094
Investments, Net	182,637	-	-	182,637
Accounts and Interest Receivable, Net	179,523	2,483	1,041,400	1,223,406
Loans and Interest Receivable, Net	173,810	37,648	22,198	233,656
Inventory and Related Property	338,714	-	-	338,714
General Property, Plant and Equipment, Net	16,955,915	-	-	16,955,915
Other				
Advances and Prepayments	126,866	-	-	126,866
Other Assets, Net	201,544	-	-	201,544
Stewardship Assets				
Total Public Assets	18,160,103	40,131	1,063,598	19,263,832
TOTAL ASSETS	$ 30,906,959	$ 20,957,091	$ 2,102,353	$ 53,966,403

(dollars in thousands)	Entity Unrestricted	Entity Restricted	Non-Entity Restricted	FY 2002 (As Restated)
Intragovernmental Assets:				
Fund Balance with Treasury	$ 8,114,669	$ 18,508,279	$ 253,594	$ 26,876,542
Investments, Net	3,210,351	1,587,300	551,288	5,348,939
Accounts and Interest Receivable, Net	213,017	2,132	382,144	597,293
Other				
Advances and Prepayments	5,508	-	-	5,508
Total Intragovernmental Assets	11,543,545	20,097,711	1,187,026	32,828,282
Cash	1,422	-	-	1,422
Investments, Net	138,602	-	-	138,602
Accounts and Interest Receivable, Net	129,532	9,889	1,164,589	1,304,010
Loans and Interest Receivable, Net	162,887	39,499	23,445	225,831
Inventory and Related Property	363,089	-	-	363,089
General Property, Plant and Equipment, Net	16,764,926	-	-	16,764,926
Other				
Advances and Prepayments	122,662	-	-	122,662
Other Assets, Net	208,134	-	-	208,134
Stewardship Assets				
Total Public Assets	17,891,254	49,388	1,188,034	19,128,676
TOTAL ASSETS	$ 29,434,799	$ 20,147,099	$ 2,375,060	$ 51,956,958

NOTE 12. INTRA-GOVERNMENTAL DEBT

Interior's debt to Treasury consists of: (1) the helium production fund; (2) borrowings to finance the credit reform loan programs; and (3) borrowings to finance loans under the Federal Financing Bank.

Intra-governmental debt to Treasury activity for the years ended September 30, 2003 and 2002 is summarized as follows:

Intra-Governmental Debt

(dollars in thousands)	FY 2002 Beginning Balance	Borrowing / (Repayments)	FY 2002 Ending Balance	Borrowing / (Repayments)	FY 2003 Ending Balance
Helium Fund	$ 1,319,203	$ (10,000)	$ 1,309,203	$ (110,000)	$ 1,199,204
Credit Reform Borrowings	125,271	9,062	134,333	21,311	155,643
Federal Financing Bank	13,114	(1,687)	11,427	(1,821)	9,605
Total Loans Due to Treasury	$ 1,457,588	$ (2,625)	$ 1,454,963	$ (90,510)	$ 1,364,452

A. Helium Fund - Bureau of Land Management

The Helium Fund was established in the late 1950s and early 1960s to ensure that the Federal government had access to a dependable supply of helium, which at that time was considered to be a critical defense commodity. Start-up capital was loaned to the helium program, with the expectation that the capital would be repaid with the proceeds of sales to other Federal government users of helium. However, subsequent changes in the market price of helium and the need of government users for the commodity made the repayment of the capital and subsequent accrued interest impractical. Given the intra-governmental nature of the loan, unless the loan is forgiven, the funds for repayment to Treasury must come from the Treasury, either in the form of appropriations to the helium fund to repay the loan or in the form of appropriations to other government users of helium to pay the higher prices necessary to permit loan repayment.

Net Worth Debt reported in the following table reflects the amount recorded by Treasury for the net worth capital and retained earnings of the Helium Fund. It also includes any monies expended thereafter by Interior from funds provided in the Supplemental Appropriation Act of 1959 for construction of a helium plant at Keyes, Oklahoma. Additional borrowing from Treasury represents funds borrowed for the acquisition and construction of helium plants and facilities and other related purposes including the purchase of helium. These amounts were due 25 years from the date the funds were borrowed. However, as funding has not been received to repay the amounts due, the amounts could not be repaid.

Interest on borrowing is compound interest on the debts described above, at rates determined by the Secretary of the Treasury taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to investments authorized. The interest rate was determined at the time of each borrowing. With the passage of the Helium Privatization Act of 1996, no further interest is being accrued on this debt.

Until FY 2002, the Bureau of Land Management had generally paid $10 million annually on its debt to Treasury. Due to the increased revenue in the helium fund, as a result of the sale of stockpile crude helium which began in March 2003 and will continue until January 1, 2015, the BLM is planning to repay an additional $100 million each year, beginning in FY 2003, until the debt is repaid or until the stockpile crude helium sales cease, in which case the repayment plan would be revised.

Debt from the Helium Fund

(dollars in thousands)		FY 2003		FY 2002
Principal:				
Net Worth Debt	$	-	$	27,991
Additional Borrowing from Treasury		251,650		251,650
Total Principal		251,650		279,641
Interest:				
Beginning Balance		1,029,562		1,030,210
Repayments		(82,009)		(648)
Ending Balance		947,553		1,029,562
Loan Due to Treasury - Helium Fund	$	1,199,203	$	1,309,203

B. Intra-governmental Debt to Treasury under Credit Reform

The Bureau of Indian Affairs, the Bureau of Reclamation, and Departmental Offices (Office of Insular Affairs) have borrowed funds from Treasury in accordance with the Credit Reform Act of 1990 to fund loans under various loan programs. (See Note 6, Loans and Interest Receivable, Net for more information.)

Bureau of Indian Affairs. The Credit Reform Act authorizes the BIA to borrow from Treasury the amount of a direct loan disbursement, less the subsidy. The Act provides that the present value of the subsidy costs (i.e. interest rate differentials, interest subsidies, estimated delinquencies and defaults, fee offsets and other cash flows) associated with the direct loans and loan guarantees be recognized as a cost in the year the direct or guaranteed loan is disbursed.

Interest is accrued daily on the outstanding principal balance of direct and assigned loans based on a 365-day year for credit reform loans. The interest rate charged on each loan is the Indian Financing Act Rate that was effective at the time the loan was made and ranges from 4.87 percent to 11.12 percent. These loans have various maturity dates from 2003 to 2028.

Bureau of Reclamation. As discussed in Note 6, Reclamation makes loans that are subject to the provisions of Credit Reform. Under the Credit Reform Act, loans consist of two components - the part borrowed from the Treasury and the appropriated part to cover the estimated subsidy. The maturity dates for these loans range from 2012 to 2047. The weighted average interest rate used to calculate interest owed to Treasury ranges from 6.01 percent to 6.88 percent.

Departmental Offices. Interest is accrued annually based on the prevailing market yield on Treasury securities of comparable maturity. The weighted average interest rate used to calculate interest owed to Treasury is 5.4 percent. The loan has a final payment date of September 30, 2027.

C. Intra-governmental Debt to Treasury under Federal Financing Bank

Departmental Offices (Office of Insular Affairs) has borrowed funds from Treasury in accordance with the Federal Financing Bank Act of 1973 for the purpose of operating a direct loan and loan guarantee program. Interest is based on the amortization schedule for the loan with the Federal Financing Bank. Principal and interest payments are due in January and July of each year. Interest is accrued at year end based upon the July to September period. The interest rate charged on each loan ranges from 7.85 percent to 12.7 percent. The loan has a final payment due date of January 2, 2007. (See also Note 6, Loans and Interest Receivable, Net.)

NOTE 13. ADVANCES AND DEFERRED REVENUE

The majority of the advances and deferred revenue received from the public represents upfront funding received from certain power customers who benefit from current and future power deliveries. The repayments are recognized as revenue incrementally as power benefits are provided. Advances and Deferred Revenue received from the public, in the amounts of $137 million and $120 million for September 30, 2003 and 2002, respectively, are included in Other Liabilities.

The majority of the advances and deferred revenue received from Federal agencies represents cash advances to the Interior Franchise Fund (IFF). The IFF provides shared administrative services and commonly required products to Federal agencies.

Advances and Deferred Revenue as of September 30, 2003 and 2002 are shown below:

Advances and Deferred Revenue

(dollars in thousands)	FY 2003	FY 2002 (As Restated)
Received from Federal Agencies	$ 1,236,739	$ 596,951
Received from the Public	137,497	119,762
Total Advances and Deferred Revenue	$ 1,374,236	$ 716,713

NOTE 14. FEDERAL EMPLOYEE COMPENSATION ACT LIABILITY DUE TO THE PUBLIC

The Department has recorded an estimated, unfunded actuarial liability for the expected future cost for death, disability, and medical claims under the Federal Employees Compensation Act (FECA) of approximately $712 million and $659 million as of September 30, 2003 and 2002, respectively. This estimated liability is calculated by the Department of Labor using a method that considers historical benefit payment patterns, wage inflation factors, medical inflation factors, and other variables. These actuarially computed projected annual benefit payments are discounted to present value using the Office of Management and Budget's economic assumptions for ten-year Treasury notes and bonds.

The Department of Labor calculated the estimated future benefit payments based on several assumptions. The interest rate assumptions utilized to discount the estimated future benefit payments to present value are 3.84 percent in year one and 4.35 percent in year two and thereafter. The wage inflation factors (Cost of Living Adjustments) and medical inflation factors (Consumer Price Index Medical Adjustments) used in the calculation are as follows:

FECA Inflation Factors

	2003		2002	
Fiscal Year	Cost of Living Adjustment	Consumer Price Index Medical Adjustment	Cost of Living Adjustment	Consumer Price Index Medical Adjustment
1992	5.00%	7.96%	5.00%	7.96%
1993	2.83%	6.61%	2.83%	6.61%
1994	2.77%	5.27%	2.77%	5.27%
1995	2.57%	4.72%	2.57%	4.72%
1996	2.63%	3.99%	2.63%	3.99%
1997	2.77%	3.11%	2.77%	3.11%
1998	2.70%	2.77%	2.70%	2.77%
1999	1.53%	3.50%	1.53%	3.50%
2000	1.97%	3.70%	1.97%	3.70%
2001	2.93%	4.42%	2.93%	4.42%
2002	3.33%	4.44%	3.33%	4.44%
2003	1.80%	4.31%	1.80%	4.31%
2004	2.30%	3.21%	2.67%	4.01%
2005	2.00%	3.54%	2.40%	4.01%
2006	1.83%	3.64%	2.40%	4.01%
2007	1.97%	3.80%	2.40%	4.01%
2008 and thereafter	2.17%	3.92%	2.40%	4.01%

NOTE 15. ENVIRONMENTAL CLEANUP COSTS AND CONTINGENT LIABILITIES

The Department has responsibility to clean up sites with environmental contamination, and it is party to various administrative proceedings, legal actions, and tort claims which may result in settlements or decisions adverse to the Federal government. Interior has accrued liabilities where losses are determined to be probable and the amounts can be estimated. The Department has disclosed contingent liabilities where the conditions for liability recognition are not met and the likelihood of unfavorable outcome is more than remote.

The accrued and potential Environmental Cleanup Costs and Contingent Liabilities as of September 30, 2003 and 2002 are summarized in the categories below:

Environmental Cleanup Costs and Contingent Liabilities

	Accrued Liabilities	
(dollars in thousands)	FY 2003	FY 2002
Estimated Cleanup Cost	$ 121,045	$ 227,629
Contingent Liabilities	771,587	1,033,838
Total Environmental and Contingent Liabilities - Accrued	$ 892,632	$ 1,261,467

	Additional Potential Liabilities			
	FY 2003		FY 2002	
(dollars in thousands)	Lower End of Range	Upper End of Range	Lower End of Range	Upper End of Range
Estimated Cleanup Cost	$ 24,000	$ 330,000	$ 89,000	$ 365,000
Contingent Liabilities	443,000	1,394,000	1,369,000	3,662,000
Total Environmental and Contingent Liabilities - Potential	$ 467,000	$ 1,724,000	$ 1,458,000	$ 4,027,000

Environmental Cleanup Costs. The Department is subject to environmental laws and regulations regarding air, water, and land use, the storage and disposal of hazardous materials, and the operations and closure of facilities at which environmental contamination may be present. The major Federal laws covering environmental response, cleanup and monitoring are the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) the Resource Conservation and Recovery Act (RCRA), OPA (Oil Pollution Act) CWA (Clean Water Act), CAA (Clean Air Act), SDWA (Safe Drinking Water Act), and AHERA (Asbestos Hazard Emergency Response Act). Responsible parties, which may include Federal agencies under certain circumstances, are required to clean up releases of hazardous substances at or from facilities they own, operate, or at which they arranged for the disposal of such substances.

The Department has recognized an estimated liability of $121 million and $228 million for FY 2003 and FY 2002, respectively. This estimate includes the expected future cleanup costs, and for those sites where future liability is unknown, the cost of studies necessary to evaluate response requirements.

The Department's contingent liability for potential environmental cleanup of sites that are considered reasonably estimable but do not meet the requirement for accrual, ranges from $24 million to $330 million and $89 million to $365 million for FY 2003 and FY 2002, respectively. This estimate includes the expected future response costs, and for those sites where future cleanup costs are unknown, the cost of studies necessary to evaluate cleanup requirements.

Certain Departmental facilities may have regulated materials, e.g., asbestos, used in the construction or later renovation of the facility. These materials, while in an undisturbed or encapsulated state (e.g., non-friable asbestos), are not subject to cleanup under applicable law. Only if they become friable or otherwise released to the environment would they be considered contaminants requiring cleanup or abatement. Under normal circumstances, cleanup or abatement is limited to situations such as the remodeling or demolition of a building containing these materials where the materials could be released and cause contamination of the environment. Unless and until the materials become friable or otherwise capable of causing contamination, the costs for monitoring or other management of these materials in an undisturbed or encapsulated state are not to be accrued as environmental cleanup. Any cost for remediation or abatement would only accrue if the material becomes friable or is otherwise released to the environment. Such costs would then be reported in the same manner as any other environmental liability.

Indian Trust Funds. The Secretary of the Interior is entrusted with the management of the monies and lands held in trust by the Federal government for Indian Tribes and individuals. There have been long standing, complicated problems with Indian trust fund accounting and management. Currently, there are claims and potential claims relating to past trust fund management on both tribal accounts and Individual Indian Money (IIM) accounts. Twenty-two Tribes have filed suits seeking a full accounting of their tribal trust funds; in addition, a significant IIM class action lawsuit is pending. In the IIM action, a class of Native American beneficiaries of IIM trust accounts administered by the Department alleges that the Interior and Treasury Departments have breached trust obligations with respect to the management of IIM funds. The plaintiffs have claimed that they are seeking only an "accounting" of the IIM trust funds in the Federal district court proceedings, and not damages, but have also contended publicly that they may be owed as much as $176 billion. In the Department's FY 2004 appropriations act, Congress appropriated funds for certain specified Indian trust accounting activities, but placed limitations on historical accounting requirements, pending further congressional action or December 31, 2004, whichever occurs first.

The Department's Office of the Solicitor states that no estimate or range of loss can be made at this time regarding any financial liability that may result from settlement from tribal accounts, the IIM trust fund litigation, and any other related claims.

Other Contingent Liabilities. Numerous lawsuits and claims that have been filed against the Department and its bureaus are awaiting adjudication, and other potential claims may be asserted. For cases in which payment has been deemed probable and for which the amount of potential liability has been estimated, including certain judgments that have been issued against Interior and which have been appealed, $772 million and $1,034 million has been accrued in the financial statements as of September 30, 2003 and 2002, respectively. These amounts exclude contingent liabilities reported on prior year financial statements regarding cases won on appeal. The majority of cash settlements are expected to be paid out of the Judgment Fund maintained by Treasury rather than operating resources of Interior. In suits brought through the Contract Disputes Act of 1978, the Department is required to reimburse the Judgment Fund from future agency appropriations.

The largest of the "probable" cases have estimated liability amounts exceeding $50 million. The plaintiffs in one of these cases claim damages exceeding $1 billion for alleged breach of contract under Federal oil and gas leases. In another case, landowner water-users have asserted that the Federal defendants are required to construct facilities to drain lands that they farm. And in another large "probable" case, the court has awarded the plaintiff damages for a physical taking of their coal interests, and the U.S. may owe a significant amount of compound interest, along with attorney fees and costs.

No amounts have been accrued in the financial records for claims where the amount of potential loss cannot be estimated or the likelihood of an unfavorable outcome is less than probable. Interior's potential liability for amounts that do not meet the requirements for accrual but are considered reasonably estimable, and where the likelihood of an unfavorable outcome is more than remote, may range from $443 million to $1.4 billion and $1.4 billion to $3.7 billion for FY 2003 and FY 2002, respectively.

Matters for which the likelihood of an unfavorable outcome is less than probable but more than remote involve a wide variety of allegations and claims, including the following: (1) alleged failure to protect a Tribe's treaty rights, (2) a Tribe's allegation of title to lands as it seeks an injunction to prevent transfer of the lands, (3) claims resulting from a vehicle head-on crash that may have been caused by an intoxicated bureau-employee driver, and (4) a Tribe's allegation of a Fifth Amendment taking, breach of trust, and treaty violations related to restricted timber harvest on Reservation land, and (5) claims of a municipal water conservation district regarding repayment obligation for costs of the Central Arizona Project and issues related to project operation, The ultimate outcomes in these matters cannot be predicted at this time. Sufficient information is not currently available to determine if the ultimate resolution of the proceedings, actions, and claims will materially affect Interior's financial position or results of operations.

In addition, the matters for which we consider the likelihood of an unfavorable outcome to be more than remote but for which we cannot estimate the potential amount of loss also involve a wide variety of allegations and claims, including the following: (1) conflict with a Tribe about the proper amounts of royalties to be paid or collected, (2) allegation of damages resulting from loss of irrigation water, (3) alleged regulatory taking of coal reserves and mining rights, (4) alleged property taking resulting from claimed interference with access rights by owners of land adjoining wildlife refuge lands, and (4) claim of lost crops and reduced yields by farmers of land adjoining lands treated with herbicide. For such matters without estimates of potential loss, we currently do not have sufficient information available to determine if the ultimate resolutions will materially affect Interior's financial position or results of operations.

NOTE 16. LIABILITIES ANALYSIS

Liabilities covered by budgetary resources are funded liabilities to be paid with existing budgetary resources. Liabilities not covered by budgetary resources represent those unfunded liabilities for which congressional action is needed before budgetary resources can be provided.

Intra-governmental. Deferred Credits are amounts recorded in deposit and suspense accounts which include permit and civil penalty escrows, bonds, misapplied deposits pending correction, and excess fee payments due to be refunded or remitted to Treasury.

Custodial Liability represents amounts owed to royalty recipients, other Federal agencies, and offset custodial assets. See also Note 22, Royalties Retained.

Aquatic Resource Amounts Due to Others are amounts due to the U.S. Coast Guard for boating safety programs and to the U.S. Army Corps of Engineers from coastal wetlands initiatives. The funds are also paid to States to support projects that restore sport fish resources (see Note 27, Dedicated Collections for additional information). The amounts for FY 2003 and FY 2002 are $390 million and $371 million, respectively.

Other Liabilities to Federal Agencies include receipts transferable to Treasury ($31 million and $34 million for FY 2003 and FY 2002, respectively) and other miscellaneous amounts.

Public. The Department anticipates that the liabilities listed below will be funded from future budgetary resources when required. The Department receives budgetary resources for the Federal Employees Compensation Act liability, the Environmental Cleanup Costs liability and Contingent liabilities when they are needed for disbursements. The unfunded Accrued Payroll and Benefits due to the public represents annual leave. Budgetary resources are generally provided for annual leave when it is taken.

Deferred credits represent deposits received from customers, including monies paid to the BOR for construction of facilities, monies paid to Departmental Offices for payroll services, and monies paid to the BLM for the purchase of land. These deposits are classified as a liability until services are rendered or sales are consummated. These liabilities do not require future budgetary resources.

Other Liabilities to the Public consist primarily of payments due to States by the Minerals Management Service based on the Mineral Lands Leasing Act of 1920, as amended, and subsequent legislation and lease terms. These amounts were $234.4 million and $374.9 million as of September 30, 2003 and 2002, respectively. Also included in other liabilities are the following: (1) Minerals Management Service custodial payables to the Office of Trust Funds Management for payments to Indian Tribes and Agencies for $35.9 million and $17.8 million for FY 2003 and FY 2002, respectively; (2) the Office of Surface Mining Payable to the United Mine Workers Combined Benefit Fund of $7.9 million for FY 2002 (the Office of Surface Mining has accrued a $33.7 million receivable due from the United Mine Workers Combined Benefit Fund in FY 2003); (3) the Bureau of Reclamation amounts of $22.2 million and $23.4 million for FY 2003 and FY 2002, respectively, which pertains to pre-credit reform loans provided to the Public; (4) the Bureau of Land Management payable due to the Secure Rural Schools Act in the amounts of $106.5 million and $98.8 million for FY 2003 and FY 2002, respectively; and (5) the National Park Service for a capital lease payable in the amount of $27.3 million which commenced in FY 2003. Also part of Other Liabilities to the Public, which is broken out in the Liabilities Analysis but is not reported separately on the face of the Consolidated Balance Sheet, are Advances and Deferred Revenue. See Note 13 for more information on Advances and Deferred Revenue.

Interior's liabilities covered and not covered by budgetary resources as of September 30, 2003 and 2002 are as follows:

Liabilities Analysis

(dollars in thousands)	Covered by Budgetary Resources Current	Covered by Budgetary Resources Non-Current	Not Covered by Budgetary Resources Current	Not Covered by Budgetary Resources Non-Current	FY 2003
Intragovernmental Liabilities:					
Accounts Payable	$ 67,838	$ -	$ -	$ -	$ 67,838
Debt	102,195	1,252,423	3,059	6,775	1,364,452
Other					
Accrued Payroll and Benefits	51,601	-	48,470	85,366	185,437
Advances and Deferred Revenue	1,236,739	-	-	-	1,236,739
Deferred Credits	17,383	-	1,943	-	19,326
Custodial Liability	-	-	763,387	-	763,387
Aquatic Resource Amounts Due to Others	-	-	-	389,762	389,762
Judgment Fund	-	-	-	179,725	179,725
Other Liabilities	-	-	59,922	61,835	121,757
Total Intragovernmental Liabilities	1,475,756	1,252,423	876,781	723,463	4,328,423
Public Liabilities:					
Accounts Payable	965,509	-	-	-	965,509
Loan Guarantee Liability	-	52,185	-	-	52,185
Federal Employees Compensation Act Liability	-	-	-	712,250	712,250
Environmental Cleanup Costs	-	4,507	-	116,538	121,045
Other					
Accrued Payroll and Benefits	112,881	-	2,720	318,624	434,225
Deferred Credits	48,557	-	259,700	190,288	498,545
Contingent Liabilities	-	-	619,193	152,394	771,587
Advances and Deferred Revenue	137,497	-	-	-	137,497
Other Liabilities	694	-	376,900	54,678	432,272
Total Public Liabilities	1,265,138	56,692	1,258,513	1,544,772	4,125,115
Total Liabilities	$ 2,740,894	$ 1,309,115	$ 2,135,294	$ 2,268,235	$ 8,453,538

(dollars in thousands)	Covered by Budgetary Resources Current	Covered by Budgetary Resources Non-Current	Not Covered by Budgetary Resources Current	Not Covered by Budgetary Resources Non-Current	FY 2002 (As Restated)
Intragovernmental Liabilities:					
Accounts Payable	$ 54,217	$ -	$ -	$ -	$ 54,217
Debt	11,178	1,432,088	1,299	10,398	1,454,963
Other					
Accrued Payroll and Benefits	56,665	-	46,633	79,144	182,442
Advances and Deferred Revenue	577,364	19,587	-	-	596,951
Deferred Credits	18,581	-	17,317	-	35,898
Custodial Liability	-	-	818,081	-	818,081
Aquatic Resource Amounts Due to Others	-	-	-	371,122	371,122
Judgment Fund	-	-	-	148,870	148,870
Other Liabilities	-	-	55,766	37,437	93,203
Total Intragovernmental Liabilities	718,005	1,451,675	939,096	646,971	3,755,747
Public Liabilities:					
Accounts Payable	852,913	-	-	-	852,913
Loan Guarantee Liability	-	49,097	-	-	49,097
Federal Employees Compensation Act Liability	-	-	-	658,501	658,501
Environmental Cleanup Costs	-	4,507	-	223,122	227,629
Other					
Accrued Payroll and Benefits	247,858	-	-	309,330	557,188
Deferred Credits	7,484	-	243,850	173,561	424,895
Contingent Liabilities	-	-	25,749	1,008,089	1,033,838
Advances and Deferred Revenue	119,762	-	-	-	119,762
Other Liabilities	21	-	499,350	23,582	522,953
Total Public Liabilities	1,228,038	53,604	768,949	2,396,185	4,446,776
Total Liabilities	$ 1,946,043	$ 1,505,279	$ 1,708,045	$ 3,043,156	$ 8,202,523

NOTE 17. OPERATING LEASES

GSA Real Property. Most of the Department's facilities are rented from the General Services Administration (GSA), which charges rent that is intended to approximate commercial rental rates. The terms of the Department's rental agreements with GSA will vary according to whether the underlying assets are owned by GSA (or another Federal agency) or rented by GSA from the private sector. For federally owned property, the Department generally does not execute an agreement with GSA nor is there a formal lease expiration date. Although the Department may normally vacate these properties after giving 120 to 180 days notice of its intent to vacate, in actuality, Interior normally occupies these properties for an extended period of time with little variation from year to year. For purposes of disclosing future operating lease payments in the table below, federally owned leases are included in years 2004 through 2008.

For non-federally owned property leased from GSA, the Department will execute a formal lease agreement with GSA with specific terms and expiration dates, although again the Department may normally cancel the agreement with 120 days notice. For purposes of disclosing future operating lease payments in the table below, these leases are included according to the lease terms.

The future operating lease payments for all GSA leases assume a 2004 lease escalation in accordance with GSA budget estimates, normally 3 percent but ranging up to 14 percent for selected locations and an escalation of 3 percent per year is assumed for all periods after 2004.

Other Real Property. The future operating lease payments for other real property leases are based on the lease terms.

Personal Property. The Department leases personal property from GSA and other entities. The future operating lease payments for non-GSA personal property leases are based on the lease terms. The terms for GSA leases frequently exceed one year, although a definite lease period is not always specified. For purposes of disclosing future operating lease payments in the table below, GSA personal property leases are included in years 2004 through 2008. The estimated future operating lease payments for GSA personal property leases are based on a 3 percent increase over the 2003 actual personal property rental expense for 2004 and an escalation of 3 percent per year for all periods after 2004.

The aggregate of the Department's future payments due under non-cancelable operating leases for real property and personal property; and the Department's estimated real and personal property rent payments to GSA are presented in the table below:

Future Operating Lease Payments
(dollars in thousands)

Fiscal Year	GSA Real Property	Other Real Property	Personal Property	Total
2004	$ 249,252	$ 29,219	$ 27,320	$ 305,791
2005	244,252	27,862	27,405	299,519
2006	244,127	26,255	27,807	298,189
2007	239,664	25,319	28,532	293,515
2008	231,541	22,350	29,356	283,247
Thereafter	186,308	101,701	14,168	302,177
Total Future Lease Payments	$ 1,395,144	$ 232,706	$ 154,588	$ 1,782,438

NOTE 18. NET COST BY RESPONSIBILITY SEGMENT

During the year ended September 30, 2003, the Department revised the presentation of eliminations on the Consolidated Statement of Net Cost. Accordingly, certain FY 2002 amounts have been reclassified between programs to conform with the current year presentation.

Cost of services provided to Federal agencies represent the costs incurred to generate the related intra-governmental revenue. The Department estimated intra-governmental costs as intra-governmental revenue plus an allocated portion of the retirement costs paid by OPM on behalf of the Department. The Department does not bill intra-governmental customers for costs paid by OPM.

The U.S. Geological Survey owns a Landsat 7 Global Survey satellite to monitor changes in the earth's land surface and associated environment. In addition, this satellite was expected to contribute to the development of mapping products sold by the Geological Survey. On May 31, 2003, the Landsat 7 suffered a component failure that affected its ability to acquire and distribute data collected. Subsequent tests and a recovery attempt confirmed that only 75% of the satellite functionality can be expected in the future. Based on these results, an analysis of the diminished capacity of the asset and the reduction in the potential marketability of the product sales generated by the asset, the Department estimates that the component failure caused an economic impairment of $81.1 million. This impairment is reported as Costs not Associated with Programs on the Statement of Net Cost. Combined with normal depreciation, this impairment resulted in a net book value of the Landsat 7 at September 30, 2003 of $75.6 million.

The tables on the following pages present the Department's earned revenues, gross cost, and net cost of operations by program and by responsibility segment (dollars in thousands). The Department's presentation is consistent with the strategic goals included in the Department's strategic plan and in accordance with the Government Performance and Results Act.

	Bureau of Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other
Protect the Environment and Preserve Our Nation's Natural and Cultural Resources				
Cost - Services provided to the Public	$ 427,653	$ 596,896	$ 116,688	$ 11,385
Revenue Earned from the Public	427	248,106	27,462	-
Net Cost of Services to the Public	427,226	348,790	89,226	11,385
Cost - Services provided to Federal Agencies	2,575	12,688	40,398	-
Revenue Earned from Federal Agencies	2,544	12,276	39,985	-
Net Cost of Services provided to Federal Agencies	31	412	413	-
Net Program Costs	427,257	349,202	89,639	11,385
Provide Recreation for America				
Cost - Services provided to the Public	-	98,007	32,799	-
Revenue Earned from the Public	-	17,581	2,330	-
Net Cost of Services to the Public	-	80,426	30,469	-
Cost - Services provided to Federal Agencies	-	1,735	711	-
Revenue Earned from Federal Agencies	-	1,667	689	-
Net Cost of Services provided to Federal Agencies	-	68	22	-
Net Program Costs	-	80,494	30,491	-
Manage Natural Resources for a Healthy Environment and a Strong Economy				
Cost - Services provided to the Public	-	1,258,306	951,074	26,058
Revenue Earned from the Public	-	202,498	288,636	-
Net Cost of Services to the Public	-	1,055,808	662,438	26,058
Cost - Services provided to Federal Agencies	-	54,258	391,083	4,197
Revenue Earned from Federal Agencies	-	52,965	385,856	4,183
Net Cost of Services provided to Federal Agencies	-	1,293	5,227	14
Net Program Costs	-	1,057,101	667,665	26,072
Provide Science for a Changing World				
Cost - Services provided to the Public	-	89,675	-	-
Revenue Earned from the Public	-	481	-	-
Net Cost of Services to the Public	-	89,194	-	-
Cost - Services provided to Federal Agencies	-	14,464	-	-
Revenue Earned from Federal Agencies	-	13,894	-	-
Net Cost of Services provided to Federal Agencies	-	570	-	-
Net Program Costs	-	89,764	-	-
Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities				
Cost - Services provided to the Public	1,904,078	-	-	516,041
Revenue Earned from the Public	105,947	-	-	11,745
Net Cost of Services to the Public	1,798,131	-	-	504,296
Cost - Services provided to Federal Agencies	205,808	-	-	5,308
Revenue Earned from Federal Agencies	203,312	-	-	5,270
Net Cost of Services provided to Federal Agencies	2,496	-	-	38
Net Program Costs	1,800,627	-	-	504,334
Reimbursable Activity and Other				
Cost - Services provided to the Public	-	12	27,528	188,691
Revenue Earned from the Public	-	-	28,132	10,042
Net Cost of Services to the Public	-	12	(604)	178,649
Cost - Services provided to Federal Agencies	-	-	336,916	632,175
Revenue Earned from Federal Agencies	-	-	327,220	622,237
Net Cost of Services provided to Federal Agencies	-	-	9,696	9,938
Net Program Costs	-	12	9,092	188,587
Costs Not Associated with Programs				
Asset Impairment	-	-	-	-
Total				
Cost - Services provided to the Public	2,331,731	2,042,896	1,128,089	742,175
Revenue Earned from the Public	106,374	468,666	346,560	21,787
Net Cost of Services to the Public	2,225,357	1,574,230	781,529	720,388
Cost - Services provided to Federal Agencies	208,383	83,145	769,108	641,680
Revenue Earned from Federal Agencies	205,856	80,802	753,750	631,690
Net Cost of Services provided to Federal Agencies	2,527	2,343	15,358	9,990
Costs Not Associated with Programs	-	-	-	-
Net Cost of Operations	$ 2,227,884	$ 1,576,573	$ 796,887	$ 730,378

Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intradepartmental Activity	FY 2003
$ -	$ 902,592	$ 344,731	$ 1,886,343	$ -	$ -	$ 4,286,288
-	114,963	204	51,016	-	-	442,178
-	787,629	344,527	1,835,327	-	-	3,844,110
-	34,482	1,077	110,948	-	(62,668)	139,500
-	33,146	1,062	108,920	-	(62,668)	135,265
-	1,336	15	2,028	-	-	4,235
-	788,965	344,542	1,837,355	-	-	3,848,345
-	1,807,779	-	174,339	-	-	2,112,924
-	146,441	-	4,377	-	-	170,729
-	1,661,338	-	169,962	-	-	1,942,195
-	41,882	-	10,350	-	(22,918)	31,760
-	40,862	-	9,968	-	(22,918)	30,268
-	1,020	-	382	-	-	1,492
-	1,662,358	-	170,344	-	-	1,943,687
1,091,720	-	48,249	-	-	-	3,375,407
117,750	-	-	-	-	-	608,884
973,970	-	48,249	-	-	-	2,766,523
-	-	-	-	-	(61,763)	387,775
-	-	-	-	-	(61,763)	381,241
-	-	-	-	-	-	6,534
973,970	-	48,249	-	-	-	2,773,057
-	-	-	-	1,175,013	-	1,264,688
-	-	-	-	166,173	-	166,654
-	-	-	-	1,008,840	-	1,098,034
-	-	-	-	265,378	(93,334)	186,508
-	-	-	-	255,918	(93,334)	176,478
-	-	-	-	9,460	-	10,030
-	-	-	-	1,018,300	-	1,108,064
-	-	-	-	-	-	2,420,119
-	-	-	-	-	-	117,692
-	-	-	-	-	-	2,302,427
-	-	-	-	-	(7,091)	204,025
-	-	-	-	-	(7,091)	201,491
-	-	-	-	-	-	2,534
-	-	-	-	-	-	2,304,961
99	-	-	-	-	-	216,330
99	-	-	-	-	-	38,273
-	-	-	-	-	-	178,057
1,909,023	-	-	-	-	(1,483,164)	1,394,950
1,926,534	-	-	-	-	(1,483,164)	1,392,827
(17,511)	-	-	-	-	-	2,123
(17,511)	-	-	-	-	-	180,180
-	-	-	-	81,100	-	81,100
1,091,819	2,710,371	392,980	2,060,682	1,175,013	-	13,675,756
117,849	261,404	204	55,393	166,173	-	1,544,410
973,970	2,448,967	392,776	2,005,289	1,008,840	-	12,131,346
1,909,023	76,364	1,077	121,298	265,378	(1,730,938)	2,344,518
1,926,534	74,008	1,062	118,888	255,918	(1,730,938)	2,317,570
(17,511)	2,356	15	2,410	9,460	-	26,948
-	-	-	-	81,100	-	81,100
$ 956,459	$ 2,451,323	$ 392,791	$ 2,007,699	$ 1,099,400	$ -	$ 12,239,394

	Bureau of Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other
Protect the Environment and Preserve Our Nation's Natural and Cultural Resources				
Cost - Services provided to the Public	$ 537,137	$ 534,452	$ 186,631	$ 15,500
Revenue Earned from the Public	713	87,320	51,474	-
Net Cost of Services to the Public	536,424	447,132	135,157	15,500
Cost - Services provided to Federal Agencies	1,330	10,818	22,907	-
Revenue Earned from Federal Agencies	1,317	10,523	22,758	-
Net Cost of Services provided to Federal Agencies	13	295	149	-
Net Program Costs	536,437	447,427	135,306	15,500
Provide Recreation for America				
Cost - Services provided to the Public	-	93,186	35,561	-
Revenue Earned from the Public	-	12,838	886	-
Net Cost of Services to the Public	-	80,348	34,675	-
Cost - Services provided to Federal Agencies	-	714	-	-
Revenue Earned from Federal Agencies	-	689	-	-
Net Cost of Services provided to Federal Agencies	-	25	-	-
Net Program Costs	-	80,373	34,675	-
Manage Natural Resources for a Healthy Environment and a Strong Economy				
Cost - Services provided to the Public	-	1,194,048	851,978	12,123
Revenue Earned from the Public	-	140,582	242,078	123
Net Cost of Services to the Public	-	1,053,466	609,900	12,000
Cost - Services provided to Federal Agencies	-	48,886	405,517	5,395
Revenue Earned from Federal Agencies	-	47,748	400,574	5,395
Net Cost of Services provided to Federal Agencies	-	1,138	4,943	-
Net Program Costs	-	1,054,604	614,843	12,000
Provide Science for a Changing World				
Cost - Services provided to the Public	-	101,764	-	-
Revenue Earned from the Public	-	-	-	-
Net Cost of Services to the Public	-	101,764	-	-
Cost - Services provided to Federal Agencies	-	11,145	-	-
Revenue Earned from Federal Agencies	-	10,744	-	-
Net Cost of Services provided to Federal Agencies	-	401	-	-
Net Program Costs	-	102,165	-	-
Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities				
Cost - Services provided to the Public	2,258,185	-	-	517,495
Revenue Earned from the Public	110,193	-	-	10,819
Net Cost of Services to the Public	2,147,992	-	-	506,676
Cost - Services provided to Federal Agencies	164,765	-	-	2,891
Revenue Earned from Federal Agencies	163,260	-	-	2,891
Net Cost of Services provided to Federal Agencies	1,505	-	-	-
Net Program Costs	2,149,497	-	-	506,676
Reimbursable Activity and Other				
Cost - Services provided to the Public	-	-	20,538	159,827
Revenue Earned from the Public	-	-	24,182	5,640
Net Cost of Services to the Public	-	-	(3,644)	154,187
Cost - Services provided to Federal Agencies	-	-	324,743	922,519
Revenue Earned from Federal Agencies	-	-	315,964	911,873
Net Cost of Services provided to Federal Agencies	-	-	8,779	10,646
Net Program Costs	-	-	5,135	164,833
Total				
Cost - Services provided to the Public	2,795,322	1,923,450	1,094,708	704,945
Revenue Earned from the Public	110,906	240,740	318,620	16,582
Net Cost of Services to the Public	2,684,416	1,682,710	776,088	688,363
Cost - Services provided to Federal Agencies	166,095	71,563	753,167	930,805
Revenue Earned from Federal Agencies	164,577	69,704	739,296	920,159
Net Cost of Services provided to Federal Agencies	1,518	1,859	13,871	10,646
Net Cost of Operations	$ 2,685,934	$ 1,684,569	$ 789,959	$ 699,009

Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intradepartmental Activity	FY 2002 (As Restated)
$ -	$ 737,659	$ 249,084	$ 1,650,271	$ -	$ -	$ 3,910,734
-	102,106	95	48,698	-	-	290,406
-	635,553	248,989	1,601,573	-	-	3,620,328
-	24,398	1,279	100,921	-	(47,400)	114,253
-	23,364	1,258	98,895	-	(47,400)	110,715
-	1,034	21	2,026	-	-	3,538
-	636,587	249,010	1,603,599	-	-	3,623,866
-	1,847,655	-	168,483	-	-	2,144,885
-	130,397	-	3,863	-	-	147,984
-	1,717,258	-	164,620	-	-	1,996,901
-	39,961	-	6,993	-	(11,985)	35,683
-	39,108	-	6,887	-	(11,985)	34,699
-	853	-	106	-	-	984
-	1,718,111	-	164,726	-	-	1,997,885
1,758,610	-	77,984	-	-	-	3,894,743
108,785	-	-	-	-	-	491,568
1,649,825	-	77,984	-	-	-	3,403,175
-	-	-	-	-	(42,716)	417,082
-	-	-	-	-	(42,716)	411,001
-	-	-	-	-	-	6,081
1,649,825	-	77,984	-	-	-	3,409,256
-	-	-	-	1,185,138	-	1,286,902
-	-	-	-	176,938	-	176,938
-	-	-	-	1,008,200	-	1,109,964
-	-	-	-	259,123	(90,938)	179,330
-	-	-	-	250,613	(90,938)	170,419
-	-	-	-	8,510	-	8,911
-	-	-	-	1,016,710	-	1,118,875
-	-	-	-	-	-	2,775,680
-	-	-	-	-	-	121,012
-	-	-	-	-	-	2,654,668
-	-	-	-	-	(9,234)	158,422
-	-	-	-	-	(9,234)	156,917
-	-	-	-	-	-	1,505
-	-	-	-	-	-	2,656,173
601	-	-	-	-	-	180,966
601	-	-	-	-	-	30,423
-	-	-	-	-	-	150,543
419,545	-	-	-	-	(1,056,066)	610,741
419,545	-	-	-	-	(1,056,066)	591,316
-	-	-	-	-	-	19,425
-	-	-	-	-	-	169,968
1,759,211	2,585,314	327,068	1,818,754	1,185,138	-	14,193,910
109,386	232,503	95	52,561	176,938	-	1,258,331
1,649,825	2,352,811	326,973	1,766,193	1,008,200	-	12,935,579
419,545	64,359	1,279	107,914	259,123	(1,258,339)	1,515,511
419,545	62,472	1,258	105,782	250,613	(1,258,339)	1,475,067
-	1,887	21	2,132	8,510	-	40,444
$ 1,649,825	$ 2,354,698	$ 326,994	$ 1,768,325	$ 1,016,710	$ -	$ 12,976,023

NOTE 19. GROSS COST AND EARNED REVENUES BY BUDGET SUBFUNCTION CLASSIFICATION

The following tables reflect data provided to the Department of the Treasury by Budget Subfunction (BSF) Classification for inclusion in the Consolidated Financial Statements of the Federal government, based on the guidance and direction from the Department of the Treasury. These BSF codes are established by the Office of Management and Budget and the Department of the Treasury for government-wide reporting purposes and differ from the classifications used for the Department's segment reporting.

Interior's gross cost and earned revenues by Budget Subfunction Classification as of September 30, 2003 and 2002 are presented below:

Gross Cost and Earned Revenue by Budget Subfunction Classification

(dollars in thousands)	Gross Cost	Earned Revenue	FY 2003 Net Cost
Natural Resources and Environment	$ 12,904,394	$ 3,536,502	$ 9,367,892
Transportation	255,991	-	255,991
Community and Regional Development	2,085,287	309,111	1,776,176
Education and Training	107,834	266	107,568
General Government	747,868	16,101	731,767
Net Cost of Operations	$ 16,101,374	$ 3,861,980	$ 12,239,394

(dollars in thousands)	Gross Cost	Earned Revenue	FY 2002 Net Cost (As Restated)
Natural Resources and Environment	$ 11,860,654	$ 2,448,544	$ 9,412,110
Transportation	278,675	-	278,675
Community and Regional Development	2,446,231	267,000	2,179,231
Education and Training	92,691	269	92,422
General Government	758,076	17,336	740,740
Other	273,094	249	272,845
Net Cost of Operations	$ 15,709,421	$ 2,733,398	$ 12,976,023

The intra-governmental costs and related net costs presented in the schedules below represent transactions with other Federal agencies. These amounts are different than those reported in Note 18, Net Cost by Responsibility Segment, which reports costs to generate intra-governmental revenues.

In FY 2002, Treasury guidance included earned revenue and gross cost for the Abandoned Mine Land (AML) fund in the BFC 950 (Other) category. In FY 2003, Treasury guidance reclassified these amounts to the BFC 300 (Natural Resources) category.

Intra-Governmental Gross Cost and Earned Revenue by Budget Subfunction Classification

(dollars in thousands)	Gross Cost	Earned Revenue	FY 2003 Net Cost
Natural Resources and Environment	$ 1,814,142	$ 2,114,575	$ (300,433)
Transportation	11,449	-	11,449
Community and Regional Development	286,503	202,700	83,803
Education and Training	5,374	-	5,374
General Government	82,144	295	81,849
Total	$ 2,199,612	$ 2,317,570	$ (117,958)

(dollars in thousands)	Gross Cost	Earned Revenue	FY 2002 Net Cost (As Restated)
Natural Resources and Environment	$ 1,917,780	$ 1,317,435	$ 600,345
Transportation	6,095	-	6,095
Community and Regional Development	257,879	156,131	101,748
Education and Training	9,522	26	9,496
General Government	64,936	1,235	63,701
Other	9,733	241	9,492
Total	$ 2,265,945	$ 1,475,068	$ 790,877

NOTE 20. COSTS

By law, Interior, as an agency of the Federal government, is dependent upon other government agencies for centralized services. Some of these services, such as tax collection and management of the public debt, are not directly identifiable to Interior and are not reflected in the Department's financial condition and results. However, in certain cases, other Federal agencies incur costs that are directly identifiable to Interior operations, including payment of claims and litigation by Treasury's Judgment Fund, and the partial funding of retirement benefits by the Office of Personnel Management. In accordance with Statement of Federal Financial Accounting Standards (SFFAS) No. 4, "Managerial Cost Accounting," the Department recognizes identified costs paid for the Department by other agencies as expenses of Interior. The funding for these costs is reflected as imputed financing sources on the Consolidated Statement of Changes in Net Position. Expenses paid by other agencies on behalf of Interior were $571 million and $541 million for the years ended September 30, 2003 and 2002, respectively.

The costs associated with acquiring, constructing, and renovating heritage assets were $80 million for the years ended September 30, 2003 and 2002. The costs associated with acquiring and improving stewardship lands were $263 million and $313 million for the years ended September 30, 2003 and 2002, respectively.

NOTE 21. CHANGES IN ACCOUNTING PRINCIPLE, RESTATEMENTS, AND RECLASSIFICATIONS

Changes in Accounting Principle. During FY 2003, the USGS implemented a change in accounting principle with regard to the accounting for resources directed to the working capital fund. USGS implemented new posting models that were issued by the Department of the Treasury that were preferable given the nature of the USGS working capital fund activities. Prior to the change in principle, the "Federal reimbursable" model (recognizing revenue upon occurrence of an expenditure) had been employed for the recognition of revenues and budget authority. The principle change put into practice the "revolving" fund model (recognizing revenue and budget authority at the time it is received), which is consistent with the working capital fund operations and its legislative authority.

Under the revolving fund concept, the Department recognizes revenues and budgetary resources upon receipt of fees for providing products and services. This is consistent with the fact that collections are non-refundable and are necessary for acquiring resources. The investment component recognizes transfers-in of expenditure financing sources and budgetary resources upon receipt of transfers to authorized deposit accounts for investment in future capital purchases. Such transfers are also non-refundable and are restricted as to the use by the enabling legislation and related investment plans. The primary impact of the implementation of this change in accounting principle on the consolidated financial statements was to reclassify approximately $68,543 from Unexpended Appropriations to Cumulative Results of Operations within Net Position.

During FY 2002, the Department changed its method of accounting for allocation transfers in accordance with OMB Bulletin No. 01-09, "Form and Content of Agency Financial Statements." In accordance with these reporting requirements, the Department reports the budgetary activity but not the proprietary activity when Interior is the transferor of the appropriation (i.e., parent) and reports the proprietary activity but not the budgetary activity when Interior is the recipient of the transfer (i.e., child). As recipient, DOI received external allocation transfers from the Federal Highway Trust Administration, National Forest System, Department of Labor Job Corps Centers, and other Federal entities. As a result of the change in accounting for allocation transfers, the Department adjusted net position as of October 1, 2001, by decreasing cumulative results of operations and unexpended appropriations by approximately $3 million and $54 million, respectively. In addition, the Department decreased the October 1, 2001 unobligated and obligated budgetary balances by approximately $50 million and $389 million, respectively.

Restatements

A. The Department restated Property, Plant and Equipment (PP&E) as of September 30, 2002, to correct the net book values of property for certain amounts reported in the real property inventory system, record transfers from other Federal entities that were not recorded, and remove stewardship land improvements that should be expensed when acquired rather than capitalized. As a result, the following restatements were made to FY 2002 amounts previously reported. On the Consolidated Balance Sheet, PP&E and Cumulative Results of Operations decreased $89,783 and Net Costs reported on the Consolidated Statement of Net Cost increased $4,958. On the Consolidated Statement of Changes in Net Position, the October 1, 2001, Cumulative Results of Operations decreased by $99,990, Transfers In/Out without Reimbursement increased by $13,056, and Other Budgetary Financing Sources increased by $2,111. On the Consolidated Statement of Financing, Transfers In/Out without Reimbursement increased by $13,056, Depreciation and Amortization decreased by $22,891, Other Components Not Requiring or Generating Resources increased by $14,794, and Net Cost of Operations increased by $4,958.

B. The Department corrected its accounting of tribal construction grants to record disbursements first as an Advance and then reclassify balances to Construction-in-Progress as the Tribe incurs construction costs. As a result, the following restatements were made to FY 2002 amounts previously reported. On the Consolidated Balance Sheet, PP&E decreased and Advances and Prepayments increased by $87,790. In addition, Unexpended Appropriations increased and Cumulative Results of Operations decreased by the same amount. On the Consolidated Statement of Changes in Net Position, the October 1, 2001, balance of Unexpended Appropriations increased by $66,111, the October 1, 2001, balance of Cumulative Results of Operations decreased by $66,111 and Appropriations Used decreased by $21,679. On the Consolidated Statement of Financing, the Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but not yet Provided increased and the Resources that Finance the Acquisition of Assets decreased by $21,679.

C. The Department restated the FY 2002 Combined Statement of Budgetary Resources and FY 2002 Consolidated Statement of Financing to correct budgetary resources for amounts transferred in prior years. As a result, the following restatements were made to FY 2002 amounts previously reported. On the Combined Statement of Budgetary Resources, the Change in Unfilled Customer Orders - Without Advance From Federal Sources, a component of Budgetary Resources, decreased by $47,808. The Status of Budgetary Resources decreased by the same amount, comprised of reductions to Unobligated Balance - Apportioned and Unobligated Balance not Available of $23,904 each. In addition, the Unfilled Customer Orders from Federal Sources decreased and the Spending Authority Adjustments decreased by $47,808. On the Consolidated Statement of Financing, Spending Authority from Offsetting Collections/Adjustments decreased and the Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but not yet Provided increased by $47,808.

D. The Department restated the FY 2002 Combined Statement of Budgetary Resources and FY 2002 Consolidated Statement of Financing to recognize customer orders received but not recorded in FY 2002. As a result, the following restatements were made to FY 2002 amounts previously reported. On the Combined Statement of Budgetary Resources, the Change in Unfilled Customer Orders - Without Advance From Federal Sources increased, Unobligated Balances - Apportioned increased, Unfilled Customer Orders from Federal Sources increased, and Spending Authority Adjustments increased, each by $81,596. On the Consolidated Statement of Financing, the Spending Authority from Offsetting Collections/Adjustments increased and the Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but not yet Provided decreased by $81,596.

E. The Department restated the FY 2002 Consolidated Balance Sheet and Combined Statement of Budgetary Resources to correct the presentation of amounts transferred from the Department of Education in prior years. As a result, the following restatements were made to FY 2002 amounts previously reported. On the Consolidated Balance Sheet, Advances and Deferred Revenue increased and Deferred Credits decreased by $112,583. On the Combined Statement of Budgetary Resources, Change in Unfilled Customer Orders - Advance Received increased, Change in Unfilled Customer Orders Without Advance From Federal Sources decreased, Obligated Balance - Unfilled Customer Orders from Federal Sources decreased, Spending Authority Adjustments decreased, Collections increased, and Net Outlays decreased, each by $112,583.

Reclassifications. In addition, the Department reclassified certain FY 2002 balances to be consistent with the current year presentation.

The following tables summarize the changes for restatements and reclassifications to the Consolidated Balance Sheet, the Consolidated Statement of Net Cost, the Consolidated Statement of Changes in Net Position, the Combined Statement of Budgetary Resources and the Consolidated Statement of Financing.

Consolidated Balance Sheet
(Selected Line Items)

(dollars in thousands)	As Originally Published		Restatements	Reclassifications	Revised 2002
ASSETS					
Intragovernmental Assets:					
Investments, Net	$ 5,348,343		$ -	$ 596	$ 5,348,939
Accounts and Interest Receivable, Net	630,306		-	(33,013)	597,293
Public Assets:					
Accounts and Interest Receivable, Net	1,304,062		-	(52)	1,304,010
General Property, Plant and Equipment, Net	16,916,771	A, B	(177,573)	25,728	16,764,926
Advances and Prepayments	34,872	B	87,790	-	122,662
Other Assets, Net	233,862		-	(25,728)	208,134
TOTAL ASSETS	$ 52,079,210	A	$ (89,783)	$ (32,469)	$ 51,956,958
LIABILITIES					
Intragovernmental Liabilities:					
Accounts Payable	$ 81,962		$ -	$ (27,745)	$ 54,217
Accrued Payroll and Benefits	182,002		-	440	182,442
Advances and Deferred Revenue	517,065	E	112,583	(32,697)	596,951
Deferred Credits	148,481	E	(112,583)	-	35,898
Custodial Liabilities	835,951		-	(17,870)	818,081
Other Liabilities	93,801		-	(598)	93,203
Public Liabilities:					
Accounts Payable	825,168		-	27,745	852,913
Environmental Cleanup Costs	239,087		-	(11,458)	227,629
Accrued Payroll and Benefits	557,628		-	(440)	557,188
Contingent Liabilities	1,022,380		-	11,458	1,033,838
Other Liabilities	624,019		-	18,696	642,715
Net Position					
Unexpended Appropriations	3,827,072	B	87,790	-	3,914,862
Cumulative Results of Operations	40,017,146	A, B	(177,573)	-	39,839,573
TOTAL LIABILITIES AND NET POSITION	$ 52,079,210	A	$ (89,783)	$ (32,469)	$ 51,956,958

Consolidated Statement of Net Cost
(Selected LIne Items)

(dollars in thousands)	As Originally Published		Restatements	Reclassifications	Revised 2002
Cost - Services provided to the Public	$ 14,221,244	A	$ 4,949	$ (32,283)	$ 14,193,910
Revenue Earned from the Public	1,319,313	A	-	(60,982)	1,258,331
Net Cost of Services to the Public	12,901,931	A	4,949	28,699	12,935,579
Cost - Services provided to Federal Agencies	1,510,172	A	631	4,708	1,515,511
Revenue Earned from Federal Agencies	1,480,546	A	622	(6,101)	1,475,067
Net Cost of Services provided to Federal Agencies	29,626	A	9	10,809	40,444
Net Cost of Operations	$ 12,931,557	A	$ 4,958	$ 39,508	$ 12,976,023

Consolidated Statement of Net Cost - Net Cost by Program

(dollars in thousands)	As Originally Published		Restatements	Reclassifications	Revised 2002
Protect the Environment and Preserve Our Nation's Natural & Cultural Resources	$ 3,698,952	A	$ 4,610	$ (79,696)	$ 3,623,866
Provide Recreation to America	1,921,693	A	348	75,844	1,997,885
Manage Natural Resources for a Healthy Environment and a Strong Economy	3,409,256		-	-	3,409,256
Provide Science for a Changing World	1,119,046		-	(171)	1,118,875
Meet Our Responsibilities to American Indians and Island Communities	2,612,813		-	43,360	2,656,173
Reimbursable Activity and Other	169,797		-	171	169,968
Net Cost of Operations	$ 12,931,557	A	$ 4,958	$ 39,508	$ 12,976,023

Consolidated Statement of Changes in Net Position
(Selected Line Items)

(dollars in thousands)	As Originally Published		Restatements	Reclassifications	Revised 2002
UNEXPENDED APPROPRIATIONS					
Beginning Balance	$ 3,660,444	B	$ 66,111	$ (571)	$ 3,725,984
Budgetary Financing Sources					
Appropriations - Used	(9,232,821)	B	21,679	-	(9,211,142)
Other Budgetary Financing Sources	(47,885)		-	571	(47,314)
Ending Balance - Unexpended Appropriations	$ 3,827,072	B	$ 87,790	$ -	$ 3,914,862
CUMULATIVE RESULTS OF OPERATIONS					
Beginning Balance	$ 39,228,617	A, B	$ (166,103)	$ -	$ 39,062,514
Budgetary Financing Sources					
Appropriations - Used	9,232,821	B	(21,679)	-	9,211,142
Transfers In/Out without Reimbursement	72,753		-	35,813	108,566
Other Non-Exchange Revenue	146,822		-	3,441	150,263
Other Budgetary Financing Sources and Adjustments	(3,910)	A	2,111	-	(1,799)
Other Financing Sources					
Transfers In/Out without Reimbursement	224,795	A	13,056	-	237,851
Other	(254)		-	254	-
Net Cost of Operations	(12,931,557)	A	(4,958)	(39,508)	(12,976,023)
Ending Balance - Cumulative Results of Operations	$ 40,017,146	A, B	$ (177,573)	$ -	$ 39,839,573

Combined Statement of Budgetary Resources
(Selected Line Items)

(dollars in thousands)	As Originally Published		Restatements	Reclassifications	Revised 2002
Total Budgetary Accounts:					
Budgetary Resources:					
Appropriations Received	$ 13,107,374		$ -	$ 34,094	$ 13,141,468
Net Transfers, Current Year Authority	232,248		-	(34,094)	198,154
Spending Authority From Offsetting Collections:					
Earned:					
Collected	3,075,660		-	32,469	3,108,129
Receivable From Federal Sources	111,817		-	(32,469)	79,348
Change in Unfilled Customer Orders					
Advance Received	253,052	E	112,583	(32,469)	333,166
Without Advance From Federal Sources	318,516	C, D, E	(78,794)	32,469	272,191
Total Budgetary Resources	$ 21,187,088	C,D	$ 33,789	$ -	$ 21,220,877
Status of Budgetary Resources:					
Obligations Incurred:					
Direct	$ 13,385,839		$ -	$ 64	$ 13,385,903
Unobligated Balance:					
Apportioned	4,239,703	C, D	57,693	(64)	4,297,332
Unobligated Balance not Available	158,110	C	(23,904)	-	134,206
Total Status of Budgetary Resources	$ 21,187,088	C, D	$ 33,789	$ -	$ 21,220,877
Relationship of Obligations to Outlays:					
Obligations Incurred	$ 16,742,402		$ -	$ 64	$ 16,742,466
Obligated Balance, Net, End of Fiscal Year:					
Accounts Receivable	510,181		-	(32,469)	477,712
Unfilled Customer Orders From Federal Sources	729,400	C, D, E	(78,794)	32,469	683,075
Undelivered Orders	(4,798,473)		-	(64)	(4,798,537)
Less: Spending Authority Adjustments	(764,472)	C, D, E	78,794	-	(685,678)
Outlays:			-	-	-
Collections	(3,328,713)	E	(112,583)	-	(3,441,296)
Net Outlays	$ 9,427,532	E	$ (112,583)	$ -	$ 9,314,949

(dollars in thousands)	As Originally Published	Restatements	Reclassifications	Revised 2002
Non-Budgetary Credit Program Financing Accounts:				
Status of Budgetary Resources:				
Unobligated Balance:				
Apportioned	$ (2,169)	$ -	$ 57,946	$ 55,777
Exempt From Apportionment	57,946	-	(57,946)	-
Total Status of Budgetary Resources	$ 70,654	$ -	$ -	$ 70,654

Consolidated Statement of Financing
(Selected Line Items)

(dollars in thousands)	As Originally Published		Restatements	Reclassifications	Revised 2002
Resources Used to Finance Activities:					
Budgetary Resources Obligated:					
Obligations Incurred	$ 16,757,279		$ -	$ 64	$ 16,757,343
Less: Spending Authority From Offsetting Collections/Adjustments	(4,100,295)	C, D	(33,789)	-	(4,134,084)
Other Resources:					
Donations and Forfeitures of Property	4,464		-	194	4,658
Transfers In/Out Without Reimbursement	224,795	A	13,056	-	237,851
Resources Used to Finance Items Not Part of the Net Cost of Operations:					
Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	(12,180)	B, C, D	12,109	(60)	(131)
Resources That Fund Expenses Recognized in Prior Periods	105,112		-	29,105	134,217
Budgetary Offsetting Collections and Receipts That Do Not Affect Offsetting Receipts Not Part of the Net Cost of Operations	1,776,835		-	131,165	1,908,000
Resources That Finance the Acquisition of Assets	(1,035,036)	B	21,679	(41,940)	(1,055,297)
Other Resources or Adjustments to Net Obligated Resources That Do Not Affect Net Cost of Operations	(37,053.00)		-	51,216.00	14,163.00
Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:					
Components Requiring or Generating Resources in Future Periods:					
Increase (Decrease) in Annual Leave Liability	17,025		-	(438)	16,587
Increase (Decrease) in Environmental and Disposal Liability	-		-	(45,933)	(45,933)
Upward/Downward Re-estimates in Credit Subsidy Expense	2,354		-	381	2,735
Increase (Decrease) in Exchange Revenue Receivable From the Public	-		-	3,844	3,844
Other	711,652		-	(86,279)	625,373
Components Not Requiring or Generating Resources:					
Depreciation and Amortization	499,655	A	(22,891)	(1,235)	475,529
Revaluation of Assets or Liabilities	-		-	14,830	14,830
Components of Net Cost of Operations Related to Transfer Accounts Where Budget Amounts are Reported by Other Federal Entities	346,592		-	4,231	350,823
Other	10,097	A	14,794	(19,637)	5,254
Net Cost of Operations	$ 12,931,557	A	$ 4,958	$ 39,508	$ 12,976,023

NOTE 22. ROYALTIES RETAINED

Royalties Retained include minerals receipts transferred to the Department totaling approximately $2,583 million and $2,541 million for the years ended September 30, 2003 and 2002, respectively. These amounts include transfers to the Land and Water Conservation Fund, and to the Minerals Management Service for distribution to States, and to offset costs incurred by MMS related to royalty collections, and to the Reclamation Fund. These amounts are exchange revenue, but are presented on the Consolidated Statement of Changes in Net Position in accordance with Federal accounting standards.

In FY 2003 and FY 2002, the Consolidated Statement of Net Cost reflects the expenses for the payments to the States in the Manage Natural Resources for a Healthy Environment and a Strong Economy program in the amount of $953 million and $687 million, respectively.

NOTE 23. STRATEGIC PETROLEUM RESERVE

Interior received approximately 38.2 and 11.2 million barrels of petroleum as in-kind mineral lease revenues for the year ended September 30, 2003 and 2002, respectively. Interior transferred this petroleum to the U.S. Department of Energy to increase the strategic petroleum reserve. The value of the petroleum received and transferred was $1,044 million and $263 million for the years ended September 30, 2003 and 2002, respectively.

NOTE 24. STATEMENT OF BUDGETARY RESOURCES

The Combined Statement of Budgetary Resources provides information about how budgetary resources were made available as well as their status at the end of the period. It is the only financial statement exclusively derived from the entity's budgetary general ledger in accordance with budgetary accounting rules that are incorporated into generally accepted accounting principles for the Federal government. The total Budgetary Resources of $23,561 million and $21,292 million for FY 2003 and FY 2002, respectively, includes new budget authority, unobligated balances at the beginning of the year and transferred in/out during the year, spending authority from offsetting collections, recoveries of prior year obligations and any adjustment to these resources. Interior's unobligated balance available at September 30, 2003, is $4,846 million and at September 30, 2002, was $4,400 million.

Apportionment Categories of Obligations Incurred. The Department's obligations incurred during FY 2003 and FY 2002 by apportionment category are shown in the following table:

Obligations by Apportionment Category

(dollars in thousands)

FY 2003	Apportioned Category A	Apportioned Category B	Not Subject to Apportionment	Total
Obligations Incurred:				
Direct	$ -	$ 13,979,361	$ 73,718	$ 14,053,079
Reimbursable	-	4,534,566	-	4,534,566
Total Obligations Incurred	$ -	$ 18,513,927	$ 73,718	$ 18,587,645

FY 2002	Apportioned Category A	Apportioned Category B	Not Subject to Apportionment	Total
Obligations Incurred:				
Direct	$ -	$ 13,327,116	$ 73,664	$ 13,400,780
Reimbursable	-	3,356,563	-	3,356,563
Total Obligations Incurred	$ -	$ 16,683,679	$ 73,664	$ 16,757,343

Reclamation Trust Funds and Colorado River Dam Fund - Boulder Canyon Project are the only funds classified as not subject to apportionment.

