



**Reorganization**

**improved**

**efficiency**

# Finance and administration

A report on the budget, management, and operations of the Office of Surface Mining

Since 1977 protecting the environment during coal mining and making sure the land is reclaimed after the coal is removed have been required by the Surface Mining Control and Reclamation Act (SMCRA). Making sure those requirements are met is the responsibility of the Office of Surface Mining.

Functionally, the agency is organized around the two principal requirements of the surface mining law: regulating active coal mining and reclaiming abandoned mines.

*"The reorganization incorporates new ways to accomplish the agency's mission."*

## Organization of the Office of Surface Mining

On May 1, 1995, a new organizational structure for the Office of Surface Mining became operational. The new organization, which Congress approved in December 1994, is consistent with the streamlining goals of Vice President Gore's National Performance Review. The reorganization incorporates new ways to accomplish the agency's mission more effectively and efficiently.

Completion of the reorganization has resulted in many benefits for the

At this Kentucky mine reclamation, the rock-lined drain adjacent to the hollow fill directs surface water to the permanent impoundment at the base of the structure.

Office of Surface Mining: the number of Senior

Executive Service and supervisory positions were reduced; duplicate and overlapping jurisdictions within the Office of Surface Mining were eliminated; and operational decisions were moved from Washington, D.C., to the field.

With key functions and processes decentralized and re-engineered, and with a flatter, more field-oriented

organization, the Office of Surface Mining is positioned to reach a higher level of success. The new organization improves the level of customer service -- particularly to coal field citizens and the coal industry, our primary customers. Promoting involvement and teamwork through a shared commitment with states, industry, and the public is at the core of improving both customer service and on-the-ground results.

The principal elements of the reorganization included:

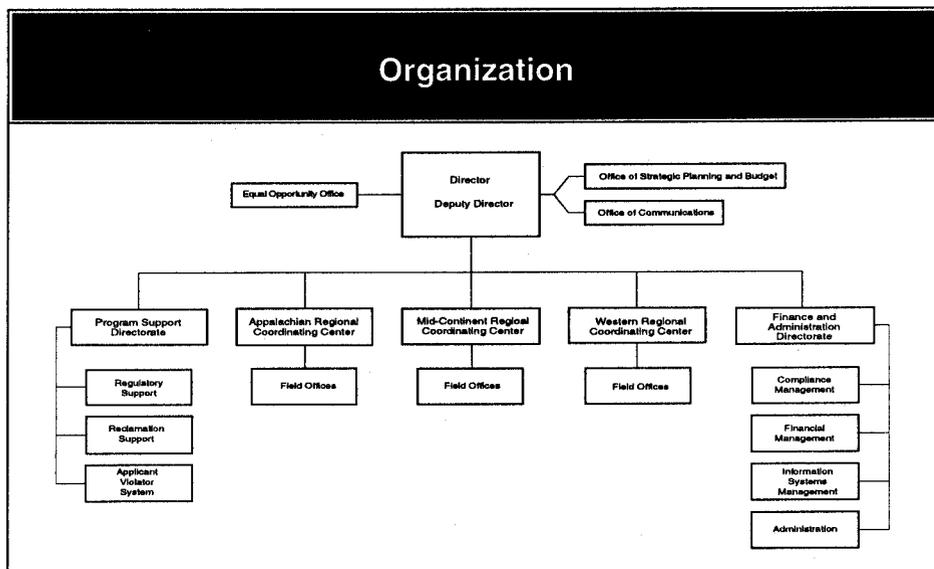
- Establishing a region-based structure that organizes coal-producing states into three regions with similar environmental conditions. This makes it easier to apply an ecosystem approach to resolving issues. Regional coordinating centers have been established in Pittsburgh, Pennsylvania; Alton, Illinois; and Denver, Colorado.

- Functions that overlapped or could be more effectively handled by other offices were transferred. This included eliminating two Directorates: Field

