

## Message from the Secretary



This is the second year of our four-year commemoration of the Lewis and Clark Journey—a journey that began in 1803 when President Thomas Jefferson instructed the two intrepid explorers to search out native cultures and natural features of the West. Much of the legacy of that great expedition was passed on to the Department of the Interior, and the continuation of that heritage is manifested in our mission. We remain the Nation's chief protector of unique natural, cultural, and historic resources. We offer millions of people access to exceptional recreational opportunities. We have overseen the mapping and surveying of our lands. The data collected are used to balance the use of critical resources in every facet of our domestic economy while we continue to protect our environment. We honor special

trust commitments to American Indians and Alaska Natives, and provide guidance and assistance to affiliated Island Communities.

Throughout their courageous journey, Lewis and Clark used tools—sextants, octants, compasses, chronographs and telescopes—to guide them across an unexplored country and carry out President Jefferson's instructions. They carefully recorded their journey, discoveries, and map data—documenting their performance in fulfilling their mission. Today, at Interior we use very different tools to fulfill our mission; but, just like Lewis and Clark, we too document our performance. The publication of our Annual Performance and Accountability Report marks an opportunity to tell those we serve how well we have discharged our responsibilities to the American people, and how well we have embraced our Lewis and Clark legacy. In the course of compiling this report, we have reviewed our successes and shortcomings over the past year and gauged our performance against the targets set in our new FY 2003 - 2008 Strategic Plan. The results we have documented here will help us steer our course into the future.

Fulfilling our mission is an increasingly complex challenge, as this report illustrates. The financial and performance data we present are fundamentally complete and reliable as outlined in Office of Management and Budget guidance. 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 four pending FMFIA material weaknesses reported 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 the FMFIA. These objectives are intended to ensure that (1) programs achieve their intended results; (2) resources are used consistent with agency mission; (3) programs and resources are protected from waste, fraud, and mismanagement; (4) laws and regulations are followed; and, (5) reliable and timely information is obtained, maintained, reported, and used for decision making. With regard to the ten FMFIA material weaknesses carried forward from FY 2003, seven of the ten (70%) were corrected or downgraded, resulting in the fewest pending material weaknesses reported for the Department since the inception of the FMFIA. The assurance statement also reports that the Department's Information Technology Security Program was significantly improved and it now substantially complies with the requirements of the Federal Information Security Management Act (FISMA). The Department, however, does not fully comply with certain other Federal financial management system requirements as specified in Section 4 of the FMFIA. Due to certain bureau-level deficiencies, which Interior is aggressively addressing, the Department as a whole does not fully comply.

FY 2004 was marked by significant accomplishments of the Department's 70,000 men and women who support our four areas of mission responsibility: resource protection, resource use, recreation, and serving communities.