Repayment Requirements, Financing Sources for Repayment, and other Terms of Borrowing Authority Used. The Bureau of Reclamation's borrowing authority is provided under the Credit Reform Act of 1990 (see Note 6, Loans and Interest Receivable, Net for additional information on Credit Reform loans). The repayment terms and provisions of these loans are not more than 40 years from the date when the principal benefits of the projects first became available. Interest on these loans is determined by the Treasury as of the beginning of the fiscal year in which the contract is executed, on the basis of the average market yields on outstanding marketable obligations of the United States. Collections in excess of the interest due to the Treasury is applied to the outstanding principal owed to the Treasury.

The BIA receives borrowing authority from Treasury for its loan programs in accordance with the Federal Credit Reform Act of 1990 and related legislation. The guaranteed loan financing fund can borrow funds when the cash balance in a financing fund cohort is insufficient to pay default claims, interest subsidy payments, downward subsidy re-estimates or the interest on prior Treasury borrowings. The balance in this account as of September 30, 2003, and September 30, 2002, was $2.2 million.

The BIA's direct loan program ended in 1995. However, borrowings arising from direct loans made between 1992 and 1995 are still outstanding. These borrowings are being repaid as scheduled and as of September 30, 2003, and September 30, 2002, were $22.9 million (see Note 6, Loans and Interest Receivable, Net for additional information).

In 2001, the Bureau of the Public Debt extended a loan to the Departmental Offices for the purpose of operating a direct loan to the American Samoa Government. Interest is accrued annually based on the prevailing market yield on Treasury securities of comparable maturity. The loan has a final payment due date of September 30, 2027 (see Note 6, Loans and Interest Receivable, Net for additional information).

Permanent Indefinite Appropriations. Permanent indefinite appropriations refer to the appropriations that come from permanent public laws, which authorize the Department to retain certain receipts, rather than the annual appropriations process and the amount appropriated depends upon the amount of the receipts rather than a specific amount. All Interior bureaus use one or more permanent no-year appropriations to finance operating costs and the purchase of property, plant, and equipment.

The Department has approximately 70 permanent indefinite appropriations, which are primarily for special programs and projects. Some examples are:

- BIA has several permanent indefinite appropriations, which are primarily for special projects and loan programs, such as Claims and Treaty Obligations, Indian Loan Guaranty Financing and Insurance Fund Liquidating Account, Revolving Fund for Loans Liquidating Account, Operation and Maintenance of Quarters, Indian Irrigation Systems, Indian Power Systems, Alaska Resupply Program, and Indian Direct Loan Program Account.

- BOR has the Colorado River Dam Fund - Boulder Canyon Project which is an indefinite appropriation funded by various operating revenues of the Hoover Dam, mainly from the sale of power generated at the dam. Reclamation Trust Funds include amounts received from public benefactors that are used to finance restoration and other activities.

- The MMS permanent indefinite appropriations include minerals revenue with the States resulting from the leasing of mineral leases within their borders, Forest Fund Payments to a State based on National Forest acreage within that State, and flood control payments to States to be expended as the State legislature may prescribe for the benefit of the public schools and roads in the county government.

- A majority of the NPS permanent appropriations are from the Fee Demonstration Program, but also includes Park Concessions Franchise Fees, the National Park Passport Program, and the Operation and Maintenance of Quarters.

- Other types of permanent indefinite appropriations include the Recreation Fee Demonstration Program Fund, the Sport Fish Restoration Fund, and the Federal Aid in Wildlife Restoration Fund.

These funds do not require annual appropriation action by Congress as they are subject to the authorities of the permanent law.

Appropriations Received. Appropriations received on the Consolidated Statement of Changes in Net Position differs from that reported on the Combined Statement of Budgetary Resources because Appropriations Received on the Consolidated Statement of Changes in Net Position does not include appropriated dedicated and earmarked receipts. Dedicated and earmarked receipts are accounted for as either exchange or non-exchange revenue.

Legal Arrangements Affecting Use of Unobligated Balances. Interior's unobligated unavailable balances for FY 2003 and FY 2002 are $126.5 million and $134.2 million, respectively, and consists of:

Unobligated Unavailable Balance

(dollars in thousands)	FY 2003	FY 2002 (As Restated)
Unapportioned amounts unavailable for future apportionments	$ 5,839	$ 32,465
Expired Authority	119,141	101,741
Total Budgetary Accounts	124,981	134,206
Non-Budgetary Credit Program Financing Accounts	1,518	-
Unobligated Unavailable Balance	$ 126,499	$ 134,206

Unobligated balances, whose period of availability has expired are not available to fund new obligations but is available to pay for adjustments to obligations incurred prior to expiration. For a fixed appropriation account, the balance can be carried forward for five fiscal years after the period of availability ends. At the end of the fifth fiscal year, the account is closed and any remaining balance is canceled. For a no-year account, the unobligated balance is carried forward indefinitely until (1) specifically rescinded by law, or (2) the head of the agency concerned or the President determines that the purposes for which the appropriation was made have been carried out and disbursements have not been made against the appropriation for two consecutive years.

The appropriation law, Public Law 108-7, is the major source of funding for the BLM's operating programs and directs that a definite sum of the Bureau's wildland firefighting authority be applied to the construction of fire facilities. These authorizations also direct how the Bureau must treat other assets it may acquire as a result of executing its operating programs. Also, BIA receives contract authority from DOT's Highway Trust Fund for the maintenance and construction of roads and bridges on BIA and Trust property.

All appropriation language contains specific and/or general authorizations. These authorizations may be defined as legislative parameters that frame the funding and Federal agency policy for executing its programs. These authorizations also direct how the Department must treat other assets it may acquire as a result of executing its operating programs. Since both specific and general authorizations are integral components of all legislation, the Department does not view them as restrictions or legal encumbrances on its available funding.

Explanation of Differences Between the Combined Statement of Budgetary Resources (SBR) and the Budget of the United States Government. The Combined Statement of Budgetary Resources has been prepared to coincide with the amounts shown in the President's Budget (Budget of the United States Government). The actual amounts for FY 2003 in the President's Budget have not been published at the time these financial statements were prepared. The President's Budget with the actual FY 2002 amounts was released on February 3, 2003, and FY 2003 amounts are estimated to be released in February 2004, and both can be located at the OMB Web site (*http://www.whitehouse.gov/omb*).

The Department's FY 2002 budget amounts have been compared to the FY 2002 President's Budget. The most significant differences between the SBR to the Budget of the U.S. Government result from the fact that the SBR includes expired appropriations while the Budget of the U.S. Government does not. As a result, the SBR includes approximately $146 million in Total Budgetary Resources that are not included in the President's Budget. A summary of amounts from Expired Accounts is presented in the following table.

Amounts from Expired Accounts Included on the Statement of Budgetary Resources but Excluded from the President's Budget

BUDGETARY RESOURCES	
Unobligated balance	
Brought forward, October 1	$ 111,803
Net transfers, balances, actual	(9,250)
Spending authority from offsetting collections:	
Earned	
Collected	187,156
Receivable from Federal sources	(146,878)
Change in unfilled customer orders	
Advance received	(18,240)
Without advance from Federal sources	(29,382)
Recoveries of prior year obligations: Actual	73,874
Cancellations of expired/no-year accounts	(22,744)
Other authority withdrawn pursuant to Public Law	(47)
Total budgetary resources	$ 146,292
STATUS OF BUDGETARY RESOURCES	
Obligations incurred	
Direct	
Category A	$ 62
Total, Category B	44,488
Reimbursable: Total, Category B	(13)
Other	101,755
Total status of budgetary resources	$ 146,292

In addition, certain other differences exist, including:

- Differences are present due to adjustments related to the Interior Franchise Fund in the amount of $94 million made to the SBR after the Budget for the U.S. Government was completed.
- Other differences result from adjustments made subsequent to the submission of information used in the President's budget. An adjustment was made related to advances from the Department of Education for

$112.5 million after the FACTS II transmission. Offsetting collections and unobligated available amounts differ for the Operations of Indian Programs account.

- Discrepancies occur due to transfers of appropriations where the transferring agency has the responsibility to report these amounts in the Statement of Budgetary Resources, but these amounts are included in the President's Budget for the receiving agency.

NOTE 25. STATEMENT OF FINANCING ALLOCATION OF TRANSFERS

The Department provides budget resources to and receives budget resources from other Federal entities in the form of "allocation transfer accounts." The activity in these allocation transfer accounts is reported in the Consolidated Balance Sheet, Consolidated Statement of Net Cost, and Consolidated Statement of Changes in Net Position of the recipient agency. However, the budgetary activity for these allocation transfer accounts is reported by the providing agency on its Combined Statement of Budgetary Resources. This treatment creates a reconciling item between the proprietary statements (the Consolidated Balance Sheet, Consolidated Statement of Net Cost, and Consolidated Statement of Changes in Net Position) and the Combined Statement of Budgetary Resources. The adjustment shown in the Consolidated Statement of Financing for this line represents this reconciliation amount.

The major Interior allocation transfers made internally include those from the Wildland Fire Management Account, the Central Hazardous Material Fund, the Office of Special Trust Funds, the Natural Resources Damage Assessment, the Restoration Fund, and the Bureau of Indian Affairs' Construction Funds.

The major Interior allocation transfers made outside the Department include those from the Department of Transportation, U.S. Corps of Engineers, Department of Labor, and Department of Health and Human Services.

The transfers made outside the Department result in reconciling differences for the statement of financing. The following table summarizes the allocation transfers and the related amounts that are reported as reconciling differences in the statement of financing:

Statement of Financing - Allocation of Transfers

Trading Partner	Nature and Purpose of Transfer	FY 2003 Reconciling Difference	FY 2002 Reconciling Difference
Transfer of Appropriations where the Department is the recipient (i.e., Child) and therefore reports the proprietary activity, but not the budgetary activity:			
Department of Transportation - Highway Trust Fund	Federal Aid for maintenance of Department Highways	$ 268,292	$ 291,883
Department of Labor - Job Corps	Employee and Training services	70,002	70,662
Health and Human Services	Child Development and Employment Programs	37,578	21,871
Other		2,736	10,489
Total resources transferred in with budgetary information reported by the agencies listed above		378,608	394,905
Transfer of Appropriations where the Department is the transferor (i.e., Parent) and therefore reports the budgetary activity, but not the proprietary activity:			
Department of Transportation	Highway Construction	1,265	4,998
U.S. Corps of Engineers	Land Acquisition and State Assistance	6,409	39,002
Department of Agriculture	To fund Soil Conservation Programs	254	82
Other		2,742	-
Total resources transferred out with proprietary information reported by the agencies listed above		10,670	44,082
Net Reconciling Difference of appropriations transferred to or from other Federal agencies		$ 367,938	$ 350,823

Change in Unfunded Liabilities. The Consolidated Statement of Financing includes a section depicting the change in certain unfunded liabilities. The amounts in this section do not necessarily correlate to the change in liabilities not covered by budgetary resources as shown in Note 16, Liabilities Analysis. Differences are primarily the result of certain Treasury requirements related to where changes in various liabilities are reported on the Consolidated Statement of Financing. These requirements are dependent upon whether the change results in an increase or decrease to the liability account. Additionally, some liability accounts not covered by budgetary resources are not included in the Consolidated Statement of Financing.

NOTE 26. INDIAN TRUST FUNDS

The Department, through the Office of the Special Trustee for American Indians (OST), maintains approximately 1,400 accounts for Tribal and Other Trust Funds (including the Alaska Native Escrow Fund) with combined monetary assets of approximately $2,880 million and $2,856 million as of September 30, 2003 and 2002, respectively.

The balances that have accumulated in the Tribal and Other Trust funds have resulted from judgment awards, settlements of claims, land use agreements, royalties on natural resource depletion, other proceeds derived directly from trust resources, and investment income.

The trust fund balances for Tribal and Other Trust Funds contain two categories:

1. Trust funds held for Indian Tribes (considered non-Federal funds), and
2. Trust funds held by the Department of the Interior, for future transfer to a Tribe upon satisfaction of certain conditions or where the corpus of the fund is non-expendable (considered Federal funds).

The non-Federal and Federal funds are reflected as separate components of the fund balance in the Tribal and Other Trust Funds financial statements. The trust funds considered Federal funds are reflected in the Department's financial statements.

The OST also maintains about 260,000 and 252,000 open Individual Indian Monies (IIM) accounts with a fund balance of approximately $413 million and $411 million as of September 30, 2003 and 2002, respectively.

The IIM Fund is primarily a deposit fund for individuals who have a beneficial interest in the trust funds. IIM account holders realize receipts primarily from land use agreements, royalties on natural resource depletion; other proceeds derived directly from trust resources, judgment and tribal per capita distributions, and investment income.

Summaries of the financial statements of the Tribal and Other Trust Funds and the IIM Trust Funds are at the end of this note. The amounts in the summaries do not include the values related to trust lands or other trust resources managed by the Department.

Financial Statements and Basis of Accounting. The Tribal and Other Trust Fund statements of assets and trust fund balances and statements of changes in trust fund balances were prepared using a cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The cash basis of accounting differs from GAAP in that receivables and payables are not recorded and investment premiums and discounts are not amortized or accreted. Receipts are recorded when received, disbursements are recorded when paid, and investments are stated at historical cost.

The IIM Trust Fund statements of assets and trust fund balances and statements of changes in trust fund balances were prepared using a modified cash basis of accounting, which is a comprehensive basis of accounting other than GAAP. The modified cash basis of accounting differs from GAAP in that receivables and payables are not recorded with the exception of interest earned on invested funds (including discount accretion and premium amortization). Receipts are recorded when received with the exception of interest, and disbursements are recorded when paid. Interest is recorded when earned, including accretion/amortization of investment discounts and premiums. Investments are stated at amortized cost.

Audit Results. With Office of Inspector General oversight, independent auditors audited the Tribal and Other Trust Funds and the IIM Trust Funds financial statements as of and for the years ended September 30, 2003 and 2002. The independent auditors indicated that the financial statements were prepared on the cash or modified cash basis of accounting, which is a comprehensive basis of accounting other than GAAP. In addition, the independent auditors' reports were qualified as a result of the following:

- It was not practicable for the independent auditors to extend audit procedures sufficiently to satisfy themselves as to the fairness of the trust fund balances and changes in trust fund balances reflected in the financial statements as a result of inadequacies in certain Department of the Interior accounting systems.

- Certain parties do not agree with the trust fund balances reflected in the financial statements and these parties have filed, or are expected to file claims against the Department.

For more information on Contingencies, see Note 15 regarding Environmental Cleanup Cost and Contingent Liabilities.

Tribal and Other Trust Funds
Statements of Assets and Trust Fund Balances - Cash Basis
as of September 30, 2003 and 2002
(dollars in thousands)

	FY 2003	FY 2002
ASSETS		
Current Assets		
Cash and cash equivalents	$ 507,578	$ 723,702
Investments	2,372,434	2,132,587
TOTAL ASSETS	$ 2,880,012	$ 2,856,289
TRUST FUND BALANCES		
Held for Indian tribes	$ 2,624,471	$ 2,633,118
Held by Department of the Interior and considered to be		
U.S. Government funds	255,541	223,171
TOTAL TRUST FUND BALANCES	$ 2,880,012	$ 2,856,289

Tribal and Other Trust Funds
Statements of Changes in Trust Fund Balances - Cash Basis
for the years ended September 30, 2003 and 2002
(dollars in thousands)

	FY 2003	FY 2002
Receipts	$ 256,168	$ 293,785
Interest Received	118,010	139,249
Gain (Loss) on disposition of investments, Net	4,291	1,690
Disbursements	(354,746)	(383,452)
Increase in trust fund balances, net	23,723	51,272
Trust Fund Balances - Beginning of Year	2,856,289	2,805,017
Trust Fund Balances - End of Year	$ 2,880,012	$ 2,856,289

Note: The independent auditors' expressed a qualified opinion on these financial statements.
See " Audit Results" section above.

Individual Indian Monies Trust Funds
Statements of Assets and Trust Fund Balances - Modified Cash Basis
as of September 30, 2003 and 2002
(dollars in thousands)

	FY 2003	FY 2002
ASSETS		
Current Assets		
Cash and cash equivalents	$ 26,488	$ 44,018
Investments	382,325	362,796
Accrued interest receivable	4,255	4,531
TOTAL ASSETS	$ 413,068	$ 411,345
TRUST FUND BALANCES, held for Individual Indians	$ 413,068	$ 411,345

Individual Indian Monies Trust Funds
Statements of Changes in Trust Fund Balances - Modified Cash Basis
for the years ended September 30, 2003 and 2002
(dollars in thousands)

	FY 2003	FY 2002
Receipts	$ 170,996	$ 168,248
Interest and dividends earned	22,817	23,022
Gain (Loss) on disposition of investments, Net	436	83
Disbursements	(192,526)	(184,148)
Increase (decrease) in trust fund balances, net	1,723	7,205
Trust Fund Balances - Beginning of Year	411,345	404,140
Trust Fund Balances - End of Year	$ 413,068	$ 411,345

Note: The independent auditors' expressed a qualified opinion on these financial statements.
See " Audit Results" section above.

NOTE 27. DEDICATED COLLECTIONS

Dedicated collections as of September 30, 2003 and 2002 consist of the following:

Conservation Funds. Conservation Funds consist of the Land and Water Conservation Fund and the Historic Preservation Fund.

The Land and Water Conservation Fund (LWCF) was enacted in 1964 (Public Law 88-578) to create and maintain a nationwide legacy of high quality recreation areas and facilities. The LWCF Act established a funding source for both Federal acquisition of authorized national park, conservation and recreation areas as well as grants to State and local governments to help them acquire, develop, and improve outdoor recreation areas. The fund is accounted for by the information provided by the Minerals Management Service and is reported as a restricted asset.

Annually, $900 million for the Land and Water Conservation Fund and $150 million for the Historic Preservation Fund (HPF) under Public Law 89-665, are transferred from Interior's Minerals Management Service to the National Park Service, the majority of which is from royalties from Outer Continental Shelf oil deposits. Each year, amounts from the Land and Water Conservation and Historic Preservation Funds are warranted to some of the bureaus within the Department of the Interior and the rest to the U.S. Department of Agriculture's Forest Service Agency.

The HPF provides matching grants to encourage private and non-Federal investment in historic preservation efforts nationwide, and assists State and local governments, and Indian Tribes with expanding and accelerating their historic preservation activities nationwide. Historic Preservation Fund grants serve as a catalyst and "seed money" for preserving and protecting our Nation's irreplaceable heritage for this and future generations.

Abandoned Mine Land Fund. Public Law 95-87 established the Office of Surface Mining (OSM), a component of Interior, and authorized the collection of a fee from Coal Mine Operators. Fees of 35 cents per ton of surface mined coal, 15 cents per ton of coal mined underground, and 10 cents per ton of lignite are collected from active mining operations. The fees are deposited in the Abandoned Mine Land (AML) Reclamation Fund, which is used to fund abandoned mine land reclamation projects. The Surface Mining Law specifies that 50 percent of the reclamation fees collected in each State with an approved reclamation program, or within Indian lands where the Tribe has an approved reclamation program, are to be allocated to that State or Tribe. This 50 percent is designated as the State or tribal share of the fund. The remaining 50 percent (the Federal share) is used by Interior to complete high priority and emergency projects, to fund the Small Operator Assistance Program, to fund additional projects directly through State reclamation programs, and to pay collection, audit, and administration costs.

Expenditures from the AML Fund may only be made as a consequence of appropriations or other Laws. AML reclamation is accomplished primarily by States and Tribes and is funded by grants. Grant funding levels are determined by Interior's annual appropriation and consider the individual State or Tribe's needs, the State and Federal shares, as well as emergency and special funding requirements.

Under authority of Public Law 101-509, Interior began investing AML funds in U.S. Treasury Securities. Beginning in 1996, under a requirement of the Energy Policy Act of 1992 (Public Law 102-486), Interior began an annual transfer from the investment interest earned to the United Mine Workers of America Combined Benefit Fund (UMWA CBF). This transfer is used to defray anticipated health care costs for eligible union coal mine workers who retired on or before July 20, 1992, and their dependents.

Payments to the UMWA CBF are made in advance based on the number of beneficiaries and an estimate of their benefit costs. Under current practice, the estimate is then adjusted to actual costs as health benefits are paid in subsequent years.

AML program expenses approximate the net cost for the Environmental Restoration GPRA program activity with the addition (+/-) of a pro rata share of allocated costs. The Environmental Restoration GPRA is included in Strategic Goal 1: Protect the Environment and Preserve Our Nation's Natural and Cultural Resources.

Environmental Improvement and Restoration Fund. The Environmental Improvement and Restoration Fund (EIRF) was a distribution of the Alaska Escrow Fund in which half of the principal was invested in Treasury Securities. The purpose of EIRF is to invest the monies and earn interest until there is further congressional action. Congress has permanently appropriated 20% of the prior fiscal year interest earned by the EIRF to the Department of Commerce each year for their marine research activities. The remaining 80% remains in the fund to earn interest and may be appropriated by Congress to certain other agencies, as provided by the law. No assets are available to the Department of the Interior unless appropriated by Congress.

Aquatic Resources Trust Fund and Sport Fish Restoration. The Aquatic Resources Trust Fund (ARTF) receives excise tax revenues from the sale of fishing tackle and equipment, certain motorboat and small engine gasoline, and interest earned on invested trust funds. These funds are subsequently distributed to the U.S. Fish and Wildlife Service Sport Fish Restoration Account (SFRA), the U.S. Coast Guard Boat Safety Program, and the Army Corps of Engineers Coastal Wetlands Program. Although the ARTF is managed and maintained by Treasury (per Title 26 of the U.S. Code, Section 9602), Interior reports the ARTF as they have the preponderance of the fund activity (the SFRA received approximately 77% and 74% of the ARTF transfers for FY 2003 and FY 2002, respectively). The SFRA makes grants available to States to restore, conserve, manage, protect, and enhance sport fish resources and coastal wetlands, and also to enhance public use and benefits from sport fish resources.

Wildlife Restoration. The Federal Aid in Wildlife Restoration Program is a key component of the Nation's cooperative conservation work for wildlife and their habitats. It implements the DOI's Draft Resource Protection Goal of sustaining biological communities on DOI managed and influenced lands and waters by providing financial and technical assistance to States to restore, conserve, manage, and enhance wild bird and mammal populations; acquiring and managing their habitats; providing public use and benefit from wildlife resources; educating hunters; and developing shooting ranges.

The Federal Aid in Wildlife Restoration Act of 1937, also called the *Pittman-Robertson Wildlife Restoration Act*, as amended (16 U.S.C.669-669k) authorizes the Secretary of Interior to implement a multi-State conservation grant program and a firearm and bow hunter education and safety program that provides grants to States.

Interest earned on investments from the Federal Aid in Wildlife Restoration Account are estimated at $19 million, or $4 million higher than the FY 2002 estimated level of $15 million. The interest earned is one of the funding sources for the grant program authorized by the North American Wetlands Conservation Act.

The Wildlife Restoration program is funded by an 11% excise tax on sporting firearms and ammunition, a 12.4% tax on archery equipment, and a 10% tax on handguns. These tax receipts are appropriated to the Service through a permanent-indefinite appropriation for use in the fiscal year following collection. The total of receipts apportioned directly contributes to the *DOI's Draft Resource Protection Goal of sustaining biological communities on DOI Managed and Influenced Lands and Waters.*

The Wildlife Restoration program operates on a cost reimbursement basis. Each State pays the costs of approved projects up front and applies intermittently for reimbursement of up to seventy-five percent of the costs incurred. The State must provide at least twenty-five percent of the project costs from a non-Federal source. However, Puerto Rico, the U.S. Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa are not required to provide matching shares. The source of funds for the Federal Aid in Wildlife Restoration program is public, and the source of funds for the Wildlife and Sport Fish Restoration program is government.

Office of the Special Trustee for American Indians. Established by the American Indian Trust Fund Management Reform Act of 1994 (Public Law 103-412), the Office of the Special Trustee for American Indians (OST) was created to improve the accountability and management of Indian funds held in trust by the Federal government. OST develops and implements the policies and procedures governing the management of Indian trust funds. OST manages and is accountable for Tribal Trust and Special Funds that are reported in these financial statements. Financing sources for these funds are from judgment/award monies from Federal sources and other lease and rental income from the public.

Central Utah Project Completion Act. The primary purpose of the Central Utah Project Completion Act (CUPCA) is to provide for the orderly completion of the Central Utah Project by authorizing water conservation and wildlife mitigation projects, and by providing funding for conservation activities. The CUPCA office within the Department is mandated by the Act to, among other responsibilities, transfer funds to the Commission, which has exclusive responsibility for competing the fish, wildlife, and recreation projects in the State of Utah required as part of the Central Utah Project. The Commission also receives transfers of annual appropriations from the Western Area Power Administration of the Department of Energy. The Commission has discretion to either expend such funds, or parts thereof, for mitigation activities, or to invest such funds, or parts thereof, in a trust fund established by CUPCA, the interest from which is for the future use of the Commission. The Department accounts for and reports on this fund through the Utah Reclamation Mitigation and Conservation Commission Fund.

National Resource Damage Assessment and Restoration Fund. Section 301c of the Comprehensive Environmental Response, Compensation, and Liability Act requires promulgation of regulations for the assessment of damages for injury to, destruction of, or loss of natural resources resulting from a discharge of oil or release of a hazardous substance. The responsibility for this rulemaking was delegated to DOI by the President in Executive Order 12580 (January 23, 1987). The Department accounts for and reports on this fund through the Natural Resource Damage Assessment and Restoration Fund (NRDAR). The primary aim of the NRDAR is to restore natural resources injured as the result of oil spills or hazardous substance releases. The program assesses the damages and injuries to natural resources entrusted to Interior and negotiates legal settlements or takes other legal actions against the responsible parties for the spill or release. Funds from these settlements are then used to restore the injured resources at no expense to the taxpayer. Settlements often include the recovery of the costs incurred in assessing the damages. These funds are then used to fund further damage assessments.

Other Dedicated Collections. Other dedicated collections consist of the following.

Donations. The purpose of this fund is to record cash donations provided to the National Park Service (NPS). The fund is accounted for and reported as donated revenue financing source. The source of revenue for this fund is from public donations and is considered an inflow of resources to the government. Under 16 U.S.C 6, NPS has the authority to use funds as collected.

Priority Land Acquisition. Funds under the Priority Land Acquisitions, Land Exchanges and Maintenance account are from the Land and Water Conservation Fund for priority land acquisitions and exchanges. The Department accounts for and reports on these funds through the Title V Priority Land Acquisitions, Land Exchanges, and Maintenance Fund and the Title VI Priority Land Acquisitions and Land Exchanges Fund. These funds are available for the high priority land acquisitions and exchanges and for reducing maintenance backlogs.

Reclamation Trust Funds. The Reclamation Trust Funds receive monies from the State of California per Public Law 102-575, Title XXXIV, Central Valley Project Improvement Act, to accomplish the following purposes: (a) to protect, restore, and enhance fish, wildlife, and associated habitats in the Central Valley and Trinity River basins of California; (b) to address impacts of the Central Valley Project on fish, wildlife and associated habitats; (c) to improve the operational flexibility of the Central Valley Project; (d) to increase water-related benefits provided by the Central Valley Project to the State of California through expanded use of voluntary water transfers and improved water conservation; (e) to contribute to the State of California's interim and long-term efforts to protect the San Francisco Bay/Sacramento-San Joaquin Delta Estuary; and (f) to achieve a reasonable balance among competing demands for use of the Central Valley Project water, including the requirements of fish and wildlife, agricultural, municipal and industrial and power
contractors.

Reclamation has established unique cost centers within the accounting system for each of the specified activities under the Act. Once the activity is completed, a report is prepared for the State of California showing the monies collected and the costs incurred.

Everglades. Interior also administers a small portion of the funds available for the Everglades restoration effort. Section 390 of the Federal Agriculture Improvement and Reform Act (Farm Bill) of 1996 (Public Law 104-217), authorized the establishment of an "Everglades Restoration Account" consisting of funds deposited to a special Treasury account derived from the sale of surplus Federal property located in the State of Florida. Although the authority to receive these funds was abolished by the Water Resources Development Act (Public Law 106-541) passed on December 11, 2000, funds deposited to the account prior to that date remain available to support the restoration effort. The Department accounts for and reports on this fund through the Everglades Restoration Account Fund. These funds are to be utilized for "the acquisition of real property … within the Everglades ecosystem; and … the funding of resource protection and resource maintenance activities in the Everglades ecosystem." This legislation also provided $200 million in appropriated funds that have been used primarily for land acquisitions and exchanges necessary to further the restoration effort. These funds have been fully obligated.

FY 2003 Dedicated Collections

(dollars in thousands)	Land and Water Conservation Fund	Historic Preservation Fund	Abandoned Mine Land Fund	Environmental Improvement and Restoration Fund	Aquatic Resources Trust Fund
ASSETS					
Fund Balance with Treasury	$ 13,443,816	$ 2,377,575	$ 543	$ 1	$ 22,074
Investments, Net	-	-	1,926,867	977,521	1,415,812
Accounts Receivable	-	-	34,965	-	273
Property, Plant, and Equipment and Other Assets	-	-	40	-	-
TOTAL ASSETS	$ 13,443,816	$ 2,377,575	$ 1,962,415	$ 977,522	$ 1,438,159
LIABILITIES					
Aquatic Resource Amounts Due to FWS	$ -	$ -	$ -	$ -	$ 883,661
Aquatic Resource Amounts Due to Coast Guard	-	-	-	-	-
Aquatic Resource Amounts Due to Corps of Engineers	-	-	-	-	-
Aquatic Resource Amounts Due to Others	-	-	-	-	83
Accounts Payable	-	-	9,304	-	-
Other Liabilities	-	-	477	-	-
TOTAL LIABILITIES	-	-	9,781	-	883,744
Total Net Position	13,443,816	2,377,575	1,952,634	977,522	554,415
TOTAL LIABILITIES AND NET POSITION	$ 13,443,816	$ 2,377,575	$ 1,962,415	$ 977,522	$ 1,438,159
CHANGE IN NET POSITION					
Net Position, Beginning of Fiscal Year	$ 13,073,662	$ 2,298,127	$ 1,886,154	$ 967,274	$ 538,979
Change in Net Position:					
Non-exchange Revenue:					
Taxes	-	-	-	-	426,376
AML Fee Revenue	-	-	282,411	-	-
Investment Interest and Other	899,020	150,000	23,720	10,248	40,949
Transfers In/Out without Reimbursement	(528,866)	(70,552)	-	-	(451,889)
Exchange Revenue - Services Provided and Other	-	-	103	-	-
Program Expenses	-	-	(239,754)	-	-
Net Position, End of Fiscal Year	$ 13,443,816	$ 2,377,575	$ 1,952,634	$ 977,522	$ 554,415

FY 2003 Dedicated Collections

	Sportfish Restoration	Wildlife Restoration	Office of the Special Trustee for American Indians	Central Utah Project Completion Act	Natural Resource Damage Assessment and Restoration Fund	Other Dedicated Collections	FY 2003
	$ (6,938)	$ 18,098	$ (34)	$ 30,379	$ 404	$ 132,820	$ 16,018,738
	-	453,148	257,513	140,134	155,695	65	5,326,755
	883,688	1	-	-	5,706	139	924,772
	-	123	-	4,170	-	40,938	45,271
	$ 876,750	$ 471,370	$ 257,479	$ 174,683	$ 161,805	$ 173,962	$ 22,315,536
	$ -	$ -	$ -	$ -	$ -	$ -	$ 883,661
	62,515	-	-	-	-	-	62,515
	327,164	-	-	-	-	-	327,164
	-	-	-	-	-	-	83
	22,284	17,073	-	446	3	3,637	52,747
	1,348	624	-	231	-	48,722	51,402
	413,311	17,697	-	677	3	52,359	1,377,572
	463,439	453,673	257,479	174,006	161,802	121,603	20,937,964
	$ 876,750	$ 471,370	$ 257,479	$ 174,683	$ 161,805	$ 173,962	$ 22,315,536
	$ 462,309	$ 490,489	$ 224,898	$ 161,442	$ 151,620	$ 121,518	$ 20,376,472
	-	214,337	-	-	-	-	640,713
	-	-	-	-	-	-	282,411
	358	8,746	12,212	11,261	34,475	16,922	1,207,911
	329,816	(243)	28,877	6,061	(22,184)	(276)	(709,256)
	-	-	-	4,027	-	17,089	21,219
	(329,044)	(259,656)	(8,508)	(8,785)	(2,109)	(33,650)	(881,506)
	$ 463,439	$ 453,673	$ 257,479	$ 174,006	$ 161,802	$ 121,603	$ 20,937,964

FY 2003 Other Dedicated Collections

(dollars in thousands)	Donations	Priority Land Acquisition	Reclamation Trust Funds
ASSETS			
Fund Balance with Treasury	$ 50,293	$ 22,685	$ 47,865
Investments, Net	-	-	-
Accounts Receivable	5	-	134
Other Assets	4,534	2,713	33,528
TOTAL ASSETS	$ 54,832	$ 25,398	$ 81,527
LIABILITIES			
Accounts Payable	$ 324	$ 2,230	$ 765
Other Liabilities	275	-	47,286
TOTAL LIABILITIES	599	2,230	48,051
Total Net Position	54,233	23,168	33,476
TOTAL LIABILITIES AND NET POSITION	$ 54,832	$ 25,398	$ 81,527
CHANGE IN NET POSITION			
Net Position, Beginning of Fiscal Year	$ 41,089	$ 35,655	$ 32,291
Change in Net Position:			
Non-exchange Revenue:			
Investment Interest and Other	28,975	(12,487)	-
Transfers In/Out without Reimbursement	70	-	(347)
Exchange Revenue - Services Provided and Other	-	-	9,190
Program Expenses	(15,901)	-	(7,658)
Net Position, End of Fiscal Year	$ 54,233	$ 23,168	$ 33,476

FY 2003 Other Dedicated Collections

Everglades	Construction Trust Fund	National Indian Gaming Commission	Birth Place of Abraham Lincoln	FY 2003 Other Dedicated Collections
$ 3,330	$ 4,310	$ 4,252	$ 85	$ 132,820
-	-	-	65	65
-	-	-	-	139
5	37	121	-	40,938
$ 3,335	$ 4,347	$ 4,373	$ 150	$ 173,962
$ 146	$ 2	$ 170	$ -	$ 3,637
8	3	1,150	-	48,722
154	5	1,320	-	52,359
3,181	4,342	3,053	150	121,603
$ 3,335	$ 4,347	$ 4,373	$ 150	$ 173,962
$ 4,844	$ 4,473	$ 3,017	$ 149	$ 121,518
-	-	434	-	16,922
-	-	1	-	(276)
-	-	7,891	8	17,089
(1,663)	(131)	(8,290)	(7)	(33,650)
$ 3,181	$ 4,342	$ 3,053	$ 150	$ 121,603

FY 2002 Dedicated Collections

(dollars in thousands)	Land and Water Conservation Fund	Historic Preservation Fund	Abandoned Mine Land Fund	Environmental Improvement and Restoration Fund	Aquatic Resources Trust Fund
ASSETS					
Fund Balance with Treasury	$ 13,073,662	$ 2,298,127	$ 5,318	$ 1	$ 20,635
Investments, Net	-	-	1,895,100	967,273	1,364,823
Accounts Receivable	-	-	1,214	-	273
Property, Plant, and Equipment and Other Assets	-	-	-	-	-
TOTAL ASSETS	$ 13,073,662	$ 2,298,127	$ 1,901,632	$ 967,274	$ 1,385,731
LIABILITIES					
Aquatic Resource Amounts Due to FWS	$ -	$ -	$ -	$ -	$ 846,669
Aquatic Resource Amounts Due to Coast Guard	-	-	-	-	-
Aquatic Resource Amounts Due to Corps of Engineers	-	-	-	-	-
Aquatic Resource Amounts Due to Others	-	-	-	-	83
Accounts Payable	-	-	6,644	-	-
Other Liabilities	-	-	8,834	-	-
TOTAL LIABILITIES	-	-	15,478	-	846,752
Total Net Position	13,073,662	2,298,127	1,886,154	967,274	538,979
TOTAL LIABILITIES AND NET POSITION	$ 13,073,662	$ 2,298,127	$ 1,901,632	$ 967,274	$ 1,385,731
CHANGE IN NET POSITION					
Net Position, Beginning of Fiscal Year	$ 12,856,416	$ 2,222,437	$ 1,837,412	$ 948,850	$ 571,775
Change in Net Position:					
Non-exchange Revenue:					
Taxes	-	-	-	-	415,673
AML Fee Revenue	-	-	285,580	-	-
Investment Interest and Other	899,479	150,000	36,329	18,424	35,571
Transfers In/Out without Reimbursement	(682,233)	(74,310)	-	-	(484,040)
Exchange Revenue - Services Provided and Other	-	-	356	-	-
Program Expenses	-	-	(195,539)	-	-
UMWA-CBF Expenses	-	-	(77,984)	-	-
Net Position, End of Fiscal Year	$ 13,073,662	$ 2,298,127	$ 1,886,154	$ 967,274	$ 538,979

FY 2002 Dedicated Collections

Sport Fish Restoration	Wildlife Restoration	Office of the Special Trustee for American Indians	Central Utah Project Completion Act	Natural Resource Damage Assessment and Restoration Fund	Other Dedicated Collections	FY 2002
$ 2,349	$ 5,350	$ (34)	$ 22,600	$ 5,006	$ 134,539	$ 15,567,553
-	499,389	224,932	134,907	146,614	65	5,233,103
846,668	1	-	4	-	16	848,176
-	123	-	4,495	-	51,733	56,351
$ 849,017	$ 504,863	$ 224,898	$ 162,006	$ 151,620	$ 186,353	$ 21,705,183
$ -	$ -	$ -	$ -	$ -	$ -	$ 846,669
66,812	-	-	-	-	-	66,812
304,226	-	-	-	-	-	304,226
-	-	-	-	-	-	83
15,300	14,062	-	394	-	10,329	46,729
370	312	-	170	-	54,506	64,192
386,708	14,374	-	564	-	64,835	1,328,711
462,309	490,489	224,898	161,442	151,620	121,518	20,376,472
$ 849,017	$ 504,863	$ 224,898	$ 162,006	$ 151,620	$ 186,353	$ 21,705,183
$ 392,360	$ 478,436	$ 196,242	$ 149,645	$ 151,968	$ 188,757	$ 19,994,298
-	223,812	-	-	-	-	639,485
-	-	-	-	-	-	285,580
-	13,540	16,950	10,749	22,561	(19,364)	1,184,239
355,912	(298)	26,950	6,000	(19,987)	122	(871,884)
-	-	(135)	5,363	-	(8,311)	(2,727)
(285,963)	(225,001)	(15,109)	(10,315)	(2,922)	(39,686)	(774,535)
-	-	-	-	-	-	(77,984)
$ 462,309	$ 490,489	$ 224,898	$ 161,442	$ 151,620	$ 121,518	$ 20,376,472

FY 2002 Other Dedicated Collections

(dollars in thousands)		Donations		Priority Land Acquisition		Reclamation Trust Funds
ASSETS						
Fund Balance with Treasury	$	37,792	$	23,044	$	60,384
Investments, Net		-		-		-
Accounts Receivable		13		-		3
Other Assets		4,222		14,996		32,469
TOTAL ASSETS	$	42,027	$	38,040	$	92,856
LIABILITIES						
Accounts Payable	$	533	$	2,385	$	7,105
Other Liabilities		405		-		53,460
TOTAL LIABILITIES		938		2,385		60,565
Total Net Position		41,089		35,655		32,291
TOTAL LIABILITIES AND NET POSITION	$	42,027	$	38,040	$	92,856
CHANGE IN NET POSITION						
Net Position, Beginning of Fiscal Year	$	41,637	$	70,258	$	63,511
Change in Net Position:						
Non-exchange Revenue:						
Investment Interest and Other		15,239		(34,603)		-
Transfers In/Out without Reimbursement		122		-		-
Exchange Revenue - Services Provided and Other		-		-		(15,411)
Program Expenses		(15,909)		-		(15,809)
Net Position, End of Fiscal Year	$	41,089	$	35,655	$	32,291

FY 2002 Other Dedicated Collections

Everglades	Construction Trust Fund	National Indian Gaming Commission	Birthplace of Abraham Lincoln	FY 2002 Other Dedicated Collections
$ 4,963	$ 4,433	$ 3,839	$ 84	$ 134,539
-	-	-	65	65
-	-	-	-	16
1	45	-	-	51,733
$ 4,964	$ 4,478	$ 3,839	$ 149	$ 186,353
$ 120	$ -	$ 186	$ -	$ 10,329
-	5	636	-	54,506
120	5	822	-	64,835
4,844	4,473	3,017	149	121,518
$ 4,964	$ 4,478	$ 3,839	$ 149	$ 186,353
$ 5,224	$ 4,688	$ 3,292	$ 147	$ 188,757
-	-	-	-	(19,364)
-	-	-	-	122
-	-	7,092	8	(8,311)
(380)	(215)	(7,367)	(6)	(39,686)
$ 4,844	$ 4,473	$ 3,017	$ 149	$ 121,518

Required Supplementary Information (Unaudited, See Auditors' Report)

This section includes the Combining Statement of Budgetary Resources (Budgetary Accounts), deferred maintenance information, intra-governmental transaction disclosures, and supplemental statements for combined working capital and franchise funds.

Combining Statement of Budgetary Resources
for the year ended September 30, 2003
(in thousands)

	Interior Franchise Fund	Water and Related Resources	National Park Service Operations	National Park Service Construction	Management of Land and Resources
Budgetary Resources:					
Budget Authority:					
Appropriations Received	$ -	$ 832,509	$ 1,574,565	$ 303,043	$ 831,444
Borrowing Authority	-	-	-	-	-
Net Transfers, Current Year Authority	-	(73,150)	162	15,598	78
Unobligated Balance:					
Beginning of Fiscal Year	378,456	256,269	66,404	386,805	34,203
Net Transfers, Unobligated Balance, Actual	-	(425)	-	1	400
Spending Authority From Offsetting Collections:					
Earned					
Collected	2,037,822	186,366	16,424	122,008	55,026
Receivable From Federal Sources	(118,682)	(9,725)	50	2,927	2,709
Change in Unfilled Customer Orders					
Advance Received	499,680	9,379	-	(30,781)	(37)
Without Advance From Federal Sources	(186,789)	(9,869)	-	14,100	1,721
Recoveries of Prior Year Obligations	-	24,130	9,302	2,832	19,248
Permanently Not Available	-	(4,789)	(18,058)	(2,116)	(5,367)
Total Budgetary Resources	$ 2,610,487	$ 1,210,695	$ 1,648,849	$ 814,417	$ 939,425
Status of Budgetary Resources:					
Obligations Incurred:					
Direct	$ -	$ 776,563	$ 1,562,187	$ 350,554	$ 871,885
Reimbursable	1,889,943	167,506	17,635	122,691	30,778
Total Obligations Incurred	1,889,943	944,069	1,579,822	473,245	902,663
Unobligated Balance:					
Apportioned	720,544	266,626	47,473	341,172	36,750
Exempt From Apportionment	-	-	-	-	-
Unobligated Balance not Available	-	-	21,554	-	12
Total Status of Budgetary Resources	$ 2,610,487	$ 1,210,695	$ 1,648,849	$ 814,417	$ 939,425
Relationship of Obligations to Outlays:					
Obligations Incurred	$ 1,889,943	$ 944,069	$ 1,579,822	$ 473,245	$ 902,663
Obligated Balance, Net, Beginning of Fiscal Year	48,974	335,076	318,406	303,091	231,470
Obligated Balance, Net, End of Fiscal Year:					
Accounts Receivable	23,421	9,922	478	18,238	6,491
Unfilled Customer Orders From Federal Sources	243,307	28,366	-	65,528	6,441
Undelivered Orders	(416,358)	(265,211)	(250,545)	(309,780)	(191,982)
Accounts Payable	(292,378)	(112,261)	(49,574)	(104,493)	(39,099)
Less: Spending Authority Adjustments	305,471	(4,536)	(9,351)	(19,860)	(23,678)
Outlays:					
Disbursements	1,802,380	935,425	1,589,236	425,969	892,306
Collections	(2,537,502)	(195,745)	(16,425)	(91,227)	(54,989)
Subtotal	(735,122)	739,680	1,572,811	334,742	837,317
Less: Offsetting Receipts	-	(408)	-	-	-
Net Outlays	$ (735,122)	$ 739,272	$ 1,572,811	$ 334,742	$ 837,317

Combining Statement of Budgetary Resources
for the year ended September 30, 2003
(in thousands)

Wildland Fire Management	Fish and Wildlife Resource Management	Minerals Leasing and Associated Payments	Operation of Indian Programs	Survey, Investigation and Research	Other Budgetary Accounts	Total Budgetary Accounts
$ 879,406	$ 922,429	$ 947,006	$ 1,867,009	$ 925,287	$ 4,921,056	$ 14,003,754
-	-	-	-	-	-	-
(16,182)	18,113	-	-	-	(14,969)	(70,350)
119,529	52,121	-	451,204	53,724	2,679,696	4,478,411
(13,397)	645	-	(2,929)	-	(14,128)	(29,833)
34,768	132,343	-	198,405	391,699	1,610,138	4,784,999
275	1,989	-	4,692	(2,103)	(28,648)	(146,516)
1,550	(8,385)	-	27,907	(27,781)	46,094	517,626
2,205	(8,279)	-	1,302	35,864	(9,976)	(159,721)
39,841	19,433	-	32,415	10,766	146,724	304,691
(4,254)	(6,038)	-	(19,465)	(11,420)	(136,116)	(207,623)
$ 1,043,741	$ 1,124,371	$ 947,006	$ 2,560,540	$ 1,376,036	$ 9,199,871	$ 23,475,438
$ 917,158	$ 969,541	$ 947,006	$ 1,854,661	$ 905,127	$ 4,880,919	$ 14,035,601
24,893	124,465	-	221,404	392,280	1,542,971	4,534,566
942,051	1,094,006	947,006	2,076,065	1,297,407	6,423,890	18,570,167
101,690	28,798	-	454,077	32,927	2,708,884	4,738,941
-	-	-	-	-	41,349	41,349
-	1,567	-	30,398	45,702	25,748	124,981
$ 1,043,741	$ 1,124,371	$ 947,006	$ 2,560,540	$ 1,376,036	$ 9,199,871	$ 23,475,438
$ 942,051	$ 1,094,006	$ 947,006	$ 2,076,065	$ 1,297,407	$ 6,423,890	$ 18,570,167
307,525	263,121	-	266,872	111,208	2,767,462	4,953,205
3,331	30,297	-	13,004	174,308	51,705	331,195
13,012	41,370	-	19,359	59,475	46,495	523,353
(274,274)	(294,811)	-	(185,809)	(169,574)	(2,986,794)	(5,345,138)
(56,311)	(46,119)	-	(65,280)	(90,519)	(394,350)	(1,250,384)
(42,321)	(13,143)	-	(38,409)	(44,527)	(108,100)	1,546
893,013	1,074,721	947,006	2,085,802	1,337,778	5,800,308	17,783,944
(36,318)	(123,958)	-	(226,312)	(363,918)	(1,656,230)	(5,302,624)
856,695	950,763	947,006	1,859,490	973,860	4,144,078	12,481,320
-	-	(947,006)	-	-	(2,714,315)	(3,661,729)
$ 856,695	$ 950,763	$ -	$ 1,859,490	$ 973,860	$ 1,429,763	$ 8,819,591

Combining Statement of Budgetary Resources
for the year ended September 30, 2002 (As Restated)
(in thousands)

	Interior Franchise Fund	Water and Related Resources	National Park Service Operations	National Park Service Construction	Management of Land and Resources
Budgetary Resources:					
Budget Authority:					
Appropriations Received	$ -	$ 748,819	$ 1,487,074	$ 410,168	$ 789,379
Borrowing Authority	-	-	-	-	-
Net Transfers, Current Year Authority (+/-)	-	190,887	184	1,000	773
Unobligated Balance:					
Beginning of Fiscal Year	128,266	67,518	46,563	453,675	51,270
Net Transfers, Unobligated Balance, Actual (+/-)	-	1,690	-	(91,204)	-
Spending Authority From Offsetting Collections:					
Earned					
Collected	394,186	187,902	18,339	103,648	41,363
Receivable From Federal Sources	29,344	(5,429)	(257)	2,518	1,198
Change in Unfilled Customer Orders					
Advance Received	175,729	1,758	-	(8,893)	(773)
Without Advance From Federal Sources	172,040	6,624	-	7,273	708
Recoveries of Prior Year Obligations	-	31,653	26,663	23,564	16,260
Temporarily Not Available Pursuant to Public Law	-	-	-	-	-
Permanently Not Available	-	(285)	(9,837)	(250)	(963)
Total Budgetary Resources	$ 899,565	$ 1,231,137	$ 1,568,729	$ 901,499	$ 899,215
Status of Budgetary Resources:					
Obligations Incurred:					
Direct	$ -	$ 781,126	$ 1,485,443	$ 410,835	$ 841,878
Reimbursable	521,122	193,742	16,882	103,859	23,134
Total Obligations Incurred	521,122	974,868	1,502,325	514,694	865,012
Unobligated Balance:					
Apportioned	378,443	256,269	38,881	364,305	34,207
Exempt From Apportionment	-	-	-	-	-
Unobligated Balance not Available	-	-	27,523	22,500	(4)
Total Status of Budgetary Resources	$ 899,565	$ 1,231,137	$ 1,568,729	$ 901,499	$ 899,215
Relationship of Obligations to Outlays:					
Obligations Incurred	$ 521,122	$ 974,868	$ 1,502,325	$ 514,694	$ 865,012
Obligated Balance, Net, Beginning of Fiscal Year	91,513	282,882	312,313	230,962	203,716
Obligated Balance, Net, End of Fiscal Year:					
Accounts Receivable	45,598	19,646	429	15,313	3,782
Unfilled Customer Orders From Federal Sources	225,005	38,235	-	51,429	4,720
Undelivered Orders	(219,979)	(276,877)	(213,913)	(282,372)	(191,653)
Accounts Payable	(99,423)	(116,081)	(104,922)	(87,459)	(48,320)
Less: Spending Authority Adjustments	(201,385)	(32,847)	(26,405)	(33,356)	(18,166)
Outlays:					
Disbursements	362,451	889,826	1,469,827	409,211	819,091
Collections	(569,915)	(189,660)	(18,340)	(94,755)	(40,590)
Subtotal	(207,464)	700,166	1,451,487	314,456	778,501
Less: Offsetting Receipts	-	(353)	-	-	(714)
Net Outlays	$ (207,464)	$ 699,813	$ 1,451,487	$ 314,456	$ 777,787

Combining Statement of Budgetary Resources
for the year ended September 30, 2002 (As Restated)
(in thousands)

	Wildland Fire Management	Fish and Wildlife Resource Management	Minerals Leasing and Associated Payments	Operation of Indian Programs	Survey, Investigation and Research	Other Budgetary Accounts	Total Budgetary Accounts
	$ 678,421	$ 850,597	$ 683,510	$ 1,809,970	$ 914,002	$ 4,769,528	$ 13,141,468
	-	-	-	-	-	-	-
	16,562	-	-	-	827	(12,079)	198,154
	120,310	50,574	-	445,329	48,261	2,426,037	3,837,803
	223,439	-	-	1,913	-	(122,514)	13,324
	25,250	116,310	-	169,133	377,859	1,674,139	3,108,129
	(2,476)	370	-	(3,602)	7,368	50,314	79,348
	7,409	216	-	111,752	5,371	40,597	333,166
	(1,356)	778	-	(1,535)	(8,115)	95,774	272,191
	20,554	19,467	-	36,067	7,280	152,630	334,138
	-	-	-	-	-	(23,502)	(23,502)
	-	(584)	-	(21,872)	(6,783)	(32,768)	(73,342)
	$ 1,088,113	$ 1,037,728	$ 683,510	$ 2,547,155	$ 1,346,070	$ 9,018,156	$ 21,220,877
	$ 952,542	$ 870,937	$ 683,510	$ 1,901,043	$ 901,306	$ 4,557,283	$ 13,385,903
	16,042	114,670	-	194,908	391,040	1,781,164	3,356,563
	968,584	985,607	683,510	2,095,951	1,292,346	6,338,447	16,742,466
	119,529	49,523	-	418,623	33,318	2,604,234	4,297,332
	-	-	-	-	-	46,873	46,873
	-	2,598	-	32,581	20,406	28,602	134,206
	$ 1,088,113	$ 1,037,728	$ 683,510	$ 2,547,155	$ 1,346,070	$ 9,018,156	$ 21,220,877
	$ 968,584	$ 985,607	$ 683,510	$ 2,095,951	$ 1,292,346	$ 6,338,447	$ 16,742,466
	273,651	245,700	-	218,414	113,248	2,550,228	4,522,627
	3,055	28,308	-	8,311	176,410	176,860	477,712
	10,808	49,649	-	18,056	23,611	261,562	683,075
	(236,438)	(280,698)	-	(205,022)	(174,401)	(2,717,184)	(4,798,537)
	(84,950)	(60,380)	-	(88,217)	(136,829)	(488,872)	(1,315,453)
	(16,723)	(20,615)	-	(30,930)	(6,533)	(298,718)	(685,678)
	917,987	947,571	683,510	2,016,563	1,287,852	5,822,323	15,626,212
	(32,659)	(116,526)	-	(280,884)	(383,230)	(1,714,737)	(3,441,296)
	885,328	831,045	683,510	1,735,679	904,622	4,107,586	12,184,916
	-	-	(683,510)	-	-	(2,185,390)	(2,869,967)
	$ 885,328	$ 831,045	$ -	$ 1,735,679	$ 904,622	$ 1,922,196	$ 9,314,949

Deferred Maintenance

The Department of the Interior owns, builds, purchases, and contracts services for assets such as schools, office buildings, roads, bridges, dams, irrigation systems, and reservoirs. These assets are used to support the Department's stated mission. Interior's assets include some deteriorating facilities for which repair and maintenance have not been adequately funded. Current and prior budgetary restraints require that repair and maintenance on the assets be postponed for future years. Interior refers to this unfunded repair and maintenance of facilities and infrastructure as deferred maintenance.

Inadequately funded maintenance may result from reduced budgets, reallocation of maintenance funds for emergency requirements, insufficient management systems or practices, and competition for resources from other program needs. Deterioration of facilities can adversely impact public health and safety, reduce employees' morale and productivity, and increase the need for costly major repair or early replacement of structures and equipment. Undue wear on facilities may not be immediately noticeable to users, but inadequate maintenance can require that a facility be replaced or undergo major reconstruction before the end of its expected useful life.

Due to the scope, nature, and variety of the assets entrusted to the Department, as well as the nature of deferred maintenance itself, exact estimates of deferred maintenance are very difficult to determine. Interior has calculated estimates of deferred maintenance based on data from a variety of systems, procedures, and data sources. However, the accumulation of deferred maintenance cost estimates is not the primary purpose of many of these sources. The Department acknowledges that the reliability of these sources as a basis for deferred maintenance estimates can vary greatly from bureau to bureau. The Department is implementing management improvements to assess the condition of buildings and other facilities, building a system to monitor changes in conditions, and measuring performance in improving conditions.

Interior's current estimate for deferred maintenance includes property categories such as buildings; roads, bridges, and trails; irrigation, dams, and water structures; and other structures. The estimates generally include costs for such items as: (1) construction contract administration and inspection; (2) construction materials; (3) transportation; (4) removal of existing appurtenances, e.g., guard rails, furnishing and equipment items that are not physically attached to property, along with related storage, inventorying, and tagging; (5) fixed equipment; or (6) routine annual and preventive maintenance of facilities and other infrastructure. In addition, the estimate generally excludes vehicles and most other categories of operating equipment.

Condition Assessment

The assessment of deferred maintenance for the Department is dependent upon the bureaus having accurate and complete facilities information. In addition, the accumulation of facility data will provide the necessary information for compliance with the Federal Accounting Standard that requires annual reporting of deferred maintenance of fixed assets (SFFAS No. 6, Accounting for Property, Plant, and Equipment). Interior has chosen condition assessment as the method to be used for determining the deferred maintenance for each class of constructed asset.

Facilities and items of equipment are categorized according to condition using terms such as those shown below:

Good. Facility/equipment condition meets established maintenance standards, operates efficiently, and has a normal life expectancy. Scheduled maintenance should be sufficient to maintain the current condition. There is no deferred maintenance on buildings in good condition.

Fair. Facility/equipment condition meets minimum standards but requires additional maintenance or repair to prevent further deterioration, increase operating efficiency, and to achieve normal life expectancy.

Poor/Unsatisfactory. Facility/equipment does not meet most maintenance standards and requires frequent repairs to prevent accelerated deterioration and provide a minimal level of operating function. In some cases, this includes condemned or failed facilities. Based on periodic condition assessments, an indicator of condition is the percent of facilities and item of equipment in each of the good, fair, or poor categories.

Bureau data indicate that the estimated amount needed to fund the correction of deferred maintenance for property, plant, and equipment through the Department may range from approximately $7.4 billion to $12.8 billion (*Table 34*).

TABLE 34

Estimated Range of FY 2003 Deferred Maintenance
(in thousands)

Type of Deferred Maintenance	General PP&E		Stewardship PP&E		Total	
	Low	High	Low	High	Low	High
Roads, Bridges, Trails*	$3,047,298	$6,041,438	$324,174	$700,294	$3,371,472	$6,741,732
Irrigation, Dams and Other Water Structures	1,818,722	2,313,541	127,203	235,460	1,945,925	2,549,001
Buildings *	1,311,128	1,973,290	188,795	392,099	1,499,923	2,365,389
Other Structures *	502,088	934,653	108,714	231,043	610,802	1,165,696
DOI Total	**$6,679,236**	**$11,262,922**	**$748,886**	**$1,558,896**	**$7,428,122**	**$12,821,818**

*These totals include deferred maintenance on non-Bureau of Indian Affairs-owned (tribal) assets for which the Bureau of Indian Affairs is responsible for maintenance (e.g., roads on tribal lands).

Intra-Governmental Transaction Disclosures

Intra-governmental amounts represent transactions between Federal entities included in the Federal government's annual financial report. These transactions include assets, liabilities, revenues, transfers, and expenses. Interior's FY 2003 intra-governmental transactions are shown in *Tables 35, 36, 37, and 38*.

TABLE 35

Department of the Interior
Intra-Governmental Assets
(in thousands)

Trading Partner	Fund Balance with Treasury	Investments	Accounts and Interest Receivable	Advances and Prepayments
Treasury	$28,698,208	$5,609,992	$196,712	
Agriculture			17,591	
Library of Congress				$1,603
Army			10,496	
EPA			10,255	
Transportation			55,971	485
Energy			21,512	700
Corps of Engineers			6,659	2
Defense			23,109	211
Other			48,442	623
Total	$28,698,208	$5,609,992	$390,747	$3,624

TABLE 36

Department of the Interior
Liabilities to Federal Agencies
(in thousands)

Trading Partner	Accounts Payable	Debt	Accrued Payroll and Benefits	Advances and Deferred Revenue	Deferred Credits	Custodial Liability	Aquatic Resources	Judgment Fund	Other Liabilities
Treasury	$2,462	$1,364,452	$16,936	$5,002	$130	$$763,387		$179,725	$92,086
EOP	1,001			83,185	246				
Agriculture	2,614		571	22,383	12,050				
Commerce	876			128	6,225				
Justice	4,769			15,925					
Labor	1,921		125,956	390					
Navy	416			176,138					
Army	25			382,316					
OPM	119		41,974	158	362				562
GSA	31,733			7,090					29,109
NSF	5			2,856	6				
Air Force	232			104,968	45				
Homeland Security				30,643			$62,515		
EPA	48			1,800					
Transportation	897			3,576	184		83		
AID				12,258					
HHS	535			112,459	58				
NASA	311			2,975					
Energy	3,022			15,167	2				
Education	414			140,988					
Corps of Engineers	10,293			2,488			327,164		
Defense	133			103,106	18				
Other	6,012			10,740					
TOTAL	$67,838	$1,364,452	$185,437	$1,236,739	$19,326	$763,387	$389,762	$179,725	$121,757

TABLE 37

Department of the Interior
Intra-Governmental Revenue, Transfers, and Expenses
(in thousands)

Trading Partner	Transfers, In	Transfers, Out	Other Non-Exchange Revenue (1)	Imputed Financing Source	Sales of Goods and Services	Expenses (2)
Treasury	$173,033	$240,721	$87,293	$215,859	$74,517	$465,183
EOP					243,343	2,084
Agriculture	1,490	165,897			81,151	79,103
Commerce		4,669			19,250	8,888
Justice		5,352			14,717	13,985
Labor		4			657	84,933
Navy					184,082	1,534
USPS					12,405	9,812
State					15,298	493
Army					454,450	2,711
OPM				341,240	17	952,976
SSA					22,413	
GSA	303,502	286,920			18,734	466,588
NSF					5,294	186
Air Force					97,880	2,098
EPA	991				42,714	1,450
Transportation	295,926				12,950	12,367
Homeland Security		65,000			34,760	447
AID					41,005	
HHS					76,007	9,178
NASA					16,601	2,120
Energy	284,726	157,574		6,052	398,283	59,435
Education					187,755	
Corps of Engineers		56,938		7,393	52,420	16,526
DOD	2,472				178,908	23,130
Other	14,568	24,433			31,959	31,075
TOTAL	$1,076,708	$1,007,508	$87,293	$570,544	$2,317,570	$2,246,302

(1) Other Non-Exchange Revenue represents transactions with other Federal entities. These revenues are different from those reported on the Consolidated Statement of Changes in Net Position, which reports transactions with Federal entities and the public.

(2) Expenses represent transactions with other Federal entities. These expenses are different from those reported on the Statement of Net Cost, which reports costs to generate intra-governmental revenue.

TABLE 38

Intra-Governmental Gross Cost to Generate Earned Revenue by Budget Functional Classification

(Amounts in thousands)	BFC 300: Natural Resources and Environment		BFC 450: Community and Regional Development		BFC 800: General Government			
	Revenue	Cost associated with earning Revenue	Revenue	Cost associated with earning Revenue	Revenue	Cost associated with earning Revenue	TOTAL REVENUE	TOTAL COST ASSOCIATED WITH EARNING REVENUE
Department of the Treasury	64,294	65,021	10,078	10,228	146	147	74,518	75,396
Executive Office of the President	243,343	246,097	-	-	-	-	243,343	246,097
Department of Agriculture	80,483	81,394	667	677	-	-	81,150	82,071
Department of Commerce	18,870	19,083	204	207	176	177	19,250	19,467
Department of Justice	14,717	14,884	-	-	-	-	14,717	14,884
Department of Labor	571	577	87	88	-	-	658	665
Department of the Navy	184,082	186,165	-	-	-	-	184,082	186,165
United States Postal Service	12,404	12,545	1	1	-	-	12,405	12,546
Department of State	15,298	15,471	-	-	-	-	15,298	15,471
Department of the Army	454,373	459,515	56	57	21	21	454,450	459,593
Office of Personnel Management	17	17	-	-	-	-	17	17
Social Security Administration	22,413	22,667	-	-	-	-	22,413	22,667
General Services Adminstration	18,432	18,641	302	306	-	-	18,734	18,947
National Science Foundation	5,294	5,354	-	-	-	-	5,294	5,354
Department of the Air Force	97,880	98,988	-	-	-	-	97,880	98,988
Environmental Protection Agency	42,649	43,131	66	67	-	-	42,715	43,198
Department of Transportation	12,649	12,792	301	306	-	-	12,950	13,098
Department of Homeland Security	34,760	35,154	-	-	-	-	34,760	35,154
Agency for International Development	41,005	41,469	-	-	-	-	41,005	41,469
Department of Health and Human Services	73,397	74,227	2,608	2,647	2	2	76,007	76,876
National Aeronautics and Space Adm.	16,601	16,788	-	-	-	-	16,601	16,788
Department of Energy	396,950	401,443	1,333	1,353	-	-	398,283	402,796
Department of Education	1,064	1,076	186,693	189,469	-	-	187,757	190,545
U.S. Army Corps of Engineers	52,271	52,862	199	202	(50)	(50)	52,420	53,014
Defense Agencies	178,908	180,933	-	-	-	-	178,908	180,933
Other Federal Agencies	31,850	32,212	105	107	-	-	31,955	32,319
TOTAL	2,114,575	2,138,506	202,700	205,715	295	297	2,317,570	2,344,518

Working Capital and Franchise Funds

The Department has four working capital funds established by law to finance a continuing cycle of operations, with the receipts from the operations available for use by the funds without further action by Congress. The four working capital funds, which operate as revolving funds, are established in the Bureau of Reclamation, the Bureau of Land Management, the U.S. Geological Survey, and Departmental Offices. The costs of providing services and operating the funds are fully recovered from customers. The major working capital fund customers are Interior bureaus and offices and other Federal agencies; however, some services are provided to States and nongovernment entities. Some of the significant services provided to customers consist of central reproduction, telecommunications, aircraft services, supplies, publications, training, computer processing and related activities, engineering and technical services, and certain cross-servicing activities such as payroll, personnel, and financial and accounting services. The services provided by the working capital funds are usually those that may be performed more advantageously on a reimbursable basis.