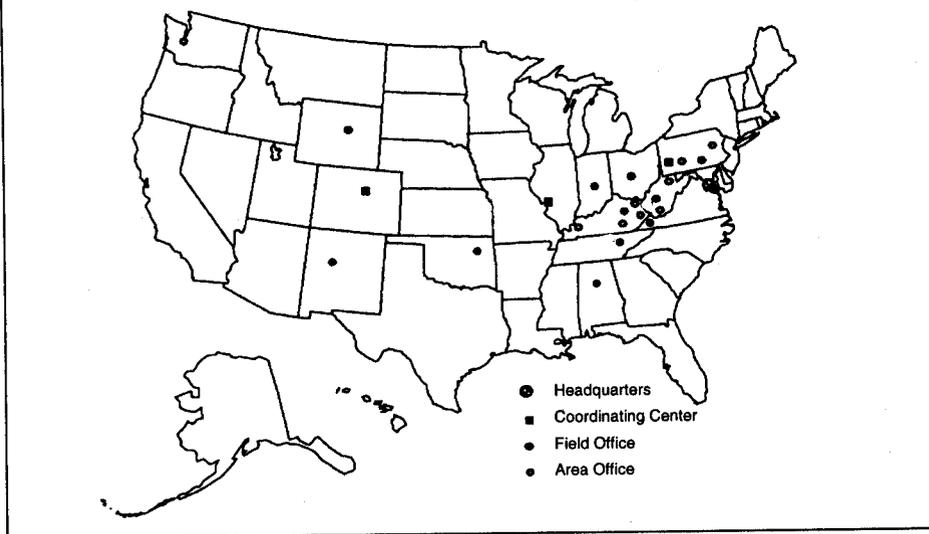
Operations and Human Resources Management.

- Existing functions were combined into more efficient management groupings. Specifically, the Assistant Directorate for Finance and Accounting, the Assistant Directorate for Information Systems Management, and the Assistant Directorate for Administrative Services were combined into one office, the Assistant Directorate for Finance and Administration; Congressional Liaison, Public Affairs, and the Correspondence and Issues Management office into one office, the Office of Communications; and the Budget Office, Planning and Analysis, and Management Control were combined into one office, the Office of Strategic Planning and Budget.

- The Eastern and Western Support Centers in Pittsburgh, Pennsylvania, and Denver, Colorado, were abolished. An area office planned for Grand Junction, Colorado, was not opened due to reduced 1996 funding, and the inspection, enforcement, and oversight responsibilities for Colorado and Utah were transferred from the Albuquerque Field Office to the Western Regional Coordinating Center.



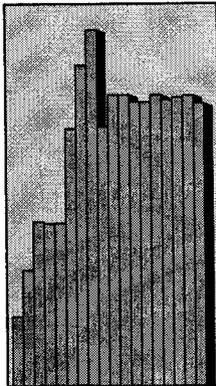
## Office Locations



■ Due to 1996 funding reductions, offices in Kansas City, Missouri; Springfield, Illinois; Logan, West Virginia; and Norris, Tennessee, were closed. As of September 30, 1995, the Office of Surface Mining consisted of headquarters in Washington, D.C., three regional coordinating centers, 11 field offices, and 9 area offices. The Office of Surface Mining also maintains a financial management office in Denver.

This reorganization was an important step in the overall development of the comprehensive strategic management plan to guide the Office of Surface Mining for the next five years.

### Budget and Appropriations



Office of Surface Mining Budget 1978-1995

2. Public Law 103-332 included a .191 percent (\$559,202 for the Office of Surface Mining) across-the-board reduction to all domestic program appropriations, and Public Law 104-19 included a travel and administrative cost rescission (\$138,000 for the Office of Surface Mining).

tory and enforcement activities. The 1995 Regulation and Technology appropriations included the following provisions:

Performance bonds forfeited under Section 509 of SMCRA can be used to reclaim lands where the mine operator did not meet all the requirements of SMCRA and the permit. In 1995, performance bond forfeitures received and credited to this account totaled \$1,438,276.

\$82,540 of prior-year bond forfeitures was obligated for reclamation in 1995. No obligations were incurred from 1995 receipts.

Federal civil penalties and related interest collected under Section 518 of SMCRA can be used to reclaim lands abandoned after August 3, 1977. In 1995, \$40,198 in collections for late penalties and administrative costs were transferred to the U.S. Treasury general fund and collections available for reclamation totaled \$330,592. Of current- and prior-year collec-

tions, \$611,857 was obligated for reclamation in 1995.

State regulatory program grants were funded at \$51,562,330, which was \$98,670 less than 1994.

In addition, \$182,386,000<sup>2</sup> was appropriated from the Abandoned Mine Reclamation Fund (\$7,721,000 less than 1994), and up to 20 percent of the funds recovered from delinquent debts was authorized for continuing collection of those debts. In 1995, the Office of Surface Mining spent \$938,907 to collect approximately \$10.7 million in delinquent AML fees and delinquent AML audit bills. The following provisions were included in the AML appropriation:

State reclamation grants were funded at \$135,733,640, which was \$84,360 less than 1994.

