



United States  
Department of  
Agriculture  
Forest Service



# 2005 Performance and Accountability Report



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## Message From the Chief

A core value for the Forest Service is accountability. We owe it to the people we serve to do what we say we will do. The USDA *Forest Service 2005 Performance and Accountability Report* helps us be accountable to the American people. It evaluates our management and measures our performance in fiscal year (FY) 2005 against the goals set forth in our strategic plan for fiscal years 2004–08. It also outlines our financial situation and the challenges ahead, giving us a complete overview of where we stand as an agency.

The results reported here show the dedication and passion of Forest Service employees working in cooperation with partners, communities, and other stakeholders toward the successful accomplishment of 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.

Many Forest Service managers and executives contributed or reviewed the data used in this report. Except where we point out and discuss specific limitations in the Management Discussion and Analysis, Management Controls, Systems and Compliance with Laws, I offer assurance that the data are a valid, reliable, and accurate measure of our performance. They tell us both where we have made real progress and where we still have room for improvement.

So where do we stand? In my view, we are not yet where we want to be, but we are well on our way, thanks in part to the considerable progress we made last year.

For one thing, we improved our management. We met requirements under the Government Performance and Results Act, and we contributed to achieving the President's Management Agenda, partly by continuing to develop a strong performance accountability system. We took several steps to improve our internal controls for performance accountability. For example, we established an interim policy on implementing effective internal controls for performance data reporting, and we created a process for reviewing and validating our performance measures for consistent performance reporting across the Agency.

Our stewardship accomplishments also show progress. We made tangible contributions toward achieving the goals of the Healthy Forests Initiative and Healthy Forests Restoration Act. At the same time, we made 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.

The 2004–2008 Strategic Plan addresses these threats by providing six goals with performance measures to evaluate our success: (1) reduce the risk from catastrophic wildland fire, (2) reduce the impact from invasive species, (3) provide outdoor recreational opportunities, (4) help meet energy resource needs, (5) improve watershed condition, and (6) conduct mission-related work in addition to that which supports the agency goals. As a subset of these long-term goals and their targets in the strategic plan, this 2005 Performance and Accountability Report addresses the agency's executive priorities.

Here are just a few representative accomplishments detailed in this report:

- We did an outstanding job of suppressing wildfires, and we gave our wildland fire managers new incentives for reducing suppression costs while still safely managing fires.
- We treated a record number of acres for hazardous fuels and brought considerably more acreage into stewardship contracts and partnership agreements.
- We purchased conservation easements and key tracts of land to protect open space for future generations.
- We helped private landowners become better forest stewards.
- We caught up on some of the deferred maintenance of our recreation facilities.

- We accelerated research and technology development to better understand and manage our Nation's forests and grasslands.
- We carried out activities to celebrate our centennial—a hundred years of caring for the land and serving people.

Our financial situation continues to improve. The independent auditor initially rendered a qualified opinion as the FS was unable to provide sufficient evidential matter to substantiate the presentation of certain line items within the FY 2005 Consolidated Statements of Financing. However, the agency provided sufficient evidential matter to substantiate the fair presentation of these line items and the auditors subsequently issued an unqualified opinion. The significant effort that has been directed toward improving our financial accountability is paying off. Four consecutive unqualified opinions vastly improve our credibility as an organization with both Congress and the Administration.

We also addressed a number of other issues related to our financial situation:

- Under the Federal Managers Financial Integrity Act, we strengthened our financial integrity by centralizing financial operations and reengineering many of the associated processes to ensure that our programs operate efficiently and effectively. We provided reasonable assurance that our systems of internal accounting and administrative control are adequate. We thereby demonstrate our ability to protect public funds and property and to manage them well.
- We believe we have achieved substantial compliance with the Federal Financial Management Improvement Act. We made significant progress toward resolving issues related to the general control environment. As part of restructuring our organization for information technology, we are in the process of reviewing and revising our policies and procedures for managing entitywide software and hardware. We plan to complete this process in the second quarter of fiscal year 2006.

Despite our many successes, there are daunting challenges ahead. They range from risks associated with wildfires, to ongoing drought in the West, to invasive species such as sudden oak death in California, to accumulated woody biomass and the high costs of marketing it as a renewable source of energy, to the growing maintenance backlog for our roads and facilities. Our leadership is looking ahead to these and other challenges, including growing needs related to law enforcement and the need to develop metrics and markets for ecosystem services. We also face growing threats to wildlife habitat because zoning ordinances provide limited protection for open space.

I believe that we will rise to the challenge—and this report shows it. 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 employees. The results reported here reflect the dedication and passion of our employees, and I am confident that they will continue to fulfill our mission. In collaboration with partners, communities, and other stakeholders, we will continue to sustain the health, diversity, and productivity of our Nation's forests and grasslands to meet the needs of present and future generations.



Dale N. Bosworth  
Chief

## FOREWORD

The 2005 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 financial statements as of September 30, 2005. It also includes the resulting KPMG LLP (KPMG) report on the agency's financial statements, internal controls, and compliance with laws and regulations.

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 and to download the electronic version of the performance and accountability report, visit <http://www.fs.fed.us>.

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