In addition, the Department manages the Interior Franchise Fund (IFF) that is part of the Franchise Fund Pilot program authorized by the Government Management Reform Act of 1994. The purpose of the IFF is to pilot new approaches for providing shared administrative services to reduce the cost of government to the taxpayer by fostering competition and entrepreneurship among providers of commonly required products and services to Federal agencies. Some of the significant services include procurement support, financial systems and related services, and other administrative support services. The IFF is a separate legal entity that allows Interior to share cost savings with others that result from providing cost-effective and efficient services to Federal agencies. By building on this experience of providing cost-effective and efficient services, Interior can provide even greater cost savings within Interior and in working with other agencies. It also provides a cost-effective way to partner with the private sector through established relationships with vendors that understand and have worked with the Federal government to provide quality services to Federal organizations. The major customers of the IFF include the Department of Defense and the Executive Office of the President.

The following summarizes information about the assets, liabilities, and net cost of Interior's working capital and franchise funds as of and for the years ended September 30, 2003 and 2002. The financial information presented includes intra-departmental transactions.

Supplemental Balance Sheet
Combined Working Capital and Franchise Funds
as of September 30, 2003
(in thousands)

	Bureau of Land Management	Bureau of Reclamation	Departmental Offices	Interior Franchise Fund	U.S. Geological Survey	TOTAL
Assets						
Intra-governmental Assets:						
Fund Balance with Treasury	$ 51,693	$ 43,145	$ 317,520	$ 1,162,552	$ 84,029	$ 1,658,939
Accounts and Interest Receivable, Net	-	3,483	17,668	21,847	-	42,998
Other						
Advances and Prepayments	-	400	5,179	-	-	5,579
Total Intra-governmental Assets	51,693	47,028	340,367	1,184,399	84,029	1,707,516
Cash	55	-	-	-	-	55
Accounts and Interest Receivable, Net	13	1,527	2,668	3	1	4,212
Loans and Interest Receivable, Net	-	3,630	-	-	-	3,630
Inventory and Related Property	350	-	523	-	-	873
General Property, Plant and Equipment, Net	94,039	35,156	31,059	-	3,421	163,675
Other						
Advances and Prepayments	136	-	49	-	-	185
Total Assets	$ 146,286	$ 87,341	$ 374,666	$ 1,184,402	$ 87,451	$ 1,880,146
Liabilities						
Accounts Payable	$ 6	$ 1,626	$ 1,804	$ 2,581	$ 105	$ 6,122
Debt	-	3,630	-	-	-	3,630
Other						
Accrued Payroll and Benefits	5	3,815	1,675	31	71	5,597
Advances and Deferred Revenue	-	2,074	216,620	872,480	-	1,091,174
Deferred Credits	3,651	-	-	-	-	3,651
Total Intra-governmental Liabilities	3,662	11,145	220,099	875,092	176	1,110,174
Accounts Payable	551	4,941	59,019	289,484	390	354,385
Federal Employees Compensation Act Liability	-	-	7,165	-	-	7,165
Environmental Cleanup Costs	-	-	1,000	-	-	1,000
Other						
Accrued Payroll and Benefits	124	14,070	7,724	286	329	22,533
Contingent Liabilities	-	150	-	-	-	150
Other Liabilities	-	729	4,689	-	-	5,418
Total Liabilities	4,337	31,035	299,696	1,164,862	895	1,500,825
Net Position						
Unexpended Appropriations	-	-	6,201	-	-	6,201
Cumulative Results of Operations	141,949	56,306	68,769	19,540	86,556	373,120
Total Net Position	141,949	56,306	74,970	19,540	86,556	379,321
Total Liabilities & Net Position	$ 146,286	$ 87,341	$ 374,666	$ 1,184,402	$ 87,451	$ 1,880,146

Supplemental Balance Sheet
Combined Working Capital and Franchise Funds
as of September 30, 2002 (As Restated)
(in thousands)

	Bureau of Land Management	Bureau of Reclamation	Departmental Offices	Interior Franchise Fund	U.S. Geological Survey	TOTAL
Assets						
Intra-governmental Assets:						
Fund Balance with Treasury	$ 43,856	$ 46,181	$ 149,996	$ 427,242	$ 71,326	$ 738,601
Accounts and Interest Receivable, Net	-	9,357	44,542	45,635	1,854	101,388
Other						
Advances and Prepayments	-	5,053	672	650	-	6,375
Total Intra-governmental Assets	43,856	60,591	195,210	473,527	73,180	846,364
Cash	54	-	-	-	-	54
Accounts and Interest Receivable,Net	13	49	(1,495)	-	-	(1,433)
Loans and Interest Receivable, Net	-	4,000	-	-	-	4,000
Inventory and Related Property	309	-	482	-	-	791
General Property, Plant and Equipment, Net	90,875	31,448	34,616	-	3,123	160,062
Other						
Advances and Prepayments	215	-	-	-	-	215
Total Assets	$ 135,322	$ 96,088	$ 228,813	$ 473,527	$ 76,303	$ 1,010,053
Liabilities						
Accounts Payable	$ 8	$ 3,876	$ 2,873	$ 99,423	$ 324	$ 106,504
Debt	-	4,000	-	-	-	4,000
Other						
Accrued Payroll and Benefits	3	4,552	1,005	-	179	5,739
Advances and Deferred Revenue	3,112	3,353	91,018	372,007	69,158	538,648
Deferred Credits	-	-	-	-	10	10
Other Liabilities	-	-	-	36	-	36
Total Intra-governmental Liabilities	3,123	15,781	94,896	471,466	69,671	654,937
Accounts Payable	85	3,599	34,738	-	2,755	41,177
Environmental Cleanup Costs	-	-	1,000	-	-	1,000
Other						
Accrued Payroll and Benefits	153	13,858	8,962	-	714	23,687
Deferred Credits	-	-	-	-	(9)	(9)
Other Liabilities	-	2,279	4,689	651	1	7,620
Total Liabilities	3,361	35,517	144,285	472,117	73,132	728,412
Net Position						
Unexpended Appropriations	-	-	7,219	-	-	7,219
Cumulative Results of Operations	131,961	60,571	77,309	1,410	3,171	274,422
Total Net Position	131,961	60,571	84,528	1,410	3,171	281,641
Total Liabilities & Net Position	$ 135,322	$ 96,088	$ 228,813	$ 473,527	$ 76,303	$ 1,010,053

Supplemental Statement of Net Cost
Combined Working Capital and Franchise Funds
for the year ended September 30, 2003
(in thousands)

	Full Cost of Goods and Services Provided	Related Exchange Revenues	Excess of Full Cost Over Exchange Revenues
Bureau of Land Management			
Motorized Fleet Program	$ 21,566	$ (27,292)	$ (5,726)
Total Bureau of Land Management	21,566	(27,292)	(5,726)
Bureau of Reclamation			
Engineering and Technical Services	97,310	(98,644)	(1,334)
Administrative Services	222,254	(205,487)	16,767
Computer and Related Services	14,968	(15,153)	(185)
Total Bureau of Reclamation	334,532	(319,284)	15,248
Departmental Offices			
Aircraft Services	138,841	(140,093)	(1,252)
Building Management/Rental	29,850	(31,279)	(1,429)
Charge Card Rebate	5,297	(6,246)	(949)
Federal Services	436,774	(418,611)	18,163
Y2K/Other	8	-	8
Intra-Bureau Eliminations	(109,565)	109,565	-
Total Departmental Offices	501,205	(486,664)	14,541
Interior Franchise Fund			
Government Works Acquisition Services	1,119,461	(1,136,973)	(17,512)
U.S. Films and Video Productions	1,472	(1,472)	-
Total Interior Franchise Fund	1,120,933	(1,138,445)	(17,512)
U.S. Geological Survey			
Reimbursable Services	27,286	(29,433)	(2,147)
Capital Investments	9,514	(1,633)	7,881
Total U.S. Geological Survey	36,800	(31,066)	5,734
Total Working Capital and Franchise Funds	$ 2,015,036	$ (2,002,751)	$ 12,285

Supplemental Statement of Net Cost
Combined Working Capital and Franchise Funds
for the year ended September 30, 2002 (As Restated)
(in thousands)

	Full Cost of Goods and Services Provided	Related Exchange Revenues	Excess of Full Cost Over Exchange Revenues
Bureau of Land Management			
Motorized Fleet Program	$ 20,296	$ (26,578)	$ (6,282)
Total Bureau of Land Management	20,296	(26,578)	(6,282)
Bureau of Reclamation			
Engineering and Technical Services	93,367	(95,694)	(2,327)
Administrative Services	211,522	(201,322)	10,200
Computer and Related Services	16,301	(14,958)	1,343
Total Bureau of Reclamation	321,190	(311,974)	9,216
Departmental Offices			
Aircraft Services	131,019	(129,429)	1,590
Building Management/Rental	31,647	(32,982)	(1,335)
Charge Card Rebate	8,694	(8,692)	2
Federal Services	294,945	(291,608)	3,337
Y2K/Other	(63)	-	(63)
Intra-Bureau Eliminations	(115,051)	115,051	-
Total Departmental Offices	351,191	(347,660)	3,531
Interior Franchise Fund			
CASU	13	376	389
Government Works Acquisition Services	400,942	(402,308)	(1,366)
Federal Financial System	13,161	(12,425)	736
Electronic Acquisition System	1,787	(1,918)	(131)
Independent Verification and Validation	31	(34)	(3)
Electronic Commerce/EDI	1	(2)	(1)
Drug and Alcohol Testing	840	(883)	(43)
System Consulting	143	(143)	-
QUICKTIME Time and Attendance Systems	(2)	2	-
Momentum Financial System	3,694	(4,047)	(353)
Crystal Report Training	10	(10)	-
U.S. Films and Video Productions	1,163	(2,138)	(975)
Total Interior Franchise Fund	421,783	(423,530)	(1,747)
U.S. Geological Survey			
Reimbursable Services	29,647	(29,186)	461
Capital Investments	10,223	(11,441)	(1,218)
Total U.S. Geological Survey	39,870	(40,627)	(757)
Total Working Capital and Franchise Funds	$ 1,154,330	$ (1,150,369)	$ 3,961

Required Supplementary Stewardship Information (Unaudited, See Auditors' Report)

The Department of the Interior is the Federal government's largest land-controlling agency, administering over 500 million acres of America's land mass and serves as steward for the natural and cultural resources associated with these lands. Approximately 448 million acres of the 500 million acres are considered stewardship land. The approximately 448 million acres of stewardship land does not include approximately 56 million acres of tribally and individually owned land held in trust by the Bureau of Indian Affairs. Interior also supervises mineral leasing and operations on an estimated 700 million acres of mineral estate that underlie both Federal and other surface ownerships. These stewardship assets are valued for environmental resources, recreational and scenic values, their cultural and paleontological resources, vast open spaces, and the resource commodities and revenue provided to the Federal government, States, and counties.

Stewardship Lands

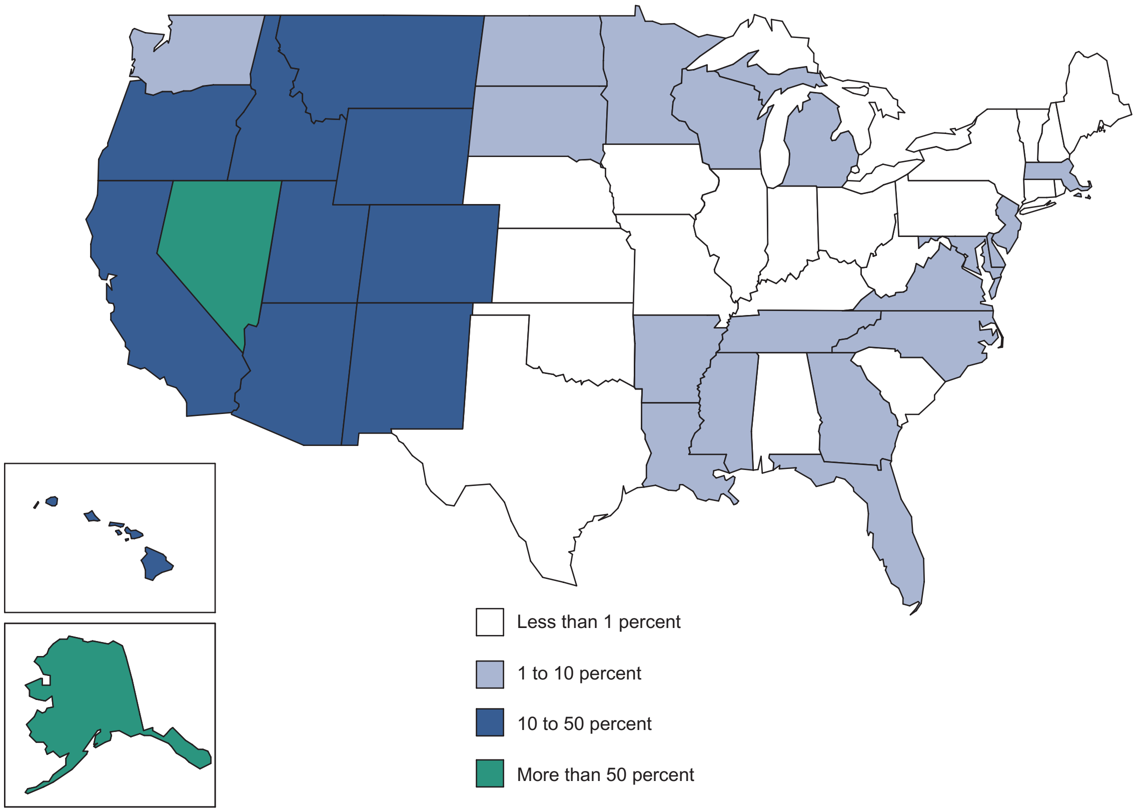
Most of the public lands managed by Interior were once a part of the 1.8 billion acres of public domain lands acquired by the Nation between 1781 and 1867. Each of America's 50 States, the District of Columbia, the Pacific Islands, the Virgin Islands, Guam, and Puerto Rico, contain lands that are managed by the Department of the Interior (*Figure 39*).

Interior-administered stewardship lands are vast and encompass a wide range of activities, including recreation, conservation, and functions vital to the health of the economy and to the American people. These include National Parks, Wildlife Refuges, Herd Management Areas, National Monuments and many other lands of historical significance.

Each bureau within Interior that administers stewardship lands serves to preserve, conserve, protect, and interpret how best to manage the Nation's natural, cultural, and recreational resources. Some of the lands have been designated as multiple use, which Congress defines as management of both the land and the use of the land in a combination that will best meet the present and future needs of the American people. The resources and uses embraced by the multiple use concept include mineral development; natural, scenic, scientific, and historical

FIGURE 39

State Acreage Managed by Interior
(as of September 30, 2003)



values; outdoor recreation; livestock grazing; timber; watersheds; and wildlife and fish habitat.

Table 39 shows the major types of stewardship land administered by each Interior bureau with stewardship responsibilities.

Major Categories of Stewardship Lands

Interior's stewardship lands include a number of assets that are of special value to the Nation. Interior bureaus have stewardship responsibility for a variety of these stewardship lands. While there is variance between bureaus in the types of lands they are responsible for managing, some of the major categories of stewardship lands are:

National Natural Landmarks. National Natural Landmarks are management areas having national significance because they represent one of the best-known examples of a natural region's characteristic biotic or geologic features. These areas, designated by the Secretary of the Interior, must be located within the boundaries of the United States or on the Continental Shelf. To qualify as a National Natural Landmark, an area must contain an outstanding representative example(s) of the Nation's natural heritage, including terrestrial communities, aquatic communities, land forms, geological features, habitats of native plant and animal species, or fossil evidence of the development of life on earth. Within Interior, three bureaus manage National Natural Landmarks: the Fish and Wildlife Service, the Bureau of Land Management, and the National Park Service.

National Monuments. National Monuments are designated to protect objects of scientific and historic interest by public proclamation by the President (under the Antiquities Act of 1906) or by Congress for historic landmarks, historic and prehistoric structures, or other objects of scientific interest on public lands.

TABLE 39

Interior Stewardship Lands
as of September 30, 2003

Category	Federal Acres				Total Non-Federal Acres 1/	Combined Total Acres	Condition 2/	Number of Sites
	Beginning Acres	Additions	Withdrawals	Ending Acres				
Bureau of Land Management								
Alabama	111,369	-	-	111,369	-	111,369	BLM condition information is discussed in narrative	
Alaska	85,953,625	-	(301,462)	85,652,163	-	85,652,163		
Arizona	11,651,958	592,534	(16,094)	12,228,398	-	12,228,398		
Arkansas	295,185	-	-	295,185	-	295,185		
California	15,128,485	71,612	(1,427)	15,198,670	-	15,198,670		
Colorado	8,373,504	1,626	(7,024)	8,368,106	-	8,368,106		
Florida	26,899	-	-	26,899	-	26,899		
Idaho	11,846,931	155,151	(8,583)	11,993,499	-	11,993,499		
Ilinois	224	-	-	224	-	224		
Iowa	378	-	-	378	-	378		
Louisiana	321,734	-	-	321,734	-	321,734		
Maryland	548	-	-	548	-	548		
Michigan	74,807	-	-	74,807	-	74,807		
Minnesota	146,658	-		146,658	-	146,658		
Mississippi	56,212	-	-	56,212	-	56,212		
Missouri	2,094	-	-	2,094	-	2,094		
Montana	7,964,623	-	(595)	7,964,028	-	7,964,028		
Nebraska	6,354	-	-	6,354	-	6,354		
Nevada	47,874,294	1,481	(15,019)	47,860,756	-	47,860,756		
New Mexico	13,362,538	9,723	(830)	13,371,431	-	13,371,431		
North Dakota	59,642	-	(160)	59,482	-	59,482		
Oklahoma	2,136	-	-	2,136	-	2,136		
Oregon	16,125,145	12,840	(2,079)	16,135,906	-	16,135,906		
South Dakota	274,960	-	(510)	274,450	-	274,450		
Texas	11,833	-	-	11,833	-	11,833		
Utah	22,867,896	1,410	(1,644)	22,867,662	-	22,867,662		
Virginia	805	-	-	805	-	805		
Washington	402,355	961	-	403,316	-	403,316		
Wisconsin	159,982	-	-	159,982	-	159,982		
Wyoming	18,354,151	2,391	(1,249)	18,355,293	-	18,355,293		
Total	**261,457,325**	**849,729**	**(356,676)**	**261,950,378**	**-**	**261,950,378**		
National Park Service						-		
National Parks	49,872,241	1,312	(201,645)	49,671,908	2,066,980	51,738,888	Acceptable	56
National Preserves	21,616,782	413,505	-	22,030,287	2,122,958	24,153,245	Acceptable	17
National Battlefields	12,242	49	-	12,291	1,114	13,405	Acceptable	11
National Battlefield Parks	8,714	-	-	8,714	1,750	10,464	Acceptable	4
National Historic Sites	21,034	644	-	21,678	15,932	37,610	Acceptable	78
National Historic Parks	118,593	719	(786)	118,526	48,591	167,117	Acceptable	41
National Lakeshores	145,642	46	-	145,688	83,179	228,867	Acceptable	4
National Military Parks	36,327	151	-	36,478	4,226	40,704	Acceptable	9
National Memorials	8,081	1	-	8,082	461	8,543	Acceptable	29
National Monuments	2,567,522	2	(415,583)	2,151,941	183,002	2,334,943	Acceptable	75
National Recreational Areas	3,389,522	669	-	3,390,191	302,249	3,692,440	Acceptable	18
National Reserves	11,413	166	-	11,579	22,252	33,831	Acceptable	2
National Rivers	312,103	286	-	312,389	112,011	424,400	Acceptable	5
National Scenic Trails	166,745	376	-	167,121	69,122	236,243	Acceptable	3
National Seashores	479,054	2	-	479,056	115,798	594,854	Acceptable	10
National Wild & Scenic Rivers	73,824	63	-	73,887	240,261	314,148	Acceptable	10
International Historic Site	28	-	-	28	16	44	Acceptable	1
Parkways	164,383	594	-	164,977	10,629	175,606	Acceptable	4
Other stewardship land	37,997	6	-	38,003	1,608	39,611	Acceptable	11
Total	**79,042,247**	**418,591**	**(618,014)**	**78,842,824**	**5,402,139**	**84,244,963**		**388**
Fish and Wildlife								
National Wildlife Refuge	89,175,000	138,000	-	89,313,000	3,247,000	92,560,000	Acceptable	542
Refuge Coordination Areas	197,000		-	197,000	119,000	316,000	Acceptable	50
Waterfowl Productions Areas	736,000	5,000	-	741,000	2,254,000	2,995,000	Acceptable	203
Fish Hatcheries	12,000	1,000		13,000	9,000	22,000	Acceptable	86
Total	**90,120,000**	**144,000**	-	**90,264,000**	**5,629,000**	**95,893,000**	Acceptable	
Bureau of Reclamation						-		
Reclamation Project Lands-Withdrawn	5,801,369	59,785	-	5,861,154	**-**	5,861,154	Acceptable	-
Total	**5,801,369**	**59,785**	-	**5,861,154**	-	**5,861,154**		**881**
Departmental Offices - Utah Reclamation Mitigation and Conservation Commission	12,140	241	-	12,381	-	12,381	11,286 acres Acceptable; 1,094 acres Needs Improvement	2
Total	**12,140**	**241**	-	**12,381**	-	**12,381**		
Bureau of Indian Affairs 3/						-		
School Campus/Cultural Area	123,332	62	(1,704)	121,690	-	121,690	Acceptable	
Historic/Religious Grounds	81,617	1,903	(5)	83,515	-	83,515	Acceptable	
Total	**204,949**	**1,965**	**(1,709)**	**205,205**	**-**	**205,205**		
TOTAL ACRES	**436,638,030**	**1,474,311**	**(976,399)**	**437,135,942**	**11,031,139**	**448,167,081**		**2,540**

1/ Information on non-Federal acres for the National Park Service and the Fish and Wildlife Service is presented for the information of the reader and to conform with information published by these bureaus. This information is not presented for the Bureau of Land Management as this bureau does not generally report on non-Federal acres.
2/ Land is categorized as "acceptable" when it is adequate for operating needs and the Department has not identified any improvements that are necessary to prepare and/or sustain the land for its intended use. Land is categorized as "needs intervention" when the Department has identified improvements that are necessary to prepare and/or sustain the land for its intended use.
3/ This total does not include approximately 56 million acres of tribally and individually owned land held in trust status by the Bureau of Indian Affairs; this acreage is not considered stewardship land.

National Trails System. The National Trails System, created by law in 1968, is composed of four types of trails: national scenic trails, national historic trails, national recreation trails, and connecting-and-side trails. National Recreation trails and connecting-and-side trails are recognition programs and do not require trail wide Federal administration. The assets associated with National Scenic Trails and National Historic Trails come under the jurisdiction of many different parties, including Federal and State agencies, local governments, tribal councils, and private landowners.

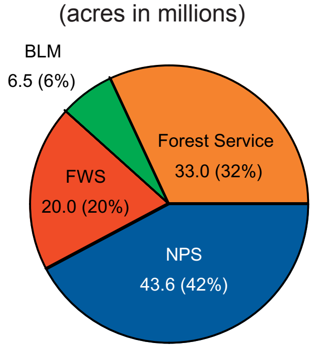
National Scenic Trails are to be continuous trails over 100 miles in length that provide "maximum (non-motorized) outdoor recreation potential." They also become corridors of conservation for the significant resources associated with the trail. National Historic Trails follow the original routes of nationally significant routes of travel; they need not be continuous. The routes and associated historic remnants are to be protected for public use and enjoyment. Today, there are 8 national scenic trails, 15 national historic trails, approximately 900 national recreation trails, and 2 connecting-side trails. These trail corridors cross national park areas, Bureau of Land Management (BLM) land, and national forests.

The Federal acquisition of all assets associated with the National Trails System occurs using standard land acquisition practices.

FIGURE 40

National Wildlife Preservation System

(acres in millions)

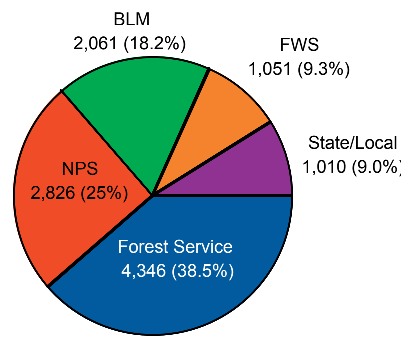


National Wilderness Preservation System. The Wilderness Act of 1964 created the National Wilderness Preservation System (*Figure 40*). A wilderness area is an area designated by Congress to assure that increasing populations, expanding settlement, and growing mechanization do not occupy and modify all areas of the United States. Designations ensure that some lands are preserved and protected in their natural condition. In contrast to those areas where humans and their works dominate the landscape, wilderness is where the earth and its community of life are untrammeled by human beings, where humans themselves are visitors who do not remain. These areas, which are generally greater than 5,000 acres, appear to have been affected primarily by the forces of nature, with human development substantially unnoticeable.

FIGURE 41

National Wild and Scenic Rivers System

(in miles)



National Wild and Scenic Rivers System. Rivers must meet eligibility criteria before being added to the National Wild and Scenic Rivers System (*Figure 41*). For a river to be eligible for the National System, it must be in a free-flowing condition and possess one or more of the following values to a remarkable degree: scenic, recreation, fish and wildlife, geologic, historic, cultural, or other similar values. When evaluating rivers for possible designation, the Department also considers whether the river is suitable for designation. Suitability factors include: the amount of public land acreage in the immediate environment of the river; funds required for acquisition, facility development and management; local or State interest in helping to manage the river; support for designation; and competing uses for the river. Studies to determine eligibility may be the responsibility of either the Department of the Interior (the National Park Service, the Fish and Wildlife Service, and the Bureau of Land Management), the Department of Agriculture (the U.S. Forest Service), or the shared responsibility of both agencies. Congress then decides whether to add the river to the National Wild and Scenic Rivers System. Only an Act of Congress may remove a river from the System.

A second method of designation, under Section 2(a)(ii) of the Wild and Scenic Rivers Act of 1968, is for a governor to request Federal designation of a

State-designated, State-administered wild and scenic river and for the Secretary of the Interior, after study, to designate that river. Only 17 rivers have entered the National System by this method.

There are 163 rivers in the National Wild and Scenic Rivers System. The change from the previously recorded 160 rivers occurred because Congress added three rivers in Puerto Rico administered by the U.S. Forest Service.

Bureau Stewardship Lands

National Park System Lands. NPS stewardship lands are used and managed in accordance with the statutes authorizing their acquisition or directing their use and management. Subsets of lands within the authorized boundaries of the NPS can have additional stewardship asset designations such as wilderness areas, wild and scenic rivers, and trails. Stewardship areas, such as wilderness areas, may encompass land owned by entities other than NPS. Changes in NPS boundaries occur only when authorized by Presidential Proclamation or by an Act of Congress. While individual units of stewardship land can be improved, the condition of NPS stewardship lands as a whole is generally sufficient to support the NPS mission and is considered to be in acceptable condition. The NPS conducts various activities to preserve and protect land resources and to mitigate the effects of activities conducted previously on or near parks that adversely affect the natural state of the land.

The objective of acquiring land and interest in land is to preserve and protect, for public use and enjoyment, the historic, scenic, natural, and recreational values of congressionally authorized areas within the National Park System. Acquisition of land helps to meet the increasingly heavy visitor demand for Federal recreational use before the lands are converted to incompatible uses; acquisition of land also preserves the Nation's natural and historic heritage. Approximately 79 million acres of NPS lands are owned by the United States in fee simple title and approximately 253,000 acres in less-than-fee title (i.e., scenic easements). Non-Federal lands within the NPS system are either privately owned or owned by State and local governments. Subject to the availability of funds, the NPS acquires privately-owned land when opportunities for acquisition arise, or when an owner threatens to use the land in a manner not compatible with park purposes. Through acquisitions, status changes, withdrawals, and error corrections, the NPS added 418,591 acres and withdrew 618,014 acres.

Land withdrawals or status changes occurred at several parks in FY 2003. For example, Joshua Tree National Park reduced 201,645 acres as the records included old tracts that are no longer part of the park. Approximately 786 acres were reduced in Colonial National Historical Park; a Navy tract was incorrectly shown as being inside the park boundary. There was also a reduction in National Monuments and an increase in National Preserves. Presidential Proclamation No. 7373 redesignated as a National Preserve approximately 410,000 acres of the NPS portion of the Craters of the Moon National Monument.

Stewardship lands are used and managed in accordance with the statutes authorizing their acquisition or directing their use and management. The NPS conducts various activities to preserve and protect land resources and to mitigate the effects of activities previously conducted on or near parks that adversely affect the natural state of the land.

Fish and Wildlife Service. Stewardship lands managed by the Fish and Wildlife Service (FWS) include the National Wildlife Refuge System, the National Fish Hatcheries Program, Refuge Coordination Areas, and Waterfowl Production Areas. Lands are acquired through a variety of methods, including withdrawal from the public domain, fee title purchase, transfer of jurisdiction, donation, or gift. The FWS purchases land through two primary sources of funding: the Migratory Bird Conservation Fund and the Land and Water Conservation Fund.

Lands managed within the National Wildlife Refuge System are used to conserve and manage fish, wildlife, and plant resources for the benefit of present and future generations. While the needs of fish and wildlife must take priority, refuges welcome those who want to enjoy the natural world, to observe or photograph wildlife, to hunt or fish, and to study and learn about wildlife.

Stewardship of the Nation's fishery and aquatic resources, through the National Fish Hatcheries System (NFHS), has been a core responsibility of the FWS for more than 120 years. Although the FWS does not own all the lands and facilities in the NFHS, the FWS participates in managing units within the NFHS, which comprises National Fish Hatcheries, Fish Health Centers, and Fish Technology Centers. In addition to conservation, restoration, and management of fish and wildlife resources and their habitats, the NFHS provides recreational opportunities to the public, such as fishing, hiking, and bird watching.

The FWS safeguards the stewardship values of the lands it administers through management actions taken on individual refuges and hatcheries; such actions, however, take into consideration the needs and purposes of entire conservation systems. These conservation systems provide integrated habitat and life support for permanent resident populations as well as migratory populations needing temporary stopover sites to rest, breed, feed, and to survive their nationwide and, in some cases, worldwide seasonal migrations. While some individual units of stewardship lands can be improved at any time during their management cycles, the condition of the stewardship lands as a whole is sufficient to support the mission of the FWS and the statutory purposes for which these conservation systems were authorized.

The Fish and Wildlife Service assesses the condition of its stewardship lands and resources by monitoring habitat characteristics and determining whether management actions are needed to change those characteristics to benefit their usefulness to fish and wildlife resources. The condition of these stewardship lands is not static. Land or habitat condition may be changing, either through the application of management techniques or through natural stressors or processes acting on those lands

During FY 2003, the FWS increased the number of units in the National Wildlife Refuge System from 540 to 542. The Baca National Wildlife Refuge was established in San Luis Valley, Colorado, and the Mountain Longleaf National Wildlife Refuge was established in Anniston, Alabama.

Bureau of Reclamation. Reclamation Project Lands: The Bureau of Reclamation (BOR) operates largely as a business-type entity whose primary stated mission is to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public. The BOR provides water and power throughout the 17 Western States.

Reclamation lands are integral to project purposes, such as constructing and operating dams, reservoirs, water conveyance systems, and power facilities. Project lands were either acquired at a cost to the Reclamation project or withdrawn from the public domain in support of BOR's mandate to provide water for agricultural, municipal, and industrial uses, flood control, and power. While Reclamation lands are acquired or withdrawn for specific project purposes, other multipurpose uses of land occur. For example, if the use does not interfere with project purposes for which the land was withdrawn or acquired, other activities such as boating, camping, fishing, wildlife management, and livestock grazing may be authorized.

The term "Reclamation withdrawn lands" refers to those lands withdrawn from public entry and set aside for authorized Reclamation purposes. Of BOR's approximately 8,700,000 total acres of land, approximately 5,800,000 acres of withdrawn land were transferred to BOR from the BLM and the U.S. Forest Service, at no cost to the project beneficiaries, for use in constructing authorized BOR projects. Of BOR's approximately 8,700,000 acres of land, BOR considers only the approximately 5,861,000 acres of withdrawn land to be stewardship land because these lands were acquired at no cost to the Department.

The BOR safeguards its withdrawn lands to protect them against waste, loss, degradation, and misuse. These lands are managed consistent with their intended use in accordance with Federal laws and regulations, and are not materially degraded under Federal care. The BOR conducts site reviews on a five-year cycle. Periodic reviews are performed; it is, however, not feasible or cost-effective to do full condition assessments of all Reclamation lands, a large portion of which lie under water or structures.

Additionally, there are large tracts of inaccessible wilderness surrounding Reclamation reservoirs, which would be difficult and costly to assess. The BOR, however, considers the condition of Reclamation lands to be acceptable; the lands are managed and protected in a manner sufficient to support the mission of the BOR and in a manner that is consistent with the statutory purposes for which the lands were withdrawn or otherwise acquired.

Bureau of Land Management. The Bureau of Land Management has stewardship responsibility for the multiple-use management of natural resources on over 262 million acres of public land. The BLM land management programs include major efforts in preserving significant cultural and natural features; creating opportunities for commercial activities; protecting endangered species; and developing opportunities for recreation and leisure activities. The BLM is also responsible for protecting public health, safety, and resources, managing wild horses and burros; managing wildlife habitat and fisheries; administering mining laws; managing rangelands, overseeing forest management, development, and protection; protecting wilderness; restoring riparian areas and wetlands; and managing wild and scenic rivers.

BLM stewardship lands saw several large increases and decreases in the size of lands. The large increases are primarily the result of acres added based upon new Geographic Information System data; lands acquired under various public land laws; and "withdrawn" lands restored to the BLM's management jurisdiction. The large decrease in Alaska of 301, 462 miles is a result of acres patented out under public land laws.

Departmental Offices. Utah Reclamation Mitigation and Conservation Commission - The Utah Reclamation Mitigation and Conservation Commission (Commission) was established by Congress in 1994 under the Central Utah Project Completion Act (CUPCA). The Commission's mission is to replace or offset the loss in Utah of fish and wildlife resources and related recreational opportunities caused by the acquisition, construction, and operation of Reclamation project assets such as dams, power plants, roads, pipelines, aqueducts, operation and maintenance buildings, and visitor centers.

Land acquired and investments made in order to mitigate for the loss of fish and wildlife resources caused by Reclamation project construction are not essential or integral parts of the dam, pipeline, etc., and are not "acquired for or in connection with the construction" of the project assets, even if the fish and wildlife mitigation is achieved in the immediate vicinity of the project asset.

The Commission acquires two general categories of lands: fish and wildlife habitat (wetland, riparian, and/or upland) for both aquatic and terrestrial species, and land easements to provide public access to fish and wildlife resources, which, once acquired, are also managed to provide habitat values to the extent practicable. In over 95% of the acquisitions, the lands have been acquired on a willing seller basis. In all cases, habitat conditions on the lands have been improved; in many cases, improvements have been substantial.

In FY 2003, the Commission acquired over 85 acres and 120 acres of wetlands around the Great Salt Lake and Utah Lake, respectively. In addition, over 35 acres of land were acquired along the middle Provo River for the Commission Provo River Restoration Project.

Bureau of Indian Affairs. Acreage of the Bureau of Indian Affairs is primarily classified as school campus/cultural areas, historical/religious common grounds, or tribally/individually-owned lands. For FY 2003, BIA noted an addition of 1,965 acres to stewardship land.

While reviewing the documentation regarding the classification of stewardship land, BIA noted that 1,704 acres were incorrectly classified as School/Cultural. The bureau, therefore, removed those acres and placed them in the Historic/Religious category. The inclusion of 1,704 acres in *Table 39*, in the withdrawal category, actually reflects a reclassification of land rather than an actual withdrawal of land.

Summary of Types of Stewardship Lands

Interior bureaus are responsible for managing a wide variety of stewardship lands including rangelands, forestlands, riparian areas, wetlands, lakes, reservoirs, streams, grasslands, swamps, marshes, and seashores. In addition to the lands administered by Interior bureaus, additional lands are not federally owned. The FWS manages approximately 5.6 million acres of non-Federal land through agreements with landowners and other partners. The National Park System also contains lands not federally owned (approximately 5 million acres owned by State and local governments and private landowners). The NPS has no management responsibility for these lands except in cases where cooperative agreements with landowners authorize direct Federal land management.

Lands managed by the BLM, the Department's largest land management bureau with approximately 262 million acres, represent 42% of the lands under Federal ownership. The BOR's stewardship lands are unique in that large portions of these lands lie under water. The BIA, bound by its responsibility to sovereign Indian tribes and Alaska Natives, holds in trust status approximately 56 million acres of tribally and individually-owned land that is not considered stewardship land.

Subsets of stewardship lands can have additional designations that overlap cultural and natural heritage designations, such as wild and scenic rivers, scenic trails, parks, and wildlife refuges. See the section below for a discussion of heritage assets.

Condition of Stewardship Lands

The Department is required to report on the condition of stewardship land. The categories the Department uses in relation to the condition of stewardship land are "acceptable" or "needs intervention." Land is categorized as being in "acceptable condition" when it is adequate for operating needs and the bureau has not identified any improvements to the land that are necessary to prepare and/or sustain the land for its intended use. For example, parklands, wilderness lands, deserts and lands that are underwater due to dams and reservoirs would normally be in acceptable condition.

When a bureau has determined that improvements are necessary for the land itself to meet operating needs, the land is categorized as that which "needs intervention." This category would generally pertain to land that is used for special purposes, such as grazing.

The Bureau of Land Management assesses the condition of the lands it manages based on the land type and the multiple use and sustained yield goals identified through the land use planning process. *Table 40* shows condition of BLM land by land type.

The Fish and Wildlife Service assesses the condition of its stewardship land and resources by monitoring habitat characteristics and determining whether management actions are needed to change those characteristics to benefit their usefulness to fish and wildlife resources. The condition of these stewardship lands is not static. Land or habitat condition may be changing, either through the application of management techniques or through natural stressors or processes acting on those lands. It is the goal of the FWS to provide habitat that optimizes the usefulness of stewardship lands to benefit fish and wildlife resources. While some individual units of stewardship lands can be improved at any time during management cycles, the condition of the stewardship lands as a whole, which are protected by inclusion in both the National Wildlife Refuge System and the National Fish Hatcheries System, is sufficient to support the mission of the FWS and the statutory purposes for which these conservation systems were authorized.

Heritage Assets

Interior is steward for a large, varied, and scientifically important body of heritage assets, both non-collectible and collectible in nature. Non-collectible heritage assets include archeological sites, historical structures, cultural landscapes, and other resources. Many are listed on the National Register of Historic Places, acknowledging their importance to American history. Some are National Historic Landmarks that are exceptional in illustrating the heritage of the United States. Cultural landscapes are complex resources that range in size from large rural tracts to small formal gardens. Collectible heritage assets include library and museum collections.

Non-Collectible Cultural and Natural Heritage Assets

Interior's heritage assets come from public domain or acquired lands, historic properties under Interior's management, and donations. Interior has a responsibility to inventory, preserve, and interpret these resources for the benefit of the American pub-

TABLE 40

Condition of BLM Land by Type

Land Type	Acres (millions)	Miles	Condition 1/	% of Land
Rangeland	5	0	Potential natural community (excellent)	20%
a. Alaska Rangeland (Reindeer grazing permits: 1.2 million acres)			Late seral (good)	80%
b. Continental USA Rangelands	160	0	Potential natural community (excellent)	7%
			Late seral (good)	30%
			Mid seral (fair)	34%
			Early seral (poor)	12%
			Unclassified 2/	17%
Forested Land				
a. Forest	11	0	9 million acres -- Healthy	
b. Woodlands	44	0	14 million acres -- Needing Restoration 3/	
			32 million acres -- Unknown	
Riparian Areas and Wetlands	10	140,000	Alaska	
a. Riparian Areas			Properly Functioning	100%
			Nonfunctional	trace
			Unknown	trace
			Lower 48 States	
			Properly Functioning	46%
			Functioning-at risk	42%
			Nonfunctional	9%
			Unknown	3%
b. Wetlands	13	0	Alaska - Properly Functioning	
			Nonfunctional	98%
			Alaska - Unknown	2%
			Lower 48 States	
			Properly Functioning	65%
			Functioning but at Risk	19%
			Nonfunctional	2%
			Unknown	14%
Aquatic Areas (Lakes,Reservoirs, and Streams)	3	116,485	Alaska - Good	
			Lower 48 States - Unknown	
Other Habitat	16	0	Unclassified	
Totals	262	256,485		

1/ Explanation of types of condition: These descriptions are a composite of rangeland condition since nearly half of the rangelands on public lands have not been classified under the newer ecologically based classification. The older range condition classifications as described on this table rate the rangelands ability to produce forage. Seral is a series of stages in ecological succession. A potential natural community is the most healthy category of land, i.e., more able to produce forage.

2/ The "unclassified" condition for "Rangeland" refers to lands such as dry lakebeds, rock outcrops, and other areas for which data have not been gathered or estimates are not available.

3/ The BLM estimates that approximately 14 million acres are in need of ecological restoration work, including mechanical forest thinning/fuel reduction, prescribed fire treatments, and tree species reintroduction.

lic and does not normally dispose of such property. Interior's non-collectible heritage assets are described in *Table 41*.

Archeological and Historic Sites. Archeological sites are locations that contain material remains or physical evidence of past human activity of various sorts. Archeological sites include prehistoric structures, middens, and roadways, such as those found on many of the lands managed by the Department in the southwest. Sites also include the ancient earthen mounds in the midwestern and southern parts of the Nation, many of them managed by Interior bureaus. Other archeological sites come from historic times and are associated with the settlement of the United States by Euro-Americans, African-Americans, and Asian-Americans.

Cultural Landscapes. A cultural landscape is a geographic area, including both natural and cultural resources, associated with an historic event, activity, or person. The Department recognizes four cultural landscape categories: historic designed landscapes, historic vernacular landscapes, historic sites, and ethnographic landscapes. These landscapes individually meet the criteria of the National Register of Historic Places, are contributing elements of sites or districts that meet National Register criteria, or have value to associated communities.

Historic and Prehistoric Structures. Historic structures are constructed works consciously created to serve some human activity or purpose. Structures are historic because they individually meet the criteria of the National Register of Historic Places or are contributing elements of sites or districts that meet National Register criteria. As such, historic structures are significant at the national, State, or local level and are associated with the important people and history of the Nation. Prehistoric is defined as of, pertaining to, or belonging to the era before recorded history.

National Historic Landmarks. National Historic Landmarks are districts, sites, buildings, structures, or objects possessing exceptional value in commemorating or illustrating the history of the United States. The Historic Sites Act of 1935 authorizes the Secretary of the Interior to designate National Historic Landmarks as the Federal government's official recognition of the national importance of historic properties. These places possess exceptional value or quality in illustrating or interpreting the heritage of the United States in history, architecture, archeology, technology, and culture as well as possessing a high degree of integrity of location, design, setting, materials, workmanship, feeling, and association.

National Register of Historic Places. The National Register of Historic Places is America's official listing of sites important to history and prehistory. Properties listed in the National Register include districts, sites, buildings, structures, and objects that are significant in American history, architecture, archeology, engineering, and culture. These resources contribute to an understanding of the historical and cultural foundations of the Nation.

Paleontological Sites. Since the early 1800's, professional and amateur paleontologists have made discoveries that helped launch the new scientific discipline of paleontology in America, filling our Nation's museums of natural history with the remains of spectacular creatures that have captured the public's imagination. Today, the public lands continue to provide paleontological resources that fuel scientific discovery and evoke public wonder. Interior bureaus manage these fragile and non-renewable resources as a public trust not only to assure preservation of scientific values, but also to see that educational and recreational values are realized.

Within the NPS, there are 14 units in which paleontological resources are specifically mentioned in their organic legislation. Recognition of fossil resources as a park asset often is the result of the ongoing inventory of paleontological resources in parks. The ongoing inventory of paleontological resources in all parks during 2003 documented the presence of significant fossil resources in 10 additional parks.

Natural Heritage Special Management Areas. Although the BLM manages natural heritage assets that are not specifically in designated areas, significant portions of the public lands have been congressionally or administratively designated as special management areas. These special manage-

TABLE 41

Non-Collectible Cultural and Natural Heritage Assets (as of September 30, 2003)

Category	September 30, 2002 (units)	Additions (units)	Withdrawals (units)	September 30, 2003 (units)	Condition 1/			
					Good	Fair	Poor	Unknown
Bureau of Land Management								
Archeological and Historic Sites	255,225	7,954	-	263,179	100%			
National Historic Landmarks	22	-	-	22	100%			
Natural Heritage Special Management Areas	2,172	144	(38)	2,278	100%			
National Register of Historic Places					100%			
Listings	277	16	-	293				
Contributing Properties	4,206	132	-	4,338				
World Heritage Properties	5	-	-	5	100%			
Total 2/	**257,397**	**8,098**	**(38)**	**265,457**				
National Park Service								
Archeological and Historic Sites	55,791	3,795	(1,834)	57,752	21%	16%	6%	57%
Cultural Landscapes	2,930	49	(149)	2,830	6%	9%	4%	81%
Historic and Prehistoric Structures	26,896	429	(824)	26,501	44%	39%	13%	4%
National Historic Landmarks	151	2	-	153	90%	0%	10%	0%
Paleontological Sites (localities)	4,167	984	(2)	5,149	33%	0%	0%	67%
National Park System	386	2	-	388	100%			
Total	**90,321**	**5,261**	**(2,809)**	**92,773**				
Bureau of Reclamation								
Archeological and Historic Sites	13,385	148	(11,979)	1,554	2%	0%	0%	98%
National Historic Landmarks	5	-	-	5	60%	0%	40%	0%
National Register of Historic Places	59	-	(5)	54	28%	9%	2%	61%
Total	**13,449**	**148**	**(11,984)**	**1,613**				
Fish and Wildlife Service								
Archeological and Historic Sites	11,500	522	-	12,022		5%		95%
National Historic Landmarks	9	-	-	9				100%
National Register of Historic Places	84	1		85			20%	80%
Wildlife Refuges	540	2	-	542		100%		
Total	**12,133**	**525**	**-**	**12,658**				
Bureau of Indian Affairs								
National Register of Historic Places	19	-	(2)	17	94%	0%	6%	
TOTALS								
Archeological and Historical Sites	335,901	12,419	(13,813)	334,507				
Cultural Landscapes	2,930	49	(149)	2,830				
Historic and Prehistoric Structures	26,896	429	(824)	26,501				
Natural Heritage Special Management Areas	2,172	144	(38)	2,278				
National Historic Landmarks	165	2	-	167				
National Register of Historic Places	162	-	(8)	154				
National Park System	386	2	-	388				
Paleontological Sites	4,167	984	(2)	5,149				
Wildlife Refuges	540	2	-	542				
World Heritage Properties	5	-	-	5				
Total	**373,324**	**14,031**	**(14,837)**	**377,163**				

1/ "Good" condition means that a site shows no clear evidence of negative disturbance or noticeable deterioration by natural forces or human activity; "Fair" condition means that a site shows clear evidence of negative disturbances or deterioration by natural forces and/or human activities; "Poor" condition means that a site shows clear evidence of negative disturbances or deterioration by natural forces and/or human activities and no corrective actions have been taken to protect and preserve the integrity of the site. "Unknown" condition may mean that, due to the nature of the site, such as sites underwater or under other structures, the condition cannot be determined or that, due to financial constraints, a bureau has been unable to determine condition.

2/ The Bureau of Land Management (BLM) total includes Archeological and Historic Sites and National Heritage Special Management Areas only. The total does not include National Historic Landmarks, the National Register of Historic Places, and World Heritage Properties because these units are included in Archeological and Historic Sites and are not included in the BLM total to avoid double counting.

ment areas have been designated to preserve their natural heritage values and include the White Mountains National Recreation Area, the Yaquina Head Outstanding Natural Area, and the Cooperative Management and Protection Area.

The National Park System and Wildlife Refuges are also considered non-collectible natural heritage assets and are discussed under the “Stewardship Land” section.

Collectible Heritage Assets

Departmental Library Collections. Departmental policy dictates that copies of publications produced for or by its bureaus and offices be deposited in the Departmental Library, thus assuring a continuing, reliable source of information. The Departmental Library promotes the mission of the Department by providing a full range of professional reference and research services. The Library has collections centered on documents produced by or for the Department, as well as a broad range of related books, journals, and other resources that support the Department’s efforts to protect and provide access to the Nation’s natural and cultural heritage and to honor its trust responsibilities to Indian tribes. Specific collections include a comprehensive law collection, an extensive periodical collection, and a rare book collection consisting of 19th century monographs on Native Americans, American history, and zoology. The collections are augmented by online access with full-text capabilities.

Departmental Library staff apply emerging technologies in the form of an integrated library system and the use of digital copies and microfilm reader-printers to expedite document delivery. The condition of the Library collection is rated as good. Good condition represents paper and bindings that are of good quality and which show no sign of deterioration and are free from blemishes, tears, or fraying of pages. The condition of the collection is subject to potential harm because it is housed in a facility where mold and water leaks are common. Publications are selected and de-selected from the collection according to the procedures established by library policy, the Aspen Collection Development Plan, and priorities as set by the Department. Publications are removed from the collection when they become out of date/out of scope, in accordance with the Department’s policy. Interior’s library collections are described in *Table 42*.

U.S. Geological Survey Library Collections. There are four libraries within the USGS, including the Library Services Group Libraries at the National Center, the largest library, in Reston, VA., and three branch libraries. The libraries, with the exception of Library Services Group Libraries, serve USGS field office personnel, have separate administrations, and have small, specialized collections. Extensive sets of State and foreign geological survey publications, as well as publications from geological and other scientific societies, universities and institutions, and other government agencies throughout the world, are included in the library’s collection. Special collections include the George F. Kunz collection of books on gems and minerals, the Alvison Collection on Russian geology, a minerals and mining collection, extensive photographs taken during USGS field work, field notebooks, and additional material relating to USGS projects.

The USGS library system contains 1.3 million books and periodicals and 1.7 million non-book items for a total of three million items. Materials are acquired through extensive exchange agreements with institutions and agencies worldwide, as well as through research projects and purchases from a wide variety of publishers and institutions. Items are withdrawn only after the professional library staff has made a critical analysis of the collection.

Museum Collections

Department of the Interior museum collections contain over 145 million museum objects, including 75 million artifacts and specimens and approximately 70 million documents. Disciplines represented include art, ethnography, archeology, documents, history, biology, paleontology, and geology. Archeology (45%) and documents (48%) account for 93 % (137 million items) of the total when documents are reported in number of objects. If converted to linear feet, the 70 million documents reported this year are equivalent to 43,553 linear feet of archival documents. The growth in total number of objects is due primarily to improved reporting rather than to new acquisitions.

TABLE 42

Library Collectible Heritage Assets
as of September 30, 2003

Library Collections:	September 30, 2002 (units)	Additions (units)	Withdrawals (units)	September 30, 2003 (units)	Condition * Good	Fair	Poor
	units in thousands						
Departmental Library	1,000	47	-49	998	100%		
US Geological Survey							
Library Services Group Library at the National Center	1,403	302	-4	1,701	80%	15%	5%
Denver Branch Library	948	7	-1	954	65%	20%	15%
Flagstaff Branch Library	115	2	0	117	80%	15%	5%
Menlo Park Branch Library	283	7	-1	289	70%	20%	10%
USGS Total	2,749	318	-6	3,061			
Total	**3,749**	**365**	**-55**	**4,059**			

*Good means in usable condition; "Fair" means in need of minor repair or cleaning; "Poor" means in need of major conservation efforts.

Bureaus report 9,219,255 additions and 4,353,145 withdrawals since the FY 2002 report. The bulk of these changes are due to revised estimates of the number of uncataloged collection items and improved reporting of actual item counts as cataloging progress is achieved. Interior's museum collections are intimately associated with the lands and cultural and natural resources for which Interior bureaus share stewardship responsibilities.

Highlights of the Department's museum program for FY 2003 include documenting more than 2.75 million objects, improving accountability, and increasing the availability of the collections for public access. Currently cataloged are approximately 57 million items (40%) leaving a backlog of 85 million (60%) to be cataloged. While the collections of smaller bureaus and offices are fully cataloged, the large bureaus consistently cite resource constraints as the primary factor preventing faster progress in establishing accountability through cataloging.

The condition of museum collections is disclosed in this report for the first time. Accordingly, some bureaus are still in the process of developing bureau programs for assessing the condition of museum collections. Where bureaus have assessed the condition of its museum collections, this information is disclosed in *Table 43*.

The distribution of the Department's museum collections among bureaus and disciplines is summarized in *Table 44*.

The Department's museum collections are housed in both Federal and non-Federal institutions in an effort to maximize accessibility to the public while reducing costs to bureaus. Museum collections managed by Interior bureaus are important both for their intrinsic value and for their usefulness in support of Interior's mission of managing Federal land, cultural resources, and natural resources. Cataloging the collections continues to be a priority within Interior bureaus and continues to improve each year.

The standards achieved by facilities that house collections are good indicators of the status of collections for which item-level condition data are not available. Facilities that meet at least 70% of the Department's standards for managing museum collections (411 DM 3) are judged to be in "good" condition, those that meet between 50% and 70% of standards are in "fair" condition, and those that

TABLE 43

FY 2003 Status of Cataloging and Condition of Cataloged Bureau Museum Collections

Bureaus and Offices	Estimated Total Collection Size FY 2002	Additions Since Last Report	Withdrawals Since Last Report	Estimated Total Collection Size FY 2003	Total Number of Bureau Items Catalogued	Number of Cataloged Items with Item-level Condition Data	Percentage of Cataloged Items in Good, Fair, and Poor Condition 1/		
							Good	Fair	Poor
Bureau of Indian Affairs	5,056,921	227,049	-22,901	5,261,069	451,679	10,465	93	4	3
Bureau of Land Management 2/									
BLM-three internal units w/2003 data 3/	3,657,522	3,316,262	-	6,973,784	2,513,327	N/A	-	-	-
BLM-1993 data for all other locations	20,715,186	284,814	-	21,000,000	0	N/A	-	-	-
Bureau of Reclamation	10,004,037	1,458,272	-3,773,712	7,688,597	6,821,441	234,413	78	20	2
Fish and Wildlife Service	4,487,651	2,913	-496,917	3,993,647	1,400,000	211,000	0	100	0
National Park Service 4/	96,181,308	3,927,299	-59,491	100,049,116	46,191,935	39,250,279	64	29	7
Minerals Management Service	54	0	0	54	54	54	100	0	0
U.S. Geological Survey	39,788	134	-18	39,904	39,904	39,904	99	<1	<1
Departmental Offices 5/	15,182	2,512	-106	17,588	16,344	5,200	78	16	6
Departmental Totals	**140,157,649**	**9,219,255**	**-4,353,145**	**145,023,759**	**57,434,684**	**39,751,315**	**-**	**-**	**-**
				100%	40%				

1/ Condition definitions: "Good" means in stable condition; "Fair" means in need of minor repair or cleaning to bring to usable condition; "Poor" means in need of major conservation treatment to stabilize.

2/ The BLM beginning balance has been adjusted from that reported in the FY 2002 Accountability Report to reflect more accurate data. Also, BLM data are split between current data for three administrative units and data that were last reported in 1993 for all other locations that may house BLM museum property. Because of the many changes that may have occurred since 1993, the number reported for BLM external collections provides only a broad approximation of the scope of these collections.

3/ The unusually large number of BLM additions is due to "catch-up" reporting of all increases since 1993 that were not previously included in the Department's report.

4/ NPS data are the most recent available, from FY 2002.

5/ Departmental Offices includes: Indian Arts and Crafts Board, National Business Center, and the Office of the Special Trustee for American Indians.

meet less than 50% of applicable standards are in "poor" condition. For facilities not yet evaluated by Interior bureaus, data from Corps of Engineers evaluations and/or the accreditation status of institutions was used as indicators of the status of meeting professional museum management standards.

Conditions at locations housing Interior bureau museum collections are summarized in *Table 45*.

Bureau Highlights

Bureau of Indian Affairs. The Bureau of Indian Affairs is responsible for over 5.2 million items of museum property. Of BIA's total collection, 451,679 (8%) are cataloged at the item level. BIA staff continued to improve accountability and control for BIA museum property through improved reporting and clarification of previous estimates of collection size. The BIA collected condition data for the first time on facilities housing BIA collections. Withdrawals totaled 22,901. Additions totaled 227,049 items, 106,118 of which were found in previously unidentified repositories and the rest are the result of revised estimates. The bulk of BIA collections are managed in partnership with 74 non-BIA facilities and by collateral duty personnel at 90 of the 93 BIA units that house museum property. Resource constraints prevent greater progress in cataloging and resolving preservation and protection deficiencies.

Bureau of Reclamation. The Bureau of Reclamation's FY 2003 achievements include the preparation of draft bureau directives and standards regarding museum collections; drafting a new bureau-wide Scope of Collections Statement; continued improvement of facilities and data systems;

TABLE 44

FY 2003 Interior Museum Collections by Discipline

	Archeology[1]	Art[2]	Ethnography	History	Documents	Botany[3]	Zoology	Paleontology	Geology	Environmental Samples	Totals
2002 TOTALS	64,737,220	12,388	51,420	3,595,324	65,506,485	1,556,807	432,845	4,189,299	65,917	9,944	140,157,649
2003 Additions[4]	2,280,839	736	4,576	76,326	6,497,736	311,338	144	43,329	4,216	15	9,219,255
2003 Withdrawals[5]	1,488,700	4,405	161	11,408	2,319,526	613	190	527,973	169	0	4,353,145
Bureau/Office											
BIA	4,545,648	3,982	3,023	6,427	701,365	180	152	249	43	0	5,261,069
BLM[6]											
BLM internal	3,679,533	0	0	28,694	3,233,600	0	0	31,957	0	0	6,973,784
BLM external	17,215,305	44	2,273	51,713	76,800	39,727	208,642	3,393,773	1,981	9,742	21,000,000
BOR	6,396,414	292	6	2,518	1,276,677	0	0	12,178	510	2	7,688,597
FWS	1,915,528	586	11,048	210,558	1,642,917	15,687	184,510	12,598	0	215	3,993,647
NPS[7]	31,776,896	0	28,056	3,358,099	62,753,246	1,811,908	0	253,889	67,022	0	100,049,116
Dept. Ofcs:[8]	35	3,750	11,425	1,837	75	30	47	11	378	0	17,588
MMS	0	4	3	5	12	0	0	0	30	0	54
USGS	0	61	1	391	3	0	39,448	0	0	0	39,904
2003 TOTALS	**65,529,359**	**8,719**	**55,835**	**3,660,242**	**69,684,695**	**1,867,532**	**432,799**	**3,704,655**	**69,964**	**9,959**	**145,023,759**

1 In addition to the number of archeology items reported, BOR has 5,529 cubic feet of archeology materials and FWS has 1,173 boxes of archeology materials.

2 NPS art items are included in the number for history.

3 NPS number for botany includes zoology specimens.

4 Interior bureaus and offices may add [accession] items to the museum collections by donation, purchase, transfer, or field collection, and, depending on bureau-specific authority, by exchange [411DM3.4A]. The total may also increase as estimates of collection sizes at specific locations are revised to reflect more complete knowledge about the collections.

5 Interior bureaus and offices may remove items from the museum collections in response to involuntary loss, theft, or destruction. IACB, NBC, and NPS also have congressional authority to remove [deaccession] items selectively following strict procedures to follow the highest ethics standards and to make every effort to keep the items in public ownership. The total may also decrease as estimates of collection sizes at specific locations are revised to reflect more complete knowledge about the collections.

6 BLM data are split between current (2003) data for three internal administrative units and data that were last reported in 1993 for all other locations that may house BLM museum property.
Because of many changes that may have occurred to the total collection since 1993, the number reported for BLM external collections provides only a broad approximation of the scope of these collections. Departmental offices are working with BLM to obtain more current and accurate data.

7 NPS data are the most recent available, from 2002.

8 Departmental Offices include the Office of the Special Trustee for American Indians; Interior Arts & Crafts Board, and the National Business Center.

reduction of cataloging backlogs; completion of the Huhugam Heritage Center Repository in Arizona, customization and testing of "Re:discovery" museum collections management software for bureau use; design, development and production of exhibits and websites; and sponsorship of internships and volunteer programs.

Museum collections supported events and exhibits throughout the West celebrating Reclamation's centennial year, which began June 17, 2002. Critical financial and personnel resources are insufficient to meet Reclamation's stated museum property management goals, limiting BOR's ability to assist non-Federal partners that are under acute financial pressures related to the national economic slowdown. Some collections are at risk of loss or damage. Despite resource constraints, BOR continues to improve its identification and monitoring of bureau collections. Estimates of total collection size were revised to 7,688,597 and 8,769 cubic feet of archeological artifacts and paleontological specimens. These changes are due to better estimates of the items yet to be cataloged; the removal of official records and working collections; the removal of items previously identified as "potential" that had not formally been accessioned into the museum property collection; and correction of values transposed or duplicated in previous years.

Bureau of Land Management. The Bureau of Land Management maintains three museum management facilities and manages the bulk of its collections in partnership with 162 partner institutions. No funding was provided to BLM's museum partnership program in FY 2003, but the BLM cooperates with its partners to provide outreach through the Internet. Information and links are located at *www.blm.gov/heritage/sp.htm*.

TABLE 45

FY 2003 Rating of Locations Housing Bureau Collections

Bureaus and Offices	Number of locations housing bureau museum collections 1/		Number of Locations Evaluated	Ratings at Locations, Based on the % of Departmental Standards Met: Good (Meet > 70%)	Fair (Meet 50 - 70%)	Poor (Meet < 50%)	Not Evaluated
Bureau of Indian Affairs	BIA facilities	93	69	16	17	36	24
	Other facilities	74	26	11	11	4	48
Bureau of Land Management	BLM facilities	3	3	3	0	0	0
	Other facilities	162	37	0	37	0	125
Bureau of Reclamation	BOR facilities	31	27	14	4	9	4
	Other facilities	67	37	20	10	7	30
Fish and Wildlife Service	FWS facilities	136	5	0	5	0	131
	Other facilities	324	27	27	0	0	297
National Park Service	NPS facilities	312	312	140	104	68	0
	Other facilities	456	30	16	12	2	426
Minerals Management Service	MMS facilities	5	5	5	0	0	0
	Other facilities	0	0	0	0	0	0
U.S. Geological Survey	USGS facilities	5	3	2	0	0	3
	Other facilities	1	1	0	1	0	0
Departmental Offices (DO) 1/	DOI facilities	7	4	3	1	0	3
	Other facilities	3	2	2	0	0	1
Departmental Totals	Bureau/Office facilities	592	428	183	131	113	165
	Other facilities	1,087	160	76	71	13	927

1/ Condition of museum property is reflected indirectly by the degree to which the locations housing the Department's museum property achieve widely accepted museum standards adopted by the Department. The higher the percentage of standards met, the more likely it is that the collections housed at those locations are stable and secure. More specific item-level condition data that are available on a portion of DOI's cataloged collections are reported in Table 44.

2/ Departmental Offices includes the Indian Arts and Crafts Board, the National Business Center and the Office of the Special Trustee for American Indians.

Updated BLM data, where available, are presented in this report. Current data are reported by the three internal BLM facilities. In 1991 and 1993, the BLM reported an estimated 21 million objects in over 200 external facilities. Subsequent analysis of this data has demonstrated these estimates to be not accurate and the data have not been updated. To establish a reliable baseline, an internal audit was conducted by BLM in 1996. This audit, which included interviews with BLM field managers and program specialists as well as museum and university professionals, verified that previously reported figures were found to be not accurate. Accordingly, the BLM has refined its analysis and developed an accurate list of 162 external facilities where collections are housed, but inventories of BLM collections in these facilities are not available. These non-Federal facilities are professional facilities and, as such, are providing expert curation for all of the collections in their repositories, including BLM collections.