TABLE 1  
APPROPRIATIONS\*

	1995	1994
<b>Regulation &amp; Technology</b>		
State Regulatory Grants	\$ 51,562,000	\$ 51,661,000
Regulatory Program Operations	22,594,000	21,732,000
Tech. Services, Training & Research	14,702,000	14,004,000
Assessments and Collections	7,747,000	9,315,000
General Administration	13,090,000	13,840,000
Executive Direction	[2,027,000]	[2,082,000]
Administrative Support	[5,174,000]	[5,456,000]
General Services	[5,889,000]	[6,302,000]
Subtotal	109,695,000	110,552,000
<b>Abandoned Mine Reclamation Fund</b>		
State Reclamation Grants	135,734,000	135,818,000
Fee Compliance	6,453,000	6,539,000
Reclamation Program Operations	24,829,000	26,555,000
Rural Abandoned Mine Program	7,853,000	13,233,000
Small Operator Assistance Program	1,757,000	1,760,000
General Administration	5,760,000	6,202,000
Executive Direction	[774,000]	[853,000]
Administrative Support	[2,175,000]	[2,339,000]
General Services	[2,811,000]	[3,010,000]
Subtotal	182,386,000	190,107,000
Kentucky Emergency Grant (Activity 2F)		7,200,000
<b>Total</b>	<b>\$292,081,000</b>	<b>\$307,859,000</b>

\*Does not include Bond Forfeiture and Civil Penalty collections

Federal emergency program expenditures were limited to \$11,000,000, which was \$118,000 less than 1994.

No more than 25 percent of total new appropriated funds available for emergency reclamation projects could be used in any one state.

All appropriations provisions were met.

#### **Financial System: Electronic Improvements**

The Office of Surface Mining continues to apply the latest technology to enhance its financial management.

Automated procurement and budgeting systems have been upgraded in the accounting system, and those systems provide on-line access to accurate, up-to-the-minute financial management information. Improvements added in 1995 include:

The second phase of the Grant Information Financial Tracking System (GIFTS) was completed on September 30, 1995. This system is a subsidiary accounting system that supports the recording of each detailed grant award, expenditure, disbursement, and programmatic information. The work this year incorporated changes brought about by the revised "simplified" abandoned mine land grants and streamlined financial process of awarding and disbursing grant funds.

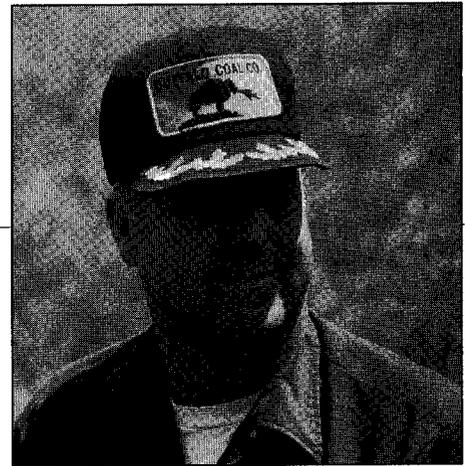
The Civil Penalties Accounting and Information Database (CPAID), the Office of Surface Mining's interim replacement system for the Collection Management Information System (CMIS), became operational in October 1995. In addition to provid-

ing accounting information, this system tracks all federal enforcement actions and civil penalty debt issued by the Office of Surface Mining.