- We welcomed 464 million visits from U.S. citizens and international visitors to our parks, refuges, hatcheries, and public lands, and celebrated the 100th anniversary of the National Wildlife Refuge System. Buoyed by the early success of our Take Pride in America partnership, volunteer efforts at our refuges, parks, recreation areas, and cultural and historic sites continued to grow, with some 200,000 men and women contributing about 8.9 million hours of their time.
- We restored 3,611,708 acres of land to achieve habitat conditions to support species conservation.
- We worked closely with partners, States, Tribes, and other Federal agencies so that 37.9% of species listed a decade or so ago as threatened or endangered are stabilizing or improving.
- We advanced the President's Energy Agenda, balancing our resource protection and recreation mandates with our economy's need for energy, minerals, water, forage, and forest resources. Interior facilities and lands provide 30% of the Nation's energy, including 50% of geothermal power, almost 35% of domestic oil, about 35% of natural gas, 43% of domestic coal, 17% of hydropower, and 12% of America's wind power in an environmentally sensitive manner.
- We have expanded the President's commitment to conservation through partnership, civic involvement, and economic incentives. A cornerstone of this effort is our cooperative conservation grant programs. These grants support local partnerships that conserve open spaces, involving citizens and communities in activities aimed at protecting and restoring habitats, wildlife, and plants.
- We launched our Water 2025 initiative, a collaborative long-range discussion with Federal, State, Tribal, and community organizations about how to meet water needs during possible long-term drought conditions through new technologies and new partnerships.
- We promoted the development of renewable energy resources such as hydropower, wind, geothermal, solar, and biomass on the public lands we manage. Such resources are used to generate nearly 9% of America's electricity. A significant part of our effort involves reducing permitting backlogs while providing careful oversight to ensure energy resources are developed in an environmentally sound and economically feasible manner. In FY 2004, we processed 26 wind energy rights-of-way. About 30 million tons of biomass were produced from lands managed by Interior's Bureau of Land Management (BLM), mostly due to a new stewardship contracting authority that now allows the BLM to dispose of forest thinnings.
- We expanded the outreach of our Healthy Forests Initiative; together with the U.S. Forest Service we have reduced hazardous fuels on over 11 million acres between FY 2001 and FY 2004. During that same period, we provided assistance to over 6,000 rural and volunteer fire departments. In FY 2004, we rehabilitated 573,475 acres of burned Interior lands.
- We celebrated 125 years of service by the United States Geological Survey (USGS), which serves the Nation with relevant and objective science. In FY 2004, USGS provided mineral information covering 2,401,329 square miles of the United States, conducted oil and gas resource assessments on five targeted basins, provided temporal and spatial monitoring data to meet land use planning and monitoring requirements for nearly 55 percent of the surface area of the Nation, and worked closely with more than 40 percent of America's communities to use our science to help them prepare for natural hazard emergencies.

- We created new jobs and improved educational opportunities on America's Indian reservations and made significant steps forward in our efforts to resolve the complicated Indian Trust issues, although much remains to be done.

FY 2004 was also marked by noteworthy management advances. We are continuing implementation of our Strategic Human Capital Management Plan and automating employee recruitment processes. Data obtained from our new Activity-Based Cost and Performance System will help us realign and restructure our workforce to reduce redundancy, track and analyze our mission performance, and provide the best value for services offered. We have also begun implementing the Financial and Business Management System, which will give us improved management information and standardize our business processes.

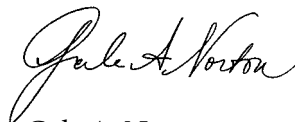
While we have much to celebrate, we still have opportunities for improvement. We must continue to find ways to achieve results for America in the face of increased urbanization, new law enforcement security challenges, public demand for improved service and accountability, and aging infrastructure. We must continue to ensure that the Indian Trust Funds activity and balances are recorded properly, accurately, and in a timely manner. In FY 2004, the Office of Inspector General once again identified our responsibilities to Indian and insular areas as a management challenge. While we have continued efforts to improve our approach for collecting and processing trust funds, we must also continue to implement and improve our Departmental trust policies, procedures, systems, and internal controls, and achieve the goals of the Department's Comprehensive Trust Management Plan.

We need to continue to correct remaining financial management weaknesses. While we received clean audit opinions for FY 2004, the auditors identified 15 material weaknesses of which 10 were carried over from FY 2003. During FY 2004, 7 material weaknesses were downgraded or corrected.

Learning from the achievements of the Bureau of Indian Affairs and the National Park Service, we must improve tracking of our maintenance projects and needs in our other bureaus. Our facilities professionals are using software tools and conducting annual condition assessments and comprehensive assessments to help us identify repair and maintenance priorities, and reduce our maintenance deficiencies.

Management demands are sure to increase in the years to come. Our response must be a strategic focus on efficient and careful use and management of our resources. Performance and financial management help us to create and sustain that focus, to see where we are succeeding and where we are falling short, and to adjust our tactics and processes accordingly. This outcome-based report documents our accountability to the taxpayer.

Lewis and Clark's expedition yielded information that fired the imagination of Americans and marked the beginning of even more discovery and exploration through westward expansion. Like Lewis and Clark, we are on a journey that shapes the future of our country. That future holds opportunity as well as challenge. We will continue to meet those challenges with performance improvement and a steady stream of innovation. We look forward to honoring our commitment to stewardship of our natural, cultural, recreational, and heritage resources for the benefit of Americans today and for generations to come.



Gale A. Norton  
Secretary of the Interior

*November 15, 2004*