Fish and Wildlife Service. The FWS collections total approximately 4 million items at 136 FWS facilities and 324 non-Federal facilities. Some highlights of the FWS' FY 2003 program include:

- The FWS continued to work with the U.S. Army Corps of Engineers-St. Louis District Office, on a national survey of existing collections and documents in order to locate archeological and historical collections stored in non-Federal repositories. Additional work will be required over a number of years to verify the location of collections and assess their condition.

- At the DeSoto National Wildlife Refuge (NWR) in Iowa, contractors completed condition surveys on the textiles, wood, leather, paper, and composite artifacts housed at the Refuge. Approximately 35,000 artifacts were surveyed and about one third of these objects were examined on an item-by-item basis.

- The FWS' Southeastern Regional Office and the Santee NWR were involved in repatriating human skeletal remains and associated artifacts to the Santee Sioux Tribe of Nebraska in March 2003. The remains and artifacts were subsequently re-interred on the refuge at the request of the Tribe.

- The FWS' Northeastern Regional Office has been working with a number of national wildlife refuges to improve the care of museum property during FY 2003. Additional work has been performed to inventory museum collections and three training sessions were offered for refuge staff. In addition, a building-by-building inventory of the Patuxent Research Refuge in Maryland was initiated and identified FWS and USGS collections are being repackaged and stored in a safe location until a long-term plan can be approved.

- Work continues under a cooperative agreement with the Museum of the Rockies to locate the extensive paleontological collections removed from the Charles M. Russell NWR in Montana. The refuge is widely acknowledged to contain some of the most scientifically important fossil beds in the world.

- The D.C. Booth National Fish Hatchery, in South Dakota, installed a new fire and intrusion alarm system in its archives. Exhibits in the Von Bayer Museum of Fisheries History were cleaned and updated for the summer season. Continuing construction of firebreaks reduced fire danger to the site.

National Park Service. National Park Service museum collections total over 100 million items, including 37 million artifacts and specimens, and 63 million archival documents. These collections foster understanding, appreciation and enjoyment of natural and cultural heritage and provide tangible and accessible evidence of the resources, significant events, and peoples associated with NPS lands.

Notable acquisitions in FY 2003 include:

- A two-volume set of Ralph Waldo Emerson's prose works inscribed by Emerson to Henry Wadsworth Longfellow at Longfellow National Historic Site.

- A rare phytosaur, an extinct aquatic reptile, at Petrified Forest National Park.

- Jimmy Carter political campaign buttons and other memorabilia at Jimmy Carter National Historic Site.

- Personal papers of a plant ecologist who did early alpine research in Rocky Mountain National Park.

- Two-hundred-fifty glass plate negatives depicting Nebraska homesteading at Homestead National Monument.

- Fragments of the 1903 Wright Flyer given by the Wright Family to Wright Brothers National Memorial.

- A large collection of 18th and 19th century books from Arlington mansion (a Natchez National Historic Landmark) were donated to Natchez National Historical Park.

Access and use of NPS collections continued to increase at exhibits in parks and on-line. Sixty-two percent of artifacts and specimens and 37% of the archives are cataloged. At current cataloging rates and funding levels, the collection will be fully cataloged in 2029. Meeting preservation and protection standards continues to be a challenge, with deferred maintenance costs identified at $368 million.

In FY 2003, many parks improved museum storage conditions and developed new exhibits. Examples of these improvements include:

- Redwood National Park consolidated its collections in a new facility that includes a main storage area, a laboratory with separate storage for wet natural history specimens, workspace, and a library.

- The Western Archeological and Conservation Center moved four million museum objects and archival collections into 50,000 square feet of new-leased space that includes storage, work and research areas, and conservation laboratories.

- Vicksburg National Military Park installed a new canopy over the exhibit of the Civil War era ironclad USS Cairo.

- The Wright Brothers National Memorial opened the 20,000 square-foot First Flight Centennial Pavilion with exhibits, including a replica of the Wright's 1902 glider.

Hurricane Isabel that struck the region on September 18, 2003, impacted NPS museum collections in the mid-Atlantic region; assessment of damage is currently in progress. Collections at Colonial National Historical Park were stored in a basement that was flooded because of the hurricane.

Minerals Management Service. With all its museum property cataloged and photographed, MMS staff is in maintenance mode for management of 54 identified museum property items. All items are in good condition, and attention is turning to educational outreach to increase awareness and visibility. It is anticipated that educational efforts will result in identification of more items associated with MMS history that may be suitable for management as museum property.

Departmental Offices - National Business Center. The NBC continued to operate the Department of the Interior Museum and to coordinate museum property at Interior Headquarters. Increased attention was given to planning, inventory, and environmental monitoring in anticipation of scheduled building renovation activities. NBC is responsible for 6,463 museum items, one of which was acquired in 2003 as a gift. This is the first time NBC has reported a full item-level accounting of its collections; the number of catalog records was reported in previous years. Exhibit and education programs continue to be active.

Departmental Offices - Office of the Special Trustee for American Indians. The Office of the Special Trustee for American Indians (OST) is in maintenance mode for 73 items of museum property. In 1998, the BIA transferred 12 items of art and museum property to OST. Offices at various OST locations have obtained additional items. The OST ensures that all art and museum property of each office is properly accessioned, photographed for identification purposes and accounted for by supported documents.

Departmental Offices - Indian Arts and Crafts Board (IACB). The Indian Arts and Crafts Board's three museums achieved greater public access to their collections through participation in loans to institutions with high attendance. These included the Buffalo Bill Historical Society in Cody, Wyoming; the National Museum of Natural History in Washington, DC; the Heritage Center at Red Cloud Indian School in Pine Ridge, South Dakota; and the University of South Dakota Art Galleries in Vermillion.

All three IACB museums continued active exhibit programs in support of the Board's mission to promote authentic Native American arts and crafts. All but 161 of the IACB's 11,052 collection items are cataloged, establishing item-level accountability for and improving access to the collections. With basic accountability achieved for the collection, the staff is now turning its attention to refining management guidelines, developing collection-based educational materials, and developing museum support groups and volunteer programs to stretch the limited funds and personnel available to the IACB.

U.S. Geological Survey. During the past fiscal year, the USGS continued to reach additional milestones in managing its Museum Property Program (MPP). All 39,904 items are cataloged. These milestones include the following:

- Continued to catalog objects in the Denver Federal Center;

- Moved mapping instruments from Heritage Map Library;

- Established a permanent exhibit in the National Center lobby and installed 17 instruments and examples of mapping equipment as well as photographs;

- Provided assistance to nearly a dozen publishers and researchers.
- Contracted with a vehicle conservator to stabilize a 1930 Model A Ford; moved the vehicle indoors, and placed it on exhibit in the main lobby of the National Center in Reston;
- Initiated exhibit of Director Thomas Nolan's geological memorabilia;
- Participated in discussions with U.S. Fish and Wildlife Service representatives about possible museum property at Patuxent Wildlife Research Center;
- Conducted the annual meeting of USGS Museum Property Steering Committee;
- Retrieved two mapping instruments which had been on loan to the Smithsonian Institution since 1907;
- Helped install a USGS museum exhibit in the Department of the Interior Museum;
- Participated in the Interior Museum Property Committee (IMPC) Training Group;
- Loaned a Lunar Rover to the National Aeronautics and Space Administration for Mars mission research.

Investment in Research and Development

Interior is an important source for the Nation's natural resources research and development initiatives, and is a reliable source for credible, objective and unbiased information needed by resource managers across the Nation, within and outside of Interior. These research and development activities encompass examinations of geological structures, mineral resources, and products within and outside the national domain. Earth science research and information is used to save lives and property, safeguard human health, enhance the economic vitality of the Nation and its people, assess resources, characterize environments, and predict the impact of contamination. This information aids in solving critical societal problems through research, investigation, and the application of state-of-the-art geographic and cartographic methods.

Interior's research and development activities are presented in *Table 46* in the following three major categories:

1. Basic research which is a systemic study to gain knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications toward processes and products in mind;

2. Applied research which is a systemic study to gain knowledge or understanding necessary for determining the means by which a recognized and specific need may be met; and

3. Developmental research which is the systemic use of knowledge and understanding gained from research for the production of useful materials, devices, systems, or methods, including the design and development of prototypes and processes.

Research and Development at Interior Bureaus

U.S. Geological Survey. Research and development investments at USGS are a core part of fulfilling the bureau's mission and are integral to the work performed in all internal operating disciplines (biology, geography, geology, and water). The scope of USGS' research and development activities spans basic, applied, and developmental research, and produces direct outputs and outcomes associated with each activity that are a valuable part of the scientific research performed throughout the Nation. Total research and development investments were $859 million during FY 2003.

The following are significant FY 2003 accomplishments:

Geographic Analysis and Monitoring Program (GAM). GAM scientists conduct geographic assessments of land surface change to improve the understanding of the rates, causes, and consequences of natural and human-induced processes that shape and change the Nation's landscape over time. Studies are conducted within a geographic context and at a range of spatial and temporal scales so that

TABLE 46

Investment in Research and Development

($ in millions)

Category	1999 1/	2000	2001	2002	2003	TOTAL
US Geological Survey						
Basic	78.0	63.0	63.0	82.0	77.0	363.0
Applied	672.0	656.0	567.0	799.0	681.0	3,375.0
Developmental	39.0	53.0	53.0	83.0	101.0	329.0
Total	**789.0**	**772.0**	**683.0**	**964.0**	**859.0**	**4,067.0**
National Park Service						
Basic	0.6	0.5	1.6	5.0	0.3	8.0
Applied	35.2	37.6	28.0	30.2	29.7	160.7
Developmental	0.0	0.0	2.9	8.6	0.0	11.5
Total	**35.8**	**38.1**	**32.5**	**43.8**	**30.0**	**180.2**
Bureau of Reclamation						
Basic	0.0	0.0	0.0	0.0	0.0	0.0
Applied	14.5	16.1	17.4	19.0	18.3	85.3
Developmental	0.0	0.0	0.0	0.0		0.0
Total	**14.5**	**16.1**	**17.4**	**19.0**	**18.3**	**85.3**
Departmental Offices*						
Basic	0.0	0.0	0.0	0.0	0.0	0.0
Applied	15.3	15.2	4.6	4.6	7.5	47.2
Developmental	0.0	0.0	0.0	0.4	0.4	0.8
Total	**15.3**	**15.2**	**4.6**	**5.0**	**7.9**	**48.0**
Minerals Management Service						
Basic	0.0	0.0	0.0	0.0	0.0	0.0
Applied	30.1	30.7	31.0	28.5	29.4	149.7
Developmental	0.0	0.0	0.0	0.0	0.0	0.0
Total	**30.1**	**30.7**	**31.0**	**28.5**	**29.4**	**149.7**
TOTALS						
Basic	78.6	63.5	64.6	87.0	77.3	371.0
Applied	767.1	755.6	648.0	881.3	765.9	3,817.9
Developmental	39.0	53.0	55.9	92.0	101.4	341.3
TOTAL	**884.7**	**872.1**	**768.5**	**1,060.3**	**944.6**	**4,530.2**

1/ Based on obligations rather than expenses incurred.

* Central Utah Project Completion Act

investigations provide comprehensive information needed to understand the environmental, resource, and economic consequences of landscape change.

Understanding the Geography and Pathways of West Nile Virus. In an effort to better understand the geographic distribution and pathways of West Nile Virus (WNV), over 140 species of bird carcasses (about 15,000 specimens) are being examined. As of June 2003, results from 5,500 birds have indicated that 1% to 2% of them contain flaviavirus (a virus transmitted by infected ticks and mosquitoes) antibodies. Nearly 23,000 mosquitoes have been tested and geographic information such as location, ambient air temperature, humidity, land cover, and rainfall is being geocoded and entered into a geographic information system for analysis during 2003 and 2004. An analysis of 2001 and 2002 WNV surveillance data shows that counties that report WNV-infected dead birds early in the transmission season are more likely to report subsequent WNV disease cases in humans than are counties that do not report early WNV-infected dead birds.

National Park Service. Through appropriations for natural resource stewardship (encompassing natural resource research support and natural resource management, including the Natural Resource Preservation Program [NRPP]), and the Cultural Resource Preservation Program (CRPP), the NPS performs a wide range of mission-oriented research in support of its natural and cultural resource stewardship responsibilities. This work constitutes either basic or applied research focusing on park-based needs for scientific and scholarly information necessary for park management.

Natural resource stewardship addresses specific questions with immediate applications for natural resource management within the National Park System and, at present, primarily involves the conduct and acquisition of research related to physical science investigations. This program area also evaluates research needs and coordination with the Biological Resources Division of the U.S. Geological Survey and others to obtain research needed by the NPS. The NRPP provides funding for park natural resource management-related projects that are beyond the funding capabilities of the parks themselves and has come to be relied on by parks to fund the highest priority individual projects, some of which may involve research. CRPP provides funding for comparable cultural resource research and resource management projects in the fields of archeology, ethnography, history, museum collections, and planning and specialized reports. Outlays from both the NRPP and CRPP programs support park-based resource management, and when applicable, research needs. Consequently, the outlay levels for research from these two programs vary each year in response to park needs and priorities.

Measures are underway to improve the scope and accuracy of annual NPS research and development outlay data to better serve various reporting requirements. The methodology for the field reporting of research expenses for NPS-wide consolidation was significantly revised and improved in conjunction with FY 2001 data collection, which improved overall reporting of research and development expenses. In addition, the NPS continues work on a new bureau-wide natural and cultural resource management information system, which may automate reporting in FY 2006.

Bureau of Reclamation. The BOR invests in applied research programs to aid in the water and energy management challenges facing the arid west. Programs focus on the improvement of water management, the development of solutions pertaining to flood hydrology, water quality, irrigation return flows, and the delivery of hydropower to the west. The information obtained through these programs provides water management solutions and techniques that yield future benefits to the entire Nation.

In FY 2003, research and development expenses incurred under the Water and Energy Management and Development Government Performance and Results (GPRA) program activity produced benefits which supported BOR's goals of increasing water availability, improving water quality, and managing water supplies. In addition, research and development expenses incurred under the Facility Operations and Facility Maintenance and Rehabilitation GPRA program activities, respectively, provided support and benefits, which enabled BOR to meet the goals of operating its facilities more cost-effectively and providing safe and reliable supplies of power and water to its customers. Further output/outcome data can be found at BOR's "Goals-at-a-Glance Table."

Minerals Management Service. Environmental studies and operational requirements for the leasing and development of natural gas and oil are mandated by the Outer Continental Shelf Lands Act (OCSLA). Research in support of these mandates has been pursued to allow prediction of potential impacts, to aid in the development of mitigating measures, and to ensure safe, pollution-free operations. In addition to research as required by the OCSLA, the Oil Pollution Act (OPA) of 1990 sets down specific areas of research for agencies, including the Minerals Management Service (MMS). The goals of this Act are to improve not only the technologies for preventing oil pollution, but also the response to accidental spills. Inherent in this effort is improvement of the understanding of the fate, transport, and effects of oil when spilled. The MMS research program, which implements the OCSLA and OPA requirements, is pursued with universities, private companies, and American and foreign government laboratories.

Departmental Offices. Utah Reclamation Mitigation and Conservation Commission - The Utah Reclamation Mitigation and Conservation Commission utilizes research funds to determine the means by which mitigation measures or programs can be achieved and to determine the best method or design for an identified mitigation measure. Central Utah Project Completion Act research funds were utilized to address local development in lieu of irrigation and drainage, water management improvement, conservation measures, Utah Lake salinity control, mitigation and conservation measures, conjunctive use of surface and ground water, and similar study topics.

Investment in Human Capital

Investment in human capital refers to education and training programs financed by the Federal government for the benefit of the public; investment in human capital does not include education and training expenses for Federal employees. The Department plays a vital role in providing quality educational opportunities from early childhood throughout life, with consideration given to the mental, physical, emotional, spiritual, and cultural aspects of the people served. Within the Department of the Interior, the Bureau of Indian Affairs administers Interior's trust responsibility for education with the long-range goal of promoting healthy Indian communities through lifelong learning. Interior also provides residential education and job training for disadvantaged youth through the Job Corps Program.

The Department's investment in human capital is shown in *Table 47*.

Bureau of Indian Affairs Education and Training Programs

Through various BIA programs, a significant investment in education has been made in the future of American Indians and Alaska Natives. In FY 2003, a total of approximately $571.4 million was expended for educational programs, including construction, facilities operations, and facilities maintenance, benefiting American Indians and Alaska Natives from childhood through adulthood.

BIA Scholarship Program. The BIA scholarship program is administered at either the regional or agency level, as well as operated by tribes under self-determination contracts, grants, or self-governance compacts. In school year 2003, it is estimated that 9,300 undergraduate scholarships were funded with 1,050 students graduating from their respective institutions.

Adult Education. The adult education program provides opportunities for adult Indians and Alaska Natives to complete the General Equivalency Degree (GED). Completion of the GED increases adult Indians and Alaska Natives' economic competitiveness and reduces their economic dependence on Federal welfare programs. In FY 2003, tribes expended $2.5 million to support adult education. During FY 2003, approximately 51 contracts were funded for adult education programs.

Johnson-O'Malley Program. The Johnson-O'Malley (JOM) program provides funding to education programs for eligible Indian students attending public schools and for pre-school children. JOM is the only BIA program that provides for the culturally related and supplementary academic needs of Indian children attending public schools. In FY 2003, tribes expended a total of $16.5 million dollars under the JOM program. During school year 2003, 272,000 students were assisted under the program.

Post Secondary Education. The Haskell Indian Nations University in Lawrence, Kansas, and the Southwestern Indian Polytechnic Institute (SIPI) in Albuquerque, New Mexico, provide educational opportunities for Indian students. Haskell University offers three associate degree programs in science, applied science, arts, and one baccalaureate degree program in elementary education. SIPI offers associate degrees in liberal arts and computer science as well as programs in environmental sciences, electronics, and other specialized technologies. In FY 2003, Haskell University and SIPI expended a combined total of $13.3 million for the post secondary education program. For academic year 2002-2003, 2,581 students were enrolled at both institutions with a total of 215 graduates.

School Operations. The Indian School Equalization Program (ISEP) provides formula-based funding for BIA operated grant, contract elementary, and

TABLE 47

Investment in Human Capital
($ in millions)

Category	2000*	2001*	2002	2003	TOTAL
Bureau of Indian Affairs					
School Operations	$401.2	$419.2	$377.4	$424.8	$1,622.6
Adult Education	2.4	2.7	2.7	2.5	10.3
Post-Secondary Education	68.0	70.4	72.1	58.3	268.8
Scholarships	27.5	27.5	27.6	27.1	109.7
Other Educational Programs1/	6.9	6.9	127.0	46.9	187.7
Job Corps Program	-	-	15.0	11.8	26.8
Total	**506.0**	**526.7**	**621.8**	**571.4**	**2,225.9**
Bureau of Reclamation					
Job Corps Program	27.1	27.1	28.7	21.2	104.1
Fish and Wildlife Service					
Job Corps Program	9.9	11.1	11.7	11.6	44.3
National Park Service					
Job Corps Program	12.8	13.4	14.7	17.2	58.1
TOTAL	-				
School Operations	401.2	419.2	377.4	424.8	1,622.6
Adult Education	2.4	2.7	2.7	2.5	10.3
Post-Secondary Education	68.0	70.4	72.1	58.3	268.8
Scholarships	27.5	27.5	27.6	27.1	109.7
Other Educational Programs	6.9	6.9	127.0	46.9	187.7
Job Corps Program	49.8	51.6	70.1	61.8	233.3
TOTAL	**$555.8**	**$578.3**	**$676.9**	**$621.4**	**$2,432.4**

* Some amounts are based on obligations rather than actual expenses.

1/ Beginning in FY 2002, "Other Educational Programs" includes educational facilities costs; "Other Educational Programs" includes the Johnson-O'Malley Program.

secondary schools. For school year 2002-2003, 185 schools were funded through BIA appropriations. Of this number, 65 were BIA-operated schools and 120 were contract/grant schools. A total of 47,909 students were enrolled during school year 2002-2003.

Job Corps Program. Through the Job Corps Program, Interior provides residential education and job training to disadvantaged youth through program participation from the Bureau of Indian Affairs, the Bureau of Reclamation, the National Park Service, and the Fish and Wildlife Service. The Job Corps, established in 1964, is the Nation's largest national job training and education program and offers job training, basic education, social skills training, and support services to young people ages 16-24 that face multiple barriers to employment. Job Corps Civilian Conservation Centers are operated by the Departments of Interior and Agriculture and are located on National Wildlife Refuges, in National Parks, and in National Forests. Job Corps students perform valuable work to improve these public lands. In FY 2003, a total of approximately $61.8 million was expended by the Department for the Job Corps Program.

Investment in Non-Federal Physical Property

The Department of the Interior provides a long-term benefit to the public by maintaining its commitment to investing in non-Federal physical property. Non-Federal physical property refers to expenses incurred by the Federal government for the purchase, construction, or major renovation of physical property owned by State and local governments and insular areas, including major additions, alterations, and replacements; the purchase of major equipment; and the purchase or improvement of other physical assets.

Interior's investment in non-Federal physical property is described in the *Table 48*.

Bureau of Indian Affairs

The BIA's investments in non-Federal physical property include schools, dormitories, other infrastructures, and the Indian Reservation and Roads (IRRB) program. The IRRB program provides for the construction, maintenance, and repair of roads providing access to and within Indian reservations, Indian trust land, restricted Indian land, and Alaska Native villages. The Federal Highway Administration jointly manages the IRRB program.

Bureau of Reclamation

Major investments by BOR in non-Federal physical property include major additions, alterations, replacements, the purchase of major equipment, and the purchase or improvement of other physical assets owned by non-Federal entities such as State or local governments. The BOR incurs expenses in bureau wide programs that improve State and local fish and wildlife habitats through activities such as the construction or betterment of structures or facilities. Regional specific programs provide for the construction or improvement of structures and facilities used in State and local irrigation projects, water management projects, and water quality improvement programs.

National Park Service

In FY 2003, the NPS provided approximately $113.2 million in funding to States and local governments that will result in the purchase, construction, or major renovation of physical property. Approximately $7.4 million was used to support the construction of an Abraham Lincoln Interpretive Center in downtown Springfield, Illinois. The planned two-part Abraham Lincoln Presidential Library and Interpretive Center will consist of a museum portion and a library and archives. In FY 2003, $978,000 was provided for the Hispanic Cultural Center in New Mexico. Also, the National Underground Railroad –Freedom Center in Ohio received $6 million.

Fish and Wildlife Service

In 2003, the FWS provided approximately $118 million in grants to State and local governments that resulted in the purchase, construction, or major renovation of physical property that they owned. The enhancement of fish and wildlife management is the primary purpose for which these grants are awarded.

Departmental Offices - Central Utah Project Completion Act

The Central Utah Project Completion Act (CUPCA) expressly authorized the Utah Reclamation Mitigation and Conservation Commission to invest in fish and wildlife habitat improvements on non-Federal properties because the Federal reclamation projects in Utah affected fish and wildlife resources beyond the boundaries of the Reclamation projects.

Departmental Offices - Office of Insular Affairs

The Office of Insular Affairs (OIA) administers the Department's administrative responsibility for coordinating Federal policy in U.S. affiliated insular areas. These include the territories of American Samoa, Guam, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands. The OIA also provides oversight of Federal programs and funds in the freely associated States of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. All of the Office of Insular Affairs programs fall within the mission goal of Serving Communities - Increase Economic Self-Sufficiency of Insular Areas (Goal 5 of the Department Strategic Plan). OIA will achieve its mission by improving the financial management practices of insular governments, increasing economic development, and increasing Federal responsiveness to the unique needs of island communities. The OIA hopes to increase the resources available

TABLE 48

FY 2003 Investment in Non-Federal Physical Property

($ in millions)

Category	1999	2000	2001	2002	2003	TOTAL
Bureau of Indian Affairs						
Dams and Other Structures 1/	$0.0	$0.0	$1.4	$6.2	$0.1	$7.7
Land	0.0	0.0	0.0	0.0	0.0	0.0
Roads and Bridges	253.7	273.3	246.4	254.5	238.3	1,266.2
Schools and Public Buildings 2/	23.8	0.0	24.8	41.3	18.9	108.8
Total	**277.5**	**273.3**	**272.6**	**302.0**	**257.3**	**1,382.7**
Bureau of Reclamation 3/						
Dams and Other Structures	115.6	126.0	105.1	118.9	124.4	590.0
Land	0.0	0.0	0.0	0.0	0.0	0.0
Roads and Bridges	0.0	0.0	0.0	0.0	0.0	0.0
Schools and Public Buildings	0.0	0.0	0.0	0.0	0.0	0.0
Total	**115.6**	**126.0**	**105.1**	**118.9**	**124.4**	**590.0**
Fish and Wildlife Service						
Dams and Other Structures	0.0	0.0	0.0	0.0	66.0	66.0
Land	0.0	0.0	0.0	0.0	52.0	52.0
Roads and Bridges	0.0	0.0	0.0	0.0	0.0	0.0
Schools and Public Buildings	0.0	0.0	0.0	0.0	0.0	0.0
Not Classified	0.0	0.0	178.0	169.0	0.0	347.0
Total	**0.0**	**0.0**	**178.0**	**169.0**	**118.0**	**465.0**
National Park Service						
Dams and Other Structures	19.6	30.0	46.0	74.3	53.9	223.8
Land	6.7	4.0	14.6	29.7	44.0	99.0
Roads and Bridges	2.7	1.9	5.9	8.7	12.8	32.0
Schools and Public Buildings	0.5	1.1	1.5	1.7	2.5	7.3
Total	**29.5**	**37.0**	**68.0**	**114.4**	**113.2**	**362.1**
Dept. Offices-CUPCA/Commission4/						
Dams and Other Structures	0.0	0.0	0.4	0.0	0.4	0.8
Land	0.0	0.0	0.0	0.0	0.0	0.0
Roads and Bridges	0.0	0.0	0.1	0.0	0.2	0.3
Schools and Public Buildings	3.5	1.8	1.6	3.8	0.2	10.9
Total	**3.5**	**1.8**	**2.1**	**3.8**	**0.8**	**12.0**
Dept.Offices-Insular Area Capital Investment						
Dams and Other Structures	17.1	10.6	12.9	13.7	15.0	69.3
Land	0.0	0.0	0.0	0.0	0.0	0.0
Roads and Bridges	1.1	4.0	5.9	2.6	1.0	14.6
Schools and Public Buildings	14.4	16.7	21.0	23.9	14.9	90.9
Total	**32.6**	**31.3**	**39.8**	**40.2**	**30.9**	**174.8**
TOTAL						
Dams and Other Structures	152.3	166.6	165.8	213.1	259.8	957.6
Land	6.7	4.0	14.6	29.7	96.0	107.0
Roads and Bridges	257.5	279.2	258.3	265.8	252.3	1,313.1
Schools and Public Buildings	42.2	19.6	48.9	70.7	36.5	217.9
Not Classified	0.0	0.0	178.0	169.0	0.0	465.0
TOTAL	**$458.7**	**$469.4**	**$665.6**	**$748.3**	**$644.6**	**$3,060.6**

1/ Schools and Public Buildings - four walls to be used for human occupancy - Complete data is not available for 1999 and 2000.

2/ Dams and Other Structures - ditches, water treatment facilities, and not be used for human occupancy - Complete data is not available for 1999 and 2000.

3/ BOR's investment includes fish and wildlife habitats and water management programs.

4/ CUPCA-Central Utah Project Completion Act/Commission-Utah Reclamation Mitigation & Conservation Commission to the insular area governments while promoting economic self-sufficiency.

The OIA provides capital improvement grants to the insular areas. The capital investment in non-Federal physical property in the territories was approximately $30.9 million in FY 2003. In FY 2003, approximately 75% of the $30.9 million went toward non-Federal insular area investments in sewage, wastewater and solid waste projects, and public buildings, which include hospitals and medical facilities. Capital investment funds provided to the freely associated States of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau, are not included in this report. In prior years, Supplementary Stewardship Information identified certain funds expended in the Freely Associated States. In recent years, however, the OIA determined that these funds, which are provided to the freely associated States by the United States Government as authorized under the Compacts of Free Association, are investments to non-U.S. governments and the properties are not owned by the U.S., its territories, or local governments.

Other Supplementary Information (See Auditors' Report)

Other Supplemental Information includes the Consolidating Balance Sheet and the Consolidating Statement of Changes in Net Position.

Consolidating Balance Sheet
as of September 30, 2003
(in thousands)

	Bureau of Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other
ASSETS				
Intragovernmental Assets:				
Fund Balance with Treasury	$ 1,339,871	$ 857,881	$ 4,719,708	$ 901,066
Investments, Net	68,334	370,316	-	371,802
Accounts and Interest Receivable, Net	63,675	8,907	214,798	22,005
Other				
Advances and Prepayments	557	1,498	1,759	9,788
Total Intragovernmental Assets	1,472,437	1,238,602	4,936,265	1,304,661
Cash	431	55	107	-
Investments, Net	1,097	-	-	181,540
Accounts and Interest Receivable, Net	15,289	14,936	14,632	10,420
Loans and Interest Receivable, Net	38,042	-	166,621	24,675
Inventory and Related Property	-	335,796	-	523
General Property, Plant and Equipment, Net	1,322,636	332,762	13,055,281	241,008
Other				
Advances and Prepayments	95,876	136	11,666	4,035
Other Assets, Net	22,543	-	179,001	-
Stewardship Assets	-	-	-	-
TOTAL ASSETS	$ 2,968,351	$ 1,922,287	$ 18,363,573	$ 1,766,862
LIABILITIES				
Intragovernmental Liabilities:				
Accounts Payable	$ 26,307	$ 13,742	$ 18,617	$ 10,342
Debt	25,115	1,199,204	114,826	25,307
Other				
Accrued Payroll and Benefits	28,581	23,359	19,643	20,945
Advances and Deferred Revenue	144,401	-	9,364	216,819
Deferred Credits	100	17,131	34	992
Custodial Liability	-	-	-	-
Aquatic Resource Amounts Due to Others	-	-	-	-
Judgment Fund	116,697	12,224	48,797	-
Other Liabilities	44,675	49,967	-	1,157
Total Intragovernmental Liabilities	385,876	1,315,627	211,281	275,562
Public Liabilities:				
Accounts Payable	60,185	43,332	220,986	73,852
Loan Guarantee Liability	52,185	-	-	-
Federal Employees Compensation Act Liability	127,268	95,344	93,468	20,750
Environmental Cleanup Costs	73,523	17,568	5,804	1,000
Other				
Accrued Payroll and Benefits	33,229	78,453	40,828	25,997
Deferred Credits	12,807	115,296	176,051	160,998
Contingent Liabilities	58,210	650	69,100	693
Other Liabilities	10,557	106,492	132,433	4,688
Total Public Liabilities	427,964	457,135	738,670	287,978
TOTAL LIABILITIES	813,840	1,772,762	949,951	563,540
Commitments and Contingencies				
Net Position				
Unexpended Appropriations	1,149,928	412,460	314,643	340,297
Cumulative Results of Operations	1,004,583	(262,935)	17,098,979	863,025
Total Net Position	2,154,511	149,525	17,413,622	1,203,322
TOTAL LIABILITIES AND NET POSITION	$ 2,968,351	$ 1,922,287	$ 18,363,573	$ 1,766,862

Consolidating Balance Sheet
as of September 30, 2003
(in thousands)

Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intradepartmental Activity	TOTAL
$ 1,259,599	$ 18,095,406	$ 42,763	$ 1,276,656	$ 205,258	$ -	$ 28,698,208
1,002,594	65	1,926,867	1,870,014	-	-	5,609,992
216,782	14,240	30	21,596	81,089	(252,375)	390,747
4	6,469	161	755	2,654	(20,021)	3,624
2,478,979	18,116,180	1,969,821	3,169,021	289,001	(272,396)	34,702,571
-	383	-	116	2	-	1,094
-	-	-	-	-	-	182,637
1,024,164	6,691	35,010	10,832	91,432	-	1,223,406
-	4,318	-	-	-	-	233,656
-	-	-	-	2,395	-	338,714
36,361	880,327	2,978	862,436	222,126	-	16,955,915
8	14,795	-	271	79	-	126,866
-	-	-	-	-	-	201,544
-	-	-	-	-	-	-
$ 3,539,512	$ 19,022,694	$ 2,007,809	$ 4,042,676	$ 605,035	$ (272,396)	$ 53,966,403
$ 4,739	$ 25,093	$ 259	$ 12,191	$ 8,939	$ (52,391)	$ 67,838
-	-	-	-	-	-	1,364,452
2,504	57,044	1,137	16,927	15,297	-	185,437
872,973	5,690	-	680	2,835	(16,023)	1,236,739
-	3,846	151	7	7,262	(10,197)	19,326
948,605	-	-	-	-	(185,218)	763,387
-	-	-	389,762	-	-	389,762
-	2,007	-	-	-	-	179,725
-	5,765	563	1,926	26,271	(8,567)	121,757
1,828,821	99,445	2,110	421,493	60,604	(272,396)	4,328,423
301,806	121,714	12,053	69,157	62,424	-	965,509
-	-	-	-	-	-	52,185
9,376	256,635	4,440	62,154	42,815	-	712,250
-	5,332	-	12,352	5,466	-	121,045
13,791	107,413	5,535	57,614	71,365	-	434,225
25,738	1,137	575	1,430	4,513	-	498,545
550,000	8,755	68,500	-	15,679	-	771,587
270,526	36,437	-	6,314	2,322	-	569,769
1,171,237	537,423	91,103	209,021	204,584	-	4,125,115
3,000,058	636,868	93,213	630,514	265,188	(272,396)	8,453,538
6,969	983,029	36,299	498,236	187,441	-	3,929,302
532,485	17,402,797	1,878,297	2,913,926	152,406	-	41,583,563
539,454	18,385,826	1,914,596	3,412,162	339,847	-	45,512,865
$ 3,539,512	$ 19,022,694	$ 2,007,809	$ 4,042,676	$ 605,035	$ (272,396)	$ 53,966,403

Consolidating Balance Sheet
as of September 30, 2002 (As Restated)
(in thousands)

	Bureau of Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other
ASSETS				
Intragovernmental Assets:				
Fund Balance with Treasury	$ 1,232,812	$ 983,026	$ 4,307,839	$ 1,077,458
Investments, Net	63,638	164,992	-	369,043
Accounts and Interest Receivable, Net	64,756	6,493	329,123	86,313
Other				
Advances and Prepayments	258	3,601	19,308	54,957
Total Intragovernmental Assets	1,361,464	1,158,112	4,656,270	1,587,771
Cash	737	54	124	-
Investments, Net	1,193	-	-	137,409
Accounts and Interest Receivable, Net	22,560	8,986	23,508	5,931
Loans and Interest Receivable, Net	46,331	-	150,630	24,193
Inventory and Related Property	-	354,265	-	482
General Property, Plant and Equipment, Net	1,286,376	283,552	12,977,849	202,313
Other				
Advances and Prepayments	87,868	2,616	13,662	5,841
Other Assets, Net	15,742	-	190,241	-
Stewardship Assets				
TOTAL ASSETS	$ 2,822,271	$ 1,807,585	$ 18,012,284	$ 1,963,940
LIABILITIES				
Intragovernmental Liabilities:				
Accounts Payable	$ 21,773	$ 12,575	$ 13,737	$ 104,427
Debt	25,115	1,309,204	96,674	23,970
Other				
Accrued Payroll and Benefits	27,210	27,016	20,487	6,494
Advances and Deferred Revenue	111,171	-	9,334	461,717
Deferred Credits	-	18,581	1,616	15,822
Custodial Liability	-	-	-	-
Aquatic Resource Amounts Due to Others	-	-	-	-
Judgment Fund	85,842	12,224	48,797	-
Other Liabilities	52,510	52,793	-	39
Total Intragovernmental Liabilities	323,621	1,432,393	190,645	612,469
Public Liabilities:				
Accounts Payable	147,044	44,679	212,487	49,798
Loan Guarantee Liability	49,097	-	-	-
Federal Employees Compensation Act Liability	121,404	83,600	83,378	20,270
Environmental Cleanup Costs	190,654	5,423	5,441	1,000
Other				
Accrued Payroll and Benefits	54,898	92,732	48,823	31,670
Deferred Credits	4,967	142,267	166,691	79,314
Contingent Liabilities	326,684	350	110,415	700
Other Liabilities	4,009	98,776	111,970	5,431
Total Public Liabilities	898,757	467,827	739,205	188,183
TOTAL LIABILITIES	1,222,378	1,900,220	929,850	800,652
Commitments and Contingencies				
Net Position				
Unexpended Appropriations	987,332	480,277	338,509	377,870
Cumulative Results of Operations	612,561	(572,912)	16,743,925	785,418
Total Net Position	1,599,893	(92,635)	17,082,434	1,163,288
TOTAL LIABILITIES AND NET POSITION	$ 2,822,271	$ 1,807,585	$ 18,012,284	$ 1,963,940

Consolidating Balance Sheet
as of September 30, 2002 (As Restated)
(in thousands)

Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intradepartmental Activity	TOTAL
$ 94,120	$ 17,606,266	$ 47,653	$ 1,275,327	$ 252,041	$ -	$ 26,876,542
991,889	65	1,895,100	1,864,212	-	-	5,348,939
476,966	13,254	17	23,889	79,456	(482,974)	597,293
-	5,437	-	1,505	4,345	(83,903)	5,508
1,562,975	17,625,022	1,942,770	3,164,933	335,842	(566,877)	32,828,282
-	388	-	117	2	-	1,422
-	-	-	-	-	-	138,602
1,145,894	5,078	1,235	5,594	85,224	-	1,304,010
-	4,677	-	-	-	-	225,831
-	-	-	-	8,342	-	363,089
33,306	788,610	2,683	845,602	344,635	-	16,764,926
29	9,624	-	493	2,529	-	122,662
-	-	-	-	2,151	-	208,134
$ 2,742,204	$ 18,433,399	$ 1,946,688	$ 4,016,739	$ 778,725	$ (566,877)	$ 51,956,958
$ 4,077	$ 18,991	$ 220	$ 12,341	$ 7,481	$ (141,405)	$ 54,217
-	-	-	-	-	-	1,454,963
3,466	60,057	1,464	19,566	16,682	-	182,442
1,245	36,322	243	19,587	35,914	(78,582)	596,951
-	3,852	-	12,968	-	(16,941)	35,898
1,132,957	-	-	-	-	(314,876)	818,081
-	-	-	371,122	-	-	371,122
-	2,007	-	-	-	-	148,870
-	2,934	-	-	-	(15,073)	93,203
1,141,745	124,163	1,927	435,584	60,077	(566,877)	3,755,747
114,122	116,032	8,023	69,109	91,619	-	852,913
-	-	-	-	-	-	49,097
9,560	238,313	3,460	59,032	39,484	-	658,501
-	4,730	-	15,195	5,186	-	227,629
18,093	143,559	7,002	69,002	91,409	-	557,188
24,845	4,328	462	1,904	117	-	424,895
550,000	8,907	25,049	275	11,458	-	1,033,838
392,872	9,268	7,909	7,644	4,836	-	642,715
1,109,492	525,137	51,905	222,161	244,109	-	4,446,776
2,251,237	649,300	53,832	657,745	304,186	(566,877)	8,202,523
6,316	961,876	36,038	478,162	248,482	-	3,914,862
484,651	16,822,223	1,856,818	2,880,832	226,057	-	39,839,573
490,967	17,784,099	1,892,856	3,358,994	474,539	-	43,754,435
$ 2,742,204	$ 18,433,399	$ 1,946,688	$ 4,016,739	$ 778,725	$ (566,877)	$ 51,956,958

Consolidating Statement of Changes in Net Position for the year ended September 30, 2003

(in thousands)

	Bureau of Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other
UNEXPENDED APPROPRIATIONS				
Beginning Balance	$ 987,332	$ 480,277	$ 338,509	$ 377,871
Cumulative Effect of Change in Accounting	-	-	-	-
Beginning Balances, as adjusted	987,332	480,277	338,509	377,871
Budgetary Financing Sources				
Appropriations Received, General Funds	2,288,723	2,173,723	151,924	684,971
Appropriations Transferred In/Out	259,123	(418,347)	39,305	(9,657)
Appropriations-Used	(2,358,628)	(1,811,313)	(215,095)	(709,475)
Other Budgetary Financing Sources	(26,622)	(11,880)	-	(3,413)
Total Budgetary Financing Sources	162,596	(67,817)	(23,866)	(37,574)
Ending Balance - Unexpended Appropriations	$ 1,149,928	$ 412,460	$ 314,643	$ 340,297
CUMULATIVE RESULTS OF OPERATIONS				
Beginning Balance	$ 612,563	$ (572,912)	$ 16,743,925	$ 784,007
Cumulative Effect of Change in Accounting	-	-	-	-
Beginning Balances, as adjusted	612,563	(572,912)	16,743,925	784,007
Budgetary Financing Sources				
Appropriations-Used	2,358,628	1,811,313	215,095	709,475
Royalties Retained	-	75,927	641,245	-
Transfers In/Out without Reimbursement	212,073	(72,417)	103,215	13,745
Non-Exchange Revenue				
Tax Revenue	-	-	-	-
Abandoned Mine Fees	-	-	-	-
Donations and Forfeitures of Cash and Cash Equivalents	549	69	37	4,128
Other Non-Exchange Revenue	-	-	151	46,686
Other Budgetary Financing Sources and Adjustments	11,832	4,994	-	(13,505)
Other Financing Sources				
Imputed Financing from Financing absorbed from others	38,930	64,291	244,807	17,724
Transfers In/Out without Reimbursement	(5,509)	2,373	(52,665)	(4,023)
Donations and Forfeitures and Property	3,401	-	56	35,166
Total Financing Sources	2,619,904	1,886,550	1,151,941	809,396
Net Cost of Operations	(2,227,884)	(1,576,573)	(796,887)	(730,378)
Ending Balance - Cumulative Results of Operations	$ 1,004,583	$ (262,935)	$ 17,098,979	$ 863,025

Consolidating Statement of Changes in Net Position
for the year ended September 30, 2003
(in thousands)

Minerals Management Service	**National Park Service**	**Office of Surface Mining**	**U.S. Fish and Wildlife Service**	**U.S. Geological Survey**	**TOTAL**
$ 6,316	$ 961,876	$ 36,038	$ 478,161	$ 248,482	$ 3,914,862
-	-	-	-	(68,544)	(68,544)
6,316	961,876	36,038	478,161	179,938	3,846,318
165,321	2,043,311	105,092	1,072,465	925,288	9,610,818
-	126,429	-	84,348	619	81,820
(162,550)	(2,121,646)	(103,609)	(1,130,272)	(907,121)	(9,519,709)
(2,118)	(26,941)	(1,222)	(6,466)	(11,283)	(89,945)
653	21,153	261	20,075	7,503	82,984
$ 6,969	$ 983,029	$ 36,299	$ 498,236	$ 187,441	$ 3,929,302
$ 486,061	$ 16,822,223	$ 1,856,818	$ 2,880,832	$ 226,056	$ 39,839,573
-	-	-	-	68,544	68,544
486,061	16,822,223	1,856,818	2,880,832	294,600	39,908,117
162,550	2,121,646	103,609	1,130,272	907,121	9,519,709
812,765	1,049,817	-	2,909	-	2,582,663
6,065	(279,994)	(271)	143,939	983	127,338
-	-	-	659,217	-	659,217
-	-	282,411	-	-	282,411
-	30,388	112	4,163	387	39,833
10,248	-	23,712	49,747	-	130,544
-	5,403	-	1,909	2,728	13,361
11,525	87,966	4,784	44,277	56,240	570,544
(270)	8,431	(87)	4,360	(10,253)	(57,643)
-	8,240	-	-	-	46,863
1,002,883	3,031,897	414,270	2,040,793	957,206	13,914,840
(956,459)	(2,451,323)	(392,791)	(2,007,699)	(1,099,400)	(12,239,394)
$ 532,485	$ 17,402,797	$ 1,878,297	$ 2,913,926	$ 152,406	$ 41,583,563

Consolidating Statement of Changes in Net Position for the year ended September 30, 2002 (As Restated)

(in thousands)

	Bureau of Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other
UNEXPENDED APPROPRIATIONS				
Beginning Balance, as restated	$ 1,025,923	$ 471,044	$ 168,397	$ 438,662
Cumulative Effect of Change in Accounting	-	-	-	-
Beginning Balances, as restated and adjusted	1,025,923	471,044	168,397	438,662
Budgetary Financing Sources				
Appropriations Received, General Funds	2,237,148	1,918,844	88,569	682,582
Appropriations Transferred In/Out	211,301	(247,232)	250,528	(30,543)
Appropriations-Used	(2,462,687)	(1,661,265)	(168,941)	(711,407)
Other Budgetary Financing Sources	(24,353)	(1,114)	(44)	(1,424)
Total Budgetary Financing Sources	(38,591)	9,233	170,112	(60,792)
Ending Balance - Unexpended Appropriations	$ 987,332	$ 480,277	$ 338,509	$ 377,870
CUMULATIVE RESULTS OF OPERATIONS				
Beginning Balance, as restated	$ 559,848	$ (690,478)	$ 16,527,381	$ 740,422
Cumulative Effect of Change in Accounting	-	-	-	-
Beginning Balances, as restated and adjusted	559,848	(690,478)	16,527,381	740,422
Budgetary Financing Sources				
Appropriations-Used	2,462,687	1,661,265	168,941	711,407
Royalties Retained	-	4,529	661,686	-
Transfers In/Out without Reimbursement	225,803	69,386	118,539	13,289
Non-Exchange Revenue				
Tax Revenue	-	-	-	-
Abandoned Mine Fees	-	-	-	-
Donations and Forfeitures of Cash and Cash Equivalents	194	18	(166)	1,069
Other Non-Exchange Revenue	3,405	-	2,980	39,525
Other Budgetary Financing Sources and Adjustments	(2,746)	4,970	-	(34,511)
Other Financing Sources				
Imputed Financing from Financing absorbed from others	43,036	62,023	123,937	10,282
Transfers In/Out without Reimbursement	6,268	(56)	(69,456)	(1,478)
Donations and Forfeitures and Property	-	-	42	4,422
Total Financing Sources	2,738,647	1,802,135	1,006,503	744,005
Net Cost of Operations	(2,685,934)	(1,684,569)	(789,959)	(699,009)
Ending Balance - Cumulative Results of Operations	$ 612,561	$ (572,912)	$ 16,743,925	$ 785,418

Consolidating Statement of Changes in Net Position for the year ended September 30, 2002 (As Restated)

(in thousands)

Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	TOTAL
$ 8,433	$ 896,024	$ 40,318	$ 465,477	$ 211,706	$ 3,725,984
-	(53,576)	-	-	-	(53,576)
8,433	842,448	40,318	465,477	211,706	3,672,408
150,667	2,105,957	102,800	1,006,867	914,002	9,207,436
-	56,839	-	51,135	1,446	293,474
(152,541)	(2,032,544)	(105,471)	(1,044,397)	(871,889)	(9,211,142)
(243)	(10,824)	(1,609)	(920)	(6,783)	(47,314)
(2,117)	119,428	(4,280)	12,685	36,776	242,454
$ 6,316	$ 961,876	$ 36,038	$ 478,162	$ 248,482	$ 3,914,862
$ 1,008,648	$ 16,423,825	$ 1,752,259	$ 2,676,957	$ 63,652	$ 39,062,514
-	(2,694)	-	-	-	(2,694)
1,008,648	16,421,131	1,752,259	2,676,957	63,652	39,059,820
152,541	2,032,544	105,471	1,044,397	871,889	9,211,142
823,842	1,050,178	-	891	-	2,541,126
6,105	(463,571)	-	138,136	879	108,566
-	-	-	656,923	-	656,923
-	-	285,580	-	-	285,580
-	15,249	4	4,089	178	20,635
18,424	-	36,250	49,396	283	150,263
-	20,568	-	9,920	-	(1,799)
125,305	83,141	4,285	39,971	49,045	541,025
(389)	17,681	(37)	28,477	256,841	237,851
-	-	-	-	-	4,464
1,125,828	2,755,790	431,553	1,972,200	1,179,115	13,755,776
(1,649,825)	(2,354,698)	(326,994)	(1,768,325)	(1,016,710)	(12,976,023)
$ 484,651	$ 16,822,223	$ 1,856,818	$ 2,880,832	$ 226,057	$ 39,839,573

Part 3. Performance Section

(Unaudited See Auditors' Report)

Program Evaluations

Program evaluations are an important tool in analyzing the effectiveness and efficiency of our programs, and evaluating whether they are meeting their intended objectives. Our programs are evaluated through a variety of means, including performance audits, Program Assessment Rating Tool (PART), financial audits, management control reviews, and external reviews from Congress, OMB, Office of the Inspector General (OIG), and other organizations, such as the National Academy of Public Administration and the National Academy of Sciences. We use self-assessments to verify that performance information and measurement systems are accurate and supportive of our strategic direction and goals. Data collection and reporting systems processes are reviewed and improved through the use of customer and internal surveys.

Table 49 lists some examples of program evaluations that occurred during FY 2003.

TABLE 49

FY 2003 Sample Program Evaluations

Bureau	Program/Goal	Methodology/Purpose
Goal 1: Protect the Environment and Preserve Our Nation's Natural and Cultural Resources		
BIA	Environmental Program	Five environmental audits are conducted annually.
BIA	Restoration/Enhancement	Program evaluations are completed each year with continual onsite monitoring.
BLM	Cultural and Heritage Resources: Manage heritage and cultural spec. areas	Internal evaluation of organizational management, compliance with the adoption process, and budgeting and workload accomplishments.
BLM	Biological Communities: Create habitat conditions	Continue evaluation of the Invasive and Noxious Weeds Management Program to identify efficiencies and success of treatments. Conduct internal review to identify and benchmark success in the Integrated Weed Management Program.
BLM	Reduce Sources of Pollution	Conduct a national workload and gap analysis to determine the impacts of a changing workforce on the Hazardous Materials Program.
NPS	National Historic Landmarks (NHL)	NHL staff surveys NHL owners and State Historic Preservation Officers' staff regarding condition of their NHL's. Washington program staff analyze and report findings for improvements.
NPS	National Historic Preservation	PART
NPS	Land Water Conservation Fund	PART
OSM	Regulation of Surface Coal Mining	PART
Goal 2: Provide Recreation for America		
BLM	Recreation and Management	PART
BLM	Effectively manage commercial service and user fees	Evaluate conformance with National Policy, review accounting procedures, determine expenditures within the program, and costs of collecting fees through an internal review.
FWS	National Wildlife Refuge Operations and Maintenance	PART
NPS	Recreation Fee Program: Fee Receipts	Fee comparability studies to ensure that fees are comparable within the local community. Evaluate fee structures and work with the Interagency Fee Council to institute a consistent fee package within the NPS.
NPS	Visitor Satisfaction	Visitor Services Card customer satisfaction survey is continuously used at each park.
NPS	Visitor Understanding	Asset mapping and evaluation of the complete spectrum of interpretive services service-wide (four years).
NPS	Donations and Gifts	The Service-wide Cooperating Association Coordinator conducts an ongoing evaluation at 8-15 associations.

TABLE 49 CONTINUED

FY 2003 Sample Program Evaluations		
Bureau	**Program/Goal**	**Methodology/Purpose**
Goal 3: Manage Natural Resources for a Healthy Environment and a Strong Economy		
BLM	Responsible Energy Use	Conduct internal review to assess the effectiveness in managing existing oil and gas program workloads.
BLM	Energy and Minerals Management	PART
BOR	Dam Safety Program	Alternative Management Control Review (AMCR) used to continually evaluate, enhance and improve program performance.
BOR	Power	Power production benchmarking for cost and ability of turbine-generators to deliver power and maintain a low forced outage rate and achieve top 25th percent of efficient hydropower facilities.
BOR	Dam Safety	Alternative Management Control Review (AMCR). The AMCR is required by the Reclamation Manual Directives and Standards FAC 01-06. It is performed annually to continually evaluate, enhance, and improve the Dam Safety Program.
BOR	Power	PART
BOR	Science and Technology	PART
MMS	Minerals Revenue Management	PART
Goal 4: Provide Science for a Changing World		
USGS	Review of the USGS concept of “The National Map”	The National Research Council (NRC) report describes how The National Map would gain from improved definition so that the unprecedented number of partners needed for success will become energized to participate. Challenges are more organizational than technical. Need to continue to learn from pilot studies as well as from other Federal-led programs that have partnered with multiple sectors.
USGS	Hazards	PART
USGS	Mineral Resources	PART
USGS	Energy Resources	PART
Goal 5: Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities		
BIA	Law Enforcement	Annual performance reviews to evaluate the effectiveness of the program and PART.
BIA	P.L. 102-477 Job Training Program	10-15 grantee reviews are conducted annually. Program and onsite reviews for each of the 48 grantees are conducted on a 3 year cycle.
BIA	Road Maintenance Program	Each one of the 12 Regional Road Maintenance Programs is evaluated bi-annually as part of the Indian Reservation Roads Process Review Program.
BIA	Tribal Courts	PART
BIA	Resource Management: Forestry	PART
BIA	Cadastral Survey Program	Conduct internal review to assess the effectiveness in managing Indian Trust risks and increase percent of real property ownership data that are current, standardized, and integrated.
BIA	Indian Royalty Assistance	Internal alternative management control review
MMS	Internal Accident Review of Accident Panel Investigations, Cash Management, and Indian Royalty Assistance	Internal alternative control reviews.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Bureau of Indian Affairs

GPRA Program Activity: Resources Management

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By 2005, the Bureau will restore and enhance natural resources on tribal lands.	1.BIA.1: The Bureau will provide for the reforestation and improvement of 27.7% of the 1.3 million acres of forestlands needing treatment.	69,887* 142,335 (Cum.) 10.9%	60,070* 202,405 15.6%	50,668* 253,074 19.5%	56,327 309,291 23.8%
	1.BIA.2: The Bureau will provide for the restoration of 90,000 acres of trust lands infested with noxious weeds to productive agronomic uses.	80,000 160,000 (Cum.)	110,000 270,000	90,000 360,000	90,000 450,000
	1.BIA.3: The Bureau will provide for the enhancement of 6,500 acres of wetlands.	 16,832 (Cum,)	7,266 24,098	6,602 30,700*	7,200 37,900*
	1.BIA.4: The Bureau will provide support for 238 tribal water management projects.	110	200	238	238
By 2005, the Bureau will provide support for Tribes to exercise their off-reservation hunting;	1.BIA.5: The Bureau will provide for the exercise of off-reservation treaty rights by 43 Tribes.	41	41	43	43
Fishing rights, to manage and conserve fish and wildlife resources on Indian lands, and for the operation of tribal fish hatchery; and	1.BIA.6: The Bureau will provide assistance in support of 17 inter-tribal resource co-management programs (Tribes assisted).	17	17	17	17

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
52,000 361,291 27.7%	35,876 Estimated 26.6%	Based on performance data estimates, we anticipate the goal will not be met. The estimated performance data was statistically developed based on linear regression of prior year data during which there was consistent wildland fire activity. Many of the crews used to complete restoration projects were assigned to fire suppression actions. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised Report for FY 2002. Goal Exceeded. Actual performance exceeded planned performance during FY 2002 because of higher than expected accomplishment in the Northwest Region. There were not as many severe wildfires in the Northwest this year. Forest development crews spent more time on their usual and accustomed projects. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004. *Basis of adjustments—Regions confirmed final numbers reported in the Annual Forestry Report, submitted to Congress between Jan and Mar of each year. Numbers previously reported were estimates.
90,000 540,000	90,000 540,000	Goal Met. Based on performance data estimates, we anticipate that the goal will be met. The estimated performance data was statistically developed based on linear regression of prior year data. Noxious Weeds are primarily controlled during the summer field season and full reporting will not be available until after the publication of this report. The final FY 2003 performance information will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 – 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
8,300 46,200	No data	No Report. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised Report for FY 2002. Goal Exceeded. The Bureau exceeded its goal by providing for the enhancement of 7,200 acres of wetlands for a cumulative total of 37,900 acres enhanced since FY 1998. The wetlands projects undertaken in FY 2003 were less costly than anticipated and the Bureau was able to provide for an additional 700 acres of enhancement * Clerical errors in reporting were discovered and appropriate changes have been made.
238	229	Goal Not Met. The BIA was unable to fulfill some project proposals because the proposals selected were funded at levels higher than anticipated. The Bureau will continue to provide the maximum assistance possible under this program. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
43	43	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
17	17	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Bureau of Indian Affairs

Goals					
GPRA Program Activity: Resources Management					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Operation and maintenance programs.	1.BIA.7: The Bureau will provide support for 50 tribal fish hatchery maintenance projects (projects funded).	50	56	35	36
GPRA Program Activity: Trust Services					
By 2005, the Bureau will increase the number of Integrated Resource Management Plans (IRMPs) to 50.	1.BIA.8: The Bureau will increase the number of Tribes developing IRMPs by establishing an additional 12 planning grants. (Cum.)	12 12 (Cum.)	12 24	10 34	10 44
The Bureau will ensure that obligations under the Federal Indian trust responsibility are performed in accordance with the standards required by the laws and governmental policies of the United States.	1.BIA.9: The Office of American Indian Trust (OAIT) will perform 70 trust evaluations.	N/A	67	67	67
	1.BIA.10: The Bureau will assist 63 Tribes by procuring defense services or private counsel in support of water and land claims and the protection of trust and cultural resources.	57	57	67	65
	1.BIA.11: The Bureau will fund 21 Departmental teams involved in land and water quantitative negotiations and implementation of Indian land and water rights claims.	27	20	21	21
	1.BIA.12: The Bureau will fund 82 project proposals for technical research and studies.	82	83	82	83
By 2005, the Bureau will improve conditions for the environment and endangered species in Indian Country.	1.BIA.13: The Bureau will train 550 Bureau and tribal employees in the areas of environmental management and endangered species preservation.	250	405	1,803	994
	1.BIA.14: The Bureau will conduct compliance assistance audits and perform corrective actions at 5 Bureau Field offices.	5	3	22	107
	1.BIA.15: The Bureau will issue an additional 15 guidance documents on environmental management and endangered species preservation.	15	5	26	26

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
50	37	Goal Not Met. The BIA was able to provide for 37 tribal projects, 13 fewer than the projected target due to a higher than anticipated average cost of approved projects. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
12 56	10 54	Goal Not Met. Thirty-six IRMP planning grant proposals were received and ranked. Funding was only available for the 10 top ranked proposals. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
70	70	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
63	No data	No Report. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd Quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
21	21	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
82	81	Goal Not Met. The BIA was unable to fulfill the final project proposal target because the prior proposals were funded at levels higher than anticipated. The Bureau will continue to provide the maximum assistance possible under this program. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
550	826	Goal Exceeded. Additional environmental training was provided due to a Consent Agreement/Consent Order for Navajo Region. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
5	15	Goal Exceeded. The BIA's Regional program identified additional sites and performed environmental audits and corrective actions at these sites. This performance level is directly impacted by customer requests. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
15	15	Goal Met. All of the guidance materials were completed during the 1st quarter of FY 2003. The goal has been completed.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Bureau of Indian Affairs

GPRA Program Activity: Trust Services

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
	1.BIA.16: The Bureau will provide technical or financial assistance to 100 Tribes in the areas of environmental management and endangered species preservation.	N/A	59	250	180
By 2005, the Bureau will facilitate the growth of trust income through an increase in the efficient processing of trust transactions for tribal and individual Indian land owners.	1.BIA.17: The Bureau will increase the benefits to Indian Tribes and individual owners of trust and restricted lands by increasing the number of real estate transactions to 42,000.	35,000	35,400	37,000	39,300
	1.BIA.18: Increasing the number of probate cases processed to 3,200;	2,480	3,795	3,924	3,706
	1.BIA.19: Increasing the boundary designation of trust lands to 3,214 miles;	853	1,421	1,700	2,207
	1.BIA.20: And, 5,080 monuments.	1,379	2,475	3,800	3,660

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
100	195	Goal Exceeded. The BIA was able to respond to additional requests for assistance by the Tribes. This performance level is highly affected by customer requests. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
42,000	34,134 Estimated	This goal was revised to reflect Court-related changes. Based on performance data estimates, we anticipate that the goal will be met. The estimate was based on available data collected from 8 of 12 regions as of August 30, 2003. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 – 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
3,706	No Data	No Report. A modified data collection method was developed and implemented for FY 2003 for the probate program. While this new methodology will allow for improved regional reporting, the actual implementation has caused the delay of performance data collection during the first year of use. Final FY 2003 performance data will be provided in a FY 2003 Supplemental Performance Report to be published during the third quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
Discontinued	Discontinued	BLM measure 5.BLM 5 captures data previously reported under this measure.
Discontinued	Discontinued	BLM measure 5.BLM 5 captures data previously reported under this measure.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Bureau of Land Management

GPRA Program Activity: Preserve Natural and Cultural Heritage Resources

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By FY 2005, implement comprehensive environmental education and resource interpretative information programs for 100% of the National Landscape Conservation System (NLCS) units; establish cooperative associations and other non-profit partnerships on 100% of the National Conservation Areas (NCAs) and National Monuments (NMs); and initiate priority projects to achieve the resource condition objectives for 100% of the NCAs and NMs.	1.BLM.1: In FY 2003, implement environmental education and resource interpretive information programs for National Landscape Conservation System (NLCS) units, 25%.	N/A	N/A	N/A	17% Baseline (5 of 28 units) (Cum.)
	1.BLM.2: Establish cooperative associations and other non-profit partnerships on 76% of the NLCS units.	N/A	N/A	N/A	64% Baseline (18 of 29 units) (Cum.)
	1.BLM.3: initiate priority projects to achieve the resource condition objectives for 31% of the NCAs and NMs.	N/A	N/A	N/A	Resource Inventory Status Determined
By FY 2005, manage the wild horse and burro populations consistent with land health standards and healthy herds to achieve and maintain a thriving natural ecological balance for 100% of the Herd Management Areas.	1.BLM.4: In FY 2003, reach cumulative Appropriate Management Levels (AMLs) on 140 (or 70%) of the Herd Management Areas, as established through monitoring and planning, through the removal and successful placement of excess wild horses and burros.	51	52	77 39%	107 54%
	1.BLM.5: Issue 4,460 titles within six months of eligibility.	6,763	5,928	4,861	6,039
By FY 2005, protect cultural and paleontological resources on the public lands by restoring 1,700 at-risk properties, annually conducting "proactive" (non-Section 106) inventories on 25,000 acres, and ensuring that collections housed at 18% of the non-Federal curatorial facilities are available and accessible to the public through development of partnerships.	1.BLM.6: In FY 2003, protect cultural and paleontological resource values by restoring 345 "at risk" cultural and paleontological properties on the public lands (cumulative total is 1,556),	128	519 519 sites for FY 2000-2005 (Cum.)	353 872	339 1,211
	1.BLM.7: Conduct 54,000 acres of "proactive" (non-Section 106) cultural resource inventories	N/A	60,600	81,335	61,318
	1.BLM.8: Make BLM cultural and paleontological collections available and accessible to the public by developing 5 new partnerships with non-Federal curatorial facilities (cumulative total is 31 partnerships).	5 N/A	5 5 Partner-ships for FY 2000 - 2005 (Cum.)	12 17	9 26

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
25% (7 of 28 units)	25% (7 of 28 units)	Goal Met. Accomplishments were 100% of planned. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
76% (22 of 29 units)	76% (22 of 29 units)	Goal Met. Accomplishments were 100% of planned. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
31% (9 of 29 units) (Cum.)	31% (9 of 29 units)	Goal Met. Accomplishments were 100% of planned. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
140 70%	147 73%	Goal Exceeded. BLM exceeded its goal by a narrow margin because additional gathers took place. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that contains this measure in its present form. This measure will continue to be monitored at the bureau level.
4,460	5,702	Goal Exceeded. Accomplishments were 130% of planned as BLM increased its efforts to complete adoptions. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
345 1,556	379 1,590	Goal Exceeded. Target was exceeded because additional projects were completed with Cooperative Conservation Initiative funds, which were received after targets were set. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
54,000	84,558	Goal Exceeded. Target was exceeded because additional acres were completed with Cooperative Conservation Initiative funds, which were received after targets were set. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
5 31	0 26	Goal Not Met. BLM did not provide funding for the Museum Partnership Program which develops these partnerships with non-Federal curatorial facilities holding BLM museum collections. Therefore no new partnerships were developed. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Bureau of Land Management

Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
GPRA Program Activity: Preserve Natural and Cultural Heritage Resources					
By FY 2005, the BLM will improve visitor understanding of the purpose of each National Conservation Area and National Monument and will improve visitor satisfaction with BLM's management of these areas by 5% over the baseline established in FY 2002.	1.BLM.9: In FY 2003, the BLM will establish the baselines for the percent of visitor knowledge for each National Conservation Area (NCA) and National Monument (NM) by (baseline projected to be 65% for visitor knowledge).	N/A	N/A	Establish Strategy and Protocol Met	No data
	1.BLM.10: In FY 2003, the BLM will improve visitor understanding of the purpose of each National conservation Area and National Monument and will improve visitor satisfaction with BLM's management of these areas. Baseline will be established in FY 2003.	N/A	N/A	Establish Strategy and Protocol Met	No data
GPRA Program Activity: Understand the Condition of Public Lands					
By 2005, assess the condition of the public lands in 50 priority sub-basins (cumulative number).	1.BLM.11: In FY 2003, assess the condition of public lands in 16 priority sub-basins.	N/A	N/A	5	6
By 2005, prepare a cumulative total of 29 new land use plans and complete approximately 250 amendments for existing land use plans to reflect new information or management strategies. By FY 2002, evaluate 100% of BLM's existing land use plans and associated National Environmental Policy Act (NEPA) documents.	1.BLM.12: In FY 2003, evaluate 100% of existing land use plans;	13	30	87 117 (Cum.)	49 166
	1.BLM.13: Prepare a cumulative total of 17 new land use plans;	N/A N/A	3 3 (Cum.)	1 4	0 4
	1.BLM.14: Complete a cumulative total of 133 existing land use plan amendments to reflect new information or management strategies;	N/A N/A	33 33 (Cum.)	33 66	26 92
	1.BLM.15: Maintain 100% of "time-sensitive' land use plan actions on their approved schedule.	N/A	N/A	N/A	90%
	1.BLM.16: Maintain a minimum of 75% of non-"time-sensitive' land use plan actions on schedule.	N/A	N/A	N/A	75%

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
Baseline	89%	Goal Met. In BLM's survey of its visitors to NMs and NCAs 89% indicated that they understood the value of these areas. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
Baseline	98%	Goal Met. In BLM's survey of its visitors to NMs and NCAs 98% indicated that they understood the purpose of these areas. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
10 16 (Cum.)	6 12	Goal Not Met. Total accomplishments were 60% of planned. BLM is continuing to develop protocols for large-scale watershed assessments to support land use planning efforts and is completing pilot projects in Idaho (particularly on the Columbia River Basin). The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
Completed	Completed	Discontinued. All plans completed in FY 2002.
13 17	3 7	Goal Not Met. BLM was not able to meet its target because of consultation and collaboration complexities, some lengthy protests, and Section 7 consultation with FWS. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
41 133	54 146	Goal Exceeded. BLM completed the amendments scheduled for FY 2003, as well as some that had not been finished in FY 2002. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
100%	100%	Goal Met. Changes to completion dates for some time-sensitive plans were approved. All plans were within approved schedule timeframes. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
75%	75%	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Bureau of Land Management

GPRA Program Activity: Restore At-Risk Resources and Maintain Functioning Systems

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By FY 2005, implement water quality improvement prescriptions on BLM lands in 20% of watersheds within priority sub-basins that do not meet State/tribal water quality standards.	1.BLM.17: In FY 2003, implement water quality improvement prescriptions on BLM lands in 90 Cum. watersheds within priority sub-basins (9%) that do not meet State /tribal water quality standards.	N/A N/A	N/A N/A	50 5% (Cum.)	68 7%
	1.BLM.18: Remediate 60 abandoned mines.	45	68	47	94
	1.BLM.19: Plug/reclaim 20 orphan wells.	9	35	47	54
By FY 2005, achieve proper functioning condition (PFC) or an upward trend on BLM-administered riparian/wetland areas in 80% of the watersheds within priority sub-basins.	1.BLM.20: In FY 2003, achieve proper functioning condition (PFC) or an upward trend in riparian/ wetland areas in a cumulative total of 343 watersheds (approximately 34%) within priority sub-basins.	N/A N/A	N/A N/A	143 143 (Cum.) 14%	90 233 23%
By FY 2005, achieve an upward trend in the condition of BLM-administered uplands in 50% of watersheds within priority sub-basins.	1.BLM.21: In FY 2003, achieve an upward trend in the condition of BLM-administered uplands in 54 watersheds within priority sub-basins.	N/A N/A	N/A N/A	84 84 (Cum.) 8%	67 151 15%
	1.BLM.22: Treat 350,000 acres with wildland fire, prescribed fire, and mechanical fuels treatments to restore natural ecological processes.	254,000	165,900	448,729	313,429
	1.BLM.23: Treat 245,000 acres to prevent the spread of noxious weeds.	120,000	290,000	251,943	312,561

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
90 9%	88 9%	Goal Not Met. Total accomplishments were 98% of planned. Only two of the planned improvement prescriptions were not completed. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This goal will be discontinued in FY 2004.
60	72	Goal Exceeded. Due to a renewed focus by field offices on remediating abandoned mines during the year, BLM exceeded this goal. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
20	127	Goal Exceeded. Cooperatively funded projects with the State of California allowed BLM to significantly exceed planning target. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
110 343 34%	96 329 33%	Goal Not Met. Total accomplishments were 96% of planned. BLM did not achieve its goal because we are continuing to develop protocols for large-scale watershed assessments to support land use planning efforts. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This goal will be discontinued in FY 2004.
54 205 20%	29 180 18%	Goal Not Met. BLM accomplished 88% of its planned target. BLM did not achieve its goal because we are continuing to develop protocols for large-scale watershed assessments to support land use planning efforts. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This goal will be discontinued in FY 2004.
350,000	685,347	Goal Exceeded. Prior-year projects that could not be done because of a lack of prescription window were completed this fiscal year. Further, accomplishments now include wildland fire occurrences, which beneficially reduced fire fuels. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
245,000	298,212	Goal Exceeded. Target was exceeded because additional acres were completed with Cooperative Conservation Initiative funds, which were received after targets were set. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Bureau of Land Management

GPRA Program Activity: Restore At-Risk Resources and Maintain Functioning Systems

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By FY 2005, achieve a stable or increasing trend in the resident populations of 50% of the plant and animal species listed or proposed for listing pursuant to the Endangered Species Act. Also, achieve a stable or increasing trend in the resident populations of 20% of the species identified by BLM as "sensitive."	1.BLM.24: In FY 2003, achieve a stable or increasing trend in the resident populations for 110 (39%) of the plant and animal species listed or proposed for listing pursuant to the Endangered Species Act (cumulative number).	N/A N/A	N/A N/A	80 80 (Cum.) 28%	19 99 3 5%
	1.BLM.25: Achieve a stable or increasing trend in the resident populations for a total of 195 (approximately 16%) of the species identified by BLM as "sensitive."	N/A N/A	N/A N/A	122 122 (Cum.) 10%	36 158 13%

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
11 110 39%	6 105 37%	Goal Not Met. BLM accomplished 95% of its planned cumulative target. BLM did not meet its target because drought and fire conditions diverted resources and prevented habitat improvement for listed and proposed species. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
37 195 16%	29 187 16%	Goal Not Met. BLM accomplished 96% of its cumulative target. BLM did not meet its target because drought and fire conditions diverted resources prevented habitat improvement for BLM identified sensitive species. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Bureau of Reclamation

GPRA Program Activity: Manage, Develop and Protect Water and Related Resources

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By 2005, Reclamation will increase water use efficiency by completing water delivery and recycling / reuse projects, increasing the acres managed under water conservation provisions, and responding to drought emergency requests.	1.BOR.1: Complete Water Delivery and Recycling/ Reuse Projects. In FY 2003, complete feasibility studies and/or cooperative agreements for water recycling/ reuse projects.	1	6	4	3
	1.BOR.2: In FY 2003, increase water availability in acre-feet by completing water supply, energy, and recycling/reuse projects, or other activities that increase water availability.	N/A	N/A	111,559	18,453
	1.BOR.3: Facilitate Water Use Efficiency. In FY 2003, promote the efficient use of water supplies associated with Federal water projects by assisting entities in water conservation planning and management. # of entities receiving assistance:	416	284	356	369
	1.BOR.4: CALFED Bay-Delta Program. In FY 2003, establish an Environmental Water Account (EWA) with purchases of up to 185,000 acre-feet, the dedication of water obtained through operational flexibility, and carryover of prior year acquisitions sufficient to provide the water needed for fishery purposes beyond the regulatory baseline and provision of ESA assurances. Water assets will be acquired by the CALFED agencies, consistent with the goals of the CALFED EWA Operating Principles Agreement.	N/A	N/A	346,000	287,000
	1.BOR.5: Mitigate Potential Impacts of Drought. In FY 2003, respond to requests for drought emergency assistance in a timely manner (within 60 days of receipt) 85% of the time. % met timely:	N/A	88%	100%	76%
Address Project Impacts to Water Quality By 2005, protect water quality by addressing Reclamation project impacts and working with Tribes, States, and local watershed groups to identify and implement efforts to improve water quality.	1.BOR.6: Assess and Improve Water Quality. In FY 2003, Reclamation will conduct water quality assessments at Reclamation stream segments or Reclamation reservoirs.	5 (new monitoring)	6	26	34

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
2	3	Goal Exceeded. Reclamation completed cooperative agreements to complete feasibility studies for water recycling and reuse projects with Brownsville, Texas; Pasadena Title XVI Project, CA; and an agreement with Pineville, UT. Reclamation exceeded the target because the agreement with Pineville did not emerge until later in the fiscal year. This measure continues into the Department's new strategic plan for FY 2003 - FY 2008.
25,000	25,402	Goal Exceeded. Reclamation has made over 25,000 acre-feet of water available through completion of rural water and Title XVI Recycling and Reuse projects. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
260	360	Goal Exceeded. Due to continuing drought conditions, more entities requested assistance in drought and water conservation planning than expected. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
210,000	229,000	Goal Exceeded. For Fiscal year 2003, the State of California is providing all funds for EWA water purchases, which will total approximately $36 million. All of the $2.8 million being provided by the Federal government is covering costs for the environmental documentation consultant, Reclamation staff, and energy costs associated with moving EWA water assets. No Federal funds are available to buy water for the EWA. Over 229,000 acre-feet of water was made available. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
85%	97.1%	Goal Exceeded. For FY 2003, 35 requests for drought emergency assistance were received. Only 1 request exceeded the 60 day limit (64 days) due to no appropriations. The 35 requests were responded to within a 9 day average for an accomplishment of 97.1%. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
35	31	Goal Not Met. 31 water quality assessments have been conducted or are ongoing. The goal was not met due to late FY 2003 appropriations and other delays in awarding grants and contracts to conduct water quality monitoring. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Bureau of Reclamation

GPRA Program Activity: Manage, Develop and Protect Water and Related Resources

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
	1.BOR.7: In FY 2003, Reclamation will implement operational changes or structural modifications, to address impacts to water quality.	N/A	N/A	7	5
Protect Water Quality By 2005, improve water quality in the seven Colorado River Basin States by eliminating 125,000 new tons of salt from the river at a cost not to exceed $50/ton from a baseline of 371,000 as reported in the 1999 Triennial review.	1.BOR.8: Remove Colorado River Salt. In FY 2003, improve water quality in the Colorado River Basin States by adding new projects to control an additional 25,000 tons per year of salt at a cost not to exceed $50/ton. Tons of salt controlled:	26,300 tons	31,086 tons	36,437 tons	36,500 tons
Protect Project Land Resources By 2005, Reclamation will maintain protection of project land resources. This will be done by completing resource management plans and surveying and verifying real property asset data.	1.BOR.9: Complete Resource Management Plans (RMPs). In FY 2003, improve land stewardship by completing Resource Management Plans.	N/A	4	6	5
	1.BOR.10 Verify Lands Asset Data. By the end of FY 2003, improve land stewardship by updating and completing land asset data and reconciling it to financial records.	N/A	N/A	13%	59%
Enhance Fish and Wildlife Habitat By 2005, Reclamation will protect and enhance fish and wildlife habitat by preserving, restoring, and establishing wetlands and in-stream or riparian habitat affected by Reclamation projects.	1.BOR.11: Enhance Fish and Wildlife Habitat. In FY 2003, provide water to conserve threatened or endangered species. In million acre-feet.	N/A	1.9	1.7	2.1
	1.BOR.12: In FY 2003, protect and maintain, establish, restore or enhance acres of wetlands and/or riparian habitat.	N/A	7,187	6,212	41,425.5
	1.BOR.13 In FY 2003, protect and maintain, establish, restore or enhance miles of instream and/or riparian habitat.	N/A	N/A	72	26.05

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
6	6	Goal Met. Examples of accomplishments include: 1. Phase II-Modification of the Boundary Pumping Plant, Southern International Boundary Improvement Plan, Yuma, AZ. 2. Phase III-Installation of control and data acquisition equipment, Southern International Boundary Improvement Plan, Yuma, AZ. 3. In 2003, the installation of a temperature control device on the municipal water supply intake at Folsom has helped to conserve cold water for the benefit of steelhead and Chinook salmon. Additionally, in May 2003, the operation of Folsom Dam's spillway gates for flood control releases in lieu of the outlet works allowed additional cold water to be conserved. These changes allow Reclamation to balance the needs to downstream water quality issues and water deliveries, while addressing the competing needs of steelhead and fall-run Chinook salmon. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
25,000 tons	30,393 tons	Goal Exceeded. 30,393 tons of salt removed at a cost of approximately $33/ton. The target was exceeded due to more continued advancements in removal technologies. The target of 25,000 tons of salt removed at a cost of no more than $50/ton was established in cooperation with the 7 Basin States with the terms and conditions of the Program established in a report to the Congress as required by Public Law 104-20. The Program now exceeds the established annual target because the Program has focused on the most cost effective projects, which are being awarded first. There will come a time when the Program will have to concentrate on more expensive projects, which will bring actual accomplishment into alignment with the long-term target of 25,000 tons of salt removed at no more than $50 ton. This measure continues into the Department's new strategic plan for FY 2003 - FY 2008.
15	9	Goal Not Met. NEPA documentation delayed completion of several RMPs. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
78%	78%	Goal Met. To address management issues, 78% of facilities have land asset data in the Foundation Information for Real Property Management System (FIRM) and reconciled to financial records. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
1.9	2.16	Goal Met. Over 2 million acre-feet of water has been provided for Endangered Species Act (ESA) purposes. The target was exceeded because hydrologic supply was better than anticipated coming out of the height of drought last fiscal year. Reclamation will not continue to report on this measure. This measure will be discontinued in FY 2004.
10,600	13,846	Goal Exceeded. Reclamation maintained, established, restored or enhanced 13,845 acres of wetland habitat. Slightly more acres were addressed than originally planned. Reclamation will not continue to report on this measure. This measure will be discontinued in FY 2004.
41	51	Goal Exceeded. Approximately 50 miles of instream or riparian habitat have been protected and maintained, established, restored or enhanced during FY 2003, slightly more than planned. Reclamation will not continue to report on this measure. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES
Fish and Wildlife Service

GPRA Program Activity: Sustainability of Fish and Wildlife Populations

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By 2005, 12% (48 populations) of migratory bird populations demonstrate improvements in their population status.	1.FWS.1: By September 30, 2003, about 9% or 22/254 of migratory bird populations of management concern (for which adequate population information is available) demonstrate improvements in their populations status from baseline year.	N/A	5 of 250 populations	10 of 250 populations (+5 populations)	15 of 252 populations (+5 populations)
	1.FWS.2: By September 30, 2003, about 15% or 22/146 migratory bird populations that are of management concern will have baseline information available for establishing reliable population levels, and monitoring programs will be initiated or continued for those species.	5	9/150 (+4)	14/150 (+5)	15/148 (+4)
By 2005, 404 species (approximately 43% of the 943) listed under the Endangered Species Act as threatened or endangered a decade or more are either stable or improving, 15 species are delisted due to recovery, and listing of 12 species at risk is made unnecessary due to conservation agreements.	1.FWS.3: By September 30, 2003, 320 species of the 792 (approximately 40%) listed under the Endangered Species Act as threatened or endangered a decade or more are either stable or improving,	155 of 499 (31%)	309 of 571 (54%)	320 of 616 (52%)	320 of 705 (45%)
	1.FWS.4: 4 species are delisted due to recovery,	1	0	1	1
	1.FWS.5: and listing of 4 species at risk is made unnecessary due to conservation agreements.	N/A	N/A	5	3

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
22 of 254 populations (+7 populations)	22 of 254 populations (+7 populations)	Goal Met. The seven species populations improved are: Pacific Brant (Region 1, Northwest) Lark Bunting (Region 2, Southwest) Louisiana Waterthrush (Region 3, Great Lakes) Backman's Sparrow (Region 4, Southeast) Atlantic Brant (Region 5, Northeast) Upland Sandpiper (Region 6, Central Plains) Eastern Tundra Swan (Region 7, Alaska) The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
22/146 (+4)	22/146 (+4)	Goal Met. The four migratory bird populations with baseline information are: Tundra/Trumpeter Swans (Region 1, Northwest) Golden Eagle (Region 2, Southwest) Cerulean Warbler (Region 4, Southeast) Long-billed Curlew (Region 6, Central Plains) The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
320 of 792 (40%)	332 of 792 (42%)	Goal exceeded. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
4	2	Goal Not Met. The Service has delisted the Columbian white-tailed deer (Douglas County population), and the Hoover's woolly-star. The two other anticipated delistings, for the brown pelican (Gulf Coast population) and Tinian monarch, are delayed due to additional information needs. The number of delistings is determined by the number of species for which a final rule has been published in the Federal Register removing the species from the List of Endangered and Threatened Wildlife and Plants. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
4	3	Goal Not Met. Three species listed include: Mount Ashland lupine – a plant species occurring only in Mount Ashland, OR. Henderson's horkelia,-- a member of the rose family that occurs in four main population centers in OR and one small population in CA. and Sacramento splittail – fish species native to central CA. The Camp Shelby burrowing crayfish was expected to be removed from our list of candidate species as a result of conservation agreement that would make listing unnecessary. However, the parties to the agreement were not ready to sign as soon as we had anticipated. The conservation agreement was signed on September 19, 2003. Consequently, the Region has not had time to execute the final step of submitting the required form, which needs the Director's review and approval, for removal of the species from the list of candidates. We expect this final step will occur early in Fiscal Year 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES
Fish and Wildlife Service

GPRA Program Activity: Sustainability of Fish and Wildlife Populations

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By 2005, 12 depressed interjurisdictional native fish or self-sustaining or, where appropriate, harvestable levels (based on applicable management plans).	1.FWS.6: By September 30, 2003, 3 depressed interjurisdictional native fish populations are restored to self-sustaining or, where appropriate, harvestable levels (based on applicable management plans).	N/A	0	2	5
By 2005, 3 marine mammal stocks will have current censuses available to maintain populations at optimum sustainable levels; harvest guidelines for all marine mammal stocks will be in place, through cooperative management agreements, for continued subsistence uses.	1.FWS.7: By September 30, 2003, current censuses for 2 of marine mammal stocks; and,	2	2	2	2
	1.FWS.8: Voluntary harvest guidelines for 1 of marine mammal stocks will be available.	2	2	2	1
By 2005, 40 priority species of international concern will be conserved.	1.FWS.9: By September 30, 2003, 29 priority species of international concern will benefit from improved conservation efforts. Note. Annual data reflects resources available for species conservation projects.	22	25	25	26
By 2005, the Service will prevent importation and expansion, or reduce the range (or population density) of aquatic and terrestrial invasive species on and off Service lands by controlling them on 113,585 acres off Service lands and 850,000 acres within the National Wildlife Refuge System, conducting risk assessments on 20 high-risk invasive species for possible amendment of the injurious wildlife list, and developing 5 additional cooperative prevention and/or control programs for aquatic invasive species (coordinated through the ANS Task Force).	1.FWS.10: By September 30, 2003, the Service will control aquatic and terrestrial invasive species on 227,445 acres of the National Wildlife Refuge System.	135,000	170,000	187,000	217,945
	1.FWS.11: By September 30, 2003, the Service will control aquatic and terrestrial invasive species on 32,000 acres off Service lands.	N/A	N/A	40,800	34,066
	1.FWS.12: By September 30, 2003, the Service will conduct risk assessments on five high-risk invasive species being intentionally imported into the U.S.	N/A	N/A	1	29

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
3	3 Estimated	Based on performance data estimates, we anticipate that the goal will be met. Feedback from our field offices, prior years' trend data, and review of prior year Accomplishment Reports in the Fisheries Information System, indicate that the Goal was met as planned. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
2	2	Goal Met. Through September 30, 2003, we have current censuses for 2 marine mammal stocks: sea otter: southeast Alaska stock and Polar bear: Beaufort Sea stock. Meeting this goal is important for the management of marine mammals in Alaska. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
1	1	Goal Met. In 2003, the Service put voluntary harvest guidelines in place for one marine mammal stock – polar bear: southern Beaufort Sea stock. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
29	29	Goal Met. The Service conserved 29 priority international species. The following are several examples of international species conservation efforts through the Multinational Species Conservation Fund. The Service funded 118 projects in support of African and Asian elephants; chimpanzees, gibbons, gorillas, and orangutans; Indian, Javan, Sumatran, black and white rhinoceros; and Amur, Indochina, Bengal, and Sumatran tigers. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
227,445	229,416	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
32,000	32,000 Estimated	Based on performance data estimates, we anticipate that the goal will be met. The estimates are based on historical performance trend information. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
5	5	Goal Met. Risk assessments were completed on 45 non-indigenous earthworm species, on 23 species of non-native boas and pythons, and on 24 amphibian species. The Service is evaluating the biological information contained within these three risk assessments to determine if any of these species should be listed as injurious under the Lacey Act. Working through a cooperative agreement with two USGS laboratories, biological synopses and risk assessments on both bighead and silver carp have been completed. Bighead and silver carp are filter-feeders that have the potential to compete with other native filter-feeders such as paddlefish, buffalo, and juveniles of nearly all fish species. Field biologists believe that bighead and silver carp population numbers are rapidly increasing, displacing native fish populations. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Fish and Wildlife Service

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
GPRA Program Activity: Sustainability of Fish and Wildlife Populations					
	1.FWS.13: By September 30, 2003, the Service will cooperatively develop one prevention and/or control program for aquatic invasive species.	N/A	1	0	1
GPRA Program Activity: Habitat Conservation—A Network of Lands and Waters					
By 2005, meet the identified habitat needs of Service lands by supporting fish and wildlife populations objective through the restoration of 850,000 acres, and annual management and/or enhancement of 3.2 million aces of refuge habitat, and add 1.275 million acres to the National Wildlife Refuge System.	1.FWS.14: By September 30, 2003, meet the identified habitat needs of the Service lands by annually managing or enhancing 3,581,891 acres of refuge habitat,	2,950,725	3,287,764	3,358,893	3,460,765
	1.FWS.15: Restoring 98,398 acres of refuge habitat; and,	137,000	186,000	105,601	79,987
	1.FWS.16: Adding 181,315 acres to the National Wildlife Refuge System.	316,000	325,710	1,213,396	233,961
By 2005, 23% of mission critical water management and public use facilities will be in fair or good condition as measured by the Facilities Condition Index.	1.FWS.17: By September 30, 2003, 7% (712/10,159) of mission critical water management; and,	N/A	5.2% (533 facilities)	6% (602 facilities)	9% (938 facilities)
	1.FWS.18: 11% (452/4,289) of public use facilities will be in fair or good condition as measured by the Facilities Condition Index over the previous year.	N/A	4.1% (179 facilities)	7% (299 facilities)	10% (425 facilities)

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
1	1	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
3,581,891	3,755,818	Goal Exceeded. Variables in weather conditions, costs per acre for treatment, and cyclical variations in management needs make advance prediction an imprecise activity. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
98,398	114,302	Goal Exceeded. Although our goal was slightly exceeded, is within the expected range of normal variability. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
181,315	412,122	Goal Exceeded. At the Desert National Wildlife Refuge, NV, 26,433 acres of land previously under the jurisdiction of the BLM were added to the refuge by the Clark County Conservation of Public Land and Natural Resources Act of 2002. Also, a MOU was signed with the Office of Insular Affairs to extend the Service's jurisdiction to all submerged lands and waters surrounding the Midway Atoll National Wildlife to the 12-nautical mile Territorial Sea Boundary. This action added an additional 282,835 acres at the refuge. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
7% (712 facilities)	7% (712 facilities) Estimated	Based on performance data estimates, we anticipate that the goal will be met. The estimates are based on historical performance trend information. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
11% (452 facilities)	11% (452 facilities) Estimated	Based on performance data estimates, we anticipate that the goal will be met. The estimates are based on historical performance trend information. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Fish and Wildlife Service

GPRA Program Activity: Habitat Conservation—A Network of Lands and Waters

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By 2005, improve fish and wildlife populations focusing on trust resources, threatened and endangered species, and species of special concern by enhancing and/or restoring or creating 550,000 acres of wetlands habitat, restoring 1,000,000 acres of upland habitats, and enhancing and/or restoring 9,800 riparian or stream miles of habitat off-Service land through partnerships and other identified conservation strategies.	1.FWS.19: By September 30, 2003, improve fish and wildlife populations focusing on trust resources, threatened and endangered species, and species of special concern by enhancing and/or restoring or creating 134,119 acres of wetlands habitat; and,	66,029	64,726	144,729	138,237
	1.FWS.20: Restoring 428,187 acres of upland habitats; and,	58,840	149,431	389,057	212,975
	1.FWS.21: enhancing and/or restoring 1,388 riparian or stream miles of habitat off-Service land through partnerships and other identified conservation strategies.	1,043	1,409	2,021	4,444

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
134,119	169,127 Estimated	Based on performance data estimates, we anticipate that the goal will be met or exceeded. The estimates are based on actual and historical performance trend information. The final FY 2003 performance information will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
428,187	190,872 Estimated	Based on performance data estimates, we anticipate that the goal will not be met. The estimates are based on actual and historical performance trend information. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
1,388	1,059 Estimated	Based on performance data estimates, we anticipate that the goal will not be met. The estimates are based on actual and historical performance trend information. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES
National Park Service

GPRA Program Activity: Preserve Park Resources

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By September 30, 2005, 10.1% of targeted park lands, disturbed by development or agriculture as of 1999 (22,500 of 222,300 acres) are restored; and exotic vegetation on 6.3% of targeted acres of park land (167,500 of 2,656,700) acres is contained.	1.NPS.1: By September 30, 2003, 5.2% of targeted disturbed park lands, as of 1999, are restored, and	14.7% 35,380 acres (baseline .241 m acres)	15.1% 36,410 acres (baseline .241 m acres)	3.4% 7,500 acres (baseline .222 m acres)	3.8% 8,565 acres (baseline .222 m acres)
	1.NPS.2: 4.6% of priority targeted disturbances are contained.	8.2% 155,869 acres (baseline 1.9 m acres)	10.9% 206,500 acres (baseline 1.9 m acres)	1.25% 33,300 acres (baseline 2.657 m acres)	3.9% 105,000 acres (baseline 2.657 m acres)
By September 30, 2005, 14.4% of the 1999 identified park populations (64 of 442) of federally listed threatened and endangered species with critical habitat on park lands or requiring NPS recovery actions have improved status; and an additional 20.5% (91 of 442) have stable populations.	1.NPS.3: By September 30, 2003, 14.5% (64 of 442) of the 1999 identified park populations of federally listed threatened and endangered species with critical habitat on park lands, or requiring NPS recovery actions have an improved status; and,	12.4% 54 populations (baseline 436 populations)	14.6% 64 populations (baseline 436 populations)	10.4% 46 populations (baseline 442 populations)	14.5% 64 (baseline of 442)
	1.NPS.4: An additional 22.3% (99 of 442) have stable populations.	17.9% 78 populations (baseline 436 populations)	21.5% 94 populations (baseline 436 populations)	20.5% 91 populations (baseline 442 populations)	22.3% 99 (baseline of 442)

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
5.2% 11,500 acres (baseline .222 m acres)	5.2% (11,612 of .222 m acres) Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was statistically developed based on polynomial regression of adjusted prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised report for FY 2002. Goal Met. Final performance data show the goal was within 0.2% of the target (4% or 8,900 acres). The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
4.6% 122,600 (baseline 2.657 m acres)	4.8% (127,672 of 2.656 m acres) Estimated	Based on estimated data, we anticipate the goal will be met or exceeded. The estimated performance data was statistically developed based on polynomial regression of adjusted prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised report for FY 2002. Goal Exceeded. FY 2002 final performance data show the goal was exceeded (FY 2002 goal as 2.5% or 66,400 acres). Special emphasis on containing exotic plant species in FY 2002 resulted in higher than expected performance. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
14.5% 64 (baseline of 442)	12.8% (57 of 442) Estimated	Based on estimated data, we anticipate the goal will not be met. The estimated performance data was statistically developed based on polynomial regression of the changes per year of prior years data due to the change in baseline. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised report for FY 2002. Goal Exceeded. FY 2002 target was 11.3% (50). FY 2002 final data indicate this goal was exceeded by over 3% or 14 populations. This better than expected achievement might just be the result of favorable environmental conditions in one year resulting in a population showing improvement in the following year. However, those same environmental conditions can indicate different results the following year. Multi-year trends are a better indication of species recovery or stabilization. NPS will be working more closely with FWS to better anticipate population trends. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008. For that plan the Fish and Wildlife Service will be reporting service-wide numbers for this goal. This measure will continue to be monitored at the bureau level.
22.3% 99 (baseline of 442)	22.6% (100 of 442) Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was statistically developed based on polynomial regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised report for FY 2002. Goal Exceeded. FY 2002 target was 20.5% (91). FY 2002 final data indicate this goal was exceeded by 1.8% or 8 populations. This better than expected achievement might just be the results of favorable environmental conditions in one year resulting in a population showing improvement in the following year. However, those same environmental conditions can indicate different results the following year. Multi-year trends are a better indication of species recovery or stabilization. NPS will be working more closely with FWS to better anticipate population trends. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

National Park Service

GPRA Program Activity: Preserve Park Resources

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By September 30, 2005, air quality in 70% of reporting park areas has remained stable or improved.	1.NPS.5: By September 30, 2003, air quality in 61% of reporting park areas has remained stable or improved.	63%	59%	54%	55%
By September 30, 2005, 75% (216) of 288 park units have unimpaired water quality.	1.NPS.6: By September 30, 2003, 65% of Park units have unimpaired water quality.	N/A	N/A	56%	64%
By September 30, 2005, 48% of the historic structures listed on the current List of Classified Structures are in good condition.	1.NPS.7: By September 30, 2003, 46% historic structures on the current list of Classified Structures are in good condition.	44%	43.6%	44%	44.5% (11,946 of 26,869)
By September 30, 2005, 72.3% of preservation and protection standards for park museum collections are met.	1.NPS.8: By September 30, 2003, 69.9% of preservation and protection standards for park museum collections are met.	63.4%	65.6%	67.5%	68.8%
By September 30, 2005, 35% of the cultural landscapes on the current Cultural Landscapes Inventory with condition information are in good condition.	1.NPS.9: By September 30, 2003, 31% of the cultural landscapes on the current Cultural Landscapes Inventory with condition information are in good condition (estimated at 173 of 525).	26.4%	28.6%	30.8%	30.1% (158 of 525 landscapes)
By September 30, 2005, 50% of the recorded archeological sites with condition assessments are in good condition.	1.NPS.10: By September 30, 2003, 47.8% of the recorded archeological sites with condition assessments are in good condition (estimated at 10,038 of 21,000).	34.1%	37%	47.3%	47.6% (10,144 sites)
By September 30, 2005, 40% of known paleontological localities in parks are in good condition; and 105,000 square feet of cave floors in parks are restored.	1.NPS.11: By September 30, 2003, 50% of known paleontological localities in parks are in good condition; and,	N/A	N/A	23%	44.6%

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
61%	56% Estimated	Based on estimated data, we anticipate the goal will not be met. The estimated performance data was statistically developed based on polynomial regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
65%	71% Estimated	Based on estimated data, we anticipate the goal will be met or exceeded. The estimated performance data was statistically developed based on linear regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
46%	44.3% (11,753 of 26,859)	Goal Not Met. The NPS did not meet the goal for condition of historic structures in Fiscal 2003. There were 26,501 structures with condition information listed on the List of Classified Structures (LCS). The number of structures on the LCS in good condition was 11,753 or 44.3%. At the end of FY 2002 we reported 11,946 of a total of 26,859 (44.5%) historic structures were in good condition. During FY 2003, a total of 429 historic structures were added to the LCS and 787 were removed from the LCS, resulting in a net loss of 358 historic structures. The majority of structures removed from the LCS were the 517 historic structures in Golden Gate National Recreation Area (GOGA) that are managed by the Presidio Trust. The removal of these structures from the LCS was an adjustment made by the park and the region to bring LCS and GPRA data into agreement. Approximately 76% of the removed structures were in good condition and had a negative impact on the overall percentage of the remaining structures in good condition. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
69.9%	70.7% Estimated	Based on estimated data, we anticipate the goal will be met or exceeded. The estimated performance data was statistically developed based on linear regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
31%	31.7% (174 of 549 landscapes)	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form This measure will continue to be monitored at the bureau level.
47.8%	47.8% (11,891 of 24,895)	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
50%	50% Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was statistically developed based on linear regression of the changes per year in performance. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised report for FY 2002. Goal Exceeded. FY 2002 target was 25%. Unanticipated outside donations in FY 2002 resulted in parks achieving higher than expected performance. FY 2003 target has been revised upward to reflect that performance. This measure continues into the Department's new strategic plan for FY 2003– FY 2008.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

National Park Service

GPRA Program Activity: Preserve Park Resources

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
	1.NPS.12: 117,551 square feet of cave floor in parks are restored.	N/A	N/A	66,820 (cum.)	106,856
By September 30, 2005, acquire or develop 87% (2,203) of the 2,527 outstanding data sets identified in 1999 of basic natural resource inventories for all parks.	1.NPS.13: By September 30, 2003, acquire or develop 54% (1,498) of the 2,767 outstanding data sets identified in 1999 of basic natural resource inventories for all parks.	9.75%	19.9%	30.7%	49% (1,355 data sets)
By September 30, 2005, archeological sites inventoried and evaluated are increased by 35% (from FY 1999 baseline of 48,188 sites to 65,054); cultural landscapes inventoried and evaluated at Level II are increased by 89.9% (from FY 1999 baseline of 137 to 260); 100% of the historic structures have updated information (24,225 of 1999 baseline of 24,225); museum objects cataloged are increased by 34.3% (from FY 1999 baseline 37.3 million to 50.1 million); ethnographic resources inventory is increased by 634.5% (from FY 1999 baseline 400 to 2,938); and 14.2% of parks have historical research that is current and completed to professional standards (112 of 385 parks).	1.NPS.14: By September 30, 2003, archeological sites inventoried and evaluated are increased by 22% (from 48,188 to 58,759);	48,188 sites	52,198 sites	55,733 sites	55,791 sites (15.8%)
	1.NPS.15: Cultural landscapes inventoried and evaluated at Level II are increased by 75.2% (from 137 to 240);	137 landscapes	152 landscapes	184 landscapes	219 landscapes (59.8%)
	1.NPS.16: 70% of historic structures have updated information (16,957 of 24,225);	N/A	7%	62.9%	72.9% (17,665)
	1.NPS.17: Museum objects cataloged are increased by 23.9% (from 37.3 million to 46.2 million);	37.3 m	38.6 m	42.3 m	45.4 m

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
117,551	120,108 Estimated	Based on estimated data, we anticipate the goal will be met or exceeded. The estimated performance data was statistically developed based on linear regression of the change per year in performance. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised report for FY 2002. Goal Exceeded. FY 2002 target was 81,320. Several parks were able to achieve higher than planned performance in FY 2002 with volunteers and donations. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
54% (1,498 of 2,767 data sets)	63% (1,763 of 2,767 data sets) Estimated	Based on estimated data, we anticipate the goal will be met or exceeded. The estimated performance data was statistically developed based on linear regression of the changes per year in performance. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
58,759 sites (22%)	57,752 sites (21.7%)	Goal Not Met. In FY 2003, approximately 3,800 sites were added to the Archeological Sites Management Information System database (ASMIS) by park staff. If this were the only action in ASMIS, the target would have been met. However, in a continuing and earnest effort to improve the quality and reliability of the ASMIS data, approximately 1,800 sites were removed from ASMIS for performance reporting. These sites were reclassified based on site location (off NPS lands), site destruction, and other reasons. NPS believes it will be on tract to achieve its FY 2004 target. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
240 landscapes	232 landscapes (75.2%)	Goal Not Met. During FY 2003, one NPS region examined existing data for accuracy resulting in a decrease in the number of landscapes at Level II that was equal to the number added in FY 2003 in that region. The net result was lower than expected performance but more accurate database information. NPS is currently evaluating the need to update out-year performance targets. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
70% (16,957)	18.4% (4,456 of 24,225)	Goal Not Met. Audits in FY 2002 and FY 2003 of the List of Classified Structures (LCS) database by the Inspector General's Office concerning NPS implementation of GPRA, and by KPMG (Auditors) concerning the NPS FY 2002 Performance and Accountability Report indicated there was a need to determine the accuracy of LCS data. To meet this need, in FY 2003 NPS implemented a new procedure for certifying that LCS records were "complete, accurate, and reliable." Because of the more stringent requirements, the number of records considered "updated" dropped significantly but the confidence in the database information will increase just as significantly. If the new certification methodology had not been instituted, the NPS would have met the goal with 74.9% of records being updated (18,142 of 24,225). NPS is currently evaluating the need to revise out-year performance targets. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
46.2 m	47.7 m Estimated	Based on estimated data, we anticipate the goal will be met or exceeded. The estimated performance data was statistically developed based on linear regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

National Park Service

GPRA Program Activity: Preserve Park Resources

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
	1.NPS.18: Ethnographic resources inventory is increased (from 400 records to 1,140 records); and	400	947	1,246	1,090
	1.NPS.19: 11% of parks have historical research that is current and completed to professional standards (42 of 384).	N/A	N/A	30	36
By September 30, 2005: Ib3. Vital Signs: 80% (216) of 270 parks with significant natural resources have identified their vital signs for natural resource monitoring.	1.NPS.20: By September 30, 2003, 40% of 270 parks with significant natural resources have identified their vital signs for natural resource monitoring.	N/A	N/A	13%	17% (46 of 270 parks)
By September 30, 2005, geological processes in 20% (54) of 270 parks are inventoried and human influences that affect those processes are identified.	1.NPS.21: By September 30, 2003, geological processes in 10.7% (29 of 270) parks are inventoried and human influences that affect those processes are identified.	N/A	N/A	4	17
By September 30, 2005, the National Park Service has completed an assessment of aquatic resource conditions in 265 parks.	1.NPS.22: By September 30, 2003, initiate 30 watershed assessment projects in cooperation with USGS.	N/A	N/A	N/A	1 draft procedure

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
1,140	1,276 Estimated	Based on estimated data, we anticipate the goal will be met or exceeded. The estimated performance data was statistically developed based on linear regression of prior year adjusted data for abnormal data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
42	47 Estimated	Based on estimated data, we anticipate the goal will be met or exceeded. The estimated performance data was statistically developed based on linear regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised report for FY 2002. Goal Met. FY 2002 data are final and the target of 36 was met. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
40% (108 of 270 parks)	43% (115 of 270 parks)	Goal Exceeded. The strategy of organizing parks into 32 vital signs networks to lead the monitoring planning/design effort has been very successful and cost-efficient, and has allowed the goal to be exceeded. NPS expects to be on track for its FY 2004 goal. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
29	30 Estimated	Based on estimated data, we anticipate the goal will be met or exceeded. The estimated performance data was statistically developed based on linear regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
30 projects	30 projects Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was based on program management discussions because there were insufficient data points for statistical analysis. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

National Park Service

GPRA Program Activity: Strengthen and Preserve Natural and Cultural Resources

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By September 30, 2005, an additional 6.9% (158) properties are designated as National Historic Landmarks (NHL) (2,277 to 2,435); an additional 11% (7,800) significant historical and archeological properties are listed in the National Register of Historic Places (71,019 to 78,819); an additional 28.6% (221,800) significant archeological properties in Federal ownership are inventoried and evaluated (733,200 to 943,200 contributing properties); and, an additional 24.7% (1,163,000) significant historical and archeological properties are either inventoried and evaluated, or officially designated by States, Tribes, and certified local governments (4,701,000 to 5,864,000 contributing properties).	1.NPS.23: By September 30, 2003, an additional 1.7% (40) properties are designated as National Historic Landmarks (2,277 to 2,381);	2,277 cumulative properties	2,310 cumulative properties	2,341 cumulative properties	2,341
	1.NPS.24: an additional 7.3% (5,184) significant historical and archeological properties are listed in the National Register of Historic Places (71,019 to 76,219);	71,019 cumulative properties	72,412 cumulative properties	73,855 cumulative properties	75,254
	1.NPS.25: An additional 19.1% (140,000) significant archeological properties in Federal ownership are inventoried and evaluated (733,200 to 873,200 contributing properties); and,	733,200 properties	760,200 properties	724,181 properties	673,424
	1.NPS.26: An additional 18.4% (865,000) significant historical and archeological properties are either inventoried and evaluated, or officially designated by States, Tribes, and certified local governments (4,701,000 to 5,566,000 contributing properties).	4.701 m	5.022 m	5.158 m (+9.73%)	5.353 m

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
2,381	2,364	Goal Not Met. Instead of a 17% increase over FY 2002, there was only a 9.8% increase. The National Park System Advisory Board did not meet in FY 2002, and therefore, no properties were designated. That resulted in NPS falling behind on its annual projections because out-year targets were not revised at that time. In FY 2003, 24 new designations were made and one property was removed. While this is more than the number of annual designations expected (i.e., 20), because no designations were made in FY 2002, NPS fell behind by 20 in FY 2002. NPS will be adjusting out-year performance targets to reflect the impact of the Advisory Board not meeting in FY 2002. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
76,219	77,011 Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was statistically developed based on linear regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
873,200	876,799 Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was statistically developed based on polynomial regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised report for FY 2002. Goal Not Met. FY 2002 data final and the goal of 838,200 was not met. NPS is dependent on outside agencies for data to support this goal and has identified ongoing inconsistencies in reports. NPS is working with those outside agencies to try and alleviate some of the inconsistencies. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
5.566 m	5.546 m Estimated	Based on estimated data, we anticipate the goal will not be met. The estimated performance data was statistically developed based on linear regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised report for FY 2002. Goal Exceeded. FY 2002 performance data are revised and the target of 5.26m (11.8% increase) was exceeded with a 13.8% increase. Outside agencies were able to achieve higher performance in FY 2002 than expected by NPS based on past trends. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

National Park Service

GPRA Program Activity: Strengthen and Preserve Natural and Cultural Resources

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By September 30, 2005, National Historic Landmark Protection: 92% of National Historic Landmarks (2,224 of 2,418 designated landmarks) are in good condition; 1% of federally recognized historical and archeological properties (22,100 of 2,205,000 contributing properties) are protected through NPS administered programs or assistance; and 4% of significant historical and archeological properties (228,800 of 4,857,000 contributing properties) recognized by States, Tribes, or certified local governments are protected through their administered programs or assistance.	1.NPS.27: By September 30, 2003, 92% of National Historic Landmarks (2,212 of 2,393 designated landmarks) are in good condition;	2,004 landmarks	2,199 landmarks	92% (2,192)	94% (2,226)
	1.NPS.28: 2.8% of federally recognized historical and archeological properties (estimated at 56,800 of 2,039,000 contributing properties) are protected through NPS administered programs or assistance; and,	18,800 properties	19,600 properties	1.33% (24,700 of 1,862,000 properties)	3% (58,600 of 1.988 m)
	1.NPS.29: 4.0% of significant historical and archeological properties (estimated at 188,500 of 4,677,000 contributing properties) recognized by States, Tribes, or certified local governments are protected through their administered programs or assistance.	122,000 properties	188,100 properties	4.3% (186,100 properties)	4% (199,600 of 4.492 m)
By September 30, 2005, 85% of users are satisfied with historic preservation-related technical assistance, training and educational materials provided by NPS.	1.NPS.30: By September 30, 2003, 85% of users are satisfied with historic preservation-related technical assistance, training, and educational materials provided by NPS.	85.2%	85.1%	92%	90%

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
92% (2,212)	2,285 Estimated	Based on estimated data, we anticipate the goal will be met or exceeded. The estimated performance data was statistically developed based on linear regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
2.8% (56,800 of estimated 2.039 m)	1.4% (28,310 of estimated 2.039 m) Estimated	Based on estimated data, we anticipate the goal will not be met. Data has been adjusted for a change in reporting data. The estimated performance data was statistically developed based on linear regression of prior year adjusted data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised report for FY 2002. Goal Exceeded. FY 2002 target was 1% (21,500). NPS exceeded this goal because outside agencies reported better results than anticipated based on past performance trends. NPS continues to monitor the reporting by outside agencies and expects FY 2003 reporting to be more in line with past performance trends. FY 2002 data were not tabulated prior to setting the FY 2003 target. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
4% (188,500 of estimated 4.677 m)	4% (202,472 of estimated 4.677 m) Estimated	Based on estimated data, we anticipate the goal will be met or exceeded. The estimated performance data was statistically developed based on polynomial regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised report for FY 2002. Goal Met. FY 2002 target was 4%. NPS met this goal. While the percent of protected properties was met, the total number of properties protected was less than estimated. The downturn in the economy at the State and local level is believed to have resulted in less preservation activity. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
85%	94% Estimated	Based on estimated data, we anticipate the goal will be met or exceeded. The estimated performance data was statistically developed based on linear regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised report for FY 2002. Goal Exceeded. FY 2002 target was 85%. NPS exceeded this goal based on customer surveys which indicate higher than expected user satisfaction based on past survey trends. Final survey results were not tabulated in advance of setting the FY 2003 target. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Office of Surface Mining

GPRA Program Activity: Environmental Restoration

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Increase the number of acres reclaimed (FY 2005 target of 40,000 additional acres restored).	1.OSM.1: Equivalent acres reclaimed	10,949	12,176	13,808	8,606
Increase the number of new cooperative Acid Mine Drainage Projects under the Clean Streams Program (FY 2005 target of 230 additional projects).	1.OSM.2: Number of new watershed agreements.	29	35	37	33

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
6,900	6,539	This measure has been reworded for clarity. Goal Not Met. The acres reported reclaimed by States and Tribes are usually completed two to four years after initial grant funding. Duration of projects varies due to project size, type of problem being addressed, and weather conditions – this year having above average rainfall slowed project progress. Revised report for FY 2002. Goal Exceeded. The FY 2002 plan target was 8,200 acres reclaimed. Final results of 8,606 exceeded the plan. The Department of the Interior has developed a new strategic plan for FY 2003-FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
28	37	This measure has been reworded for clarity. Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. The measure will be discontinued in FY 2004.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Office of Surface Mining

GPRA Program Activity: Environmental Protection

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Maintain the percentage of sites free of off-site impacts (FY 2005 target of 94%).	1.OSM.3: Ensure 94% of active sites are free of off-site impacts.	94%	94.1%	93.9%	92.8%
Increase the number of acres released from Phase III bonds (FY 2005 target of 400,000 additional acres released).	1.OSM.4: Number of acres where reclamation goals are achieved as evidenced by release from Phase III performance bond.	72,749	63,071	81,853	73,407

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
94%	92.8% Estimated	This measure has been reworded for clarity. Goal Not Met. Based on performance data estimates, we anticipate that the goal will not be met. Actual data is available for 9 months. Estimated 4th quarter data is a ratio of trend analysis over 4 years (FY 2002-1999) applied to FY 2002 data serving as a proxy for the change between FY 2002-2003, additional calculation reflects only 4th quarter data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
70,000	60,641 Estimated	This measure has been reworded for clarity. Goal Not Met. Based on performance data estimates, we anticipate that the goal will not be met. Actual data is available for 9 months. Estimated 4th quarter data is a ratio of trend analysis over 4 years (FY 2002-1999) applied to FY 2002 data serving as a proxy for the change between FY 2002-2003, additional calculation reflects only 4th quarter data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Restore the Health of Public Lands	Public Lands Restored: In FY 2003, 168,798 acres of mined lands, refuges, parks lands, and forests will be restored.	253,100	287,300	177,500	153,485
	Damaged Lands and Resources Restored: In FY 2003, increase the cumulative number of restoration projects to 125; and,	59	70	82	114
	Increase the cumulative amount of damage settlement funds within the DOI Restoration Fund to $320 million.	$75.6 million	$96.5 million	$188.5 million	$211.0 million
Maintain Healthy Natural Systems	South Florida Natural Systems Restored: In FY 2003, continue the restoration of the South Florida ecosystem by constructing 4,100 acres of Storm Water Treatment Areas (STA) (for a cumulative total of 24,950 acres).	N/A	N/A	18,088	20,850
	South Florida Natural Systems Restored: Acquiring 40,000 acres of land for habitat protection. (Performance reflects combined efforts of Federal State Agencies).	39,500	79,147	28,917	47,453
	California Desert Protection and Restoration: In FY 2003, coordinate and integrate multiple agency efforts to recover the desert tortoise in the California Desert. Measures: 1,000 wild burros removed from critical desert tortoise habitat.	N/A	N/A	N/A	620
	California Desert Protection and Restoration: 5 illegal dumps on public lands cleaned up.	N/A	N/A	N/A	6

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
168,798	168,329 Estimated	Based on performance data estimates, we anticipate that the goal will be met. Actual data is available from 3 of the 4 bureaus that contribute to this measure. The estimated performance data developed for the 4th contributing bureau (i.e., BIA) was statistically developed based on linear regression of prior year data during which there was consistent wildland fire activity. Many of the crews used to complete restoration projects were assigned to fire suppression actions. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised Report for FY 2002. Goal Not Met. Planned performance for FY 2002 was 260,426 acres restored. Three of the 4 bureaus that contribute to this measure (i.e., BIA, NPS, OSM) produced results near target. Most of the performance shortfall was associated with FWS restoration activities. The FWS result was caused by a variety of factors, such as high variability in costs per acre and increased control and annual habitat needs.
125	126	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the Departmental level.
$320.0 million	$238.6 million	Goal Not Met. Although DOI and potentially responsible parties have agreed, in principle, to a settlement that would allow us to achieve our goal, we are awaiting final approval from the Court. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the Departmental level.
24,950	26,380	Goal Exceeded. For FY 2003, the number for the STA performance measure is 5,530 acres with a notation that the construction of STA 1E will be completed by the end of calendar year 2003. The projections for 2004 STA acres constructed are 17,944. Then, the last remaining STA construction will not be completed until December 2006 with an additional 1,508 acres for STA-6. The STA information was provided by the South Florida Water Management District and the U.S. Army Corps of Engineers. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
40,000	50,682	Goal Exceeded. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
1,000	216 Estimated	Based on performance data estimates, we anticipate that the goal will not be met. The estimate of 216 animals is based on input provided by the NPS, Mojave National Preserve and BLM. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
5	2	Goal Not Met. Only two clean ups were completed because of funding shortfalls in the California Desert District of the BLM. The funding that was set aside for this activity was diverted to cover personnel cost and to address ongoing litigation in the desert. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES
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GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
	California Desert Protection and Restoration: 40 miles of desert tortoise fences installed along freeways and major highways in critical desert tortoise habitat.	N/A	N/A	N/A	No data
	Natural Processes Restored Through Fire Management: 95% of fires contained by initial attack.	N/A	92%	95%	94%
	Natural Processes Restored Through Fire Management: 33% and (#) of rural fire districts receive funding assistance.	N/A	N/A	44% (1,445)	46% (1,491)
	Natural Processes Restored Through Fire Management: 9% of the highest priority communities-at-risk projects completed.	N/A	N/A	3%	7%
	Natural Processes Restored Through Fire Management: 15 fire facilities will be under construction, reconstruction, or maintenance.	N/A	16	45	89
	Natural Processes Restored Through Fire Management: 1.1 millions of acres will receive fuels treatments to reduce hazards and maintain ecosystem health.	905,700	502,718	728,000	1,119,878
Protect and Recover Imperiled Species	Species Protected: In FY 2003, 320 species of the 792 (approximately 40%) species populations listed a decade or more by FWS are improving or stable.				
	Species Protected: 4 Species delisted due to recovery.				
	Species Protected: 14.5% (64 of 442) Species in NPS areas showing improving status.				
	Species Protected: 22.3% (99 of 442) Species in NPS areas have stable status.				

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
40	43.2	Goal Exceeded. 43.2 miles of permanent desert tortoise fencing was installed along Interstate highway 15 near Baker, CA. Revised report for FY 2002: No data. No report. Efforts to complete 43.2 miles of desert fence-line were underway but were not completed until FY 2003. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
95%	97%	Goal Exceeded. Revised report for FY 2002. Goal Not Met. The planned success rate for containing wildland fires in the initial attack was 95%. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
33% (1,085)	33% (1,085)	Goal Met.
9%	7%	Goal Not Met. The goal was not met because the appropriation to support this activity was not received until late in the fiscal year.
15	14	Goal Not Met. The goal was not met because the appropriation to support this activity was not received until late in the fiscal year.
1,100,000	1,231,000 Partial	Goal Exceeded (preliminary). The final FY 2003 performance information will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
		See measure 1.FWS.3 under strategic goal Protect the Environment and Preserve our Nation's Natural and Cultural Resources.
		See measure 1.FWS.4 under strategic goal Protect the Environment and Preserve our Nation's Natural and Cultural Resources.
		See measure 1.NPS.3 under strategic goal Protect the Environment and Preserve our Nation's Natural and Cultural Resources.
		See measure 1.NPS.7 under strategic goal Protect the Environment and Preserve our Nation's Natural and Cultural Resources.

STRATEGIC GOAL 1. PROTECT THE ENVIRONMENT AND PRESERVE OUR NATION'S NATURAL AND CULTURAL RESOURCES

Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Protect and Restore Cultural Resources	Cultural Properties (Sites) Restored: 12,355 number of structures are in good condition.				
	Cultural Properties (Sites) Restored: 31% (173 of 525 landscapes) cultural landscapes are in good condition.				

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
		See measure 1.NPS.7 under strategic goal Protect the Environment and Preserve our Nation's Natural and Cultural Resources.
		See measure 1.NPS.9 under strategic goal Protect the Environment and Preserve our Nation's Natural and Cultural Resources.

STRATEGIC GOAL 2. PROVIDE RECREATION FOR AMERICA
Bureau of Land Management

GPRA Program Activity: Responsible Recreation

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By FY 2005, 85% of physical facilities in Special Recreation Management Areas are in good or fair condition and 10% of the physical facilities in Special Recreation Management Areas (SRMAs) are universally accessible.	2.BLM.1: In FY 2003, 82% of physical facilities in Special Recreation Management Areas (SRMAs) are in good or fair condition.	80%	84%	84%	87%
	2.BLM.2: 7% of the physical facilities in Special Recreation Management Areas are universally accessible.	N/A	N/A	3% baseline	5.1%
By FY 2005, 95% of Special Recreation Management Area users are satisfied with the quality of recreation experience on the public lands and 77% are satisfied with the BLM's interpretation and environmental education for Special Recreation Management Areas.	2.BLM.3: In FY 2003,93% of recreation users are satisfied with the quality of recreation experience on the public lands.	93%	94%	90%	No Data
	2.BLM.4: 72% of recreation users are satisfied with the BLM's interpretation and environmental education in Special Recreation Management Areas.	N/A	76%	66%	No Data

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
82%	82%	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This goal will be discontinued.
7%	7%	Goal Met. BLM completed 337 site evaluations, encompassing the evaluation of 7,772 individual site components, have been completed. The BLM found that 7% (6.9%) of its recreation fee sites and other selected recreation sites are universally accessible to people with disabilities. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
93%	97%	Goal Exceeded. The BLM exceeded its goal with 97% of visitors indicating that they were satisfied with their recreation experience. BLM changed the survey instrument, which may account for exceeding the target. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
72%	89%	Goal Exceeded. The BLM exceeded its goal with 89% of visitors indicating that they were satisfied with the environmental education and interpretation at SRMAs. BLM changed the survey instrument, which may account for exceeding the target. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 2. PROVIDE RECREATION FOR AMERICA
Bureau of Reclamation

GPRA Program Activity: Responsible Recreation

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Provide Quality Recreation By 2005, Reclamation will improve the quality of its recreation areas by completing recreational compliance reviews, action plans, and 50% of the identified corrective actions.	2.BOR.1: Conduct Recreation Reviews and Implement Corrective Actions. By the end of FY 2003, complete recreation management reviews at recreation areas (this is a cumulative goal - the total includes the number of reviews completed between FY2000 - FY2003).	N/A	64	93	132
	2.BOR.2: In FY 2003, increase the quality of recreation areas by completing corrective actions scheduled for FY 2003.	N/A	N/A	32%	104%
	2.BOR.3: By the end of FY 2003, provide access for the disabled by ensuring that 7% of Reclamation's recreation and public areas meet accessibility standards.	N/A	N/A	N/A	N/A

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
157	155	Goal Not Met. Reclamation is slightly behind schedule due to scheduling and resource priorities. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
65%	74%	Goal Exceeded. Over 95 improvements were made at Reclamation recreation areas to increase accessibility and recreation facilities. For example, Reclamation constructed and landscaped a new swimming beach at Jamestown Reservoir, ND, and installed directional signage at Davis Dam Camp, AZ; and improved facilities for accessibility in numerous areas. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
7%	12.8%	This goal was identified as a new goal in the FY 2003 Annual Performance Plan. Goal Exceeded. 12.8 percent of Reclamation's recreation facilities are accessible. The target was exceeded because it was set based on incomplete data as baseline data was still being gathered during FY 2003. This measure continues into the Department's new strategic plan for FY 2003 - FY 2008.

STRATEGIC GOAL 2. PROVIDE RECREATION FOR AMERICA
Fish and Wildlife Service

GPRA Program Activity: Greater Public Use on Service Lands

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By 2005, compatible wildlife recreational visits to National Wildlife Refuges and National Fish Hatcheries have increased by 20% from the 1997 level.	2.FWS.1: By September 30, 2003, hunting, fishing, wildlife observation and photographic education visits to National Wildlife Refuges and National Fish Hatcheries increased by 1% over the previous year. (Baseline= 33,206,405 visits)	+4% (36,803,070)	+3% (37,905,234)	+8% (41,051,029)	-1% (40,457,449)
By 2005, volunteer participation hours in Service programs increased by 7% and refuges and hatcheries have 155 new friends groups from the 1997 levels.	2.FWS.2: By September 30, 2003, volunteer participation hours in Service programs is 1,295,115.	1,277,207 hours (-4.4%)	1,332,875 hours (0.2%)	1,267,830 hours (-5.1%)	1,298,445 hours (-3%)
	2.FWS.3: Refuges and hatcheries have 132 new friends groups from 1997 levels. (Cum.)	120	135	149	176
By September 30, 2003, the Service will have completed and analyzed a national visitor satisfaction survey	2.FWS.4: By September 30, 2003, a national visitor satisfaction survey will be developed.				
	2.FWS.5: Establish a Baseline measure for visitor satisfaction on National Wildlife Refuges.				

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
1% (41,404,732)	2% (41,618,535) Estimated	Based on performance data estimates, we anticipate that the goal will be met. Centennial year for the National Wildlife Refuge System increased awareness of the System and many special events were held. The estimated National Fish Hatchery System data is based on past visitation and the consistent interest by the public to observe fish and to visit facilities in the National Fish Hatchery System. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
1,295,115 hours (-3%)	1,595,229	Goal Exceeded. Centennial year for the National Wildlife Refuge System increased awareness of the System and many special events were held. This likely was a major factor in a sizeable increase in hours volunteered during the year. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
132 (19 new)	133 (20 new)	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
Develop Survey	Survey Developed	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
Establish Measure	Measure Established	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 2. PROVIDE RECREATION FOR AMERICA
Fish and Wildlife Service
GPRA Program Activity: Partnerships in Natural Resources

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By 2005, the Service will improve grants management through automation for 80% of the State's and territories' grant proposals.	2.FWS.6: By September 30, 2003, provide training in modern management processing to 54 State and Federal Aid staff.	N/A	60 trained	20 trained	45 trained
By 2005, the Service will have in place processes and procedures to ensure accuracy, consistency, and integrity in all its Federal Aid internal and external financial programs.	2.FWS.7: The Service will deliver 6 of 13 draft audit reports to States within 60 days of completion of the audit.	N/A	0% (0 of 9)	0% (0 of 9)	69% (9 of 13)
	2.FWS.8: The Service will prepare 7 of 13 corrective action plans within 120 day of completion of the audit.	N/A	0% (0 of 9)	0% (0 of 9)	13% (2 of 15)
	2.FWS.9: By September 30, 2003, the Service will publish 6 audit policy chapters.	N/A	0% (0 Chapters)	0% (0 Chapters)	0% (0 Chapters)
	2.FWS.10: The Service will resolve 70% of audit findings completed within 180 days of issuing the CAP.	N/A	10%	34%	100%
	2.FWS.11: The Service will resolve 100% of internal administrative audit findings.	N/A	N/A	N/A	93%
By 2005, the Service will have in place processes and procedures to ensure accuracy, consistency, and integrity in all its Federal Aid internal and external financial programs.	2.FWS.12: By September 30, 2003, the Service will provide basic grants management courses to 44 State and Service staff	N/A	98 personnel trained	40 personnel trained	29 personnel trained
	2.FWS.13: By September 30, 2003, the Service will provide additional grants management training to 42 Service staff.	N/A	58	25	25
	2.FWS.14: By September 30, 2003, the Service will provide additional grants management training to 162 State staff.	N/A	28	60	69

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
54 trained	76 trained	Goal Exceeded. The Service completed division-wide training sessions with personnel from the Division of Federal Assistance. This training is necessary to ensure that staff are adequately trained to enter data into the Federal Aid Information Management System (FAIMS) that is used for all aspects of grants management, including both fiscal and technical grants management aspects. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
46% (6 of 13)	43% (13 of 30)	Goal Exceeded. The FWS has communicated the need for timely reports and has increased oversight on the State audits being funded by the Division of Federal Assistance. These measures have resulted in increased efficiency by the Service and its audit contractors. Accordingly, this has resulted in increased numbers of audits being completed. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
54% (7 of 13)	59% (13 of 22)	Goal Exceeded. In recent years, the FWS has hired additional professional staff to work with Regional, State, and our audit contractor's staffs. This interaction has increased numbers, timeliness, and quality of audit responses prepared by the FWS. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
Discontinued	Discontinued	This measure was discontinued in FY 2003.
70%	29%	Goal Not Met. A variety of external and often times uncontrollable factors affects the completion of this measure. For example, audit resolution may require State legislative action on some items. This performance measure is difficult to achieve because of the uncontrollable factors. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
Discontinued	Discontinued	This measure was discontinued in FY 2003.
44	33	Goal Not Met. Several State agencies were unable to participate in training sessions due to travel restrictions that have arisen with many States' poor economic condition. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
42	135	Goal Exceeded. In order to increase the consistency and professionalism of the administration of grants, the Service increased staff training efforts. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
162	194	Goal Exceeded. The Service made extra efforts to provide training to State cooperators on-location within the States that have requested additional training. The Service's effort to meet the needs of our cooperators is resulting in increased numbers of individuals receiving training. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 2. PROVIDE RECREATION FOR AMERICA
National Park Service

GPRA Program Activity: Provide for Public Enjoyment and Visitor Experience of Parks

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By September 30, 2005, 95% of park visitors are satisfied with appropriate park facilities, services, and recreational opportunities and, 78% of park visitors are satisfied with commercial services.	2.NPS.1: By September 30, 2003, maintain 95% of park visitors satisfied with appropriate park facilities, services, and recreational opportunities and,	94%	95%	95%	95%
	2.NPS.2: 74% of park visitors are satisfied with commercial services.	70%	71%	72%	72%
By September 30, 2005, the visitor accident/incident rate will be at or below 7.96 per 100,000 visitor days (a 16% decrease from the FY 1992 - FY 1996 baseline of 9.48 per 100,000 visitor days).	2.NPS.3: By September 30, 2003, the visitor accident/incident rate will be at or below 4.7 per 100,000 visitor days (a 50% decrease from the FY 1992 - FY 1996 baseline of 9.48 per 100,000 visitor days).	7.24 per hundred thousand visitor days	5.14 per hundred thousand visitor days	8.64 per hundred thousand visitor days	5.06 per hundred thousand visitor days
By September 30, 2005, 86% of visitors understand and appreciate the significance of the park they are visiting.	2.NPS.4: By September 30, 2003, 84% of park visitors understand and appreciate the significance of the park they are visiting.	80%	83%	83%	82%
By September 30, 2005, an additional 8,400 miles of trails, an additional 6,600 miles of protected river corridors, and an additional 1,113,300 acres of parks and open space, from 1997 totals, are conserved with NPS partnership assistance.	2.NPS.5: By September 30, 2003, an additional 8,450 miles of trails are conserved with NPS partnership assistance.	2,116	4,343	6,465	7,704
	2.NPS.6: An additional 4,600 miles of protected river corridor are conserved with NPS partnership assistance.	1,504	2,540	3,172	4,058

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
95%	95% Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was statistically developed based on linear regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
74%	74% Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was statistically developed based on linear regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
4.7 per hundred thousand visitor days	5.0 per hundred thousand visitor days Estimated	Based on estimated data, we anticipate the goal will not be met. The estimated performance data was statistically developed based on polynomial regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised report for FY 2002. Goal Exceeded. FY 2002 final data shows that NPS greatly exceeded the goal rate of 8.46. NPS emphasis on safety and in prioritizing safety related maintenance projects contributed to fewer visitor accidents and the lower rate. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
84%	84% Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was statistically developed based on linear regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised report for FY 2002. Goal Not Met. FY 2002 final data indicates that NPS did not meet the goal of 83%. Standards for calculating visitor understanding have been tightened resulting in an apparent decrease in understanding. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
8,450	9,140 miles Partial	Based on partial data, the NPS anticipates this goal was exceeded. Outstanding local support has again resulted in better than anticipated performance from NPS partnership assistance programs. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
4,600	5,050 miles Partial	Based on partial data, the NPS anticipates this goal was exceeded. Outstanding local support has again resulted in better than anticipated performance from NPS partnership assistance programs. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.

