Department of Energy
Washington, DC 20585

MAY 2 4 2004

MEMORANDUM FOR DISTRIBUTION

FROM: JAMES T. CAMPBELL
ACTING DIRECTOR OFFICE OF MANAGEMENT, BUDGET AND EVALUATION/ACTING CFO

SUBJECT: Next Steps in Integrating Budget and Performance

In October 2004, the Department will deploy the new Integrated Management Navigation System (I-MANAGE) Standard Accounting and Reporting System (STARS) and the I-MANAGE Data Warehouse (IDW). When implemented, these two systems will support the Department's efforts to better integrate performance measurement, budgets, and cost information in accordance with the President's Management Agenda.

In the FY 2005 Budget and Reporting Codes (B&R) Call issued on April 13, 2004, I asked you to report on the linkage of as many B&R codes as possible with your full set of FY 2005 performance measures (those in the FY 2005 Congressional Budget as well as those you use internally for managing your programs). This information will allow us to determine the current percentage of the budget that can be directly associated with performance targets, and will aid in identifying follow-on steps required to achieve further integration of performance, budgets, and costs.

I would like to build on this initiative for FY 2006. As you prepare your FY 2006 budget, consider aligning your performance targets, your budget structure, and the future FY 2006 B&R codes to enable use of the STARS capabilities in the 2006 year of execution. This is important now because it will facilitate the eventual alignment of performance, budget, and accounting information. To the extent that you can make this alignment, STARS will be able to roll up, summarize, and report performance against budget and costs for annual performance targets, Program Goals, and General Goals. The roll up just described will provide additional details on our achievement of a President's Management Agenda item, specifically, that more than 90% of our budget and costs are associated with performance on program goals.

I recognize that linking costs and performance at the annual performance target level represents a significant change in the Department's business practices. While we have been using performance information as a decision-making tool, an increased linkage of costs to targets in STARS will greatly enhance the value of this information and will allow you as managers to maximize the benefit of I-MANAGE STARS. I ask for your full support of these efforts.

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If you have any questions related to linking performance targets, budget structure, and B&R codes, please call Sal Golub on 202-586-4043.

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