

Message from the Chief Financial Officer

In FY 2007, the Department of the Interior continued its journey towards management excellence, established clear performance metrics, and increased the levels of accountability. Details on our journey towards management excellence are captured in the Department's FY 2007 Performance and Accountability Report. The PAR provides the Department's most important financial and performance information. It is also our principal publication and report to Congress and the American people. This report details program leadership and stewardship of the resources and public funds entrusted to us.

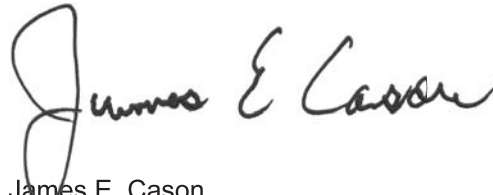
I am pleased to report that for the eleventh consecutive year we have received an unqualified ("clean") opinion on the Department's consolidated financial statements from our auditors. This is the best possible audit result and affirms our commitment to financial reporting excellence. Along with this opinion, the Department had other noteworthy accomplishments in FY 2007. The Department:



- ◆ Received the prestigious Association of Government Accountants' Certificate of Excellence in Accountability Reporting. This marks the sixth consecutive year that the Department has been recognized for quality reporting.
- ◆ Met or exceeded 79% of the 205 performance outcome measures from our GPRA Strategic Plan. This is the third year we have reported on our performance against these measures. In FY 2006, we met or exceeded 67% of our measures; in FY 2005, we met or exceeded 76.2% of our measures.
- ◆ Continued the implementation of the Department's Financial and Business Management System with two Bureaus now using FBMS as the financial system of record. FBMS will replace Interior's legacy accounting and business systems and provide standard business practices supported by a single, integrated financial management system.
- ◆ Managed real property and facilities under our stewardship in accordance with the asset management plan to ensure these assets best serve the public.
- ◆ Continued progress in areas targeted by the President's Management Agenda. Efforts to improve our status for Financial Performance have moved us from red to yellow making Interior one of only six agencies who are not red for status or progress.
- ◆ Exceeded our annual performance goal of implementing 85% of GAO and OIG audit recommendations scheduled for completion in this fiscal year. For FY 2007, Interior achieved an actual implementation rate of 88%.
- ◆ Resolved one remaining auditor-reported material weakness.
- ◆ Complied with the requirements of OMB Circular No. A-123 Appendix A by documenting and testing the Department's internal controls over financial statements and issuing an unqualified assurance statement related to their effectiveness.

- ◆ Improved our Intragovernmental Reconciliation process to ensure accurate reporting of business activity with our Federal trading partners. This is an integral element of the Combined Financial Report of the United States.

Our journey towards management excellence requires the focused, ongoing commitment and creativity of Interior's dedicated employees. During FY 2008, mission, metrics, and management will continue to be the foundation on which we achieve results. We plan to strengthen this foundation and our "mission" by pursuing clear goals, achieving performance measures, and aligning our workforce to effectively achieve those goals.

A handwritten signature in black ink that reads "James E. Cason". The signature is written in a cursive style with a large, looping initial "J".

James E. Cason
Associate Deputy Secretary
and Chief Financial Officer