STRATEGIC GOAL 2. PROVIDE RECREATION FOR AMERICA
National Park Service
GPRA Program Activity: Enhance Recreational Opportunities Managed by Others

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
	2.NPS.7: An additional 846,200 acres of park and open space, over the 1997 totals, are conserved with NPS partnership assistance.	45,425	655,551	726,900	782,710
By September 30, 2005, 95% of communities served are satisfied with NPS partnership assistance in providing recreation and conservation benefits on lands and waters.	2.NPS.8: By September 30, 2003, no target % of communities served are satisfied with NPS partnership assistance in providing recreation and conservation benefits on lands and waters.	94.5%	94.1%	No Data	92.9%
By September 30, 2005, 100% of the 38,656 recreational properties assisted by the Land and Water Conservation Fund, the Urban Park and Recreation Recovery Program, and the Federal Lands to Parks Program are protected and remain available for public recreation.	2.NPS.9: By September 30, 2003, 100% of the recreational properties assisted by the Land and Water Conservation Fund, the Urban Park and Recreation Recovery Program, and the Federal Lands to Parks Program are protected and remain available for public recreation.	100%	100%	100%	100%
By September 30, 2005, increase by 26% the number of volunteer hours (from 3.8 million hours to 4.8 million hours).	2.NPS.10: By September 30, 2003, increase by 21% the number of volunteer hours (from 3.8 million hours in 1997 to 4.6 million hours).	4.2 m hours	4.3 m hours	4.4 m hours	4.5 m hours
By September 30, cash donations are increased by 60% (from $14.476 million in 1998 to $23.2 million); and the value of donations, grants, and services from Cooperating Associations is increased by 35% (from $19 million in 1997 to $25.6 million).	2.NPS.11: By September 30, 2003, cash donations are increased by 38.2% (from $14.476m in 1998 to $20m); and	$14.515 m	$14.575 m	$27.537 m	$15.2 m
	2.NPS.12: The value of donations, grants, and services from Cooperating Associations is increased by 28% (from $19 m in 1997 to 24.3 m).	$22.6 m	$36.1	$30.0 m	$26.5 m

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
846,200	846,282 acres Partial	Based on partial data, NPS anticipates this goal was exceeded. Outstanding local support has again resulted in better than anticipated performance from NPS partnership assistance programs. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
No Data	No Data	No report. No data collected for odd years. Revised report for FY 2002. Goal Met. A survey was conducted for FY 2002 and the planned performance (94.4%) fell within survey accuracy limits. Surveys are reported only in even numbered years. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
100%	100% Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was statistically developed based on linear regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004 The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
4.6 m hours	4.66 m hours Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was statistically developed based on linear regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
$20.0 m	$19.5 m Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was statistically developed based on polynomial regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
$24.3 m	$24.5 m Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was statistically developed based on polynomial regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised report for FY 2002. Goal Exceeded. FY 2002 target was $23.2 million. NPS exceeded its target for FY 2002. NPS is still receiving inflated donations as a result of sympathy related to 9-11. However, overall the value of donation, grants and services from Cooperating Associations has been declining to more historic levels, the FY 2003 target will not be revised. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 2. PROVIDE RECREATION FOR AMERICA
National Park Service

GPRA Program Activity: Ensure Organizational Effectiveness

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By September 30, 2005, returns from park concession contracts are 5% of gross concessioner revenue.	2.NPS.13: By September 30, 2003, returns from park concession contracts are 3% of gross concessioner revenue.	7.1%	7.3%	7.3%	1.9%
By September 30, 2005, receipts from park entrance, recreation, and other fees are increased by 33.1% over 1997 level (from $121 million to $161 million).	2.NPS.14: By September 30, 2003, receipts from park entrance, recreation, and other fees are increased by 21.9% over 1997 level (from $121 million to $147.5 million).	24% (to $150 m)	22% (to $148.8 m)	20.6% (to $145 m)	22% ($147.6 m)

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
3.0%	3.0% Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was reported by the program manager. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
21.9% ($147.5 m)	21.7% ($147.4 m)	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 2. PROVIDE RECREATION FOR AMERICA
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Provide quality experience to visitors on Federal Lands and Facilities	Ensure Visitor Satisfaction: In FY 2003, target levels are 95% satisfaction with facilities, services, and recreational opportunities for NPS visitors;				
	And 93% satisfaction with the recreation experiences for BLM visitors, for those responding to surveys.				
Provide for Safe Visits to Public Lands	By September 30, 2003, the visitor accident/incident rate will be at or below 4.7 per 100,000 visitor days (a 50% decrease from the FY 1992 - FY 1996 baseline of 9.48 per 100,000 visitor days).				

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
		See measure 2.NPS.1 under the strategic goal Provide Recreation for America
		See measure 2.BLM.3 under the strategic goal Provide Recreation for America
		See measure 2.NPS.3 under the strategic goal Provide Recreation for America

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY

Bureau of Land Management

GPRA Program Activity: Provide Opportunities for Environmentally Responsible Commercial

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By FY 2005, implement 100% of planned tasks in the Bureau's Energy Policy Plan and Initiative, consistent with the National Energy Policy.	3.BLM.1: In FY 2003, implement 74% of planned tasks in the Bureau's Energy Policy Plan and Initiative, consistent with the National Energy Policy.	N/A	N/A	N/A	32% (14 of 44 total tasks)
By FY 2005, authorize 5,900 energy mineral lease actions on Federal lands, process 36,300 energy mineral post-lease actions on Federal lands, and complete 22,050 energy mineral compliance, inspection and enforcement actions on Federal lands.	3.BLM.2: In FY 2003, authorize 5,360 energy mineral lease actions on Federal lands.	N/A	4,140	5,197	4,656
	3.BLM.3: Process 28,700 energy mineral post-lease actions on Federal lands.	N/A	27,525	34,404	30,413
	3.BLM.4: Complete 19,500 energy mineral compliance, inspection and enforcement actions on Federal lands.	N/A	14,800	17,102	17,187
By 2005, complete 4,100 non-energy and other mineral authorization actions; process 960 non-energy and other mineral post-authorization actions; complete 9,050 non-energy and other mineral compliance, inspection, and enforcement actions; and complete 190,000 mining claim adjudication actions, fee collections, and waivers processed on Federal lands.	3.BLM.5: In FY 2003, complete 4,000 non-energy and other mineral authorization actions.	N/A	4,546	4,274	6,783
	3.BLM.6: Process 800 non-energy and other mineral post-authorization actions	N/A	1,151	1,115	785
	3.BLM.7: Complete 7,850 non-energy and other mineral compliance, inspection, and enforcement actions.	N/A	9,178	10,139	7,765
	3.BLM.8: Complete 409,100 mining claim adjudication actions, fee collections, and waivers processed on Federal lands.	N/A	251,125	195,773	429,596
By 2005, support rural communities in the West and achieve healthy, sustainable rangelands by issuing 11,600 grazing permit renewals consistent with the Fundamentals of Rangeland Health established in the grazing regulations (cumulative number from FY 2003).	3.BLM.9: In FY 2003, issue 1,200 for a cumulative total of 10,162 grazing permits or leases consistent with the Fundamentals of Rangeland Health.	3,872 3,872	4,190 4,190 Cum. for FY 2000 - 2005	2,601 6,791	2,171 8,962

Activities

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
32 of 44 (74%)	35 of 44 (80%)	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
5,360	4,619	Goal Not Met. Since these are demand based outputs, it is difficult to estimate targets. Total accomplishment was 86% of planned. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
28,700	54,765	Goal Exceeded. Since these are demand based outputs, it is difficult to estimate targets. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
19,500	20,051	Goal Exceeded. BLM exceeded its target because several States were able to hire and train additional staff, especially in New Mexico's field offices. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
4,000	5,173	Goal Met. Total accomplishments were 126% of planned. Since these are demand based outputs, it is difficult to estimate targets. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
800	1,205	Goal Exceeded. Total accomplishments were 144% of planned. Since these are demand based outputs, it is difficult to estimate targets. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
7,850	7,908	Goal Exceeded. Total accomplishments were 101% of planned. The Department of the Interior has developed a new strategic plan for FY 2003 – 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
409,100	458,775	Goal Exceeded. BLM met the public demand for mining law actions and collected mining claims. Total accomplishments were 103% of planned. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
1,200 10,162 cumulative	2,398 11,360 cumulative	Goal Exceeded. Accomplishments have been exceeded because leases and permits reauthorized under the appropriation rider have been included. Total accomplishments were 195% of planned. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY

Bureau of Land Management

GPRA Program Activity: Provide Opportunities for Environmentally Responsible Commercial

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By FY 2005, annually offer for sale on a decadal average, 203 million board feet (MMBF) of timber in the Pacific Northwest and 32 MMBF outside the Pacific Northwest.	3.BLM.10: In FY 2003, consistent with the established land health standards, offer 150 million board feet (MMBF) of timber for sale in the Pacific Northwest.	61.7	69.2	56.4	162.5
	3.BLM.11: In FY 2003, consistent with the established land health standards, offer 32 MMBF of timber for sale outside the Pacific Northwest.	12.5	12.1	17.2	26
By FY 2005, annually process 6,900 rights-of-way and 1,400 lease, permit, license and easement actions on the public lands.	3.BLM.12: In FY 2003, complete a cumulative of 3,900 rights-of-way actions on the public lands, consistent with established land health standards to minimize future liabilities.	N/A	5,490	6,104	5,681
	3.BLM.13: In FY 2003 Process a cumulative of 1,300 lease, permit, license, and easement actions on the public lands, consistent with established land health standards to minimize future liabilities.	N/A	1,156	1,631	1,324
By FY 2005, 60% of customers and 50% of stakeholders understand and are satisfied with commercial use authorization procedures on public lands.	3.BLM.14: In FY 2003, 65% of customers understand and are satisfied with commercial use authorization procedures on public lands.	N/A	67%	N/A	No survey data to report in FY 2002
	3.BLM.15: In FY 2003, 50% of stakeholders understand and are satisfied with commercial use authorization procedures on public lands.	N/A	50%	N/A	No survey data to report in FY 2002

GPRA Program Activity: Reduce Threats to Public Health, Safety and Property

Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By 2005, 92% of administrative facilities, 99% of bridges and 68% of dams will be structurally maintained in fair or good condition. 85% of facilities will be in good safety, health and environmental condition.	3.BLM.16: In FY 2003, the percentage of administrative facilities maintained in fair or good condition will increase to 90%.	86%	84%	87%	87%
	3.BLM.17: In FY 2003, the percentage of dams maintained in fair or good condition will increase to 69%.	56%	61%	61%	69%

Activities

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
150	162.7	Goal Exceeded. In past years, BLM has not been able to meet its target for this goal, but with additional funds and the establishment of the stewardship contracting initiative, BLM was able to and should continue to meet its targets. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
32	33.8	Goal Exceeded. BLM exceeded its target for offering timber outside the Northwest due to additional funding and greater focus on this program. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
3,900	5,054	Goal Exceeded. The accomplishments being reported now are limited to include right-of-way grants issued. This measure excludes the number of modifications, reassignments and relinquishments that are difficult to project and were included in previous year's accomplishments. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
1,300	891	Goal Not Met. The public demand for leases, permits, licenses and easements was not as great as anticipated. That this goal was not attained is not significant as actual public demand was met. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
65%	60%	Goal Not Met. The rating includes an aggregated score of customer satisfaction with the rights-of-way, oil and gas, grazing, mining, and special recreation use authorizations. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
50%	33%	Goal Not Met. In a survey of stakeholders 33% indicated that they were satisfied with the commercial use authorization procedures. The stakeholders surveyed did not include actual permittees, but were representatives of interest groups and non-governmental organizations. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
90%	86%	Goal Not Met. BLM did not meet this goal because they could not complete some deferred maintenance projects and received insufficient funds in annual maintenance to maintain the percent of administrative facilities in good or fair condition. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
69%	68%	Goal Not Met. BLM did not meet this goal because they could not complete some deferred maintenance projects and received insufficient funds in annual maintenance to maintain the percent of dams in good or fair condition. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY

Bureau of Land Management

GPRA Program Activity: Reduce Threats to Public Health, Safety and Property

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
	3.BLM.18: In FY 2003, the percentage of bridges maintained in fair or good condition will increase to 94%.	92%	92%	91%	92%
	3.BLM.19: In FY 2003, the percentage of facilities in good safety, health, and environmental condition will increase to 68%.	N/A	59%	50%	66%
By 2005, assess condition of 75% of BLM-maintained roads to identify public and administrative access needs, maintenance requirements to resolve public safety and environmental concerns. Improve 75% of roads to be in good or fair condition.	3.BLM.20: In FY 2003, cumulatively assess condition of 48% of BLM-maintained roads to identify access needs, maintenance requirements, and prospective road closures.	N/A	4%	12%	16%
	3.BLM.21: In FY 2003, improve 65% of BLM roads to be in fair or good condition.	60%	62%	62%	63%
By FY 2005, correct physical safety hazards at 1,700 abandoned mines and clean up 1,000 hazardous material sites on public lands.	3.BLM.22: In FY 2003, correct physical safety hazards at 200 abandoned mines. (cumulative total is 1,893 mines sites).	N/A N/A	650 650 cum. mines	507 1,157	536 1,693
	3.BLM.23: In FY 2003, clean up 216 hazardous materials sites on public lands (cumulative total is 825 hazardous materials sites).	103 103	290 290 cum.sites for FY 2000 - 2005	177 467	208 675
By FY 2005, investigate and take enforcement action on 52% of reported violations of Federal laws and regulations.	3.BLM.24: In FY 2003, investigate and take enforcement action on 72% of reported violations of Federal laws and regulations.	46%	53%	69%	72%

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
94%	92%	Goal Not Met. BLM did not meet this goal because they could not complete some deferred maintenance projects and received insufficient funds in annual maintenance to maintain the percent of bridges in good or fair condition. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
68%	62%	Goal Not Met. BLM did not meet the target, but will continue to use some of our deferred maintenance funds to complete recommended improvements from the Condition Assessment for Safety, Health, and Environment (CASHE) audits and by conducting follow-up audits for most organizations. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
48%	23%	Goal Not Met. This was a new BLM initiative, and resources were reprioritized during the year to implement the Department's new Facilities Condition Index instead of bureau-specific condition assessments. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
65%	63%	Goal Not Met. BLM did not meet this goal because they could not complete some deferred maintenance projects and received insufficient funds in annual maintenance to maintain the percent of roads in good or fair condition. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
200 1,893	515 2,208	Goal Exceeded. BLM and partners continuing to place priority on correction of physical safety hazards, especially those where accidents have occurred or those near recreation areas. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
216 891	297 972	Goal Exceeded. BLM cleans up or remediates sites as they occur and conditions dictate. It is difficult to predict the number of hazardous materials incidents in a given year. Total accomplishments were 141% of planned. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
72%	75%	Goal Exceeded. Approximately 10,500 law enforcement investigations were conducted on 14,000 reported incidents of violations (75%). BLM exceeded its target because its caseload included more citations, which require less work to complete than taking enforcement actions on larger violations. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY

Bureau of Land Management

GPRA Program Activity: Reduce Threats to Public Health, Safety and Property

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By FY 2005, 99% of wildland fires will be contained by initial attack; 30% (over 1,000) of the rural fire districts (RFDs) will have received assistance to improve safety, training, and equipment standards; and 10% of the communities' at-risk highest priority projects to restore the natural ecological process by increasing the use of fire (wildland and prescribed) and other land treatments will be implemented. (Note: Targets are Department-wide.)	3.BLM.25: In FY 2003, 95% of wildland fires will be contained by initial attack;				
	3.BLM.26: 33% (1,085) of the rural fire districts (RFDs) will receive assistance to improve safety, training, and equipment standards.				
	3.BLM.27: 9% of the communities' at-risk highest priority projects to restore the natural ecological process by increasing the use of fire (wildland and prescribed) and other land treatments will be implemented.				
	3.BLM.28: In FY 2003, 15 fire facilities will be under construction, reconstruction, or maintenance to bring them to approved standards. (Note: Targets are Department-wide.)				
	3.BLM.29: 511,201 of acres receiving fuels treatments to reduce hazards and maintain ecosystem health.				

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
		Bureau performance is included in the report for the wildland fire performance measures in the Overview Section for Strategic Goal 1.
		Bureau performance is included in the report for the wildland fire performance measures in the Overview Section for Strategic Goal 1.
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STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY

Bureau of Reclamation

GPRA Program Activity: Operate and Maintain Facilities Safely, Reliably and Efficiently to

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Meet Water and Power Contracts Reclamation will ensure operational effectiveness to deliver or release the amount of water contracted for and to meet 100% of power and water commitments to achieve project benefits each year.	3.BOR.1: Deliver Water. In FY 2003, deliver or release water from Reclamation owned and operated facilities, dependent on precipitation and water availability.	31.3 MAF	30.0 MAF	29.1 MAF	29.4 MAF
Complete Water Contract Renewals Reclamation will complete water contract renewals that are expiring to provide project benefits to customers and ensure full collection of contract obligations.	3.BOR.2: Complete Water Contract Renewals. Execute contracts under certain conditions and upon mutually agreeable terms for 100% of the water service contracts that will expire in FY 2003. % of expiring contracts.	N/A	N/A	100%	114%
Ensure Effective Operations of Facilities By 2005, Reclamation will ensure that facilities provide project benefits in a safe and reliable manner.	3.BOR.3: Develop and implement Standing Operating Procedures. In FY 2003, review, update and implement changes in SOPs for 40% of Reclamation's facilities (this is a cumulative % goal).	N/A	N/A	20%	43%
Achieve Cost-effective Power Production Maximize power generation and efficiency by maintaining power production costs at a level comparable to the most efficient and lowest cost sector of the hydropower industry and forced outage below the industry average.	3.BOR.4: Achieve Cost-effective Power Production. In FY 2003, deliver power at a cost that is as low as, or lower than the cost of the 75th percentile for comparable hydropower facilities. Power production costs-$/Net generation in Megawatt capacity (Percentile of lowest cost hydropower industries).	$5,879 (75th)	$6,009 (75th)	$6,120 (75th)	$6,895 (85th)
	3.BOR.5: Maintain a Low Forced Outage Rate. In FY 2003, attain a 3% or lower forced outage rate for Reclamation's hydropower units.	1.3%	1.5%	1.6%	1.3%
Ensure Facility Reliability By 2005, Reclamation will maintain reliability of operations by conducting O&M and facility reviews at all Reclamation water and power facilities, and will implement the scheduled corrective actions identified in the reviews to reduce breakdown incidence.	3.BOR.6: Operations and Maintenance Reviews. In FY 2003, conduct O&M and facility reviews at 130 Reclamation water and power plant facilities, and, at Reclamation-operated facilities.	N/A	N/A	140	168
	3.BOR.7: Implement 100% of the scheduled corrective actions identified in the reviews or reasonable substitute actions determined to be a priority during the year.	N/A	N/A	106%	136%

Provide Project Benefits

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
27.0 MAF	26.1 MAF Estimated	Based on performance data estimates, we anticipate that the goal will not be met due to continuing drought conditions in parts of the Western United States. Final data are not available until mid-to-late October. We may be slightly behind target due to continuing drought conditions in parts of the Western United States. Estimated data are based on a 3-year average for water released in the 4th quarter added to actual data of the first 3 quarters. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
Discontinued	Discontinued	This measure was discontinued in FY 2003.
Discontinued	Discontinued	This measure has been subsumed as a component of the goals that measure facility reliability.
$7,900	$7,400 Preliminary	The cost of power production per megawatt capacity is a preliminary number based on current FY 2003 financial data. The financial data has not yet been reviewed and verified. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised report for FY 2002. Reclamation's final cost of power production was $6,895, and Reclamation was within 85% of lowest hydropower producers. No Report. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
3%	1.5%	Goal Exceeded. Reclamation's forced outage rate was 1.5% for the year. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
Discontinued	Discontinued	This measure has been subsumed as a component of the goals that measure facility reliability.
Discontinued	Discontinued	This measure has been subsumed as a component of the goals that measure facility reliability.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY

Bureau of Reclamation

GPRA Program Activity: Operate and Maintain Facilities Safely, Reliably and Efficiently to

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Reduce Risks to Public Safety	3.BOR.8: Reduce Risks. In FY 2003, reduce risks to the downstream public and resources by completing Safety of Dams modification at 4 dams.	7	4	3	4
	3.BOR.9: Complete security risk analysis decision documents for Tiers 1-5.	N/A	N/A	N/A	N/A
	3.BOR.10: Assess Risk In FY 2003, complete comprehensive and periodic facility reviews.	N/A	108	105	84
	3.BOR.11: In order to measure the reliability of our facilities, Reclamation will establish baseline data on facility condition at the power facilities.	N/A	N/A	N/A	N/A
	3.BOR.12: In order to measure the reliability of our facilities, Reclamation will establish baseline data on facility condition at high- and significant-hazard dams.	N/A	N/A	N/A	N/A
	3.BOR.13: In order to measure the reliability of our facilities, Reclamation will establish baseline data on facility condition at associated water facilities.	N/A	N/A	N/A	N/A
	3.BOR.14: In order to measure the reliability of our facilities, Reclamation will establish baseline data on facility condition at recreation facilities.	N/A	N/A	N/A	N/A

Provide Project Benefits

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
Discontinued	Discontinued	This measure has been subsumed as a component of the goals that measure facility reliability.
55	55	Goal Met. New measure in FY 2003. 55 Decision documents for Tier 1-5 facilities have been completed in FY 2003. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
Discontinued	Discontinued	This measure has been subsumed as a component of the goals that measure facility reliability.
84%	98%	Goal Exceeded. New measure in FY 2003. Facility Reliability Ratings have been determined for 98% of power facilities to date. Reclamation pushed to assess all facilities in order to establish baselines and set long-term performance targets as identified as a deficiency in the FY 2004 budget PART review. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
85%	90%	Goal Exceeded. New measure in FY 2003. Facility Reliability Rating has been determined for 90% of high and significant hazard dams to date. This is slightly above the target because Reclamation strived to complete as many rating as possible in order to have baseline data to set targets for the new DOI strategic plan goals for Facility Reliability. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
57%	63%	Goal Exceeded. New measure in FY 2003. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
45%	74%	Goal Exceeded. New measure in FY 2003. Facility Reliability Ratings have been determined for 74% of recreation facilities to date. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY

Minerals Management Service

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
GPRA Program Activity: Ensure Safe Outer Continental Shelf (OCS) Mineral Development					
Maintain or show a decrease in the annual composite operator safety index.	3.MMS.1: Maintain an annual composite operator safety index of 0.2 or less.	0.17	0.16	0.17	0.14
GPRA Program Activity: Ensure Environmentally Sound OCS Mineral Development					
By 2005, show a decrease in the environmental impact indicator from the 1999 baseline.	3.MMS.2: In FY 2003, complete 75% of offshore environmental assessments for development plans within 8 months.	N/A	N/A	N/A	N/A
	3.MMS.3: Maintain an oil spill rate of no more than 10 barrels spilled per million barrels produced.	6.9	5.35	1.00	0.58
GPRA Program Activity: Ensure that the Public Receives Fair Market Value for Outer					
From 2000-2005, the ratio of high bids accepted for OCS leases to the greater of MMS' estimate of value or the minimum bid is maintained at the 1989-1995 average level of 1.8 (+/- 0.4) to 1.	3.MMS.4: In FY 2003, we will maintain the current high bids accepted for OCS leases to MMS' estimated value ratio of 1.8 (+/- 0.4) to 1.	1.8 to 1	2.02 to 1	2.26 to 1	2.4 to 1

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
0.20	0.17 Estimated	Based upon estimated performance data, we anticipate the goal will be met or exceeded. MMS began reporting a new measure in FY 2003 to align the measure with an industry standard composite index. The estimated performance data was developed based upon a statistical average of prior year data and no known significant issues during the current year. Several years ago, MMS began conducting Annual Operator Performance Reviews. The operators are rated based on these reviews and the results of all the reviews are combined into a composite safety index. These reviews have been a positive addition to the regulatory program. The reviews provide valuable information on each company's safety philosophy and practices. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
75%	100% Estimated	Based upon estimated performance data, we anticipate the goal will be met or exceeded. The environmental index measure was revised because a key data component of the measure is no longer collected by another Federal agency. The estimated performance data was developed based upon data through the 3rd quarter of FY 2003 where 100 percent of environmental assessments for the Central and Western Gulf of Mexico were completed within 8 months. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
10 (No more than)	5 Estimated	Based upon estimated performance data, we anticipate the goal will be met or exceeded. Due to three incidents, FY 2003 is trending similar to FY 2000, the final result for which was 0.000005 bbl spilled per barrel produced. If this estimate holds, the result would fall within our goal. Although this estimate is based on actual performance, the process of gathering and reconciling the data reported to MMS for FY 2003 is ongoing and not complete enough to provide a final result for this measure. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. FY 2002 Revised Report: There were no significant pipeline spills in FY 2002. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
Continental Shelf Mineral Development		
1.8 to 1	1.8 to 1 Partial Data	No Report. Sales data requires up to 90 days to evaluate and with the final sale for FY 2003 being held in August, this data should be available by the end of November. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY

Minerals Management Service

GPRA Program Activity: Provide Revenue Recipients with Access to Their Money within 24

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By the end of FY 2005, provide recipients access to 90% of revenues within one business day of MMS receipt and disburse 98% of revenues to recipients by the end of the month following month received.	3.MMS.5 By the end of FY 2003, provide access for ultimate recipients of 30% of revenues within one business day of MMS receipt.	N/A	N/A	N/A	N/A
	3.MMS.6: By the end of FY 2003, disburse 92% of revenues to recipients by the end of the month following month received.	98.15%	98.49%	98.4%	80%
GPRA Program Activity: Ensure Compliance with Applicable Laws, Lease Terms, and Regulations					
By the end of FY 2005, ensure payments are within the expected payment range at the due date for 95% of properties.	3.MMS.7 By the end of FY 2003, payments are within the expected payment range at the due date for 75% of royalties associated with converted properties.	.9809	.9730	.9835	.9870
By the end of FY 2005, complete compliance work and issue necessary orders within 3 years of the due date for 95% of royalties associated with converted properties.	3.MMS.8: By the end of FY 2003, complete compliance work through the order stage for 95% of royalties associated with year 2000 converted properties.	N/A New Goal	N/A New Goal	N/A New Goal	97.2% of 1999 royalties in 3-year compliance cycle (11% of all 1999 royalties)
	3.MMS.9: By the end of FY 2003, complete compliance work through the random audit stage for 95% of royalties associated with year 2000 converted properties.	N/A New Goal	N/A New Goal	N/A New Goal	97.2%
	3.MMS.10: By the end of FY 2003, complete compliance work through the order stage for 90% of royalties associated with year 2001 converted properties.	N/A New Goal	N/A New Goal	89% of 1999 royalties in 3-year compliance cycle (11% of all 1999 royalties)	50% of 2000 royalties in 3-year compliance cycle (49% of all 2000 royal-ties)
	3.MMS.11: By the end of FY 2003, complete compliance work through the company-cycle order stage for 90% of royalties associated with year 2001 converted properties.	N/A New Goal	N/A New Goal	N/A New Goal	50%

hours of the Due Date

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
Discontinued	Discontinued	Due to the court ordered system shutdown in 2001 and 2002, subsequent recovery of our system developers hampered progress toward developing the system capability to implement this new goal. MMS continues its focus on ensuring timely disbursement; therefore capability to provide earlier access to funds remains a future project. This measure has been discontinued.
92%	92.6%	Goal Exceeded. MMS achieved its FY 2003 goal of significantly increasing disbursement timeliness over FY 2002's 80% by working with companies to increase reporting accuracy and by increasing the accuracy of the financial system's payment matching process. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
for all Leases in the Shortest Possible Time, but no later than 3 Years from the Due Date		
Discontinued	Discontinued	MMS has been unable to develop a compliance measurement methodology to measure progress in meeting this goal due to the court-ordered shutdown and subsequent recovery efforts. This measure has been discontinued.
95% of 2000 royalties in 3-year compliance cycle (49% of all 2000 royalties)	98.3% of 2000 royalties in 3-year compliance cycle (49% of all 2000 royalties) Estimated	Based upon estimated performance data, we anticipate the goal will be met or exceeded. The estimated performance data is based upon accomplishments through 3rd quarter exceeding the planned performance for the year. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised Report for FY 2002. Historical data provided—though not an annual goal for GPRA purposes during this period. The Department of the Interior has developed a new strategic plan for FY 2003 – 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
Discontinued	Discontinued	3.MMS.8 replaces 3.MMS.9 to provide a more comprehensive performance measure and this measure has been discontinued.
90% of 2001 royalties in 3-year compliance cycle (73% of all 2001 royalties)	No Data	No Report - 3.MMS.10 replaces 3.MMS.11 to provide a more comprehensive performance measure. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised Report for FY 2001 and FY 2002. Historical data provided—though not an annual goal for GPRA purposes during this period. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
Discontinued	Discontinued	3.MMS.10 replaces 3.MMS.11 to provide a more comprehensive performance measure and this measure has been discontinued.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY
Minerals Management Service

GPRA Program Activity: Interact with Our Customers in an Open and Constructive Manner to

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
	3.MMS.12: Offer up to 130,000 bbls/day of RIK oil for the Strategic Petroleum Reserve	N/A	N/A	N/A	60,100 bbls/ day average April-Sept 2002

Ensure that we Provide Quality Services to Satisfy Our Customers' Needs

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
130,000 bbls/ day average by end of FY03	100,000 bbls/day 10/02 - 03/03; 130,000 bbls/ day 04/03 - 09/03	Goal Met. On November 13, 2001, the President announced that he was directing the Secretary of Energy to fill the remaining capacity of the Strategic Petroleum Reserve (SPR) utilizing Federal Royalty-in-Kind (RIK) oil from the Gulf of Mexico OCS. This measure was created to address a temporary need. MRM offered and contracted for our targeted deliveries of 100,000 bbls/day during the first half of FY 2003 and 130,000 bbls/day during the final two quarters of FY 2003. Volumes actually taken in kind during the 1st quarter averaged 88,980 bbls/day, 2nd quarter 99,556 bbls/day, 3rd quarter 120,445 bbls/day, and 4th quarter 113,170 bbls/day. SPR actual deliveries were less than volumes contracted for during the 1st, 3rd, and 4th quarters because of a temporary production declines due to hurricanes in October 2002 and July 2003; a temporary operational issue on a large producing property (reducing 3rd quarter volumes by approximately 5,000 bbls per day), and production declines on other properties. <u>Revised Report for FY 2002.</u> Historical data provided—though not an annual goal for GPRA purposes during this period. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY

Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Ensure Environmentally Sound Development	Helping to Meet Water Resource Needs: In FY 2003, ensure operational effectiveness to deliver or release the amount of water contracted for and to meet 100% of power and water commitments;				
	In FY 2003, reduce risks to the downstream public and resources by completing dam safety modifications for 4 dams; and,				
	Security risk analysis decision documents				
	Decrease Environmental Impacts of Offshore Production: In FY 2003, show a decrease in the environmental impact index for OCS development compared to the FY 2000 baseline.				
	In FY 2003, show a decrease in the amount of oil spilled to a level of 10 barrels of oil spilled per million barrels produced.				
	Pacific Northwest Forest Plan: In FY 2003, offer 150 mmbf of timber for sale and,				
	Pacific Northwest Forest Plan: Restore 25,000 acres of forested lands				
	Authorize Sustainable Grazing: In FY 2003, authorize 1,200 livestock grazing permits or leases consistent with established land health standards (Cumulative 10,162).				

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
		See measure 3.BOR.2. under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.BOR.8 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.BOR.9 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.MMS.2 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.MMS.3 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.BLM.10 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		Goal Exceeded. Earlier forest plan numbers included other regions besides the Pacific Northwest Forest, hence the apparent substantial decrease over the similar related goal in FY 2002. It is difficult to estimate how many acres will be completed on an annual basis because many projects are multi-year contracts, such as timber sales and some service contracts. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be at the bureau level.
		See measure 3.BLM.9 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
	Energy Conservation, Waste Diversion and Green Product Use: Promote energy efficiency and reduce energy consumption at Interior facilities by 25% from 1985 levels.				
	Energy Conservation, Waste Diversion and Green Product Use: Divert through recycling 40% of the solid waste from disposal in landfills (DOI main complex only).	N/A	30% (estimated)	50% (incomplete data set)	No Data

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
		Based upon estimated performance data, we anticipate the goal will not be met. Data received through early August 2003, although minor progress appears to have been made over FY 2002 accomplishments (i.e., a reduction of 4.18% over last FY), the Department anticipates that the goal to reduce energy consumption by 25% over the FY 1985 baseline will not be met. Based on data submitted by DOI bureaus, in FY 2003 the Department increased energy consumption at its facilities and buildings by 2.02% (88,892 billion Btu's) from the 1985 baseline (87,093 billion Btu's), i.e., overall in its buildings and facilities, the Department consumed 2.02% more energy on a Btu/gross square foot average in FY 2003 than it did in 1985. In FY 2003, Department-wide energy consumption at DOI buildings and facilities was as follows (amounts are in billions of Btu's): Electricity: 1,828 (+17.68% over 1985 baseline), Fuel Oil: 667 (-60.5% from 1985 baseline), Natural Gas: 1,454 (0.34% over 1985 baseline), LPG, Propane: 682.6% (23.7% over 1985 baseline), Coal: 11.6 (-15.92% from 1985 baseline) Steam: 74.6 (-106.62% from 1985 baseline). In 1985, the Department of the Interior was one of only four agencies to meet the 10-year energy consumption reduction goals, thereby setting its baseline very low. Given increased plug load and other factors that have, and continue to play a role since the baseline's establishment, achievement of the government-wide energy consumption reduction goals remains a challenge. Alternative Fueled Vehicle (AFV) Acquisitions - Estimate. With the acquisition by lease and/or purchase of 500 AFV's as of June 30, 2003, data indicates and the Department of the Interior estimates that it will meet the agency-wide goal for the acquisition of AFV's for a sixth consecutive fiscal year. (Note: Goals are based on guidelines set forth in the Energy Policy Act of 1992 and Executive Order 13149 which give extra credit for heavy and medium duty trucks and buses and dedicated and electric (zero emission) vehicles. Credit is also given for the use of bio-diesel, a diesel fuel alternative usually made from soy.) The National Park Service plans to enter into an agreement with an automotive manufacturer to loan, free of charge, over 800 neighborhood electric vehicles to use in the National Park System. They will be used to replace conventionally fueled vehicles. The use of AFV's, which are cleaner burning than conventionally fueled vehicles, is essential to the Department of the Interior's energy strategy for helping to reduce the Nation's dependence on foreign crude oil. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
No Data	No Data	No Report. Waste diversion data for FY 2003 is being collected through a Web-based facility survey. During FY 2003, internal review and data validation mechanisms were added to system to allow for regional and central bureau offices to review and approve facility data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY

Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
	Energy Conservation, Waste Diversion and Green Product Use: Establish a baseline to measure DOI's use of pre-selected recycled content, environmentally preferable, and bio-based products and increase by 30%.	N/A	N/A	N/A	No Data
Manage Resources to Ensure Economic Viability and Sound Management of Mineral Receipts	Cost-effective, Efficient Hydropower Generation: In FY 2003, deliver power at a cost that is as low, or lower than, the cost of the 75th percentile for comparable hydropower facilities (Target = $7,300 per megawatt).				
	Power production cost percentile relative to comparative facilities.				
	Maximize Power Generation and Enhance Revenues: In FY 2003, maximize power generation and enhance revenues by attaining a 3%, or lower, forced outage rate for BOR hydropower units.				
	Fair Market Value for Resources: In FY 2003, maintain the current high bids received for OCS leases to MMS estimated value ratio at 1.8 (+/-0.4) to 1. * 1.8 (+/- 0.4) to 1 ratio.				
	Sound Management of Mineral Receipts: In FY 2003, achieve a compliance index of .9775 (for calendar year 2000). % of revenues disbursed to recipients by the end of month following MMS receipt.				

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
30% increase	No Data	No Report. Green product use data for FY 2003 is being collected through a Web-based facility survey. During FY 2003, internal review and data validation mechanisms were added to system to allow for regional and central bureau offices to review and approve facility data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised FY 2002 Report. No data. No report. FY 2002 web-based systems were not on-line due to court restrictions on internet use. This data is not expected to be recovered. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
		See measure 3.BOR.4 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.BOR.4 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.BOR.5 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		See measure 3.MMS.4 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		Discontinued. See measure 3.MMS.7 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.

STRATEGIC GOAL 3. MANAGE RESOURCES FOR A HEALTHY ENVIRONMENT AND A STRONG ECONOMY

Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
	Sound Revenue Management: In FY 2003, disburse 92% of revenues to recipients by the end of the month following the month received.				
	Sound Revenue Management: In FY 2003, provide access for ultimate recipients of 30% of revenues within one business day of MMS receipt.				

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
		See measure 3.MMS.6 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.
		Discontinued. See measure 3.MMS.5 under strategic goal Manage Natural Resources for a Healthy Environment and a Strong Economy.

STRATEGIC GOAL 4. PROVIDE SCIENCE FOR A CHANGING WORLD
Bureau of Land Management

GPRA Program Activity: Improve Land, Resources and Title Information

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By FY 2005, post 3,600,000 cumulative public land records on the Internet to assist title, survey, historical, and genealogical research and retrieval.	4.BLM.1: In FY 2003, post 200,000 public land records on the Internet, providing customers with on-line query, image viewing, and ordering of certified documents.	250,000 2,250,000 Cum.	335,000 2,585,000	200,500 2,785,500	170,211 2,955,711
By FY 2005, provide accessibility to 20% of BLM's western townships with land status, boundaries, and geographic coordinates in digital format on the Internet.	4.BLM.2: In FY 2003, provide accessibility to a cumulative of 16% of BLM's western townships with land status, boundaries, and geographic coordinates in digital format on the Internet.	3%	9%	11%	12%
By FY 2005, provide information on the Internet regarding the status, condition, and use of BLM lands for 6 priority program areas.	4.BLM.3: In FY 2003, provide information on the Internet about the status, condition, and use of BLM lands for a cumulative total of 4 priority program areas. (Cum.)	N/A N/A	N/A N/A	1 1	2 (3)
By FY 2005, conduct on-line services (e-government) in 12 business lines with the public, tribes, and other agencies.	4.BLM.4: In FY 2003, conduct on-line services (e-government) in a cumulative total of 9 business lines with the public, tribes, and other agencies.	N/A	N/A	4	8

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
200,000 3,155,711	151,739 3,107,432	Goal Not Met. Requirements of the Court Order in the Cobell Lawsuit contributed to a decrease in accomplishments. Under the court order, Indian records are not to be made available on the Internet. Many images and data were processed and are awaiting posting in FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
16%	36%	Goal Exceeded. BLM determined that since Geographic Coordinate Data Base (GCDB) is being collected by others, BLM should eliminate that data from our original baseline to prevent duplication. This smaller baseline value has resulted in an increase in the total percent of townships being submitted for posting. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in 2004.
1 (4)	0 (3)	Goal Not Met. BLM did not meet its target due to an increased focus on IT security and the Cobell Lawsuit. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in 2004.
9	8	Goal Not Met. BLM did not meet its target due to an increased focus on IT security and the Cobell Lawsuit. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in 2004.

STRATEGIC GOAL 4. PROVIDE SCIENCE FOR A CHANGING WORLD
U.S. Geological Survey

GPRA Program Activity: Hazards

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Ensure the continued transfer of hazards-related data, risk assessments, and disaster scenarios needed by our customers before, during, and after natural disasters, and by 2005, increase the delivery of real-time hazards information by increasing the average number of stream-gages reporting real-time data on the Internet during each quarter to 5,500 (thus reducing the time it takes to provide flood information at that site from 6 to 8 weeks to 4 hours) and installing 500 improved earthquake sensors (thus reducing delivery time of information on potentially damaging earthquakes from 40 to 20 minutes) to minimize the loss of life and property.	4.USGS.1: Develop, maintain and improve monitoring networks and techniques of risk assessment.	6	6	6	6
	4.USGS.2: Maintain the baseline of data and risk assessments transferred to customers.	16	17	26	24
	4.USGS.3: Maintain the quarterly average number of stream-gages (5,462) delivering real-time data on the Internet.	4,500	4,872	5,280	5,626
	4.USGS.4: Increase by 50 improved earthquake sensors to deliver real-time information on potentially damaging earthquakes to minimize loss of life and property. (Cum.)	120	201	329	425
	4.USGS.5: Hold 28 Stakeholder Meetings.	16	40	27	37
	4.USGS.6: Measure Hazards Customer Satisfaction Goal.	Pilot	Baseline	Baseline Single Goal Not Met	97%

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
6	5	Goal Not Met. Closure and discontinuation of the Center for Integration of Natural Disaster Information (CINDI) eliminated this network. In FY 2002, an interdisciplinary panel of USGS senior scientists was tasked to conduct a program and management review of the CINDI business model. The panel's report was the basis for an executive decision to close the CINDI facility and a transition plan for FY 2003 was prepared and followed. Technology has outpaced the original business model—state-of-the-art communication technology has overtaken the need for a centrally located laboratory. In addition, other USGS programs now either serve up their own hazard and disaster information effectively from distant locations or provide disaster information to the public using a commercial distributor. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
15	16	Goal Exceeded. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
5,462	5,621	Goal Exceeded. The streamgage performance measure relies on two separate but related components: (1) installation of new real-time streamgages and upgrading of existing streamgages to give them real-time capability; and (2) improvements to the national computer infrastructure. Additional increase in performance above the target may be due to improvements in computer hardware infrastructure and in the software that allows users to view real-time streamgage data on the Internet. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
499	476	Goal not Met. Plans were to install the 24 sensors that were not installed by the end of FY 2002. These were installed in the 1st quarter of FY 2003. Of the remaining 50 additional sensors that were to be installed in the fourth quarter (only 27 were actually installed). This was due to the fact that the appropriation came late in the fiscal year causing a problem with purchasing the equipment, along with a portion of Advanced National Seismic System (ANSS) funding that was used for operation and maintenance of stations already installed and for making improvements to communication links, existing hardware, and other network elements to improve data delivery, as recommended by partners and stakeholders. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
28	43	Goal Exceeded. Additional Earthquake Studies Advisory Committee meetings and more hazard-related streamgaging network meetings were held. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
Measure Goal	98%	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 4. PROVIDE SCIENCE FOR A CHANGING WORLD
U.S. Geological Survey

GPRA Program Activity: Environmental and Natural Resources

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Ensure the continued availability of long-term environmental and natural resource information and systematic analysis and investigations needed by customers, and by 2005, develop 20 new decision support systems and predictive tools for informed decision-making about natural systems.	4.USGS.7: Provide and improve long-term environmental and natural resource information, systematic analyses and investigations, and predictive options for decision-making about natural systems by providing essential information to address environmental and natural resources issues by maintaining 45 long-term data collection/data management efforts and supporting 2 large data infrastructures managed in partnership with others.	40	46	46	47
	4.USGS.8: Deliver 971 new systematic analyses and investigations to our customers.	959	1,113	1,018	993
	4.USGS.9: Improve and develop 8 new decision support systems and predictive tools for decision-making.	7	7	7	9
	4.USGS.10: Collaborate with university partners to understand natural systems and facilitate sound management practices through 209 external grants and contracts.	238	209	239	182
	4.USGS.11: Hold 544 Stakeholder meetings to learn our customer needs.	473	468	592	767
	4.USGS.12: 90% Customers satisfied.	Pilot	Baseline	95%	95%

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
47	46	Goal Not Met. The malfunction of Landsat 7 satellite at the end of May 2003 caused the non-collection of the bulk of information that was contributing to the long-term data collection "National Satellite Land Remote Sensing Data Archive." The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
971	1,081	Goal Exceeded. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
8	11	Goal Exceeded. Three decision support systems were improved/updated that were not originally planned for this fiscal year. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
209	160	Goal Not Met. The Cooperative Research Units vary in methodologies for issuing Research Work Orders (RWOs). The plan is still to get to the target number by the end of the year. More units than usual lump RWOs rather than keeping them as separate projects to gain efficiencies in processing. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
544	806	Goal Exceeded. In keeping with program evaluation recommendations by the National Research Council, USGS has redoubled efforts to formally listen and respond to stakeholders and customers. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
90%	94%	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 4. PROVIDE SCIENCE FOR A CHANGING WORLD
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Add to the Environmental and Physical Science Knowledge Base	In FY 2003, provide and improve long-term environmental and natural resource information, systematic analysis, and investigations about natural systems by maintaining 47 and support 2 large data infrastructures managed in partnership with others.				
	Deliver 971 new systematic analyses and investigations to our customers.				
	Improve and develop 8 decision support systems and predictive tools for decision-makers.				
Increase Hazard Knowledge and Warning	Increase by 50, improved earthquake sensors to deliver real-time information on potentially damaging earthquakes to minimize loss of life and property. (Cum.)				
	Maintain the quarterly average number of stream-gages (5,462) delivering real-time data on the Internet.				

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
		See measure 4.USGS.7 under the strategic goal Provide Science for a Changing World
		See measure 4.USGS.8 under the strategic goal Provide Science for a Changing World
		See measure 4.USGS.9 under the strategic goal Provide Science for a Changing World
		See measure 4.USGS.4 under the strategic goal Provide Science for a Changing World
		See measure 4.USGS.3 under the strategic goal Provide Science for a Changing World

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Bureau of Indian Affairs

Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
GPRA Program Activity: Trust Government					
By 2005, the Bureau will promote Indian Self-Determination by enhancing training and technical assistance by more than 200% and minimizing impediments to tribal contracting, compacting and grants.	5.BIA.1: The Bureau will promote Indian Self-Determination: by conducting 350 P.L. 93-638 training sessions.	4	22	65	355
	5.BIA.2: The Bureau will promote Indian Self-Determination: by providing 3,500 instances of technical assistance and minimizing the impediment to tribal contracts and compacts.	45	57	2,189	3,756
By 2005, the Bureau will strengthen tribal courts to assist in responding to their implementation of the revised regulations under 25 CFR 15, 115, Trust Funds for Tribes and Individual Indians.	5.BIA.3: The Bureau will ensure that 5 tribal codes and court procedures are developed to assist tribal courts in adequately enforcing the regulations under 25 CFR 15, 115.	N/A	N/A	N/A	0
	5.BIA.4: The Bureau will ensure that 5 tribal training sessions are implemented to assist tribal courts in adequately enforcing the regulations under 25 CFR 15, 115.	N/A	N/A	N/A	3
GPRA Program Activity: Public Safety and Justice					
By 2005, the Bureau will improve law enforcement services on Indian lands and preserve public safety for the citizens of Indian country by reducing the 2000 crime rate by 6%.	5.BIA.5: The Bureau will reduce the Indian country crime rate to 16%.	N/A	16.5%	19%	19%

	Performance	
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
350	258	Goal Not Met. The loss of the Internet curtailed BIA's ability to receive training requests from Tribes. The Alaska Provider's conference agenda, while still offering several training courses, had fewer sessions than in FY 2002, thus lowering the number of overall sessions held by BIA. BIA currently offers a limited number of training courses on contract management and laws but now needs to focus on the development of new training courses. Training for Tribes has historically been capacity building training to prepare tribes to take over BIA programs by contracting. This training is still needed because small Tribes and tribal government turn-over, in which new tribal governments usually bring in all new employees for program operations, will continue to establish the requirement. The need to address contract performance is making additional training essential for BIA field staff as well as tribal officials and staff. As the Federal government is moving to performance and results based reporting, contracting must take a new approach to ensure that all parties are able to negotiate, operate and review contracts in a manner that demonstrates true accountability. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
3,500	17,748	Goal Exceeded. The Bureau provided for an additional 14,248 technical assistance sessions beyond what was projected in FY 2003. As the Bureau continues its data validation and verification efforts, the goal definition for technical assistance has become more well defined and data collection more uniform which has resulted in better reporting. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
5	0	Goal Not Met. Resources for this goal were diverted to address the court ordered mandates of a pending court case, Loudner v. U.S. of America and Bruce Babbitt. The Judge in this case mandated certain deliverables or the Bureau head would be held in contempt of court and the Branch of Judicial Services had to comply. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
5	0	Goal Not Met. Resources for this goal were diverted to address the court ordered mandates of a pending court case, Loudner v. U.S. of America and Bruce Babbitt. The Judge in this case mandated certain deliverables or the Bureau head would be held in contempt of court and the Branch of Judicial Services had to comply. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
16%	No Report	No report. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. <u>Revised Report for FY 2002</u>. Goal Not Met. Based on a 75% reporting rate, (154 of 204 law enforcement programs reported) the crime rate in Indian country did not decrease in FY 2002 as projected, but it did not see the rise in crime reflected in the FY 2001 reporting either. While the overall crime rate is still higher than anticipated, Indian country did see a decrease in certain areas of Part I (Violent) crime. We must now concentrate on those other areas of Part I crime that was not reduced to ensure the crime rate goes down. An additional factor that contributed to the higher crime rate for FY 2002 was the ending of the DOJ circle project which caused some tribes to experience the loss of police officers. The BIA's Office of Law Enforcement Service will continue hiring the maximum officers possible to assist those areas that experienced losses. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Bureau of Indian Affairs

GPRA Program Activity: Community Development

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By 2005, the Bureau will improve human capital in Indian communities and reduce the unemployment rate in Indian country to 38%.	5.BIA.6: Indian country Unemployment Rate.	43%	N/A	43% *	N/A
	5.BIA.7: The Bureau will provide for a 92% success rate of participants in reaching their educational, training and employment objectives.	70%	84%	92%	92%
	5.BIA.8: The Bureau will provide subsidy leverage to allow for private sector funding of 50 businesses that will create or sustain 1000 jobs.	45	41	46	45
	5.BIA.9: See above; 1,000 jobs.	415	843	1,238	1,274
	5.BIA.10: The Bureau will increase tribal revenue and jobs by ensuring that forest product sales total 550 million board feet.	681	509	604	569

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
41%	No Data	No Report. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised Report for FY 2001. Goal Not Met. Unemployment figures for Indian country are collected bi-annually and reported in the Indian Labor Force Report during the year following data collection. When BIA first began reporting unemployment figures under GPRA, they listed the proposed and actual figures for one year to carry over to the next year since they would not actually receive data for the year in between. During FY 2002 reporting, BIA reevaluated the validity of reporting in this manner and decided to stop carrying over the figure into the following year where there is no reporting. N/A was placed in those actual columns since there is no way to actually verify the number for those years in between. The revised report for FY 2001 follows: Due to the economic downfalls across the country, BIA was unable to lower the unemployment rate in Indian country, however, it did not see the rise in unemployment as did the rest of the country. BIA stayed steady at 43%. * There was a typographic error in the FY 2001 Performance Report as 2001 actual data was not available at the time pf print. The Labor Force Report is done every 2 years. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
92%	93%	Goal Exceeded. The Bureau has been working to improve the level of success achieved at the regional employment and training offices and these efforts are paying off. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
50	64	Goal Exceeded. The Bureau was able to provide subsidy for an additional 14 loans in FY 2003 because the level of subsidy funding per loan was lower than anticipated due to smaller average dollar values assigned to individual loan requests. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
1,000	1,549	Goal Exceeded. The Bureau was able to provide for 549 additional jobs beyond the projected target, due to the additional loans funded in FY 2003. The Bureau will continue to invest time in resources in improving job creation programs. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
550	624 Estimated	Based on estimated data, we anticipate the goal will be met or exceeded. The estimated performance data was collected from regional forestry reports but the numbers collected have not been verified at this time. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised Report for FY 2002. Goal Not Met. Domestic and export timber markets continue to be depressed and the 2002 wildland fire season had over 400,000 acres of Indian lands burned which interrupted timber harvesting activities in several Regions. The Bureau will continue to work toward achieving the highest level of timber market sales possible in FY 2003. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Bureau of Indian Affairs

GPRA Program Activity: Community Development

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By 2005, the Indian Arts and Crafts Board (IACB) will promote the economic development of Indians through their arts and craft work. The IACB will initiate 60 trademark registrations for Indian arts and crafts marketing purposes; promote 75 Indian art exhibitions; promote public awareness of authentic Indian art by increasing public visitation to museum property by 270%; and increasing public awareness and understanding of the Indian Arts and Crafts Act of 1990.	5.BIA.11: The IACB will establish a Trademark program. The IACB will initiate the registration of 15 trademarks for individual Indians and Tribes.	Program Not Established	Program Not Established	Program Not Established	Program Not Established
	5.BIA.12: The IACB will promote an additional 15 Indian artist sale exhibitions for a Cum. total of 86 artists promoted.	29	44	56	71
	5.BIA.13: The IACB will increase public access to museum property by 1% for a total of 295,172 visitors.	99,430	606,662	289,355	308,036
By 2005, the Bureau will improve the quality of life in Indian communities.	5.BIA.14: The Bureau will provide repair or replacement work to an additional 585 applicants for a total of (2,754) eligible housing applicants served.	800 (800)	440 (1,240)	357 (1,597)	572 (2,169)
	5.BIA.15: The Bureau will increase the Cum. number of Tribes operating comprehensive welfare plans to 88.	16	35	65	78
By 2005, the Bureau will improve Highway Trust Fund (HTF) constructed and other Bureau system roads and bridges through inspection and maintenance activities to protect the public investment and to provide safe transportation systems that are vital to tribal economic development.	5.BIA.16: The Bureau will maintain 3,683 miles of HTF and Bureau system paved roads to a passable standard.	1,331	1,600	2,221	3,638
	5.BIA.17: The Bureau will maintain 9,345 miles of other surface type Bureau system roads to a passable standard.	5,682	11,500	7,070	9,345
	5.BIA.18: The Bureau will inspect and maintain 265 Bureau system bridges to a passable standard.	N/A	N/A	198	265

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
Establish program and initiate the registration of 15 trademarks	Program not established No trademarks registered	Goal Not Met. As Senate bill S.2711 did not pass during the previous Congressional legislative session, the IACB still awaits passage of legislation to resolve the inherent conflict between the trademark provisions of the Indian Arts and Crafts Act (IACA) and the Lanham (Trademark) Act. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
86	86	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003- FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
295,172	286,534 Estimated	Based on performance data estimates we anticipate that the goal will not be met. Montana wildfires, and a general downturn in the Nation's economy and tourism, have had a negative impact on museum visitation. September 2003 visitation figures were estimated based on linear regression of prior year data. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
585 (2,754)	366 Partial	No Report. The number provided reflects preliminary data. Due to late fund distributions, not all of the planned construction projects have been completed and final numbers are not available. However, all of the projects planned are in some phase of construction or renovation. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
88	90	Goal Exceeded. The Bureau was able to assist two additional tribes in establishing comprehensive welfare plans. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
3,683	4,069	Goal Exceeded. The total miles of roads maintained exceeds the annual target miles, however, it does not necessarily mean that the roads were maintained to the fullest extent to restore them to the as-built standards. The road mileage was counted based upon execution of maintenance activities. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
9,345	9,370	Goal Met. The total miles of roads maintained exceeds the annual target miles. However, it does not necessarily mean that the roads were maintained to the fullest extent to restore them to as-built standards. The road mileage was counted based upon execution of maintenance activities, not road condition. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
265	439	Goal Exceeded. The total number of bridges maintained exceeds the annual target number, however, it does not necessarily mean that the work has been performed to the fullest extent to restore bridges to the as-built standards. The bridges were counted based upon execution of maintenance activities. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES
Bureau of Indian Affairs

GPRA Program Activity: Community Development

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By 2005, the Bureau will improve the safety and functionality of Bureau schools and facilities for clients.	5.BIA.19: The Bureau will begin replacement construction on 6 primary and secondary schools on the FY 2001 Replacement School Construction Priority List.	N/A	1993 List Schools 3	2000 List Schools 6	2001 List Schools 5
	5.BIA.20: The Bureau will award 10 Facilities Improvement and Repair (FI&R) projects to reduce unsafe conditions at Bureau facilities.	7	6	9	4
	5.BIA.21: The Bureau will meet 63% of the reported need required to operate detention facilities.	67%	66%	63%	63%
	5.BIA.22: The Bureau will prepare 10 radio sites for conversation to narrowband technology. (Cum.)	10 (10)	4 (14)	10 (24)	14 (38)
	5.BIA.23: The Bureau will replace three of the 19 fire trucks noted on the 2002 Fire Truck list as being unsafe or unserviceable.	1997 List Trucks 10 (15)	1997 List Trucks 2 (17)	1997 List Trucks 8 (25)	2001 List Trucks 3 (3)
By 2005, the Bureau will ensure that Bureau owned dam structures do not create unacceptable risks to public safety, welfare, property, the environment, and cultural structures by completing construction on 26 dams and recurring maintenance on 100% of the dams.	5.BIA.24: The Bureau will complete rehabilitation construction on 2 dams for a total of 21 (Cum.) dams with completed construction.	1 (14)	1 (15)	2 (17)	2 (19)
	5.BIA.25: Will perform maintenance on 100% of dams posing high or significant hazards.	113	113	116	117

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
2001 List Schools 6	2001 List Schools 3	Goal Not Met. In line with the Education Construction PART review recommendation from OMB, no construction estimates or awards will be given until planning and design is final to ensure appropriate construction costs are outlined. The three remaining projects were not obligated due to issues with Grantee's resolution to implement the project. The current condition of schools is as follows: 98 schools in Poor condition - 52%, 29 schools in Fair condition - 15%, and 60 schools in Good condition - 32% . The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
10	8	Goal Not Met. Two FI&R major projects (Takini School & Okreek School) were not awarded due to project re-scoping of program requirements and Okreek project funds will be redirected to another FI&R project. The Bureau will continue its efforts to obligate the projects for construction. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
63%	63%	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
10 (48)	10 (48)	Goal Met. The BIA contracted with Mindbank Consulting Group for narrowband assessments and evaluations for BIA 2-way radio equipment inventory and sites. (A new approach to meeting BIA's narrow-band needs.) The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
2002 List Trucks 3 (3)	2002 List Trucks 3 (3)	Goal Met. The BIA purchased three new fire trucks and they will be delivered in October. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
2 (21)	1 (20)	Goal Not Met. Construction is being tracked on 9 dams. Of these dams, only 1 completed construction due to delays stemming from design changes and environmental issues. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
117	110	Goal Not Met. This goal was revised to reflect recurring maintenance (to distinguish from repair maintenance which is unpredictable and cannot be targeted). Past year's data was available and has been included in the table. Maintenance is a large part of the Safety of Dams program function, and therefore, the GPRA goal for dams was changed in FY 2002 to include all maintenance activities. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Bureau of Indian Affairs

Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
GPRA Program Activity: Administrative and Support Services					
Goals					
The Bureau will provide for continued achievement of minimum acceptable standards for successful administrative processes by improving internal controls and eliminating identified material weaknesses/high risk factors, producing unqualified opinions to the financial statements, maintaining prompt payment performance at 97%, and utilizing customer service surveys to measure efficiency, timeliness and overall quality of Bureau customer service.	5.BIA.26: The Bureau will improve an additional one of the 7 internal controls cited by the Inspector General in FY 2000 to eliminate administrative weaknesses and ensure an unqualified audit opinion.	N/A	N/A	1999 Internal Controls 2 (2)	2000 Internal Controls 4 (4)
	5.BIA.27: The Bureau will ensure prompt pay performance levels at 97%.	88%	86%	88%	88%
	5.BIA.28: In FY 2003, the Bureau will develop and put forward all necessary clearance documents for Office of Law Enforcement Service customer satisfaction survey and the Office of Tribal Services survey data will be compiled.	N/A	1st Survey Developed	Survey in the clearance process	2nd survey developed 1st survey no distributed
By 2005, the Bureau will ensure a capable, well staffed workforce with the vital skills necessary to carry out all aspects of Bureau services and duties by lowering staffing needs to 3% and training needs by 6%.	5.BIA.29: In FY 2003, the vacancy/ staffing need rate will be lowered by 1%.	N/A	N/A	Level of staffing need 6.3%	Level of staffing need 6.3%
	5.BIA.30: In FY 2003, the Bureau will establish a baseline level of training need. The Bureau will lower the level of training need by 2%.	N/A	N/A	N/A	Baseline Not Established
GPRA Program Activity: Education					
By the end of School Year 2004-2005, the Bureau will improve the succession of Indian students to each educational level from early childhood development to job placement.	5.BIA.31: The Bureau will provide for a 2% increase in the proficiency of students in the areas of Math and Language Arts.	Math 43% Language 41%	Math 50% Language 48%	Math 50% Language 50%	Math 50% Language 49%

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
2000 Internal Controls 3 (7)	2000 Internal Controls 2 (6)	Goal Not Met. Two FY 2001 recommendations: Accruals and Treasury Reporting were corrected. Financial Reporting/Oversight is currently being improved through organizational reorganization. Staff are being aligned to organize a general ledger account reconciliation team and GL account analysis. This area is expected to be improved in FY 2004. Revised Report for FY 2002. The second quarter data was incorrect; as a result, the number should be 4 instead of 3. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
97%	89%	Goal Not Met. While the goal was not met, the highest average percentage was achieved this year. Next year BIA plans to streamline the payment process by requiring all invoices to be mailed directly to the finance branch instead of the program offices. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
Discontinued	Discontinued	This measure was discontinued because of insufficient staffing and funding to support this goal.
Discontinued	Discontinued	BIA is developing a workforce plan to address overall staffing issues. Accordingly, this goal has been discontinued.
Discontinued	Discontinued	BIA is developing a workforce plan to address overall staffing issues. Accordingly, this goal has been discontinued.
Math 52% Language 51%	Math 54% Language 51%	Goal Met. Isolation and remoteness continue to play a major role in the ability of Indian schools to recruit and retain qualified teachers and the BIA will continue to identifying low performing schools, initiate programs to improve performance, the Improvement Monitoring Process, the Focus Schools and Corrective Action Schools, and to use "best practices" and proven models of success to continue raising the proficiency scores of Indian Children. Revised Report for FY 2002. Goal Not Met. Based on analysis, 98 or 57.6% of the schools not meeting the target level in Math, and conversely, 102 or 60% were not meeting the target level in Language Arts. With high percent of schools not meeting the target, the overall average for Math was 50% and 49% for Language Arts. Major factors for not meeting the goal include the following: Isolation and remoteness of schools has adverse impact on recruitment and retention of highly qualified teachers; data from the schools were accepted at face value, now the data are verified; indepth analysis of the data for validity and reliability by education research analyst; and, a series of data driven training exercises have resulted in the schools data that are more accurate. A plan has been developed to address ways to improve performance. Revised Report for FY 2000. Goal exceeded. Data has become available. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Bureau of Indian Affairs