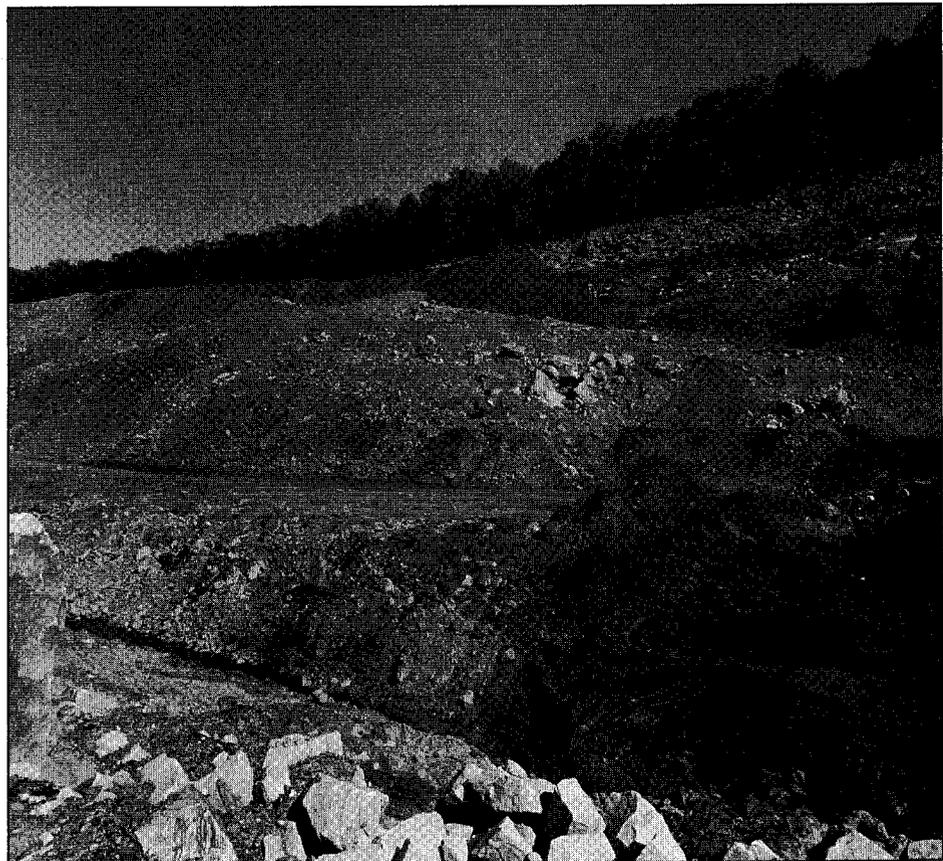
*"Reorganization  
was an important  
step in the overall  
development of the  
comprehensive  
strategic plan."*

During 1995, the Office of Surface Mining's Budget Module, a subsidiary accounting system that tracks budget authority by program and office, was enhanced to allow decentralization of budgetary decisions and to reflect the real-time status of budget authority. These enhancements allow for greater flexibility while maintaining the highest level of system integrity.

At the Difficult Creek Mine in West Virginia, acid-producing rock material is excavated from the active pit and hauled to a point high in the highwall backfill. This "high-and-dry" approach seeks to minimize acid drainage production by keeping the material out of the water-accumulating part of the backfill near the pit floor. Without water, acid drainage is prevented.



**Dale Martin**, a Buffalo Coal Company foreman, is a mine operator whose pride in his work can be seen on the ground. With over 20 years of mining experience, he is responsible for the Difficult Creek Mine (shown below) overlooking the North Branch of the Potomac River. Emulating the company president's slogan of "going a step beyond the requirements," he supervises mining and reclamation that is nationally recognized as outstanding. He is quick to say "the little extra effort it takes to separate toxic strata can really be seen in the improved quality of the water."



The Investment Module, which automated the purchase, redemption, accounting, reporting, and internal control features of the Office of Surface Mining's daily investment in U.S. Government Treasury-based securities, was automated in 1995. The implementation of the Investment Module in June 1995 followed twelve months of internal development. In accordance with the objectives of the National Performance Review, the Investment Module achieved the desired result of providing an efficient, effective, and less costly investment process.

The Synergistic Acquisition Tracking Information Network (SATIN) was fully operational throughout the Office of Surface Mining during 1995. SATIN is a system that consolidates budgeting and accounting with the procurement process. Consolidation improves organizational accountability and greatly increases procurement efficiency.

#### Fee Compliance and Debt Management

Thirteen offices throughout the coal-producing regions of the country conduct on-site fee compliance audits of coal companies. In 1995, 400 audits and audit-related projects identified \$7.5 million in under-reported or non-reported Abandoned Mine Reclamation Fund fees, interest, and penalties. The findings covered about 17.6 million tons of coal.

The Office of Surface Mining pursues delinquent debtors who owe civil penalties for mine site environmental violations and unpaid Abandoned Mine Reclamation Fund fees, including unpaid fees resulting from Office

of Surface Mining compliance audits. Collections and year-end debt for 1995 are shown in Table 2. Delinquent debt information is retained in the Applicant Violator System to prevent violators from receiving new mining permits until their accounts are settled. Of the \$79.1 million 1995 year-end debt balance, \$42.4 million (54 percent) is principal. The remainder represents interest, late payment penalties, and administrative charges on unpaid balances.

