

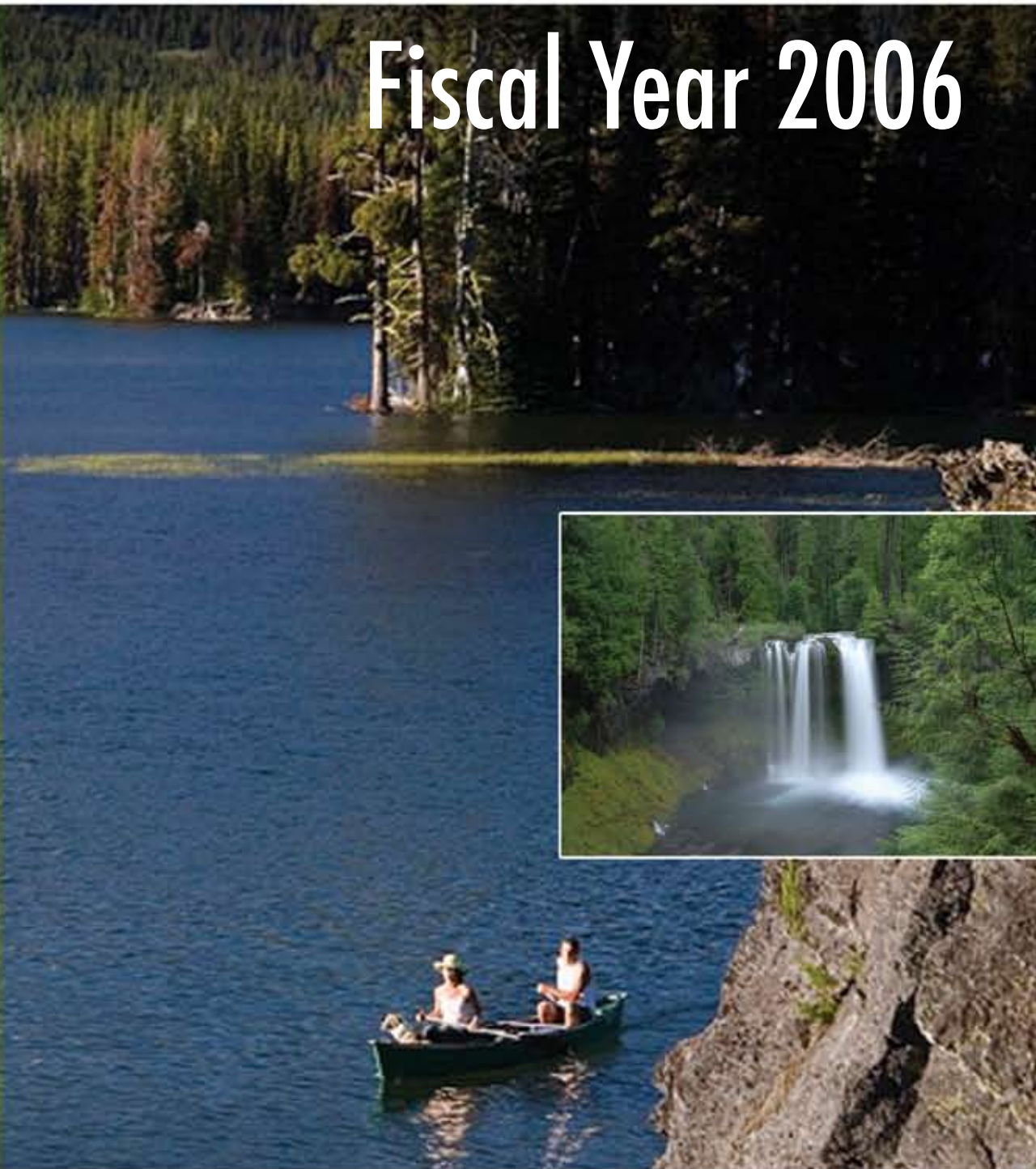


United States Department of Agriculture
Forest Service

November 2006

Forest Service Performance and Accountability Report

Fiscal Year 2006



Message from the Chief

November 15, 2006

I am pleased to present the *Forest Service Performance and Accountability Report—Fiscal Year 2006*. This report, which integrates information on financial management and programmatic results, reflects our strong commitment and accountability to our mission “to sustain the health, diversity, and productivity of the Nation’s forests and grasslands to meet the needs of present and future generations.” The accomplishments in this report represent the diverse efforts of all Forest Service employees. The report evaluates our management and measures our fiscal year 2006 performance toward meeting the agency’s Strategic Goals:

- Reduce the Risk of Catastrophic Fire
- Reduce the Impacts from Invasive Species
- Provide Outdoor Recreational Opportunities
- Help Meet Energy Resource Needs
- Improve Watershed Condition
- Conduct Mission-related Work to Support the Agency’s Goals

It also outlines our financial situation and the challenges ahead, giving us a complete overview of where we stand as an agency. For the fifth year in a row, we achieved an unqualified (“clean”) audit opinion on our financial statements. We have focused great effort to improve our financial accountability which strengthens our credibility as an organization with Congress, the Administration, and our stakeholders.

Many Forest Service managers and executives contributed to the information contained in this report. Except where noted, the data presented in this report are a valid, reliable, accurate, and complete (when considered as preliminary) measure of our performance. This information tells us where we have made real progress and where we still have room for improvement. In areas where any material weakness was found or where performance target thresholds have not been met, we have provided our plan of action to improve such efforts in fiscal year 2007.

We have improved how we manage our Business Operations. Our Business Operations Transformation Program is one of the largest change management efforts ever undertaken by the Forest Service. Now in its second year, this initiative is standardizing and centralizing the agency’s administrative processes, including human resources and other business operations functions, as was done for the budget and finance processes in FY 2005. This effort will enable the Forest Service to provide efficient and timely services to its internal and external customers as we redirect critical funds from administrative functions back to mission-critical programs. Furthermore, we are continuing in our efforts to improve performance accountability throughout the Forest Service. One of our greatest achievements this year has been the implementation of the Performance Accountability System (PAS).

We have made significant progress in addressing the four greatest threats to the health of our Nation’s forests and grasslands: fire and fuels, invasive species, loss of open space, and unmanaged outdoor recreation. Here are just a few representative accomplishments detailed in this report:

- We did an outstanding job of suppressing wildfires in fiscal year 2006, which saw the greatest magnitude of wildfires since the 1950s, however in doing so we suffered tragic losses of firefighters’ lives in multiple incidents. The Forest Service is committed to suppressing wildfires and to an improved “culture of safety” that results in no such fatalities.
- We have exceeded performance targets in some key areas by leveraging the contributions of partners and volunteers, especially in the areas of trails, wildlife habitat, and stream and lake habitat.

- We exceeded our expectations in treating acres for selected invasive species, noxious weeds, and invasive plants due, in part, to stewardship contracting opportunities and work efficiencies.
- We are helping to lead the way in climate change research and development
- We have contributed toward energy development by increased processing of energy facility applications.
- We have encouraged the active, long-term forest management of important private forest resource areas.
- We are broadening the circle of conservation, especially in conservation education and urban forestry.

We have had many successes over this past year, but there are many challenges ahead. The Forest Service continues to focus on strategies associated with invasive pest species management and has begun to look at a more focused approach to its aquatic invasive species management. We continue to improve our management of wildfire risks made difficult by various local planning and zoning ordinances that provide limited protection of open spaces. Additionally, our national forest and grassland managers are working on mitigating the effects of urban sprawl caused, in large part, by urban encroachment into private forest lands. Our leadership is looking ahead to meet growing challenges and needs related to law enforcement and the development of metrics and markets for ecosystem services.

As we close another successful year for the Forest Service, I am proud to report that we were able to accomplish our mission, thanks to the skill and hard work of our dedicated employees. As we look ahead, I am confident that in collaboration with partners, communities, and other stakeholders, we will meet the challenges ahead and continue to fulfill our mission.



Dale N. Bosworth
Chief

FOREWORD

The 2006 Performance and Accountability Report has been prepared in accordance with the Report Consolidation Act of 2000 and the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. As required by law, this document integrates the Forest Service's annual performance report with its annual consolidated and combined financial statements as of and for the year ending September 30, 2006. It also includes the resulting KPMG LLP (KPMG) audit report on the agency's consolidated and combined financial statements, internal controls over financial reporting, and compliance and other matters.

A summary of Forest Service accomplishments and plans for addressing major management challenges and program risks, identified through Office of Inspector General (OIG) and Government Accountability Office (GAO) reports, may be found in the Management's Discussion and Analysis section.

All comments regarding this report are welcome. To learn more about the Forest Service, visit <http://www.fs.fed.us>.

Address comments to:

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