GPRA Program Activity: Education

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
	5.BIA.32: The Bureau will increase the student attendance rate at Bureau/tribal schools to 92%.	91%	90%	90%	89%
	5.BIA.33: The Bureau will improve the percentage of teachers proficient in new assessments to 73%.	54%	68%	69%	73%
	5.BIA.34: The Bureau will provide for 100% accreditation at Bureau and tribal schools.	98%	96%	96%	98%
	5.BIA.35: The Bureau will confer 1,400 degrees at Tribally Controlled Community Colleges and postsecondary schools.	1,105	1,395	1,383	1,793

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
91%	89%	Goal Not Met. During School Year (SY) 2002 - 2003, OIEP began an indepth data verification and validation process using an education research analyst. A series of data driven training exercises have resulted in the data submitted from schools being more accurate which may have impacted the overall annual attendance rate. The BIA will continue to implement initiated programs to improve performance in the area of student attendance. Revised Report for FY 2002. Goal Not Met. A plan has been developed to address ways to improve performance. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
Discontinued	Discontinued	The measurement of this indicator was discontinued in the data collection process, since the Department of Education no longer issues the assessment tests that the teachers were being trained for. Revised Report for FY 2002. Goal Met.
100%	98%	Goal Not Met. Teacher recruitment and retention is difficult and many teachers are not certified, core subject curricula is not aligned with the state due to outdated text books, and funds are not available to strengthen school libraries which all lead to non-accreditation. BIA will continue to implement the Continuous Improvement Monitoring Process, the Professional Development Initiative, and work to improve the recruitment process. Revised Report for FY 2002. Goal Not Met. Based on the School Report Cards for SY 2001 - 2002, the actual result is 98% accreditation rate. The individual schools provide self-reporting on the accreditation status. Each individual school is responsible for obtaining accreditation through a State or regional accreditation association. The Office of Indian Education Programs is doing a status report to determine what each school requires and cost factors to get them to full accreditation. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
1,400	No Data	No Report. In accordance with 25 CFR 41.9 Reports, the TCCC annual reports are to be submitted on or before December 1st of each year. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised Report for FY 2002. Goal exceeded. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Bureau of Indian Affairs

GPRA Program Activity: Education

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By the end of SY 2004-2005, the Bureau will provide for an improvement in technology, infrastructure, and safety management measures to maximize learning opportunities and to ensure the general well being of American Indian and Alaska Native students.	5.BIA.36: The Bureau will improve the percentage of teachers proficient in technology use by 2%.	45%	67%	74%	73%
	5.BIA.37: The Bureau will provide for a 10% (actual number) reduction in the incidences of violence among students.	-10% (12,331)	-10% (10,706)	-10% (8,471)	+7% (9,090)
	5.BIA.38: The Bureau will provide for $2.30 per mile driven in Indian student transportation funding.	$2.10	$2.30	$2.30	$2.29

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
76%	75%	Goal Not Met. Due to a large teacher turnover rate, technology training is difficult to enforce. Due to isolation and remoteness of schools, recruiting teachers with a strong technology background is also difficult. The Professional Development Initiative will include a focus on the need for technology in the classroom. Revised Report for FY 2002. Goal Not Met. Only 73% of the teachers are proficient in the use of technology. The schools self-report on this measure. Actions are being taken that will reinforce the need to use technology in the classrooms. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
-10% (8,181)	+0.4% (9,129)	Goal Not Met. Rather than showing a decrease in the number of incidences of violence, the number of acts of violence increased by four-tenths (.4%) of one percent. The BIA will implement programs such as DARE and GREAT (Drug and gang resistance programs) within schools to assist in lowering the incidence rates Revised Report for FY 2002. Goal Not Met. Through improved data verification and validation efforts, an inaccurate count process was discovered that revealed repeat offenders were not counted for committing subsequent acts of violence as they should have been. The FY 2002 number has been adjusted to reflect the appropriate measurement process. Adjusting the FY 2002 number of incidences yields a cumulative number of 9,090 acts of violence for FY 2002. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
$2.30	$2.17	Goal Not Met. The estimated number of daily miles to be driven for transporting students during the SY 2002 - 2003 was exceeded by 706,615 miles. The total miles increased from 15,121,000 to 15,827,615. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Bureau of Land Management

GPRA Program Activity: Provide Economic and Technical Assistance

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By FY 2005, establish and maintain 15 formal agreements with federally recognized Tribes for managing tribal minerals, and cadastral survey and for administering public lands (through P.L. 93-638 contracts, self-governance agreements, cooperative agreements and technical assistance).	5.BLM.1: In FY 2003, complete baseline survey of all existing agreements. Subsequently, establish and maintain 5 new formal agreements with federally recognized Tribes in the management of tribal minerals, cadastral survey and administering of public lands over the FY 2002 baseline survey of all existing agreements.	N/A	24 Cum.	40	Baseline established (70)
By FY 2005, annually process 5,300 energy and mineral post lease actions and complete 4,500 energy and mineral compliance, inspection and enforcement actions on Indian lands. Assure that all actions authorized on the Indian lands are consistent with established land health standards to minimize future liabilities.	5.BLM.2: In FY 2003, process 4,850 energy and mineral post-lease actions on Indian lands.	N/A	4,100	4,692	5,101
	5.BLM.3: In FY 2003, complete 2,350 energy and mineral compliance, inspection and enforcement actions on Indian lands.	N/A	3,400	3,086	2,918
By FY 2005, BLM will at least triple the FY 2000 level of technical assistance provided to the Bureau of Indian Affairs and federally recognized Native American Tribes in the acquisition and management of land tenure data needed to facilitate the growth of trust income through increased efficiency of the tribal land tenure infrastructure.	5.BLM.4: In FY 2003, complete 2,200 miles of field cadastral surveys on Indian lands.	853	1,421	1,997	2,719
	5.BLM.5: In FY 2003, 1,750 miles of approved (office) survey on Indian lands.	926	1,361	1,256	1,486
	5.BLM.6: In FY 2003, establish and maintain three Land Information Infrastructure Project Offices in partnership with Tribes.	N/A	1	1	3
	5.BLM.7: In FY 2003, Provide Internet Accessibility to an additional 5% (over the FY 2002 baseline) of the townships with Indian trust land.	N/A	N/A	N/A	No Data
By FY 2005, complete 2.6 million acres of projected land disposals and land conveyances in Alaska. Meet 80**%** of expected public demand for land disposal and land conveyance actions outside Alaska in support of local community and State economic needs.	5.BLM.8: In FY 2003, complete 400,000 acres of projected land disposal and land conveyance actions in Alaska.	N/A	580,000	719,000	554,469
	5.BLM.9: In FY 2003, complete 58,000 acres of land disposal actions outside Alaska in support of local community and State economic needs.	N/A	95,127	249,280	130,281

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
75	87	Goal Exceeded. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
4,850	4,525	Goal Not Met. Even though the goal was not met, BLM satisfied Indian and tribal demand for fluid and solid mineral post-lease actions. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
2,350	2,932	Goal Exceeded. BLM satisfied Indian and tribal demand for fluid and solid mineral inspection and enforcement actions. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
2,200	3,256	Goal Exceeded. BLM exceeded its target because of an increased demand during the year for cadastral surveys on Indian lands. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
1,750	1,316	Goal Not Met. The Trust server was locked down for a period of time because of a court order – this restricted the office review staff from access to BIA data/land records; this slowed the review process, and in some cases halted the review process altogether. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
3	3	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
Discontinued	Discontinued	As stated in the FY 2002 Performance and Accountability Report the continuation of this goal was based upon accessibility. There was no accessibility to this database due to Cobell v. Secretary; therefore, BLM discontinued this goal.
400,000	778,172	Goal Exceeded. More surveys were completed than anticipated, thus enabling additional conveyances and patents to be issued. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
58,000	99,370	Goal Exceeded. Community and public demand for land disposal actions was greater than anticipated. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Bureau of Reclamation

GPRA Program Activity: Water and Energy Management and Development

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Increase Opportunities for Tribes to Develop, Manage and Protect Their Water Resources, By 2005, increase tribal opportunities to develop, manage, and protect their water resources.	5.BOR.1: Provide Technical Assistance to Tribes In FY 2003, complete 47 technical assistance activities that will increase tribal opportunities to develop, manage, and protect their water resources.	N/A	N/A	38	51

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
47	50	Goal Exceeded. Assistance activities mostly include water measurement and irrigation planning. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Fish and Wildlife Service

GPRA Program Activity: Partnerships in Natural Resources

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By 2005, improve fish and wildlife populations and their habitats by increasing the annual Service fish and wildlife assistance to Native American Tribes in furtherance of the Native American Policy to 200 training sessions, 2,688 tribal participants, 500 technical assistance projects, 325 new cooperative agreements, and 525 tribal consultations.	5.FWS.1: By September 30, 2003, increase technical assistance to Tribes by providing for: 82 training sessions,	N/A	17	142	212
	5.FWS.2: 684 tribal participants;	N/A	N/A	1,217	1,366
	5.FWS.3: 326 technical assistance projects;	N/A	36	330	348
	5.FWS.4: 80 new cooperative agreements; and,	N/A	44	101	145
	5.FWS.5: 163 tribal consultations.	N/A	94	471	773

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
82	82 Estimated	Based on performance data estimates, we anticipate that the goal will be met. The estimates are based on prior years' trend data and review of prior years' Accomplishment Reports in the Fisheries Information System. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
684	684 Estimated	Based on performance data estimates, we anticipate that the goal will be met. The estimates are based on prior years' trend data and review of prior years' Accomplishment Reports in the Fisheries Information System. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
326	326 Estimated	Based on performance data estimates, we anticipate that the goal will be met. The estimates are based on prior years' trend data and review of prior years' Accomplishment Reports in the Fisheries Information System. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
80	80 Estimated	Based on performance data estimates, we anticipate that the goal will be met. The estimates are based on prior years' trend data and review of prior years' Accomplishment Reports in the Fisheries Information System. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
163	163 Estimated	Based on performance data estimates, we anticipate that the goal will be met. The estimates are based on prior years' trend data and review of prior years' Accomplishment Reports in the Fisheries Information System. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Minerals Management Service

GPRA Program Activity: Fulfill Our Mineral Revenue Indian Trust Responsibilities

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By the end of FY 2005, ensure 100% of Indian gas producing properties are in compliance with index zone/major portion and dual accounting requirements for the time period 1984-2004.	5.MMS.1: By the end of FY 2003, 90 percent of Calendar Year (CY) 2001 properties complete through the order stage for index zone/major portion pricing.	N/A New Goal	N/A New Goal	N/A New Goal	N/A New Goal
	5.MMS.2: By the end of FY 2003, ensure for the time period January 1, 2000, through March 31, 2003, that 68% Indian gas producing properties are in compliance with index zone/ major portion requirements.	45%	60%	60.2%	68%
	5.MMS.3: By the end of FY 2003, ensure for the time period 1984-1999, that 95% of Indian gas producing properties are in compliance with dual accounting requirements.	9%	31.2%	51.2%	86.34%
By the end of FY 2005, ensure 100% of Indian oil producing properties are in compliance with major portion for the time period 1984-2004.	5.MMS.4: Disburse 99 percent of American Indian revenues to OTFM within 24 hours of receipt	N/A	N/A	N/A	N/A
	5.MMS.5: By the end of FY 2003, ensure for the time period 1984-2001 that 30% of Indian oil producing properties are in compliance with major portion requirements.	8%	25%	30%	30%
	5.MMS.6: Tribes manage audit activities for 88 percent of tribal mineral royalties.	N/A	N/A	N/A	N/A

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
90%	98%	Goal Exceeded. MRM has made significant progress in moving from the 0 baseline at the beginning of the year to 98% complete for all 2001 properties. The remaining properties will be completed during FY 2004; many of these properties are pending completion of audits being performed by Tribes. 5.MMS.1 replaces 5.MMS.2 to provide a more comprehensive performance measure. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
Discontinued	Discontinued	5.MMS.1 replaces 5.MMS.2 to provide a more comprehensive performance measure and this measure has been discontinued.
95%	98%	Goal Exceeded. Of the 558 companies in the initial dual accounting strategy, work is still in progress for 12 companies with 96 leases. In addition to the initially projected lease coverage, our audits have provided assurance of compliance with dual accounting lease terms for an additional 3,156 lease/payor combinations. Dual accounting compliance for 2000 forward is being verified through the 3-year compliance cycle. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
99%	99.3%	Goal Met. MRM disburses to OTFM into interest-bearing accounts on a daily basis for all funds identified as tribal and allotted lease revenues. This measure continued into the Department's new strategic plan for FY 2003 – FY 2008.
Discontinued	Discontinued	This measure was discontinued in FY 2003. MMS has suspended this annual goal because it cannot make any more progress on the long-term goal until a new Indian oil valuation rule is published. On February 12, 2003, MMS reopened the comment period on the proposed rule for valuing crude oil produced from Indian leases. We have summarized the comments received on the Indian oil valuation rule from industry and Tribes, and have forwarded that information to the Department for consideration.
88%	88%	Goal Met. No increase during FY 2003; however, MMS entered into Intergovernmental Personnel Agreements (IPA's) with the Chippewa-Cree Tribe and Hopi, anticipating these IPAs will eventually lead to additional cooperative agreements with the tribes to perform their own audits. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Office of Insular Affairs

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
GPRA Program Activity: Improve Infrastructure					
By 2005, all insular governments are implementing multi-year capital infrastructure plans, that adequately identify operations and maintenance needs.	5.OIA.1: Complete one additional multi-year capital plan (cumulative total of 4).	2	2	2	3
Increase grant productivity by increasing the ratio of capital projects completed to projects started and reducing the average completion time of capital projects.	5.OIA.2: Increase the ratio of capital projects completed to projects started to 1.1.	.29	.56	.8	1.0
	5.OIA.3: Reduce the average time from grant award to project completion for capital projects to 30 months.	32	31	43.4	41.6
GPRA Program Activity: Improve Government Systems and Services					
By 2005, all insular governments are implementing long-term plans to improve financial management.	5.OIA.4: Complete 1 additional financial management plan (cumulative total of 6).	4	5	5	5
Increase grant productivity by increasing the ratio of technical assistance projects completed to projects started and reducing the average completion time of technical assistance projects.	5.OIA.5: Increase ratio of technical assistance projects completed to projects started to 1.1.	.39	.51	.78	.50
	5.OIA.6: Reduce average time from grant award to project completion for technical assistance projects to 26 months. (Avg. mos.)	61	11	24	9.8
GPRA Program Activity: Improve Governmental Relations					
Improve Federal-insular communications to facilitate the resolution of insular areas' problems.	5.OIA.7: Increase insular governments' satisfaction regarding communications with the Federal government over survey baselines established in FY 2002.	N/A	Baseline not completed	Baseline not completed	70%

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
4	3	Goal Not Met. Capital Plans: Remains At Three (3). American Samoa, Federated States of Micronesia and Commonwealth of the Northern Marianas are complete. Guam, Virgin Islands, Palau and the Republic of Marshall Islands are outstanding. Completion of the Republic of Marshall Islands Infrastructure Development Maintenance Plans is expected in early FY 2004 The Department has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
1.1	.66	Goal Not Met. Capital infrastructure ratio completed v. starts: Ratio is .66 (as compared to plan figure of 1.1) or 1 complete for every 1.5 starts (1:1.5). Due to a late fiscal start and a conservative budget awaiting actual budget approval, performance was below anticipated levels. The Department has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the Departmental level.
30	88	Goal Not Met. Reduce Capital grant awards time to complete: Average months to complete grant was 88 months (which is more than 30 months in plan). Numbers were skewed by closeout of projects more than 10 years old. The Department has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the Departmental level.
6	6	Goal Met. Six (6) Financial plans in place. American Samoa, Commonwealth of the Northern Marianas, Guam, Palau, Federated States of Micronesia and the Virgin Islands are complete. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
1.1	.25	Goal Not Met. Technical Assistance ratio—completed v. starts: Ratio is .25 (as compared to plan figure of 1.1) or 1 complete for every 4 starts (1:4). Numbers were skewed by efforts of grant managers to close out backlog of projects. The Department has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the Departmental level.
26	20	Goal Exceeded. Reduce Technical Assistance grant awards time to complete: The average months to complete grant was 20 months (which is less than 26 contained in the plan). The Department has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the Departmental level.
72%	72% Estimated	Based on performance data estimates, we anticipate that the goal will be met. The estimate is based upon discussion with management and prior year's performance. Actual data summary not available. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the Departmental level.

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES

Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Fiscal Resources Protected for Tribes and Indians (OST)	Protect Natural Resource Assets: The Bureau will complete rehabilitation construction on 2 dams for a total of 21 (Cum.) dams with completed construction;				
	BLM will process 4,850 energy and mineral post-lease actions on Indian lands.				
	BOR will complete 47 technical assistance activities to increase tribal opportunities to develop, manage, and protect their water resources.				
	Fiscal Resources Protected for Tribes and Indians: Increase the benefits to Indian Tribes and individual owners of trust and restricted lands by increasing the number of real estate transactions to 42,000.				
	Fiscal Resources Protected for Tribes and Indians: Complete the Indian Trust Business Plan	N/A	N/A	N/A	N/A
Improve the Indian Quality of Life	Improve Facilities and Services: In FY 2003, the Bureau will provide repair or replacement work to an additional 585 applicants for a total of (2,754) eligible housing applicants served.				
	Improve Facilities and Services: In FY 2003, 9,345 miles of other surface type Bureau system roads to a passable standard;				
	Improve Facilities and Services: In FY 2003, and 88 Tribes will operate comprehensive welfare plans;				
	Improve Quality of Education: In FY 2003, 100% of schools will be accredited;				
	Improve Quality of Education: In FY 2003, 52% of students will be proficient in math; and				
	Improve Quality of Education: In FY 2003, 51% of students will be proficient in language arts.				

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
		See measure 5.BIA.24 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities
		See measure 5.BLM.2 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities
		See measure 5.BOR.1 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities
		See measure 1.BIA.17 under the strategic goal Protect the Environment and Preserve Our Nation's Natural and Cultural Resources.
Complete the business Trust plan	Completed	Goal Met. On March 28, 2003, the Comprehensive Trust Management Plan was completed, replacing the High Level Implementation Plan. The plan outlines Interior's strategy for improving Indian trust management.
		See measure 5.BIA.14 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities
		See measure 5.BIA.17 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities
		See measure 5.BIA.15 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities
		See measure 5.BIA.34 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities
		See measure 5.BIA.31 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities
		See measure 5.BIA.31 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities

STRATEGIC GOAL 5. MEET OUR TRUST RESPONSIBILITIES TO INDIAN TRIBES AND OUR COMMITMENTS TO ISLAND COMMUNITIES
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Improve Management of Island Communities	Improve Government Services: In FY 2003, complete one additional financial management plan (cumulative total of 6).				
	Increase ratio of technical assistance projects completed to projects started to 1.1.				

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
		See measure 5.OIA.4 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities
		See measure 5.OIA.5 under the strategic goal Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY
Bureau of Reclamation

GPRA Program Activity: Advance Reclamation's Organizational Effectiveness

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Improve Customer Service: By 2005, achieve a measurable customer satisfaction level rating of 85%. Meeting or exceeding benchmarks for at least eleven (11) Reclamation business practice improvement recommendations will accomplish improved service delivery.	6.BOR.1: Customer Service Benchmarking. In FY 2003, initiate one additional customer service improvement.	N/A	5	5	1
	6.BOR.2: In FY 2003, conduct a customer satisfaction survey that both measures progress as compared with the original customer survey and sets baseline data for criteria that focus on missions-related products such as water and power delivery and meeting the Department's 4 Cs.	Not Measured	Not Measured	Not Measured	0
Improve Financial Business Practices: By 2005, improve financial business practices through improved communication with customers on Operations and Maintenance (O&M) program development, improving management of revenues, and transferring facilities to willing partners.	6.BOR.3: Transfer Project Titles to Interested and Capable Parties. In FY 2003, Reclamation will facilitate the title transfer of 4 projects or parts of projects to local non-Federal entities by completing one title transfer process agreement.	N/A	9	1	1
	6.BOR.4: No terms and conditions agreements with districts interested in owning and managing projects are scheduled for this FY.	3	3	0	0
	6.BOR.5: Transfer title to one project(s)/facilities that are authorized by Congress.	1	1	5	4
Improve Information Technology Management (To be developed as a future amendment to the FY 2000-2005 Strategic Plan once program goals are better defined.)	6.BOR.6: IT Security. In FY 2003, continue implementation of an IT security program to assure Reclamation IT assets are managed in a consistent, secure manner by increasing by 95% the number of computers that are not directly accessible from the Internet (i.e., are protected by a security device).	N/A	N/A	N/A	90%
	6.BOR.7: Implement 10 IT security directives.	N/A	N/A	N/A	9

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
Discontinued	Discontinued	This measure was discontinued in FY 2003.
75% Completion of survey development	60%	Revised performance measure for FY 2003. Goal Not Met. Reclamation is behind target on this goal due to late appropriations and unforeseen delays obtaining contractor support. To date, Reclamation has negotiated a contract with U.S. Geological Survey, Fort Collins Science Center to conduct the Customer Service Survey. Reclamation has worked with the contractor to develop specific survey questions and is currently seeking the required OMB approval. A postcard with information on the survey and how to use it will be sent to customers by the end of the fiscal year. The survey results will be gathered and evaluated in early FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
Discontinued	Discontinued	This measure was discontinued in FY 2003.
Discontinued	Discontinued	This measure was discontinued in FY 2003.
3	2	Goal Not Met. In FY 2003, titles have been transferred to Loup Basin Reclamation District, Middle Loup Division, Farwell Sargent Units, NE; and the Northern Colorado Water Conservancy District, Colorado-Big Thompson Project, North Poudre Supply Canal and diversion works, Charles Hansen Supply Canal and Windsor Extension and Dixon Feeder Canal. While all the paperwork is done to complete these transfers, the districts currently do not have financing in place to pay for the facilities by the time of this report. The legislatively required transfer amount must be paid in full prior to finalizing the transfers. The district currently has the financing in place to pay for the facilities at this time. The transfer will be complete early in FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
95%	96%	Goal Exceeded. Over 96% of Reclamation's computers have been made inaccessible from the Internet as part of the IT security effort. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
10	17	Goal Exceeded. 17 IT directives and standards have been developed to date as part of the effort to improve IT security. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY
Bureau of Reclamation

GPRA Program Activity: Advance Reclamation's Organizational Effectiveness

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Create a Capable and Diverse Workforce and Environment By 2002, ensure work, administrative, and public facilities provide adequate access for the disabled and support a diverse workforce.	6.BOR.8: Identify and Address Deficiencies in Facility Accessibility. By the end of FY 2003, provide access by ensuring that Reclamation's places of employment meet universal accessibility standards (this goal is cumulative).	N/A	N/A	N/A	8%
	6.BOR.9: Workforce Representation. Reclamation will show an improvement in its workforce population representation as compared with the diversity of these occupations in the relevant civilian workforce from a 9/30/99 baseline.	N/A	-45% improvement	6.4% improvement	7.75% improvement

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
32%	22.3%	Goal Not Met. 22.3% of Reclamation places of employment are accessible. Reclamation is behind target because of the continued difficulty in establishing appropriate baselines. Accordingly, the final performance information is a reflection of a fluctuating baseline. Baseline data have now been set. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
10% improvement	9.98%	Goal Met. For the fourth quarter of FY 2003, the population percentage change in the diversity of the permanent workforce was +9.98%. Minorities were +6.84%; White women were +3.14%: resulting in an overall change of +9.98%. This percentage change covers all occupations. This measure continues into the Department's new strategic plan FY 2003 – FY 2008.

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY
National Park Service

GPRA Program Activity: Ensure Organizational Effectiveness

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By September 30, 2005, 65% (25) of the 38 major NPS data systems are integrated/interfaced.	6.NPS.1: By September 30, 2003, 55% [21 of 38] of the major NPS data systems are integrated/ interfaced.	5%	20%	34%	50%
By September 30, 2005, increase the Service-wide representation of underrepresented groups over the 1999 baseline by 25% in the 9 targeted occupational series; by 25% of women and minorities in the temporary and seasonal workforce; by 10% of individuals with disabilities in the permanent workforce; by 10% of individuals with disabilities in the seasonal and temporary workforce.	6.NPS.2: By 6% of individuals with disabilities in the permanent workforce; and	N/A	N/A	5.9%	3.5%
	6.NPS.3: By 6% of individuals with disabilities in the seasonal and temporary workforce.	N/A	N/A	59.1%	13.2%
By September 30, 2005, 100% of employee performance agreements are linked to appropriate strategic and annual performance goals and position competencies, and 95% of NPS employees demonstrate that they fully meet their competency requirements.	6.NPS. 4: By September 30, 2002, 75% of employee performance agreements are linked to appropriate strategic and annual performance goals and position competencies; and	40%	63%	69%	82%
	6. NPS 5: 95% of NPS employees demonstrate that they fully meet their competency requirements.	N/A	N/A	95%	98.9%
By September 30, 2005, 60% of employee housing units listed in poor or fair condition in 1997 assessments are rehabilitated to good condition, replaced, or removed.	6.NPS.6: By September 30, 2003, 17% of employee housing units, classified as being in poor or fair condition in 1997, have been removed, replaced, or upgraded to good condition.	13.2%	16.32%	18.14%	16%
By September 30, 2005, the NPS employee lost time injury rate will be at or below 2.989 per 200,000 labor hours worked and, the Service-wide total number of hours of Continuation of Pay (COP) will be at or below 50,500 hours.	6.NPS.7: By September 30, 2003: the NPS employee lost time injury rate will be at or below 3.312 per 200,000 labor hours worked (100 FTE); and,	5.3	4.73	3.67	3.468

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
55% (21 of 38 systems)	66% (24 of 38 systems) Estimated	Based on estimated data, we anticipate the goal will be met or exceeded. The estimated performance data was statistically developed based on linear regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
6%	6% Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was statistically developed based on linear regression of prior year data and management review of expected performance results. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
6%	6% Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was statistically developed based on linear regression of prior year data and management review of expected performance results. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
Suspended	Suspended	No Report. This measure was suspended for FY 2003 pending implementation of a measure more reflective of workforce development and performance. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
Suspended	Suspended	No Report. This measure was suspended for FY 2003 pending implementation of a measure more reflective of workforce development and performance. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
17%	18.4%	Goal Exceeded. Recent emphasis on the NPS maintenance backlog has allowed allocation of additional funds to address maintenance issues related to employee housing. NPS will be revising its out-year performance targets to reflect expected accelerated performance on this goal. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
3.312	2.722 Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was statistically developed based on polynomial regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. Revised report for FY 2002. Goal Met. FY 2002 final revised data indicates that NPS met its goal of 3,487. An ongoing emphasis on safety is credited with continued success in lowering the NPS employee lost time injury rate. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form.

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY
National Park Service

GPRA Program Activity: Ensure Organizational Effectiveness

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
	6.NPS.8: The Service-wide total number of hours of Continuation of Pay (COP) will be at or below 53,000 hours.	77,068	77,484	66,220	54,247
By September 30, 2005, 100% of line-item projects funded by September 30, 1998, and each successive FY, meet 90% of cost, schedule, and construction parameters.	6.NPS.9: By September 30, 2003, 100% of line-item projects funded by September 30, 1998, and each successive FY, meet 90% of cost, schedule, and construction parameters	N/A	100%	82%	88%
By September 30, 2005, the average time between the appropriation and offer of just compensation is 171 days (a 5% decrease from 1997 level of 180 days).	6.NPS.10: By September 30, 2003, the average time between the appropriation and offer of just compensation is 171 days [a 5% decrease from 1997 level of 180 days].	343 days	246 days	183 days	261 days
By September 30, 2005, 100% of NPS units and concessions operations will undergo an environmental audit to determine baseline performance.	6.NPS.11a: By September 30, 2003, 100% of NPS units; and 6.NPS.11b: 11% of concession operations will undergo an environmental audit to determine baseline performance	N/A	15%	30%	35%
By September 30, 2005, 100% of parks/offices and concessions operations have fully implemented the regulatory recommendations arising from environmental audits, resulting in more sustainable planning and operations.	6.NPS.12a: 50% of parks/offices: and 6.NPS,12b: 5% of concessions operations have fully implemented the regulatory recommendations arising from environmental audits, resulting in more sustainable planning and operations.	N/A	4.9%	10%	11%
By September 30, 2005, deploy facility management software system to 100% of NPS parks (298 of 298), and complete initial annual condition assessments in 100% of NPS units (385 of 385).	6.NPS.13: By September 30, 2003, deploy Facility Management Software System to 100% of NPS parks (298 of 298); and,	N/A	N/A	44%	44.6% (133 of 298 parks)
	6.NPS.14: Complete initial annual condition assessments in 100% of NPS units (385 of 385).	N/A	N/A	1.5%	24.6% (95 of 385 units)

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
53,000	39,704 Estimated	Based on estimated data, we anticipate the goal will be met or exceeded. The estimated performance data was statistically developed based on polynomial regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
100%	100% Estimated	Based on estimated data, we anticipate the goal will be met. The estimated performance data was statistically developed based on linear regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
171 days	175 days Estimated	Based on estimated data, we anticipate the goal will not be met. The estimated performance data was statistically developed based on polynomial regression of prior year data. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
100% of park units 11% of concession operations	100% of park units 10% of concession operations Estimated	Park units – Goal Met. Concessions – Based on estimated data, we anticipate that the second part of this goal will not be met. The estimated performance was reported by program managers. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
50% of park units 5% of concession operations	54% of park units 5% of concession operations Estimated	Park units – Goal Exceeded. NPS was able to exceed this goal of fully implementing regulatory recommendations arising from environmental audits at more park units than planned because experienced gained during FY 2002 was used during FY 2003 allowing more efficient and effective implementation activities to be conducted. Concessions – Based on estimated data, we anticipate that the second part of this goal will be met. The estimated performance was reported by program managers. The final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report published during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.
100% (298 of 298 parks)	100% (298 of 298 parks)	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
98.9% (381 of 385 parks)	98.9% (381 of 385 parks)	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the bureau level.

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY
National Park Service

GPRA Program Activity: Ensure Organizational Effectiveness

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
By September 30, 2005, 15% of commercial jobs listed on the 2000 Federal Activities Inventory Reform (FAIR) Act inventory for the National/ Park Service will have cost-comparisons conducted.	6.NPS.15: By September 30, 2003, 2.5% of commercial jobs listed on the 2000 Federal Activities Inventory Reform (FAIR) Act inventory for the National Park Service will have cost-comparisons conducted.	N/A	N/A	N/A	2.5%

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
2.5%	5%	Goal Exceeded. We exceeded the goal for 2003 due to the number of direct conversions we were able to count prior to the release of the revised OMB Circular A-76. This number is based on cost comparisons completed and does not count those in progress. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
Lead People to Succeed	Increase Workforce Diversity: Diversity in Interior's workforce will increase by 4.1% from 1997 levels.	1.4%	2.0%	2.4%	2.28%
	Workforce Planning and Management Delayering: Complete a Departmental 5-Year Workforce Plan.	N/A	N/A	Developed workforce analysis	Completed 5-Year workforce plan
	Training and Development Programs: Develop policy and standards for one new Departmental training program.	1	1	1	3
	Training and Development Programs: Continue operating 7 existing Departmental training and development programs.	5 (cum.)	6	7	7
Use Information Technology to Better Manage Resources and Serve the Public	Implement Information Technology Security Strategy: All Interior Major Applications and General Support Systems.	N/A	N/A	Level 1	Developed system security plans, risk assessments updated IT security plan
	Implement an E-Government Strategy: In FY 2003, move on-line all (100%) of the appropriate paper-based transactional services identified through a baseline inventory of all DOI transactional services, both electronic and non-electronic, by the end of FY 2003.	N/A	N/A	N/A	50%

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
4.1%	3.35%	Goal Not Met. The Department's workforce diversity increased by 3.35% from the 1997 level of 44.6% to 47.95%, falling slightly short of the goal of 4.1%. Interior continues to take proactive outreach and recruitment steps to address its workforce diversity issues. The Strategic Human Capital Management Plan provides the framework for identifying the skills and abilities that will be needed in the workforce over the next 5 years and recruitment strategies that include greater diversity in the Department's internship and entry-level positions. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
Complete bureau workforce plans	Completed bureau workforce plans	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. The measure will be discontinued in FY 2004.
1	Completed and imple-mented DOI Alternative Dispute Resolution	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. The measure will be discontinued in FY 2004.
8	8	Goal Met. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. The measure will be discontinued in FY 2004.
Implement IT security plan	84 of 166 systems 50% Estimated	Based on performance data estimates, we anticipate that the goal will not be met. The estimate is based on actual data through August 2003 and current projections. High risk systems are expected to be completed by Dec 2005/FY 2006; all remaining systems are expected to be complete by December 2006. 15 systems certified and accredited and an additional 68 systems granted interim authority to operate (15 + 68)/166 systems X 100 = 50%). Developed Certification and Accreditation (C & A) handbook, established templates, trained over 150 individuals involved in the C & A process and established schedules for all associated C & A tasks. Final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report during the 3rd quarter of FY 2004. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
100%	49%	Goal Not Met. 44 of the 90 transactions that were eligible for conversion were accomplished. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. The measure will be discontinued in FY 2004.

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
	Expand On-line Procurement: Expand e-government to include use of the Central Contractor Registration (CCR), an existing on-line database, as the single validated source of data on vendors doing business with the Government.	N/A	N/A	N/A	N/A
	Expand On-line Procurement: Beginning October 1, 2003, stop collecting Standard Form 129, Soliciting Mailing List Applications.	N/A	N/A	N/A	N/A
Ensure Financial and Managerial Accountability	Number of Unqualified (clean) Audit Opinions: Obtain unqualified (clean) audit opinions for the Department's consolidated financial statements.	Yes	Yes	Yes	Yes
	Obtain unqualified audit opinions on Bureaus' and Departmental Offices' financial statements.	7 of 8	8 of 9	7 of 9	6 of 9

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
Achieved	Achieved	Goal Met. During the reporting period, Department-wide actions were taken to further CCR use by contracting activities, encourage vendor CCR registration and notify them that the Department of the Interior would no longer accept the SF 129 as a source of vendor information effective October 1, 2003. The Interior Department Electronic Acquisition System (IDEAS) has received and used CCR data as the default vendor record for all e-commerce procurement actions since 2001. Data from the e-commerce system is received into IDEAS and forwarded to bureau/office finance systems for invoice processing and payment. Based on management reports received by the Office of Acquisition and Property Management, DOI bureaus did a thorough job of advising vendors and prospective contractors regarding the government-wide CCR registration requirement and elimination of the SF 129 as a source of vendor information through a variety of media, e.g., Web site postings and links, fliers, notices in synopses, solicitations and contracts, through outreach at trade fairs, and in Business and Economic Development counseling sessions with small businesses. Department-wide policy issued in October 2002, was transmitted by bureau headquarters to Regional and field level contracting offices in a timely manner. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
Achieved	Achieved	Goal Met. Actions taken to further CCR use by contracting activities, encourage vendor CCR registration and notify them that the Department of the Interior would no longer accept the SF 129 as a source of vendor information effective October 1, 2003, included: (1) issuance of joint Office of Acquisition and Property Management-Office of Financial Management policy dated October 7, 2002, notifying DOI bureau contracting activities of the CCR requirement and requiring them to expand their use of the CCR to the point where it is their single validated source of data on vendors doing business with Interior, encourage existing and prospective contractors to register with the CCR and notify them that the SF 129 would no longer be accepted as a source of vendor information; (2) issuance of a Department-wide FedBizOpps Special Notice regarding the CCR registration requirement for DOI contractors on December 9, 2002. The notice also indicated that "effective October 1, 2003, Department of the Interior bureaus and offices will no longer accept or maintain Standard Form 129, Solicitation Mailing List Applications as a source of vendor information;" and (3) implementing a Department-wide reporting requirement as part of the FY 2003 management control process on outreach actions taken by bureaus to implement the CCR requirement and notify existing and prospective vendors that the SF 129 would no longer be accepted effective October 1, 2003. The Interior Department Electronic Acquisition System (IDEAS) has received and used CCR data as the default vendor record for all e-commerce procurement actions since 2001. Data from the e-commerce system is received into IDEAS and forwarded to bureau/office finance systems for invoice processing and payment. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will be discontinued in FY 2004.
Yes	Yes Estimated	Based on performance data estimates, we anticipate that the goal will be met. The estimate is based on progress as of September 10, 2003, and daily meetings with auditors. Final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report during the 3rd quarter of FY 2004. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
9 of 9	6 of 9 Estimated	Based on performance data estimates, we anticipate that the goal will not be met. The estimate is based on progress as of September 10, 2003, and daily meetings with auditors. Final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report during the 3rd quarter of FY 2004. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
	Receive no more than 9 noted exceptions from the auditors on the Report on Internal Controls (maximum 4 exceptions).	N/A	11	6	6
	Report on Compliance with Laws and Regulations in the Department's Accountability Report (DAR) (maximum 2 exceptions).	N/A	3	3	3
	Timely Correction of Material Weaknesses and Implementation of Audit Recommendations: Timely implementation of OIG and GAO audit recommendations and timely completion of corrective action plans for material weaknesses by their original target date. Implementation of OIG and GAO Audit Recommendations (75%).	61%	77%	63%	88%
	Completion of Corrective Plans for Material Weaknesses (75%).	50%	33%	50%	80%
	Reduce Erroneous Payments. In FY 2003, maintain adequate controls over Federal Assistance payment processes to ensure any erroneous payments are kept below .06% of the program area as measured by audit disallowance, and 45% of the amounts disallowed are returned to the government. Grants of Federal assistance--% of amounts provided that were disallowed.	N/A	N/A	.02%	.03%
	Grants of Federal assistance--% of amounts provided that were disallowed actually recovered.	N/A	N/A	13%	35%

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
4	5 Estimated	Based on performance data estimates, we anticipate that the goal will not be met. The estimate is based on progress as of September 10, 2003, and daily meetings with auditors. Final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003-FY 2008 that does not contain this measure in its present form. The measure will continue to be monitored at the Departmental level.
2	4 Estimated	Based on performance data estimates, we anticipate that the goal will not be met. The estimate is based on progress as of September 10, 2003, and daily meetings with auditors. Final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the Departmental level.
80%	81%	The goal was met. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the Departmental level.
80%	100%	The goal was exceeded. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the Departmental level.
.06%	.058% Estimated	Based on performance data estimates, we anticipate that the goal will be met or exceeded. The estimate is based on progress as of September 10, 2003, and end of the 3rd quarter projections. Final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. The measure will be discontinued in FY 2004.
45%	56% Estimated	Based on performance data estimates, we anticipate that the goal will be met or exceeded. The estimate is based on progress as of September 10, 2003, and end of the 3rd quarter projections. Final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. The measure will be discontinued in FY 2004.

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
	Internal Payment--number of pre-audit programs	N/A	N/A	1	1
	Internal Payment--number of post-audit programs	N/A	N/A	0	0
Provide Safe and High Quality Places to Work	Facilities Maintenance and Capital Improvements. In FY 2003, complete 30% of repair and construction projects funded through the Department's 5-year Facilities Maintenance and Capital Improvement Plan by the end of the fiscal year, complete 70% by the end of the second year after funding, and greater than 95% after the third year.	N/A	Yr.1: 48% Yr.2: 71% Yr.3: 86%	Yr.1: 61% Yr.2: 80% Yr.3: No Data	Yr.1: 56%
	In FY 2003, complete initial environmental audits of 80% of all internal facilities.	50%	90%	80%	83%
Ensure Efficient and Effective Business Practices	Amount of Purchase Card Transactions. Purchase card transactions will exceed $450 million.	$312	$393	$441.8	$470
	Museum Objects Inventoried. Accurately inventory an additional 2.73 million museum objects for a cumulative total of 57.3 million.	41.7	45.8	48.9	54.6

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
2	2	Goal Met. Final FY 2003 data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. The measure will be discontinued in FY 2004.
1	1 Estimated	Based on performance data estimates, we anticipate that the goal will be met. The estimate is based on progress as of September 10, 2003, and end of the 3rd quarter projections. Final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. The measure will be discontinued in FY 2004.
Yr.1: 30% Yr.2: 70% Yr.3: 95%	No Data	No Report. Final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report during the 3rd quarter of FY 2004. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. The measure will be discontinued in FY 2004.
80%	84%	Goal Exceeded. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. The measure will be discontinued in FY 2004.
$450	$448	Goal Not Met. The $450 million goals for FY's 2002 and 2003 were level in anticipation of budget reductions, natural diminishing returns (e.g., growth in increasingly smaller increments) and anticipated efforts to limit purchase card growth as a management control mechanism in accordance with government-wide Office of Management and Budget (OMB)-Office of Federal Procurement Policy (OFPP) initiatives during the two-year period. In FY 2002, purchase card transaction expenditures exceeded $470 million, thereby exceeding the $450 million goal. In FY 2003, purchase card transaction expenditures totaled $448.2 million or 99.5 percent of the $450 goal. The reduced amount of purchase card transaction obligations in FY 2003 can be attributed to declines in discretionary budgets, extended continuing appropriations, and reduced growth in the issuance of new cards and actual purchase card reductions. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. The measure will be discontinued in FY 2004.
57.3	57.3	Goal Met. DOI bureaus/offices cataloged an estimated 2,691,046 museum objects during FY 2003. Although the FY 2003 cataloging goal of 2.73 million museum objects was missed by less than 2 percent, the cumulative total goal of 57.3 million objects catalogued was met. To date, all bureau collections total an estimated 145 million items, of which 57,381,682 or 40% have been catalogued as of September 30, 2003. Oversight of bureau activity in cataloging museum collections remains an important part of the Department-wide museum program as managed by the Office of Acquisition and Property Management, as it is necessary for basic accountability of these nationally important heritage assets and makes them available for both responsible management actions and for public access and use. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. The measure will be discontinued in FY 2004.

STRATEGIC GOAL 6. MANAGE FOR EXCELLENCE AND ACCOUNTABILITY
Overview

GPRA Program Activity: Overview

Goals					
Long-Term Goal	FY03 Annual Goal	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Actual
	Make Greater Use of Performance-Based Service Contracting (PBSC): In FY 2003, 30% of total eligible service contract dollars applicable to actions over $25,000 that meet PBSC criteria will be awarded through PBSC.	N/A	N/A	N/A	42.9%
	Expand A-76 Competition and Conduct More Accurate Federal Activities Inventory Reform Act Inventories: In FY 2003, complete public-private competitions or direct conversions involving 15% (Cum.) of the full-time equivalents listed on the Department-wide Federal Activities Inventory Reform Act.	N/A	N/A	N/A	1% (243)
	Establish a Streamlined and Simplified Grants Administration Process: Identify Streamlining and simplification metrics.	N/A	N/A	N/A	N/A

Performance		
FY03 Plan	FY03 Actual	FY03 Performance Report and Discussion
30%	56% Estimated	Based on performance data estimates, we anticipate that the goal will be met or exceeded. The estimate is based on data received through mid-August 2003. According to Interior/Federal Procurement Data System data for FY 2003 (through mid-August 2003), 56% of eligible DOI service contract dollars were reported in the Interior/Federal Procurement Data System as having been awarded as PBSC's (i.e., 4,704 actions over $25,000 and $817,989,167 in obligations). Continued emphasis will be placed on PBSC training and reporting requirements to ensure that the Department continues to meet or exceed the government-wide goals of 40% and 50% in FY 2004 and FY 2005, respectively. Final FY 2003 performance data will be provided in a FY 2003 Annual Performance and Accountability Supplemental Report during the 3rd quarter of FY 2004. This measure continues into the Department's new strategic plan for FY 2003 – FY 2008.
Discontinued	Discontinued	DOI continues to review commercial activities with a goal of improving customer services. The Department of the Interior has developed a new strategic plan for FY 2003 - FY 2008 that does not contain this measure in its present form. This measure will continue to be monitored at the Departmental level
Establish Process and Identify Metrics	Process Established and Metrics Identified	Goal Met. To meet the requirements of Public Law 106-107 and the President's Management Agenda (Grants.gov), DOI is implementing streamlined and simplified grants processes and associated metrics. Active involvement includes various workgroups—Pre-award Workgroup, Interagency Electronics Grants Committee (IAEGC) and several of its subcommittees. DOI participated in several E-Grants/Grants.gov pilots. Results include improved quality of program announcements—ultimately improved value of Grants.gov. Senior Department management issued a memo to Bureau/Office Directors communicating support for the DOI Public Law 106-107 Initiatives Work Group. Meeting weekly, the group reviews grants program requirements and explores ways to unify and simplify them. Other noteworthy improvements include a standardized numbering system for grant applications, electronic synopsis of grants, the Grant.gov portal and electronic applications. Department-wide implementation of Grants.gov–related streamlining and simplification processes/systems may be limited in FY 2004 and 2005 due to lack of agency funding to support Grants.gov. The Department of the Interior has developed a new strategic plan for FY 2003 – FY 2008 that does not contain this measure in its present form. The measure will be discontinued in FY 2004.

Part 4. Independent Auditors' Report

United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

November 28, 2003

Memorandum

To: The Secretary

From: Earl E. Devaney
Inspector General

Subject: Independent Auditors' Report on the U.S. Department of the Interior's Fiscal Year 2003 Annual Report on Performance and Accountability
(Report No. X-IN-MOA-80-2003)

INTRODUCTION

This report presents the results of the audit of Department of the Interior's (DOI) financial statements as of September 30, 2003 and for the year then ended. We contracted with KPMG LLP (KPMG), an independent certified public accounting firm, to perform the audit. The contract required that KPMG perform its audit in accordance with the Comptroller General of the United States of America's *Government Auditing Standards,* the Office of Management and Budget's Bulletin 01-02 *Audit Requirements for Federal Financial Statements*, and the General Accounting Office/President's Council on Integrity and Efficiency's *Financial Audit Manual*. Also, we identify the top management challenges for DOI in this report.

FINDINGS

In its audit report dated November 28, 2003 (Attachment 1), KPMG issued an unqualified opinion on DOI's financial statements for fiscal years 2003 and 2002. The report identified 13 internal control weaknesses over financial reporting, 2 internal control weaknesses over required supplementary information and required supplementary stewardship information, and 4 instances of noncompliance with laws and regulations. Details follow:

✓ *INTERNAL CONTROLS OVER FINANCIAL REPORTING*

Deficiencies in internal controls are described as reportable conditions, with the most serious conditions identified as material weaknesses.

Material weaknesses are significant deficiencies in the design or operation of one or more components of internal controls which do not reduce to a relatively low level the risk that a material misstatement to the financial statements could occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. KPMG identified material internal control weakness in the following areas:

A. Recording, classifying, and accounting for property, plant, and equipment
B. Recording transactions promptly and properly in financial reports
C. Reconciling intra-governmental transactions
D. Recording promptly and properly Indian trust funds transactions

Reportable conditions are significant deficiencies in the design or operation of the internal control over financial reporting that could adversely affect an organization's ability to record, process, summarize, and report financial data consistent with the assertions by management in the financial statements. KPMG identified reportable conditions in the following areas:

E. Safeguarding electronic information in the financial management systems
F. Calculating accruals
G. Recording and disclosing legal claims and assessments
H. Estimating environmental liabilities
I. Accounting for and classifying revenue transactions
J. Monitoring grants
K. Reconciling intra-departmental transactions
L. Recording promptly and properly budgetary transactions
M. Using charge cards

✓ *INTERNAL CONTROLS OVER REQUIRED SUPPLEMENTARY INFORMATION AND REQUIRED SUPPLEMENTARY STEWARSHIP INFORMATION*

KPMG identified significant deficiencies in internal control over required supplementary information and required supplementary stewardship information which it believes could adversely affect DOI's ability to collect, process, record, and summarize information in the following areas:

N. Reporting deferred maintenance
O. Maintaining and approving support for and performing annual inventories of stewardship assets

✓ *NONCOMPLIANCE WITH LAWS AND REGULATIONS*

KPMG identified noncompliance with the following laws and regulations:

P. *Single Audit Act Amendments of 1996*
Q. *Debt Collection Improvement Act of 1996*

R. *Prompt Pay Act*
S. *Federal Financial Management Improvement Act of 1996*

✓ *DOI CORRECTIVE ACTIONS*

Although DOI has made progress in correcting financial management weaknesses, significant changes are still needed in its financial management infrastructure. These changes include: (1) acquiring and implementing a new financial management system, (2) developing DOI-wide financial policies that all finance and program offices are required to implement and follow, (3) ensuring that DOI's policy-setting representatives have the authority to enforce financial policies and that sufficient resources are available to monitor compliance with the policies, and (4) enhancing the depth and breadth of its financial management personnel. In its response, which has been incorporated into the report, DOI indicated general concurrence with the findings and recommendations.

KPMG is responsible for the auditors' report and for the conclusions expressed in the report. We do not express opinions on the DOI's financial statements; conclusions on the effectiveness of internal control; conclusions on whether DOI's financial management systems substantially complied with FFMIA; or conclusions on compliance with laws and regulations.

MANAGEMENT CHALLENGES

We identified, in accordance with Public Law 106-531*, Reports Consolidation Act of 2000*, the most serious management challenges facing the DOI. The challenges, which are discussed in detail in "Management Challenges" (Attachment 2), are in the following areas:

- Financial Management
- Information Technology
- Health, Safety and Emergency Management
- Maintenance of Facilities
- Responsibility to Indians and Insular Areas
- Resource Protection and Restoration
- Revenue Collections
- Procurement, Contracts, and Grants

The legislation, as amended, creating the Office of Inspector General, (5 U.S.C.A. App. 3) requires semiannual reporting to Congress on all audit reports issued, actions taken to implement audit recommendations, and recommendations that have not been implemented. Therefore, this report will be included in our next semiannual report**.**

We appreciate the cooperation and assistance of DOI personnel during the audit. If you have any questions, please contact me at (202) 208-5745.

Attachments (2)

KPMG

2001 M Street NW
Washington, DC 20036

Independent Auditors' Report

Secretary and Inspector General
U.S. Department of the Interior:

We have audited the accompanying balance sheets of the U. S. Department of the Interior (Interior) as of September 30, 2003 and 2002, and the related consolidated statements of net cost, changes in net position, and financing, combined statements of budgetary resources, and statements of custodial activity for the years then ended (hereinafter referred to as 'financial statements'). The objective of our audits was to express an opinion on the fair presentation of these financial statements. In connection with our audits, we also considered Interior's internal control over financial reporting and tested Interior's compliance with certain provisions of applicable laws and regulations that could have a direct and material effect on its financial statements.

SUMMARY

As stated in our opinion on the financial statements, we concluded that Interior's financial statements as of and for the years ended September 30, 2003 and 2002 are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 21 to the financial statements, Interior restated its fiscal year 2002 consolidated balance sheet, the related consolidated statements of net cost, changes in net position, and financing, and the related combined statement of budgetary resources. In addition, as discussed in Note 21 to the financial statements, in fiscal year 2003, Interior changed its method of accounting for the U.S. Geological Survey working capital fund as of October 1, 2002, and in fiscal year 2002, Interior changed its method of accounting for allocation transfers as of October 1, 2001.

Our consideration of internal control over financial reporting resulted in the following conditions being identified as reportable conditions:

<u>Reportable Conditions that are Considered to be Material Weaknesses</u>

A. Controls over property, plant, and equipment

B. Financial reporting controls

C. Intra-governmental reconciliation

D. Indian trust fund controls

Other Reportable Conditions

E. Application and general controls over financial management systems

F. Controls over accruals

G. Controls for recording and disclosing legal contingencies

H. Controls over environmental liabilities

I. Controls over revenue process

J. Controls over grants

K. Intra-departmental reconciliation

L. Controls over budgetary transactions

M. Controls over charge cards

We also noted the following significant deficiencies in internal control over Required Supplementary Information, and Required Supplementary Stewardship Information that, in our judgment, could adversely affect Interior's ability to collect, process, record, and summarize this information.

N. Deferred maintenance reporting

O. Stewardship assets and investments

The results of our tests of compliance with certain provisions of laws and regulations disclosed instances of noncompliance with the following laws and regulations that are required to be reported under *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*.

P. *Single Audit Act Amendments of 1996*

Q. *Debt Collection Improvement Act of 1996*

R. *Prompt Payment Act*

S. *Federal Financial Management Improvement Act of 1996*

The following sections discuss our opinion on Interior's financial statements, our consideration of Interior's internal control over financial reporting and over Required Supplementary Information and Required Supplementary Stewardship Information, our tests of Interior's compliance with certain provisions of applicable laws and regulations, and management's and our responsibilities.

KPMG

OPINION ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated balance sheets of the Department of the Interior as of September 30, 2003 and 2002, and the related consolidated statements of net cost, changes in net position, and financing, combined statements of budgetary resources, and statements of custodial activity for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interior as of September 30, 2003 and 2002, and its net costs, changes in net position, reconciliation of net costs to budgetary obligations, budgetary resources, and custodial activity for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 21 to the financial statements, Interior restated its fiscal year 2002 consolidated balance sheet, the related consolidated statements of net cost, changes in net position, and financing, and the related combined statement of budgetary resources. In addition, as discussed in Note 21 to the financial statements, in fiscal year 2003, Interior changed its method of accounting for the U.S. Geological Survey working capital fund as of October 1, 2002, and in fiscal year 2002, Interior changed its method of accounting for allocation transfers as of October 1, 2001.

The information in the Management's Discussion and Analysis, Required Supplementary Stewardship Information, and Required Supplementary Information sections is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America or OMB Bulletin No. 01-09, *Form and Content of Agency Financial Statements*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it. As a result of such limited procedures, we believe that the Required Supplementary Information for deferred maintenance is not presented in conformity with accounting principles generally accepted in the United States of America because Interior does not have adequate procedures and controls for identifying, recording, and updating its deferred maintenance information, timely. In addition, we determined that Interior did not reconcile the non-fiduciary accounts with its trading partners, as specified by OMB requirements because Interior's trading partners did not provide information by Interior component or Treasury fund symbol.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information in the Other Supplementary Information section is presented for purposes of additional analysis of the consolidated balance sheet and consolidated statement of changes in net position, rather than to present the financial position and changes in net position of Interior's components individually. The consolidating information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The other accompanying information included in the Performance Section and the Appendices is presented for purposes of additional analysis and is not a required part of the financial statements. We did not audit this information and, accordingly, we express no opinion on it.

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INTERNAL CONTROL OVER FINANCIAL REPORTING

Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Interior's ability to record, process, summarize, and report financial data consistent with the assertions by management in the financial statements.

Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

In our fiscal year 2003 audit, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. We believe that reportable conditions A through D are material weaknesses.

A. Controls over Property, Plant, and Equipment

Interior needs to improve controls over property, plant, and equipment to ensure transactions are promptly recorded, properly classified and accounted for, to prepare timely and reliable financial reports. We noted control weaknesses in the following areas:

1. *Acquisitions and Disposals* – Interior did not consistently record property, plant, and equipment transactions properly or timely. Specifically, Interior capitalized assets purchased and assets transferred in from other Federal agencies at incorrect amounts, capitalized assets below Interior's capitalization threshold, capitalized assets in the current year that Interior had inadvertently expensed in prior years, and expensed assets that should have been capitalized. In addition, Interior recorded the net book value of found property rather than the gross cost and accumulated depreciation. Furthermore, Interior did not record disposals in a timely manner.

2. *Land and Land Rights* – Interior does not have a complete and accurate inventory system for land and land rights. Interior is in the process of completing an inventory of land and land rights and expects to complete this project in fiscal year 2005. In addition, during fiscal year 2003, Interior did not have controls to ensure land transactions are properly recorded because Interior improperly expensed certain land acquisitions and did not record a land disposal.

3. *Construction in Progress* – Interior needs to improve controls to monitor and reconcile the construction in progress account. Interior recorded advances for future construction as construction in progress, rather than as advances to others. Interior did not transfer completed construction projects at the time the asset was placed in service or consistently record the proper transfer amounts. In addition, Interior recorded depreciation on certain projects that were still under construction. Furthermore, Interior did not consistently reconcile additions to supporting vendor invoices or have a fully developed process for capturing internal payroll and purchased materials related to the construction of property.

4. *Leased Property* – Interior did not consistently review leases to determine if they were capital or operating leases, and had difficulty providing documentation supporting certain lease reviews. In addition, Interior was not able to efficiently prepare lease information for disclosure in the financial report. This is because Interior has several different lease databases and did not consistently maintain them throughout the year.

5. *Inventory and Certification Processes* – Interior completes annual inventory or certification processes to confirm the accuracy, existence, and completeness of property, plant, and equipment. However, the inventory and certification processes are not always effective, because Interior did not consistently identify acquisitions and disposals that need to be reflected in the financial statements.

6. *Depreciation* – Interior has not established and implemented controls to ensure depreciation is properly calculated and recorded. Specifically, Interior did not review and test certain depreciation calculations; as a result, depreciation expense was misstated during the year. In addition, Interior had assets with abnormal balances in the accumulated depreciation account, assets that Interior placed in service but did not start depreciating, and assets with placed in-service dates that did not match the receiving report dates.

7. *Reconciliation* – Interior is not able to accurately and efficiently reconcile certain subsidiary and general ledgers for property, plant, and equipment. This is because Interior does not promptly resolve reconciling items and does not maintain and reconcile certain subsidiary ledgers throughout the fiscal year, and instead reconciles the ledgers at the end of the year.

As a result of our observations, Interior expended a significant amount of time and resources analyzing, counting, reconciling, and adjusting property, plant, and equipment balances.

Recommendations

We recommend that Interior perform the following to improve controls over its property, plant, and equipment:

1. *Acquisitions and Disposals* – We recommend that Interior implement internal controls to ensure that property, plant, and equipment transactions are recorded in the subsidiary ledger and general ledger at the proper amount and at the time the financial event occurs. This should include analyzing capitalized amounts to ensure that they are above the capitalization threshold and properly coding disbursements to ensure that they are appropriately capitalized or expensed.

2. *Land and Land Rights* – We recommend that Interior complete the five-year action plan to establish a complete and accurate inventory of land and land rights and to reconcile the inventory records (i.e., subsidiary ledger) to the general ledger. We also recommend that Interior establish controls to ensure land acquisitions and disposals are properly recorded in the general ledger.

3. *Construction in Pro*gress – We recommend that Interior implement controls to record and monitor advances for future construction projects. In addition, we recommend that Interior review the construction in progress accounts to identify completed projects that should be transferred to the appropriate property account and reconcile the construction in progress account to the supporting vendor invoices. Interior should complete these procedures and controls on a monthly basis. We also recommend that Interior implement controls to ensure Interior properly records internal payroll and purchased material for property that Interior constructs.

4. *Leased Property* – We recommend that Interior expand its policies on determining whether leases should be classified as capital or operating leases and communicate these policies through training programs. We also recommend that Interior document the capital versus operating lease determinations and include supporting documentation for present value calculations and fair market value assessments. Furthermore, we recommend that Interior consider consolidating several of its lease databases and maintain these databases throughout the year to enable Interior to properly report this information in its financial statements.

5. *Inventory and Certification Processes* – We recommend that Interior improve its inventory and certification policies and train individuals on how to perform inventory observations and certifications.

6. *Depreciation* –We recommend that Interior develop and implement formal month-end financial reporting processes to test depreciation calculations, start depreciation for assets placed in service, as well as identify and resolve assets with abnormal balances in the accumulated depreciation account. This should include having a second team member review and approve the processes to ensure depreciation is properly calculated and recorded.

7. *Reconciliation* – We recommend that Interior reconcile its subsidiary and general ledgers on a monthly basis, in accordance with its policies. This should include promptly resolving any reconciling items.

Management Response

Management concurs. Interior issued significant policies and procedures for the financial management of property, plant and equipment in fiscal year 2003. Interior will expand and refine these to address the policy and procedural issues identified. Interior is developing training on these policies and procedures for roll-out to users in fiscal year 2004. Implementation of the Financial and Business Management System will help ensure that standard processes and property systems are used throughout Interior.

B. Financial Reporting Controls

Interior needs to improve financial reporting controls in the following areas to ensure transactions are promptly and properly recorded for timely and reliable financial reports:

1. *Financial Resources* – During fiscal year 2003, Interior invested additional resources in financial management, and program representatives increased their focus on financial management. This helped improve Interior's financial accounting and reporting processes; however, Interior continues to experience turnover and vacancies in certain key financial positions. In addition, Interior financial management policies are not fully integrated into daily responsibilities, and financial responsibilities are not consistently segregated to prevent or detect financial misstatements.

2. *Financial Analysis* – During fiscal year 2003, Interior implemented financial analysis checklists and templates to improve consistency of financial reporting. However, certain Interior components did not effectively complete the procedures and templates. We identified adjustments needed to the financial statements, footnotes, and Required Supplementary Information. In addition, Interior needs to continue to enhance its cost allocation methodologies. As a result of our findings, Interior adjusted the balances and information in the final reports.

3. *Transaction Entry* – Interior did not consistently ensure that journal vouchers are properly recorded. Specifically, Interior did not include the proper general ledger accounts or proper amounts for certain journal vouchers and supervisors did not consistently review and approve the journal vouchers. In addition, Interior did not ensure that all transactions are recorded in a timely manner. Interior recorded over 180 adjustments subsequent to issuing the final year-end trial balance report on October 8, 2003. As a result, Interior expended a significant amount of time and resources analyzing manual entries and recording adjustments after the end of the year.

4. *Reconciliation* – Interior does not consistently reconcile subsidiary ledgers to general ledgers, reconcile Treasury records to the general ledger, and resolve balances in suspense accounts, timely.

Recommendations

We recommend that Interior perform the following, to improve the recording and reporting of financial transactions:

1. *Financial Resources* – We recommend that Interior continue to enhance its financial resources and implement succession planning for financial positions to minimize the impact of turnover. We also recommend that Interior fully integrate its financial management responsibilities into the daily responsibilities of finance and program representatives, and fully segregate financial responsibilities to prevent or detect financial misstatements.

2. *Financial Analysis* – We recommend that Interior analyze its financial information throughout the year and invest additional time and resources in analyzing financial reports to ensure that Interior identifies all necessary adjustments and disclosures. We also recommend that Interior improve its costing methodologies.

3. *Transaction Entry* – We recommend that Interior record transactions during the year at the time the transactions are incurred, and utilize automated posting models throughout the year, as well as during the year-end reporting process. This should minimize the number of journal vouchers. For any journal vouchers, we recommend that Interior have a second individual review the entries to ensure that they are accurate and complete, prior to entering the transactions into the general ledger.

5. *Reconciliation* – We recommend that Interior develop and implement formal month-end financial reporting processes to reconcile subsidiary ledgers to general ledgers, reconcile Treasury's records to the general ledger, and resolve balances in suspense account items. This should include having a supervisor review and approve the reconciliations.

Management Response

Management concurs. During fiscal year 2003, Interior established a Finance Transformation Project to address these and other financial management issues in Interior. Interior believes it made substantial progress during fiscal year 2003 by establishing a financial workforce initiative to address shortages in finance resources, accelerating the schedule for preparing the Performance and Accountability Report from January to November, and establishing an elimination team that resulted in improvements to the intra-Department elimination process. In addition, Interior decreased adjustments into the Consolidated Financial Statement System from over 700 adjustments in fiscal year 2002 to less than 200 adjustments in fiscal year 2003, representing improvement in the accuracy of Interior's transaction processing. However, Interior recognizes much still has to be done and is committed to continuing the Finance Transformation Project.

C. Intra-governmental Reconciliation

Interior is required to reconcile transactions and balances with other Federal entities in accordance with OMB Bulletin No. 01–09, *Form and Content of Agency Financial Statements,* and U.S. Department of the Treasury's *Federal Intra-governmental Transactions Accounting and Policies Guide.* Interior reconciles its fiduciary intra-governmental transactions and balances; however, Interior has not reconciled its non-fiduciary intra-governmental transactions and balances because its trading partners did not consistently provide information by Interior component or Treasury fund symbol. In addition, Interior did not designate the appropriate trading partner codes for certain transactions. As a result, Interior's transactions and balances with other Federal entities may not properly eliminate on the government-wide financial statements.

Recommendation

We recommend that Interior establish quarterly procedures to reconcile non-fiduciary transactions and balances with other Federal entities and consistently code transactions to the appropriate trading partners. These procedures should include confirming amounts at the bureau level and meeting with trading partners to resolve any differences identified.