When agency avenues of debt collection have been exhausted, delinquent debts are referred to the Department of the Interior's Solicitor for appropriate legal action or bankruptcy proceedings. The Office of Surface Mining had \$69.1 million in delinquent debt at the end of 1995. Of this amount \$46.8 was referred to the Solicitor, \$15.9 was referred to the Department of Justice, and \$6.4 was being pursued by the Office of Surface Mining. Debt at the Solicitor's office consists of \$22.3 million involving bankruptcy proceedings and \$24.5 million for litigation.

#### Audited Financial Statements

Since 1990, the Office of Surface Mining has prepared an Annual Financial Statement after the close of each fiscal year, as required by the Chief Financial Officers Act of 1990 (Public Law 101-576). These statements are audited by the Department of the Interior's Office of Inspector General to ensure that financial results are fairly stated and conform with generally accepted accounting principles for federal agencies. The Office of Surface Mining has received five consecutive unqualified, or

"clean," audit opinions from the Inspector General. The 1995 opinion is found on page 47 of this report.

TABLE 2  
COLLECTION MANAGEMENT

Category	Amount Collected	Balance Owed
Civil Penalties	\$ 370,790	\$32,833,983
AML Fees	253,021,104	20,862,905
AML Audit Fees	2,395,679	25,133,187
Other Debt	528,444	257,464
Totals	\$256,316,017	\$79,087,539
Debt Not Delinquent		10,010,850
Total Delinquent		\$69,076,689

#### Human Resources Management

The year ended with 84 fewer full-time permanent employees than when it began (down from 926 to 842 employees). Headquarters decreased by 25; the coordinating centers by 34; and the field offices by a total of 25. Reduction in Force notices handed out in 1995 will further reduce the permanent employees by 186. In addition, 41 employees were downgraded and 47 were reassigned to new jobs.

#### Monitoring Potential Conflicts of Interests

Sections 201(f) and 517(g) of SMCRA prohibit any federal or state employee "performing any function or duty under this Act" from having "direct or indirect financial interests in underground or surface coal mining operations." The Office of Surface Mining monitors to prevent financial conflicts. In 1995, 955 Office of Surface Mining and 2,316 state employees filed financial disclosure statements. Four violations were identified and resolved.

#### Labor-Management Partnership

In June 1995, the president of Local

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2,148 of the National Federation of Federal Employees (Albuquerque, New Mexico) and the Office of Surface Mining established a Labor-Management Partnership. This was the second partnership agreement that the Office of Surface Mining has entered into. The first was in 1994 with Local 1993 at Headquarters. These partnerships grew out of Executive Order 12,871, Labor-Management Partnerships, signed by President Clinton on October 1, 1993.

### Government Performance and Results Act

The Government Performance and Results Act (Public Law 103-62), enacted to improve the efficiency and effectiveness of federal programs, requires the establishment of a system to set program performance

This topographic map shows a Colorado stream channel that was designed using the Technical Information Processing System (TIPS). The stream was originally diverted to facilitate mining. The TIPS design balanced cut and fill and provided a stable channel that will minimize erosion.



goals and measure performance. The Office of Surface Mining integrated these requirements into its strategic planning process and began to develop goals and measures in 1995.

Business lines were developed. These are an integral part of annual performance plans and in 1996 (on a test basis) will include measures to demonstrate the success of Office of Surface Mining programs. When completed in 1997, this approach will allow agency managers, Congress, and our customers to link budgetary resources with the accomplishment of specific goals for the year. This information will be included along with financial and programmatic statistics in the Office of Surface Mining annual report each year.

The primary business lines (those

directly linked to mission goals) include the following:

**1. Environmental restoration:** All functions that contribute to reclaiming lands affected by past coal mining practices. Program activities are:

- State Funding,
- State Performance Evaluation,
- Emergencies,
- Federal/Indian Lands, and
- Program Development and Maintenance.

**2. Environmental protection:** Functions that directly contribute to ensuring that the environment is protected during surface coal mining operations, including ensuring that lands mined for coal are adequately reclaimed after mining is completed. Program activities are:

- State Funding,
- State Performance Evaluation,
- Federal Programs,
- Federal Lands,
- Indian Lands,
- Program Development and Maintenance, and
- Applicant Violator System.

**3. Technology development and transfer:** Functions that enhance the technical skills states and Indian tribes need to operate regulatory and reclamation programs that meet the requirements of SMCRA. Program activities are:

- Training,
- Technical Assistance, and
- Technology Transfer.

**4. Financial management:** The functions of collecting, managing, and disbursing funds, including budget allocations, grants, and Abandoned Mine Land Fund collections. Office of Surface Mining program activities associated with this business line are:

- Revenue Management,
- Fee Compliance, and
- Financial Management.