Management Response

Management concurs. The Federal government is implementing a new system to track intra-governmental transactions. Interior is committed to using the new system and expects that the new system will assist Interior in future years to reconcile non-fiduciary transactions and balances on a quarterly basis with other agencies. In addition, Interior will continue to improve trading partner coding of transactions within Interior's accounting systems.

D. Indian Trust Fund Controls

The United States Congress has designated the Secretary of the Interior as the primary fiduciary with responsibility for the monetary and non-monetary resources held in trust on behalf of American Indian Tribes, individual Indians, and other trust funds (hereafter collectively referred to as the Indian Trust Funds). The Secretary carries out this fiduciary responsibility through the Office of the Special Trustee for American Indians (OST), the Bureau of Indian Affairs (BIA), and other Interior bureaus.

The Indian Trust Funds' balances include balances considered Federal funds and balances considered non-Federal funds. The amounts considered Federal funds are reflected in Interior's financial statements, while the non-Federal trust funds are not reflected in Interior's financial statements. However, the Indian Trust Funds' transactions and balances are disclosed in a footnote to the Interior's financial statements, in accordance with Federal accounting standards.

We noted that the procedures and internal controls are not adequate to ensure that the Indian Trust Funds' activity and balances are recorded properly or timely. We noted the following weaknesses:

1. *Trust Fund Balances* – Interior is unable to provide accounting records to properly support the Indian Trust Funds' balances. For example, the aggregate sum of all positive balances of Individual Indian Monies (IIM) trust fund balances in the subsidiary ledger exceed the balance in the control account by approximately $6 million as of September 30, 2003. In addition, as of September 30, 2003, the Individual Indian Monies subsidiary ledger contains negative trust fund balances of approximately $44 million (of which approximately $233 thousand is attributed to individual Indian accounts as of September 30, 2003). In addition, Interior was unable to provide documentation supporting the authorization of certain 2003 automated disbursements. OST also is in the process of investigating and resolving an undistributed interest account of approximately $1.7 million. Furthermore, certain account holders do not agree with the trust fund balances and have filed claims against the U.S. Government and Interior, which remain unresolved.

2. *Special Deposit Accounts* – In accordance with Title 25 of the Code of Federal Regulations and as directed by BIA, OST records receipts into a special deposit account within the IIM subsidiary ledger when the recipient trust fund account is unknown at time of receipt. When BIA identifies the trust fund account, OST transfers the amount from the special deposit account to the designated trust fund account or disburses as appropriate, in accordance with BIA instructions. During fiscal years 2002 and 2001, management of OST, together with the BIA and a contractor, developed and put into place a formal plan to address special deposit accounts. Beginning in fiscal year 2003, Interior's Office of Historical Trust Accounting began working with OST and BIA to distribute funds in special deposit accounts that were opened on or before December 31, 2002. BIA will address special deposit account activity after December 31, 2002, by providing instructions for distributions to OST. Interior needs to resolve approximately $59 million and $62 million of special deposit accounts included in the IIM subsidiary ledger as of September 30, 2003 and 2002, respectively. At September 30, 2003 a significant number of special deposit accounts continue to require resolution, and management anticipates that these accounts will be reconciled by the beginning of fiscal year 2007.

3. *Trust Fund Information Systems* – Interior needs to improve security and general controls over the Trust Fund information systems. Specifically, Interior needs to improve segregation of duties, accredit and certify its general and application systems, and strengthen controls to prevent unauthorized access.

4. *Appraisal Compacts* – One of the key elements in performing realty trust transactions is the requirement to obtain appraisals for realty transactions. Current laws allow the appraisal function to be compacted to tribes, who are often the named parties involved in realty transactions. BIA is responsible for assisting trust beneficiaries in the negotiation and execution of realty transactions. Office of Appraisal Services (OAS) is responsible for conducting reviews of appraisals that are completed for the benefit of tribes or individual trust beneficiaries. Controls are not in place to ensure that all appraisals, completed for the benefit of tribes or individual trust beneficiaries, are provided to OAS.

5. *Entering and Maintaining Trust Fund Information* – The regional and agency offices of BIA perform a critical role in the initial input and subsequent changes to the Indian Trust Funds' information disclosed by Interior. We noted the following weaknesses related to the internal controls performed by regional and agency offices:

   a. *Segregation of Duties* – The responsibilities for trust fund processing are not properly segregated to prevent or detect errors. Specifically, in some locations an individual employee has the ability to initiate lease agreements; generate annual billings for property leases; collect payment for leases; send instructions to OST to create IIM accounts; and distribute funds.

   b. *Probate Backlog* – The probate orders for land title are not entered into the trust management systems timely. Although BIA has made progress in reducing the backlog, BIA still has probate orders that have not been recorded. This increases the potential for inaccurate and untimely distributions of income to the Indian Trust Fund account holders.

   c. *Untimely Deposits* – We determined that agency offices did not consistently forward trust receipts to OST in a timely manner. Some of these delays occurred at agency offices where OST and BIA personnel reside and other delays occurred at agency offices occupied by BIA personnel only.

Recommendation

We recommend that Interior develop and implement procedures and internal controls to address these deficiencies.

Management Response

Management concurs. A variety of actions are underway within Interior to correct these deficiencies.

E. Application and General Controls over Financial Management Systems

During fiscal year 2003, Interior improved the security and controls over information systems. However, Interior needs to continue to improve the areas described below in order to meet the requirements of OMB Circular A-130, *Management of Federal Information Resources.* These conditions could affect Interior's ability to prevent and detect unauthorized changes to financial information, control electronic access to sensitive information, and protect its information resources.

1. *Entity-wide Information Technology (IT) Security Program* – An entity-wide IT security program, including security policies and a related implementation plan, is the foundation of an entity's security control structure and a reflection of senior management's commitment to addressing security risks. As outlined in OMB Circular A-130, an effective security program includes a risk assessment process, certification process, and effective incident response and monitoring capabilities. Interior needs to improve assignment of security responsibilities, finalize certain security policies and procedures, enhance monitoring of the security program, and consistently performing background investigations. In addition, Interior has not fully completed the certification and accreditation process for all major application and general support systems. Without a clear security program, Interior's systems are vulnerable to unauthorized access, use, or loss of sensitive information.

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2. *Access Controls* – Access controls should provide reasonable assurance that computer resources such as data files, application programs, and computer-related facilities and equipment are protected against unauthorized modification, disclosure, and loss or impairment. Interior needs to improve controls over the process of granting, terminating, and monitoring system access in specific applications. Interior has not fully limited access to system information. In addition, Interior has not finalized and communicated guidelines regarding the appropriate use of computer resources and posting of information on the Internet.

3. *Segregation of Duties* – Proper segregation of duties should be ensured through the establishment of policies, procedures, and organizational structure such that one individual cannot control key aspects of financial transactions, and thereby conduct unauthorized actions or gain unauthorized access to assets or records. Interior has not fully segregated responsibilities as certain programmers may also move software changes into production, security managers perform primary and secondary security functions; and technology staff perform change management responsibilities and network monitoring. In addition, Interior needs to further segregate payroll and procurement system responsibilities.

4. *System Software Controls* – Controls over the modification of system software change controls should provide reasonable assurance that operating system controls are not compromised. Without proper system software controls, unauthorized individuals using the system software could circumvent controls to read, modify, or delete critical or sensitive information or programs. Interior has not fully limited access to its system software or updated its guidelines identifying standards for system software, desktop applications, file transfers, utilities and e-mail.

5. *Software Development and Change Controls* – Establishing controls over the modification of application software programs helps ensure that only authorized programs and modifications are implemented. Without proper change controls, there is an increased risk that either intentional or unintended changes are made to the system's processing functionality, the wrong version of a program could be implemented, a virus could be inserted, or built-in security features could be disabled. Interior has not fully developed procedures for controlling changes over software that would prevent unauthorized programs or modifications to an existing program from being implemented. In addition, Interior has not fully developed procedures to ensure that tests of system software changes are performed and documented, system software changes are reviewed, and approval of changes is documented prior to implementation.

6. *Service Continuity* – Losing the capability to process, retrieve, and protect information maintained electronically could significantly affect Interior's ability to accomplish its mission. Consequently, procedures should be in place to protect information resources, minimize the risk of unplanned interruptions, and recover critical operations should interruptions occur. However, Interior has not formalized an incident response capability to mitigate the risk of service interruptions.

Recommendation

We recommend that Interior develop and implement a formal action plan to improve the general and application controls over its financial management systems. This plan should address each of the areas discussed above, as well as other areas that might impact the information technology control environment to ensure adequate security and protection of Interior's information systems.

Management Response

Management concurs. Interior believes that substantial work was performed in fiscal year 2003 to improve computer security and these efforts will continue in future years.

F. Controls over Accruals

During fiscal year 2003, Interior revised its processes and controls to calculate accruals for inclusion in the financial reports. However, certain Interior components did not implement the revised processes until the end of the year. We determined that Interior's accrual calculations were not consistently complete and accurate and that Interior's accrual calculations did not always match the general ledger. As a result of our findings, Interior expended a significant amount of time and resources revising its accrual calculations, reconciling the calculations to the ledger, and adjusting the accrual balances.

Recommendations

We recommend that Interior refine its accrual calculations, reconcile the accrual calculations to the general ledger, and enhance its accrual policies and controls to ensure that the accruals are complete and accurate. This should include having a supervisor review and approve the accrual calculation and reconciliation. We also recommend that Interior implement and test the accrual calculations for its interim financial statements to reduce the year-end accrual effort. This testing should include comparing estimated and actual results.

Management Response

Management concurs. During fiscal year 2003, Interior devoted substantial effort to developing accrual calculations and testing these calculations and, while in many cases the calculations worked as planned, in other cases testing indicated additional work was necessary. Interior will continue its efforts to improve the accrual calculations in future years.

G. Controls for Recording and Disclosing Legal Contingencies

During fiscal year 2003, Interior implemented an automated system to capture and monitor legal contingencies. Interior uses the contingency information from this automated system to record liabilities and prepare disclosures in accordance with Federal accounting standards. However, the information in the automated system is not always sufficient to determine the accounting treatment for each claim or assessment. In addition, the financial management offices do not consistently review the information provided by the solicitors or meet with the solicitors to discuss the accounting treatment of contingencies. As a result, Interior spent a significant amount of time revising the year-end contingency information and determining the contingencies that should be accrued or disclosed.

Recommendations

We recommend that Interior improve internal controls to ensure that contingencies are properly accrued or disclosed in the financial report as follows:

1. *Training* – We recommend that Interior provide training to the solicitors on entering sufficient information in the system to enable the financial management offices to determine the appropriate accounting treatment of each claim or assessment.

2. *Analysis and Communication* – We recommend that the solicitor's office provide a quarterly or more frequent analysis of contingencies to the financial management offices. The financial management offices should review this analysis, meet periodically with the solicitor's office to discuss the status of and changes in the more significant contingencies, and consider the results of the analysis and discussions in preparing the financial statements and related disclosures.

Management Response

Management concurs. During fiscal year 2003, Interior implemented a new system to track legal contingencies. Interior distributed detailed instructions on the proper use of the new system, and is prepared to provide additional training as necessary. Interior believes that the system and the process represents an improvement over prior year and will continue to enhance the process.

H. Controls over Environmental Liabilities

Interior has developed and communicated policies for estimating environmental liabilities. However, certain locations did not consistently interpret and apply these policies. In addition, Interior did not consistently evaluate and record government-acknowledged sites in accordance with Federal accounting standards. Furthermore, Interior did not consistently research and document the basis for changes in environmental liabilities or record the appropriate increases/decreases in expected clean-up costs. As a result of our observations, Interior analyzed and adjusted its environmental liabilities.

Recommendations

We recommend that Interior improve its controls over environmental liabilities, as follows:

1. *Training* – We recommend that Interior provide periodic training to scientists, financial management staff, and others to ensure that they understand Interior policies and the Federal accounting standards on environmental liabilities.

2. *Adjusting the Liability* – We recommend that Interior establish controls to ensure that changes in the environmental liabilities are properly researched, supported, and recorded. This should include having a supervisor approve the adjustments and compare the adjustments to the general ledger to ensure that balances are properly recorded.

Management Response

Management concurs and is committed to providing additional training and improving controls.

I. Controls over Revenue Process

Interior's revenue controls did not ensure that Interior consistently accounted for and classified revenue transactions as follows:

1. *Recording Activity* - Interior did not review revenue transactions to ensure that they are properly presented in accordance with Federal accounting standards. Specifically, Interior did not consistently:

   a. Recognize revenue for services provided in a timely manner, leaving deferred revenue on the balance sheet several months after the service or products had been provided;

   b. Recognize non-exchange revenue and accounts receivable for settlement funds that Interior had a legal enforceable claim to, were considered collectible, and were reasonably estimable; and

c. Classify non-exchange revenue and transfers on the statement of changes in net position.

2. *Issuing Bills and Matching Payments* – Interior did not consistently issue bills timely in accordance with prudent business practices. We noted Interior had old unbilled receivables. In addition, Interior's royalty system does not enable Interior to efficiently match receivables with the payments received, hindering Interior's ability to monitor outstanding accounts receivable.

3. *Monitoring Accounts* – Interior does not effectively analyze accounts receivable and advances from others, as we noted these accounts contained the following:

   a. Customer agreements with both an accounts receivable and an advances from others balance;

   b. Accounts receivable and advances from others with abnormal and old balances; and

   c. Accounts receivable and advances from others balances not associated with a customer agreement.

As a result of our comments, Interior performed a detailed analysis of revenue transactions and adjusted the balances.

Recommendations

We recommend that Interior improve controls over the revenue process as follows:

1. *Recording Activity* – We recommend that Interior establish controls to ensure that transactions are recorded in the proper account, at the proper amount, and in the proper period. These controls should also include periodic inspections by a second individual to ensure transactions are properly recorded.

2. *Issuing Bills and Matching Payments* – We recommend that Interior standardize customer agreements and implement billing policies that enable Interior to issue bills when the associated costs are incurred. We also recommend that Interior improve the configuration of the royalty system to minimize unmatched receivables and payments as well as to provide Interior with a monthly report of any unmatched items. Interior should investigate and resolve these unmatched items on a monthly basis.

3. *Monitoring Accounts* – We recommend that Interior implement formal month-end financial reporting processes to identify and resolve customer agreements with both an accounts receivable and advance balance, resolve accounts with abnormal balances, review and collect older accounts receivable balances, and associate balances with a customer agreement. We also recommend that Interior configure its accounting systems to prevent customer accounts from having both an accounts receivable and an advances from others balance, as well as transactions not associated with an agreement.

Management Response

Management concurs. This finding relates to billing, receivable, and deferred revenue transactions in several bureaus. Interior intends to work with these bureaus to improve Interior's billing and collections process with non-Federal entities. In addition, part of the problem deals with inconsistent processing of agreements between Federal entities. Interior established a team during fiscal year 2003 to prepare a Department-wide handbook that provides a basis for much greater consistency among the components of Interior. Moreover, establishment of the government-wide Business Partners Network (BPN) will further assist Interior in this endeavor. It is anticipated that this handbook with be issued in fiscal year 2004 and the bureaus will immediately begin to implement its provisions.

J. Controls over Grants

In accordance with *Single Audit Act Amendments of 1996,* Interior should monitor grantees to ensure grantees expend awards in accordance with the grant requirements and Federal regulations. Interior has not fully developed controls to monitor its grantees to detect and prevent misuse of Federal awards. Specifically, Interior did not consistently perform the following:

1. *Reports* – Ensure that grantees complete single audits and submit reports within nine months of the grantees' year-end.

2. *Findings* – Issue management decisions on audit findings within six months after receipt of audit reports and ensure that grantees take appropriate and timely corrective action.

Recommendations

We recommend that Interior improve its monitoring efforts of grantees as follows:

1. *Reports* – We recommend that Interior establish a monitoring process to verify that Interior receives single audits reports within nine months of the grantees' year-end. Interior should monitor the Federal Clearinghouse website periodically to determine when an audit report has been submitted. If reports are not received, Interior should inquire of grantees and consider the need to limit future grant awards until reports are submitted.

2. *Findings* – We recommend that Interior issue management decisions on audit findings within six months after receipt of single audit reports and verify that grantees take appropriate and timely corrective action. If findings are not resolved, Interior should consider the need to limit future grant awards until grantees resolve the findings.

Management Response

Management concurs. Currently, grant program managers have the authority to limit future grant awards if required financial reports have not been received. In July 2003, Interior issued new grant policies regarding grantee financial reporting. Interior will develop additional guidance on financial monitoring of Federal assistance recipients, to establish a consistent process for documenting receipt of Single Audit Act audits and completion of actions to address audit findings.

K. Intra-departmental Reconciliation

Interior components should reconcile intra-departmental transactions and balances in accordance with Interior policies. However, Interior components did not reconcile intra-departmental transactions and balances in a timely manner, as the components did not start the reconciliation process until the third quarter of the fiscal year. In addition, Interior's reconciliation process is manual, causing Interior to expend a significant amount of time reconciling and adjusting balances.

Recommendation

We understand that Interior is developing an automated process to facilitate the reconciliation of intra-departmental transactions and balances. We recommend that Interior complete and implement this automated process. Until the automated process is implemented, we recommend that Interior improve the manual process to identify and reconcile the intra-departmental transactions and balances. The reconciliation process should be completed at least quarterly, and include procedures to resolve any differences identified in a timely manner.

Management Response

Management concurs. Interior implemented procedures during fiscal year 2003, to reconcile intra-departmental transactions and balances during the year. Interior believes that this resulted in substantial improvement in the intra-departmental reconciliation process. Interior has additional efforts underway to improve the intra-departmental reconciliation process, and an automated process may be part of the Finance and Business solution currently being procured.

L. Controls over Budgetary Transactions

Interior needs to improve controls in the following areas to ensure that budgetary transactions are promptly and properly recorded:

1. *Obligations Incurred* – In some instances, Interior recorded obligations in the general ledger before incurring a legal obligation, recorded obligations at the improper amount, and recorded obligations that had not been reviewed and approved. In addition, Interior did not consistently code obligations to the appropriate budget object classification.

2. *Undelivered Orders* – Interior performed periodic reviews and certifications for undelivered orders; however, the reviews and certifications were not always effective. Our test work, performed subsequent to the review and certification process, identified several obligations that should have been de-obligated as part of the review and certification process. These exceptions occurred because Interior did not complete the reviews and certifications in a timely manner, inadvertently concluded that outstanding obligations were valid, or did not record de-obligations identified in the review and certification process.

3. *Unfilled Customer Orders* – Interior did not effectively reconcile customer orders from the subsidiary ledger to the general ledger. In addition, Interior did not consistently record modifications to customer orders.

As a result of our observations, Interior analyzed and adjusted the budgetary balances.

Recommendations

We recommend that Interior perform the following to improve controls over budgetary transactions:

1. *Obligations Incurred* – We recommend that Interior establish controls to record obligations at the proper amount, at the time the transaction occurs, and using the proper budget object classification. This should include having a supervisor review and approve obligation documents and having a second individual compare approved obligation documents to the general ledger to ensure transactions are properly classified and recorded.

2. *Undelivered Orders* – We recommend that Interior complete the reviews and certifications within the established deadlines, properly document the results of the certifications, and record the appropriate de-obligations promptly. We also recommend that Interior require managers to review and approve certifications focusing on undelivered orders without any activity during the previous three months.

3. *Unfilled Customer Orders* – We recommend that Interior reconcile the customer orders from the subsidiary ledger to the general ledger on a monthly basis. In addition, we recommend that Interior require supervisors to review and approve customer orders sent from the subsidiary ledger to the general ledger suspense records before posting the customer orders to the general ledger.

Management Response

Management concurs. Interior believes that it has made improvements in recording obligations and is committed to improving controls over budgetary transactions.

M. Controls over Charge Cards

Interior issues purchase, fleet, and travel charge cards to its employees to streamline acquisition and payment procedures and to reduce the administrative burden associated with traditional and emergency purchasing of travel items, supplies, and services. In conjunction with the issuance of these cards, Interior published guidance and instructions on the card's utilization through its *Integrated Charge Card Program Guide*. This policy sets forth restrictions on the use of the cards as well as certain internal control procedures such as timely and complete reconciliation of billing statements by the cardholders and approving officials.

However, Interior does not consistently follow these internal control procedures. Specifically, cardholders did not always sign and date the charge card statements or describe each charge on the statement. In addition, Interior was unable to locate certain charge card statements. Furthermore, approving officials did not consistently review and approve the charge card statements in a timely manner (e.g., within one month of statement date).

Recommendation

We recommend that Interior provide users and approving officials additional training on Interior's charge card policies. In addition, approving officials should be more diligent in monitoring and enforcing compliance with Interior's charge card policies. This will help prevent and detect unauthorized use of charge cards.

Management Response

Management concurs. Interior believes it has a strong charge card program, although compliance issues were identified at three Interior bureaus. Interior formally appointed approving officials beginning in the middle of fiscal year 2002. Since then, Interior has appointed over 10,000 individual supervisors, who have successfully completed the required training. The initial roll-out of training was completed in the first quarter of fiscal year 2003. Interior maintains the appointment and training process through quarterly reviews of the personnel/payroll system to identify newly appointed supervisors who will have approving official responsibilities. New training for cardholders, including those with the travel business line, is under development and scheduled for implementation beginning early in the second quarter of fiscal year 2004. Efforts will continue to improve this program.

A summary of the status of prior year reportable conditions is included as Exhibit I. We also noted other matters involving internal control over financial reporting and its operation that we have reported to the management of Interior in a separate letter.

We have identified controls over property, plant, and equipment, financial reporting controls, and intra-governmental reconciliations as material weaknesses that were not reported in Interior's *Federal Managers' Financial Integrity Act* report.

INTERNAL CONTROLS OVER REQUIRED SUPPLEMENTARY INFORMATION AND REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

We noted certain significant deficiencies in internal control over Required Supplementary Information and Required Supplementary Stewardship Information discussed in the following paragraphs that, in our judgment, could adversely affect Interior's ability to collect, process, record, and summarize this information.

N. Deferred Maintenance Reporting

Interior has not fully established controls to identify and report deferred maintenance in accordance with the Federal accounting standards. Specifically, the deferred maintenance estimates disclosed in the Required Supplementary Information section include amounts that do not meet the definition of deferred maintenance and amounts that should be excluded as Interior already completed the deferred maintenance or does not intend to complete it. In addition, Interior does not consistently maintain supporting documentation for the condition assessments and deferred maintenance estimates. Furthermore, Interior has not completed condition assessments for all of its assets and has stopped maintaining one of its deferred maintenance reporting systems. As a result, the Required Supplementary Information disclosure on condition assessments and deferred maintenance is not complete or accurate.

Recommendations

We recommend that Interior develop and implement internal controls over identifying and reporting deferred maintenance to:

1. Verify that condition assessments and the related deferred maintenance estimates meet the definition of deferred maintenance, are properly supported, and exclude items that Interior has maintained or does not intend to maintain.

2. Complete condition assessments and the related deferred maintenance estimates for all stewardship assets as well as general property, plant, and equipment.

Management Response

Interior has taken extensive steps in the past few years to improve deferred maintenance reporting. Interior has identified "Department-wide Maintenance Management Capability" as a mission critical FMFIA material weakness. The corrective action plan for this FMFIA material weakness includes steps to improve deferred maintenance reporting. Interior believes that it is making substantial progress and the Department plans to continue these efforts to improve deferred maintenance reporting.

O. Stewardship Assets and Investments

Interior does not consistently follow its established procedures and controls over recording Required Supplementary Stewardship Information. Specifically, Interior does not consistently maintain and approve source documents to support additions and deletions to stewardship assets and does not consistently perform annual inventories and verifications for stewardship assets. In addition, Interior does not consistently track investments in non-federal physical property or research and development.

Recommendations

We recommend that Interior strengthen internal controls over reporting Required Supplementary Stewardship Information to:

1. *Stewardship Assets* – Record and report stewardship asset transactions at the time the event occurs, require supervisors to review and approve these transactions, maintain source documentation for these transactions, and perform periodic inventories of stewardship assets.

2. *Stewardship Investments* – Accumulate and report investments in non-federal physical property as well as research and development.

Management Response

Interior agrees that continued improvements are needed to support the data provided in the Required Supplementary Stewardship Information section. Interior reports extensive stewardship information from a variety of sources, including non-financial systems. Interior will establish the minimum required internal control framework for these non-financial systems and work with its bureaus to ensure that they meet the minimum requirements.

COMPLIANCE WITH LAWS AND REGULATIONS

Our tests of compliance with certain provisions of laws and regulations, as described in the Responsibilities section of this report, exclusive of those referred to in the *Federal Financial Management Improvement Act* (FFMIA), disclosed instances of noncompliance with the following laws and regulations that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 01-02, and are described below.

P. *Single Audit Act Amendments of 1996*

As discussed in the Internal Control over Financial Reporting section of this report, Interior does not perform adequate monitoring of grantees in accordance with the *Single Audit Act Amendments of 1996*. Interior needs to ensure that grantees complete single audits and submit single audit reports to Interior in a timely manner. In addition, Interior needs to issue management decisions on audit findings in a timely manner.

Recommendation

We recommend that in fiscal year 2004, Interior improve its grantee monitoring process to ensure grantee compliance with the reporting requirements of the *Single Audit Act Amendments of 1996*.

Management Response

Management concurs and will work with financial assistance programs and the Office of Inspector General to ensure compliance with the *Single Audit Act Amendments of 1996*.

Q. ***Debt Collection Improvement Act of 1996***

In accordance with the *Debt Collection Improvement Act of 1996*, Interior is required to refer eligible receivables that are delinquent to the U.S. Department of the Treasury for collection or offset. Eligible receivables include those that are not the subject of litigation, related to foreclosure proceedings, or from organizations in bankruptcy. Interior did not consistently refer Bureau of Indian Affairs receivables that are over 180 days delinquent to the U.S. Department of the Treasury.

Recommendation

We recommend that the Interior establish a process, in fiscal year 2004 to ensure eligible receivables are referred to the U.S. Department of the Treasury in a timely manner.

Management Response

Management concurs. During fiscal year 2003, the Office of Financial Management worked closely with the Bureau of Indian Affairs (BIA) to address its unique debt management issues. Specifically these issues relate to loan and power programs of BIA and have esoteric legal implications under the *Indian Self Determination and Education Assistance Act*. Interior's Office of the Solicitor is in the process of assessing to what extent certain receivables are truly eligible to be referred to Treasury for debt cross-servicing as is required for most delinquent receivables under the *Debt Collection Improvement Act of 1996*. Interior believes that progress has been made in its debt management program; however, to attain the desired level of performance Interior requires additional time. Debt management improvements will again be a primary focus during the next phase of Interior's comprehensive Finance Transformation Project.

R. ***Prompt Payment Act***

In accordance with the *Prompt Payment Act,* Interior is required to pay interest penalties when payments are late. The Bureau of Indian Affairs, a component of Interior, did not consistently record the proper acceptance dates into the accounting system. As a result, Interior did not consistently pay interest penalties when payments were late.

Recommendation

We recommend that the Interior establish a process, in fiscal year 2004 to record the proper acceptance dates into the accounting system and pay interest penalties when payments are late.

Management Response

Management concurs. Interior monitors on-time payments for all of its bureaus. Most bureaus are able to achieve a 97% or better on-time payment performance. However, the Bureau of Indian Affairs has struggled with payment processing and has only been able to achieve an 88% on-time payment rate. Interior will focus on improving Bureau of Indian Affairs' payment processing during fiscal year 2004.

The results of our tests of compliance with other laws and regulations, exclusive of FFMIA, disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 01-02.

S. *Federal Financial Management Improvement Act of 1996*

The results of our tests of FFMIA disclosed instances, described below, where Interior's financial management systems did not substantially comply with Federal financial management systems requirements, the Federal accounting standards, or the United States Standard General Ledger at the transaction level.

1. *Federal Financial Management Systems Requirements* – As discussed in the Internal Control over Financial Reporting section of this report, Interior has several weaknesses in its information technology general control environment that contribute to noncompliance with OMB Circular A-130. Interior needs to improve security policies monitor the security program, strengthen access controls, segregate information technology duties, fully develop and implement procedures for controlling changes to software, and formalize its incident response processes. As a result, Interior does not substantially comply with the Federal financial management system requirements.

2. *Federal Accounting Standards* – Interior is required to prepare its financial statements in accordance with Federal accounting standards. As discussed in the Internal Control over Financial Reporting section of this report, we identified weaknesses that affected Interior's ability to prepare its financial statements and related disclosures in accordance with Federal accounting standards. Specifically, we determined that Interior needs to improve controls over property plant and equipment, financial reporting, intra-governmental reconciliation, and Indian trust funds. Also as discussed in the Internal Control over Required Supplementary Information and Required Supplementary Stewardship Information section of this report, Interior needs to improve its policies and procedures for determining and reporting deferred maintenance information to comply with Federal accounting standards. As a result, Interior does not substantially comply with the accounting standard indicators of FFMIA.

3. *United States Standard General Ledger at the Transaction Level* – In accordance with OMB Circular A-127, *Financial Management Systems*, Interior is required to record financial events consistent with the applicable account descriptions and attributes reflected in the United States Standard General Ledger (SGL) at the transaction level. Interior utilizes certain posting models for royalty transactions that are not consistent with Treasury's guidance and do not allow Interior to track transactions at the trading partner level. Therefore, Interior must manually adjust these balances for financial reporting purposes. In addition, Interior records certain Bureau of Indian Affairs receivables as a total in its subsidiary ledgers rather than recording the individual transactions. As a result, Interior does not substantially comply with the SGL requirements.

Recommendations

We recommend that Interior perform the following, during fiscal year 2004:

1. *Federal Financial Management Systems Requirements* – Improve the security and general controls over its financial management systems to meet the requirements set forth in OMB Circular A-130.

2. *Federal Accounting Standards* – Improve procedures and internal controls to ensure that the financial statements and related disclosures are prepared in accordance with the Federal accounting standards.

KPMG

3. *United States Standard General Ledger at the Transaction Level* – Modify the posting models in the royalty accounting system and revise the process for recording receivables to ensure that Interior records activity consistent with the SGL at the transaction level.

Management Response

Management concurs. Interior recognizes that improved controls can improve the efficiency of reporting and is moving to enhance the efficiency of Interior's reporting. This includes moving to monthly financial statement reporting, implementing performance metrics, and requiring periodic reviews of financial performance with senior bureaus personnel.

RESPONSIBILITIES

Management's Responsibilities

The *Government Management Reform Act of 1994* (GMRA) requires each Federal agency to report annually to Congress on its financial status and any other information needed to fairly present its financial position and results of operations. To meet the GMRA reporting requirements, Interior prepares annual financial statements.

Management is responsible for the financial statements, including:

- Preparing the financial statements in conformity with accounting principles generally accepted in the United States of America;

- Establishing and maintaining internal controls over financial reporting, and preparing the Management's Discussion and Analysis (including the performance measures), Required Supplementary Information, and Required Supplementary Stewardship Information, and

- Complying with laws and regulations, including FFMIA.

In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies. Because of inherent limitations in internal control, misstatements, due to error or fraud may nevertheless occur and not be detected.

Auditors' Responsibilities

Our responsibility is to express an opinion on the fiscal year 2003 and 2002 financial statements of Interior based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, and OMB Bulletin No. 01-02. Those standards and OMB Bulletin No. 01-02 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;

- Assessing the accounting principles used and significant estimates made by management, and

- Evaluating the overall financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

KPMG

In planning and performing our fiscal year 2003 audit, we considered Interior's internal control over financial reporting by obtaining an understanding of Interior's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 01-02 and *Government Auditing Standards*. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*. The objective of our audit was not to provide assurance on internal control over financial reporting. Consequently, we do not provide an opinion thereon.

As required by OMB Bulletin No. 01-02, we considered Interior's internal control over Required Supplementary Stewardship Information by obtaining an understanding of Interior's internal control, determining whether these internal controls had been placed in operation, assessing control risk, and performing tests of controls. Our procedures were not designed to provide assurance on internal control over Required Supplementary Stewardship Information and, accordingly, we do not provide an opinion thereon.

As further required by OMB Bulletin No. 01-02, with respect to internal control related to performance measures determined by management to be key and reported in the Management's Discussion and Analysis, we obtained an understanding of the design of significant internal controls relating to the existence and completeness assertions. Our procedures were not designed to provide assurance on internal control over performance measures and, accordingly, we do not provide an opinion thereon.

As part of obtaining reasonable assurance about whether Interior's fiscal year 2003 financial statements are free of material misstatement, we performed tests of Interior's compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 01-02, including certain provisions referred to in FFMIA. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws and regulations applicable to Interior. Providing an opinion on compliance with laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

Under OMB Bulletin No 01-02 and FFMIA, we are required to report whether Interior's financial management systems substantially comply with (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level. To meet this requirement, we performed tests of compliance with FFMIA Section 803(a) requirements.

DISTRIBUTION

This report is intended for the information and use of Interior's management, Interior's Office of the Inspector General, OMB, GAO, and the U.S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 28, 2003

Exhibit I

U.S. DEPARTMENT OF THE INTERIOR

Summary of the Status of Prior Year Findings

September 30, 2003

Ref	Fiscal Year 2002 Condition	Fiscal Year 2003 Status
A	Security and general controls over financial management systems	This condition has not been fully corrected and is repeated at finding E.
B	Controls over property, plant, and equipment	This condition has not been corrected and is repeated at finding A.
C	Controls over financial reporting	This condition has not been corrected and is repeated at finding B.
D	Controls to reconcile intra-governmental transactions and balances	This condition has not been fully corrected and is repeated at findings C and K.
E	Indian Trust Fund controls	This condition has not been fully corrected and is repeated at finding D.
F	Financial processes at U.S. Geological Survey	This condition has been corrected.
G	Controls over undelivered orders and accruals	This condition has not been corrected and is repeated at findings F and L.
H	Controls for recording and disclosing claims and assessments	This condition has not been corrected and is repeated at finding G.
I	Controls over environmental liabilities	This condition has not been corrected and is repeated at finding H.
J	Controls over revenue process	This condition has not been corrected and is repeated at finding I.
K	Controls over Interior Franchise Fund	This condition has been corrected.
L	Deferred maintenance reporting	This condition has not been corrected and is repeated at finding N.
M	Debt Collection Improvement Act of 1996	This condition has not been corrected and is repeated at finding Q.
N	Section 113 of Public Law 104-208 – Advances for Interior Franchise Fund	This condition has been corrected.
O	Federal Financial Management Improvement Act of 1996	This condition has not been corrected and is repeated at finding S.

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United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

Office of Inspector General Update for 2003 of the Top Management Challenges for the Department of the Interior

1. Financial Management

The Department of the Interior's (DOI or the Department) financial management systems do not produce timely, accurate and reliable information throughout the course of the year. As a result, the Department undertakes a massive effort every year to compile, analyze, and correct its financial data in order to prepare accurate financial statements within a reasonable timeframe after the close of the fiscal year.

Good financial management information, especially cost information, is key to good management decision-making and is necessary to address other challenges facing the Department. Hindering DOI progress are longstanding significant control weaknesses over activities such as property, plant, and equipment; financial reporting; Indian trust funds; and transactions between bureaus and offices. Also, Department-wide initiatives to introduce activity based costing across the Department and to better integrate performance, budget, and accounting information place increased burdens on an already over-taxed financial management staff.

DOI has made some progress in correcting financial management weaknesses. For example, significant improvements have been made in addressing weaknesses at the U.S. Geological Survey (GS) which last year prevented GS from producing accurate and timely financial statements. However, DOI must enhance both the depth and breadth of its financial management personnel, and must continue its endeavor to secure funding for an updated, integrated Department-wide financial management system.

2. Information Technology

Shortcomings in policies, procedures, and controls need to be addressed before Information Technology (IT) systems and data at DOI are adequately protected. According to a September 2003 Office of Inspector General (OIG) report (No. 2003-I-0066) DOI's overall security program does not demonstrate that all information systems supporting its operations and assets are adequately protected.

During the past 2 years, DOI has made progress in strengthening IT security in its financial accounting systems, and has established security processes and documentation for its Indian Trust systems that places the trust systems in a better information-security posture than the majority of other DOI information systems. If DOI continues its current

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rate of improvement, it should meet its target date for having all information systems certified and accredited by December 2005. However, until bureaus and offices fully implement security policies and procedures, effectively assess risks, and fully integrate corrective action plans with the capital planning and investment control process, DOI should continue to report to the Congress the lack of an adequate information security program as a material weakness.

3. Health, Safety and Emergency Management

DOI must protect millions of visitors, hundreds of thousands of employees and volunteers, thousands of facilities, and millions of acres of property from both internal and external threats. Risk assessments conducted by the OIG and other entities concluded that:

- Water and power facilities and national icon parks remain vulnerable to outside threats.
- Visitor safety and security remains inadequate at many DOI parks and other facilities.
- Employee safety and security remains inadequate at many DOI facilities.
- The physical isolation of some DOI lands and facilities increases their vulnerability to threats and inhibits DOI's response time.

DOI continues to be slow to change its mission and priorities to reflect its new security responsibilities and commitment. OIG's August 2003 homeland security assessment (No. 2003-I-0063) concentrated on the security management, security staffing, and use of funds designated for security at national icon parks. These icons were chosen because they enjoy prominent historical attention, large numbers of visitors and frequent media attention. We found they continue to be in jeopardy.

While some security measures have been adopted, most security improvements have been delayed, postponed or wholly disregarded, employees continue to remain unconvinced of the necessity for new security measures, and there is little to or no accountability for non-compliance.

Also, the Department reported that wireless telecommunications was inadequate. The current wireless telecommunications program in some bureaus does not effectively support bureau and public safety operations, does not comply with Department management directives, and is not funded to achieve timely compliance. The Department will implement a plan to meet employee and public safety objectives, and restore the program to efficiency by reviewing bureau narrowband capital investment and implementation plans; revise plans to maximize radio system sharing, minimize supporting infrastructure requirements; and ensure maximum use of alternative wireless services by fiscal year 2005.

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4. Maintenance of Facilities

DOI owns, builds, purchases, and contracts services for assets such as visitor centers, schools, office buildings, roads, bridges, dams, irrigation systems, and reservoirs. These assets include some deteriorating facilities for which repair and maintenance have not been adequately funded. According to a GAO report (No. GAO-03-104) issued January 2003, entitled, "Major Management Challenges and Program Risks, Department of the Interior," DOI needs to more aggressively address the deferred maintenance backlog. The report stated that the repair and maintenance on these assets have been postponed for years due to budgetary constraints and that the deterioration of facilities can adversely impact public health and safety, reduce employees' morale and productivity, and increase the need for costly major repairs or early replacement of structures and equipment. In February 2002, the DOI estimated that the deferred maintenance backlog was between \$8.1 billion and \$11.4 billion. The maintenance needs for the National Park Service (NPS) and the Bureau of Indian Affairs (BIA) facilities alone account for over 85 percent of the DOI-wide deferred maintenance backlog.

In a December 2001 report (No. 2002-I-0008), OIG outlined a comprehensive approach to maintenance management within DOI. The report stated that DOI needs to implement a comprehensive maintenance management system to effectively plan, prioritize, conduct, and track the condition and maintenance of facilities within all bureaus, especially the NPS. Also, DOI needs to provide long-term leadership to keep money available to address the long-standing issues of deferred maintenance.

In fiscal year 2003, DOI reported that it lacked consistent, reliable, and complete information to plan for, budget, and account for resources dedicated to maintenance activities. The DOI planned to identify and implement a comprehensive maintenance management system with an appropriate linkage to the accounting system; conduct comprehensive condition assessments; make determinations to repair, replace, or relocate facilities; develop a five-year Deferred Maintenance Plan and Capital improvement Plan; repair, replace, and relocate facilities to "good condition," and reduce deferred maintenance to established goals by fiscal year 2005.

DOI has adopted a computer-based facilities maintenance management system, which it tested at multiple locations during fiscal year 2002, and has been assessing the condition of facilities, developing a 5-year maintenance plan, and establishing goals to reduce the deferred maintenance backlog. Also, DOI has established a Facilities Management Systems Partnership (FMSP) that provides a forum for the Department and its facilities-managing bureaus to coordinate the development and use of facilities management systems. While the FMSP has made demonstrable strides in developing a framework within which to address facilities management issues, maintenance in the Department remains a material weakness and an enormous challenge to be managed.

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5. Responsibility to Indians and Insular Areas

According to GAO report (No. GAO-03-104) issued January 2003, entitled, "Major Management Challenges and Program Risks, Department of the Interior" DOI needs to address persistent management problems in programs for Indians and island communities. DOI is responsible for administering the Federal government's trust responsibilities to Indian tribes and individual Indians, and provides more than $750 million annually for basic tribal services, such as social services, tribal courts, and natural resource management. Over the years, the GAO and OIG have reported on DOI's poor management of Indian trust funds and programs. Despite DOI's efforts, inadequate accounting and information systems and internal controls, as well as other weaknesses prevent DOI from ensuring that the funds are properly managed. In addition, DOI has various responsibilities to seven island communities - four U.S. territories and three sovereign island nations. The Insular Area governments have serious long-standing financial and program management deficiencies.

Indian Affairs

In fiscal 2003, the independent certified public accounting firm of KPMG LLP, under contract with the Office of Special Trustee for American Indians (OST), rendered qualified opinions on OST's fiscal year 2001 financial statements for Tribal and Other Trust Funds and Individual Indian Monies Trust Funds. KPMG qualified its opinions because cash balances in the financial statements were materially greater than balances reported by the U.S. Treasury. In addition, inadequacies in certain DOI accounting systems made it impractical to extend auditing procedures to satisfy auditors regarding the fairness of Trust Fund balances. Finally, certain parties for whom the Office of Trust Funds Management (OTFM) holds monetary assets in trust do not agree with the balances recorded by the OTFM and have filed or are expected to file claims against the U.S. Government.

DOI reported for fiscal year 2003, that OST's conversion to a commercial trust fund accounting system and the implementation of enhanced OST management controls will help ensure that all collected trust funds are properly accounted for. Major efforts remaining to be accomplished include: (1) completing an historical accounting of individual Indian money accounts; and (2) ensuring that BIA ownership and distribution information is correct. Also, DOI reported in fiscal year 2003 that long standing deficiencies in the records management program have made it difficult to ensure the maintenance and preservation of Indian Trust records. An updated work plan with strategies, tasks, timelines and resource requirements has been developed by the Office of Trust Records. According to DOI, the implementation of this work plan will resolve many of the identified deficiencies and establish an active and comprehensive records management program for BIA and OST.

The majority of funds provided for tribal services are administered by Indian tribes under Indian Self-Determination Act contracts, grants, and compacts from BIA. According to the Act, the principal reporting requirement for tribes and the major monitoring tool for

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BIA is the single audit report. The single audits present information on tribes' compliance with funding agreements and controls over Federal funds. OIG quality control reviews of single audit reports revealed that about 70 tribes were delinquent in submitting their reports for fiscal year 2001.

Insular Affairs

Insular Area governments generally lack the standard business practices essential to financial accountability. Most of our audits have identified serious administrative and accounting deficiencies, including property management practices that were not sufficient to satisfactorily account for and safeguard equipment purchased with grant funds; improper procurement practices that allowed purchases without competition; poor records management; inadequate accounting practices that resulted in questioned costs, incorrect grant balances, and unreconciled records; and poor reporting practices to OIA that unnecessarily delayed projects. A February OIG audit (No. 2003-I-0011) on the status of prior audit findings and recommendations pertaining to Insular Areas underscores a fundamental dilemma faced by DOI in correcting serious deficiencies. While the OIG is authorized to audit all revenues and expenditures of Insular Area governments, the DOI does not have authority to enforce audit findings and recommendations for funds provided by other Federal departments or for funds provided by the DOI that have Federally imposed entitlement conditions. While, the Office of Insular Affairs (OIA) has taken steps to strengthen controls over its grants, OIG's follow-up audit highlighted the necessity of continuing to urge other Federal agencies providing funds to the Insular Areas to become more involved in monitoring these funds and ensuring their proper use.

As with Indian programs, one of the major tools available for monitoring the use of Federal funding by Insular Areas is the single audit report. OIG has noted, however, that many Insular areas are delinquent in submitting reports and the reports which have been submitted disclosed serious financial management deficiencies. For example, the single audit report on the U.S. Virgin Islands for fiscal year 2001, the most recent completed report, documented 61 reportable conditions pertaining to Federal programs of which 39 were classified as material weaknesses.

On the positive side, OIG's Insular Area field liaison for the Pacific, appointed in July 2002, reported progress in several areas: (1) building the capacity of local Offices of Public Auditor in Pacific areas to audit local funds, (2) working with OIA to look at the adequacy of Insular Area government systems and controls that account for grant monies, and (3) closing out unresolved audit recommendations. We hope that this concerted effort will help remedy the general lack of meaningful action by Pacific Insular Area governments to address past audit recommendations.

6. Resource Protection and Restoration

DOI resource managers face the challenge of balancing the competing interests for use of the nation's natural resources. Major contributors to the challenge of effective resource

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management include increased population, environmental issues, shortages of resources such as water, oil and gas, and demands for more recreational areas. DOI faces challenges in implementing policy goals for repairing and maintaining ecosystems within budget limitations. Of special concern are wildfires, water allocations, a changing land and recreation base, and invasive (non-native) species. Federal lands account for 30 to 35 percent of energy produced in the United States. The primary challenge is developing energy resources while protecting natural resources, including endangered plant and animal species.

A GAO report (No. GAO-03-104) issued January 2003, entitled, "Major Management Challenges and Program Risks, Department of the Interior," stated that over the years, the OIG and GAO have determined that the land exchanges completed by the Bureau of Land Management (BLM) to date have not ensured that the lands being exchanged were appropriately valued or protected the public interest. In exchanging lands, Federal agencies are required under the Federal Land Policy and Management Act of 1976 to determine that the exchange serves the public interest. In addition, the law requires that the lands exchanged be of equal value, or equalized by a payment of money

To address long-standing concerns about the valuation of exchanged lands and the management of appraisal functions, as documented for several decades in reports issued by OIG, GAO and, most recently, by the Appraisal Foundation, the Secretary announced that the appraisal function performed by BLM, the Fish and Wildlife Service (FWS), NPS, and the Bureau of Reclamation will be consolidated within a newly-formed Departmental office. DOI's new appraisal organization is intended to ensure greater appraiser independence, thereby enabling DOI to provide unbiased valuation services that meet recognized professional standards.

According to a GAO report (No. GAO-03-104) issued in January 2003, entitled, "Major Management Challenges and Program Risks, Department of the Interior," DOI needs to Improve Management of Ecosystem Restoration Efforts. To achieve its Departmentwide mandate for protecting and preserving the natural resources under its management, DOI has developed long-term goals of restoring the health of public lands and maintaining ecosystems. To accomplish these goals, the Department will need to restore significant national ecosystems to health by addressing the growing wildland fire threat to communities and resources caused by the excessive buildup of fuels in forested ecosystems, such as those located in the interior Western states; restoring the South Florida ecosystem, which includes the Everglades; and controlling and eradicating invasive nonnative species.

7. Revenue Collections

DOI is a large, decentralized agency with over 70,000 employees and 200,000 volunteers located at approximately 2,400 operating locations across the United States, Puerto Rico, U.S. territories, and freely associated states. DOI raises more than $8.3 billion in revenues collected from oil and gas and mineral leasing, grazing, timber sales, recreation fees, land sales, and mining fees.

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The highest revenue collector in DOI is by far the Minerals Management Service (MMS) which annually collects more than $6 billion in mineral revenues from more than 84,260 onshore and offshore Federal leases. Since 1982, the MMS' Minerals Revenue Management Program (MRMP) has collected and distributed approximately $127 billion to Federal, state and Indian accounts.

The MMS also conducts a comprehensive compliance effort to ensure that royalty payments from lessees are on time and accurate. Historically, both OIG and MMS have identified significant mineral revenue underpayments from lessees. Between 1982 and 2002, MMS compliance activities have resulted in $2.5 billion of additional collections. During fiscal year 2002, MRMP continued the implementation and refinement of a new system infrastructure to support its comprehensive reengineered business process to meet the challenge of accomplishing its responsibilities and to maintain a high level of efficiency.

A March 2003 OIG report (No. 2003-I-0023) concluded that MMS' systems and safeguards over its audit procedures are insufficient, and that some of its audit work did not meet Government Auditing Standards. MMS audits represent a significant portion of its efforts to detect and deter royalty underpayments. Also, investigations conducted by OIG with MMS assistance continue to uncover multi-million dollar royalty underpayments. One investigation resulted in a $49 million settlement agreement in 2003 with a major oil company for failure to pay royalties on natural gas production from offshore leases. Another investigation uncovered a scheme in which a lessee conspired with another company to underpay royalties on natural gas produced from Federal leases. In this case, the lessee accepted substantially less than it was entitled to for gas sales resulting in underpayments to MMS of about $7 million. Because of the amount of collections and the significant potential for underpayments, OIG believes that revenue collections should continue as a management challenge for the Department.

8. Procurement, Contracts and Grants

DOI spends substantial resources each year in contracting for goods and services and in providing Federal assistance to states and Indian organizations. Procurement has historically been an area subject to fraud and waste government-wide, and managing procurement activities is an unending challenge requiring constant attention. DOI has reported on the material inadequacy of BIA's acquisition management organization, policies, procedures, and guidelines since fiscal year 1991. OIG has also reported (No. 2002-I-0011) on a lack of management supervision by the bureaus and offices of the Department over purchases made with credit cards. More recently, OIG reported (No. 2003-I-0009) on poor business decisions by the former park superintendent and contracting officer in the administration of a contract for construction at the Bryce Canyon Visitor Center led to excessive costs, as follows: (1) NPS selected a fixed unit-price contract that did not provide incentive to the contractor for cost control or labor efficiency; (2) NPS did not sufficiently monitor the contract (3) NPS used rough estimates of quantities and materials to prepare the bid schedule. As a result, contract

Attachment 2

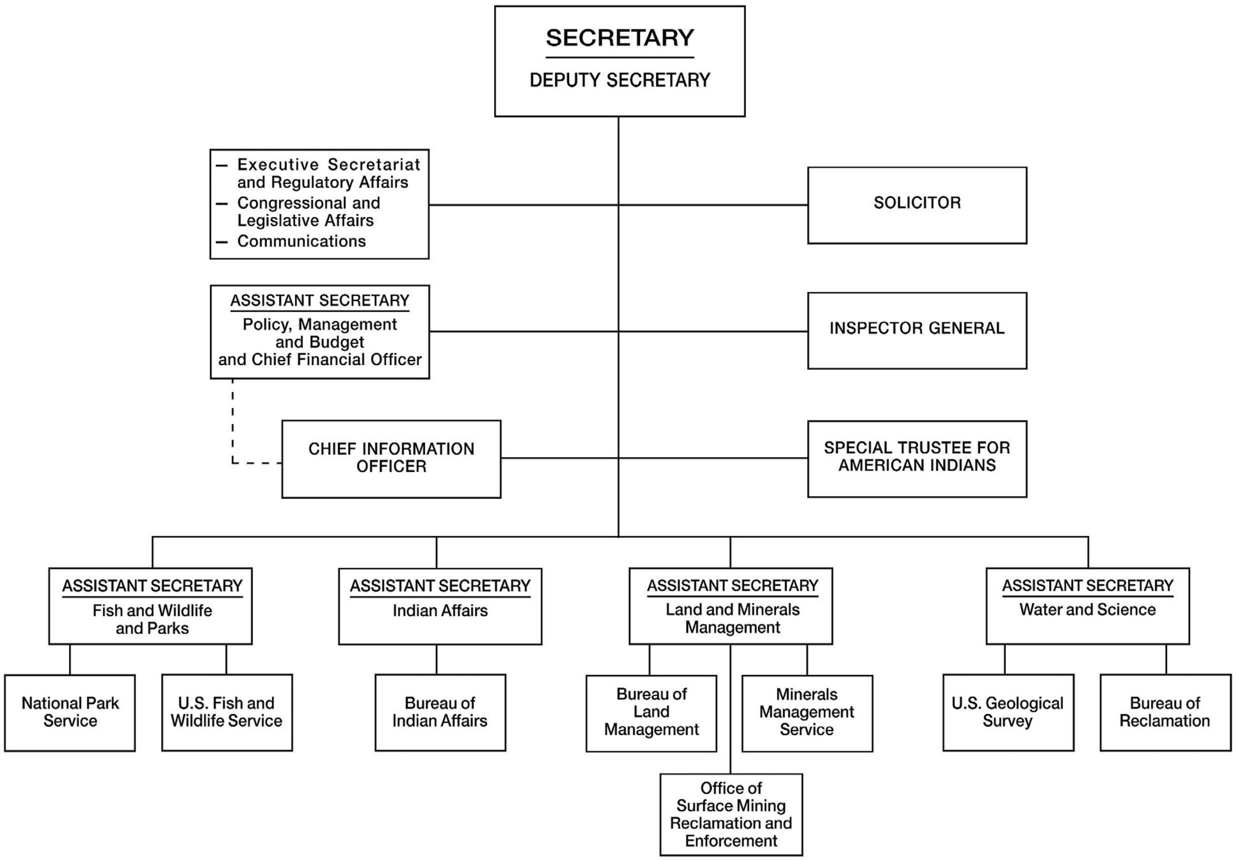
specifications were inaccurate, and, after contract award, NPS had to increase 60 line items and add 45 new line items for changes and additions to the project. Consequently, project costs increased almost a million dollars, from \$3.9 to \$4.8 million (24 percent). The excessive contract costs contributed to deficit balances in the park's recreation fee demonstration account in fiscal years 2000 and 2001.

Furthermore, OIG reviews of FWS Sportfish and Wildlife Restoration program grants, totaling about \$504 million for 14 states and two territories, identified questioned costs and other significant issues, as follows: (1) ten states and the two territories claimed \$4.9 million that was ineligible for reimbursement, (2) five states did not offset grant costs of \$823,000 with revenues earned from commercial activities on lands purchased or managed with grant funds, (3) five states did not return a total of \$2.6 million of interest earned on hunting and fishing license revenues to their fish and wildlife programs, (4) five states diverted over \$5 million of revenue from the sale of state hunting and fishing licenses for purposes other than administering their fish and wildlife programs. Based on our reports, FWS is working with the states and territories to resolve these matters.

Part 5.
Appendices

FIGURE 42

U.S. Department of the Interior



Glossary of Acronyms

AAPC	Accounting and Audit Policy Committee
ABC	Activity-Based Costing
ADR	Alternative Dispute Resolution
ANSS	Advanced National Seismic System
AFV	Alternative Fueled Vehicle
AHERA	Asbestos Hazard Emergency Response Act
AMCR	Alternate Management Control Review
AML	Abandoned Mine Land
ANSS	Advanced National Seismic System
ARTF	Aquatic Resources Trust Fund
ASG	American Samoa Government
ASMIS	Archeological Site Management Information System
BBLS	Barrels
BIA	Bureau of Indian Affairs
BLM	Bureau of Land Management
BOC	Budget Object Classification
BOR	Bureau of Reclamation
BSF	Budget Subfunction
BTU	British Thermal Units
C&A	Certification and Accreditation
CAA	Clean Air Act
CADR	Collaborative Action and Dispute Resolution
CAP	Corrective Action Plan
CASHE	Condition Assessment for Safety, Health, and Environment
CCR	Central Contractor Registration
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act
CFO	Chief Financial Officer
CINDI	Center for Integration of Natural Disaster Information
CIO	Chief Information Officer
CIP	Construction in Progress
COP	Continuation of Pay
COTS	Commercial Off-the-Shelf Software
CRBSP	Colorado River Basin Salinity Control Program
CRPP	Cultural Resource Preservation Program
CSRS	Civil Service Retirement System
CUPCA	Central Utah Project Completion Act
CWA	Clean Water Act
DAR	Department Accountability Report
DOI	Department of the Interior
DPS	Distinct Population Segments
ECL	Environmental Contingent Liability
EFF	Equipped for the Future
EIRF	Environmental Improvement and Restoration Fund
ESA	Endangered Species Act
EWA	Environmental Water Account

FACE	Family and Child Education
FAIMS	Federal Aid Information Management System
FAIR	Federal Activities Inventory Reform
FAS	Fixed Asset System
FASAB	Federal Accounting Standards Advisory Board
FBI	Federal Bureau of Investigation
FBMS	Financial and Business Management System
FBU	Funds Put to Better Use
FCI	Facilities Condition Index
FECA	Federal Employees Compensation Act
FEGLI	Federal Employee Group Life Insurance
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act
FFS	Federal Financial System
FI&R	Facilities Improvement and Repair
FIRM	Foundation Information for Real Property Management System
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FTE	Full-Time Equivalent
FWS	Fish and Wildlife Service
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAM	Geographic Analysis and Monitoring Program
GAO	General Accounting Office
GCDB	Geographic Coordinate Data Base
GED	General Equivalency Diploma
GIS	Geographic Information System
GMRA	Government Management Reform Act
GPRA	Government Performance and Results Act
GSA	General Services Administration
HLIP	High Level Implementation Plan
HPF	Historic Preservation Fund
IACB	Indian Arts and Crafts Board
IDEAS	Interior Department Electronic Acquisition System
IFF	Interior Franchise Fund
IGIA	Interagency Group on Insular Areas
IIM	Individual Indian Monies
IMPC	Interior Museum Property Committee
IAEGC	Interagency Electronics Grants Committee
IPA	Intergovernmental Personnel Agreements
IRMP	Integrated Resource Management Plan
IRRB	Indian Reservation and Roads Program
ISEP	Indian School Equalization Program
IT	Information Technology
JOM	Johnson-O'Malley
LCS	List of Classified Structures
LPG	Liquid Petroleum Gas
LWCF	Land and Water Conservation Fund

M&I	Municipal and Industrial
MAF	Million Acre Feet
MCAF	Management Control and Audit Followup
MEO	Most Efficient Organization
MMBF	Million Board Feet
MMS	Minerals Management Service
MOU	Memorandum of Understanding
MPP	Museum Property Program
MRM	Minerals Revenue Management
MRMFS	Minerals Revenue Management Financial System
NBC	National Business Center
NCA	National Conservation Area
NEPA	National Environmental Policy Act
NFHS	National Fish Hatcheries System
NHL	National Historic Landmark
NIGC	National Indian Gaming Commission
NIIMS	National Irrigation Information Management System
NISH	National Institute for Safety and Health
NIST	National Institute of Standards and Technology
NLCS	National Landscape Conservation System
NM	National Monuments
NPS	National Park Service
NRC	National Resource Council
NRDAR	Natural Resources Damage Assessment and Restoration Fund
NRPP	Natural Resource Preservation Program
NSTC	National Science and Technology Center
NWR	National Wildlife Refuge
O&M	Operation and Maintenance
OAIT	Office of American Indian Trust
OCS	Outer Continental Shelf
OCSLA	Outer Continental Shelf Lands Act
OFPP	Office of Federal Procurement Policy
OHTA	Office of Historical Trust Accounting
OIA	Office of Insular Affairs
OIG	Office of Inspector General
OLES	Office of Law Enforcement Services
OMB	Office of Management and Budget
OMM	Offshore Minerals Management
OPA	Oil Pollution Act
OPM	Office of Personnel Management
OSM	Office of Surface Mining
OST	Office of the Special Trustee for American Indians
OTFM	Office of Trust Funds Management
OTR	Office of Trust Records
OTRA	Office of Trust Review and Audit
OTRM	Office of Trust Risk Management
PAR	Performance and Accountability Report
PART	Program Assessment Rating Tool
PBSC	Performance-Based Service Contracting
PFC	Proper Functioning Condition
PL	Public Law

PMA	President's Management Agenda
PP&E	Property, Plant, and Equipment
RCRA	Resource Conservation and Recovery Act
RFD	Rural Fire District
RIK	Royalty-in-Kind
RMP	Resource Management Plan
ROW	Right-of-Way
RSSI	Required Supplementary Stewardship Information
RWO	Research Work Orders
SBR	Statement of Budgetary Resources
SDWA	Safe Drinking Water Act
SFFAS	Statement of Federal Financial Accounting Standards
SFRA	Sport Fish Restoration Account
SGL	Standard General Ledger
SIPI	Southwestern Indian Polytechnic Institute
SNPLMA	Southern Nevada Public Land Management Act
SRMA	Special Recreation Management Areas
STA	Stormwater Treatment Area
SOP	Standard Operating Procedure
SPR	Strategic Petroleum Reserve
UMWA CBF	United Mine Workers of America Combined Benefit Fund
URMCC	Utah Reclamation Mitigation and Conservation Commission
USBM	U.S. Bureau of Mines
USGS	U.S. Geological Survey
V&V	Validation and Verification
VSP	Visitor Services Project
WAPA	Western Area Power Administration
WNV	West Nile Virus
WUI	Wildland Urban Interface

List of Figures and Tables

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Footnote Tables

TALK BACK

Like everything the Department undertakes, our performance planning and measurement is an iterative process: we learn as we go, we listen to interested citizens and customers, and we follow the ideals of the Secretary's 4 C's.

We'd like to hear from you about the FY 2003 Annual Report on Performance and Accountability. Did it present the information in a way that you could use? Where did it succeed and where did it fall short? What can we do better in the future?

You can send written comments to:

Department of the Interior
Office of Planning and Performance Management
Mail Stop 5258
1849 C Street N.W.
Washington, D.C. 20240

Or, if you prefer, visit ***www.doi.gov/ppp/feedback.html*** and submit your comments to us electronically.

An electronic version of this report and its executive summary (a separate publication) is available at ***www.doi.gov/pfm/par2003***. We encourage you to visit ***www.doi.gov/about.html*** where you will find links to the other documents that describe the Department's ongoing journey towards 21st Century Stewardship: Our new integrated and outcome-oriented Strategic Plan, the Secretary's Citizen-Centered Governance Plan, and our Strategic Plan for Human Capital Management.

We encourage you to read—and respond—to all of them. Let us hear from you about how we can serve you better.

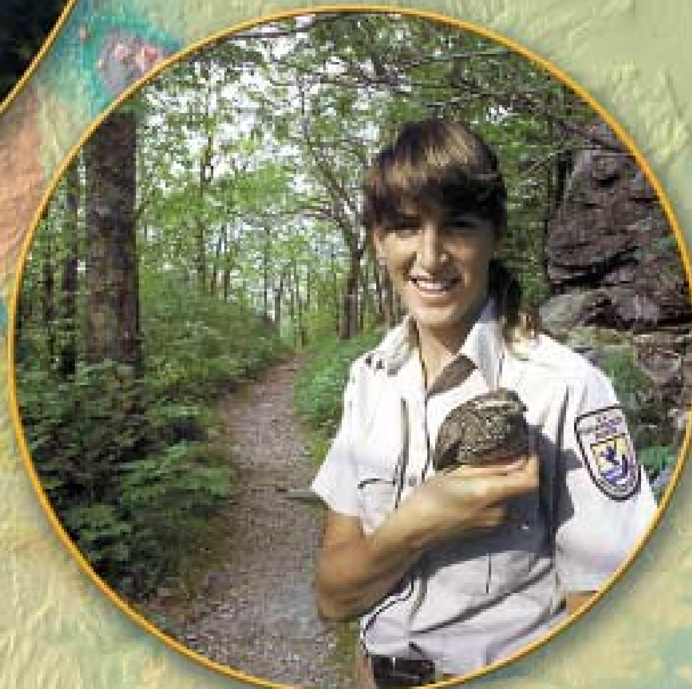
To request addtional copies of this report, please contact:

Department of the Interior
Office of Financial Management
Mail Stop 5412
1849 C Street, N.W.
Washington, D.C. 20240
(202) 208-6295

Grand Tetons National Park, Wyoming

"… it is your park. It's the park of every person who lives in America, and we've got to remember that. We're stewards of the people's land. We have an obligation to leave this [place] a better place than when we found it— and there's no doubt in my mind, thanks to the hard work of… employees, to the volunteers who come, thanks to a Congress that recognizes that we need to maintain this incredibly important asset for our country, we'll do our job."

President George W. Bush
speaking at the Santa Monica Mountains National Recreation Area, August 2003, regarding the preservation of America's natural treasures.



U.S. Department of the Interior

Office of the Secretary

Bureau of Land Management

Minerals Management Service

Office of Surface Mining Reclamation and Enforcement

U.S. Geological Survey

Bureau of Reclamation

U.S. Fish and Wildlife Service

National Park Service

Bureau of Indian Affairs

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