

A MESSAGE FROM THE ACTING CHIEF FINANCIAL OFFICER

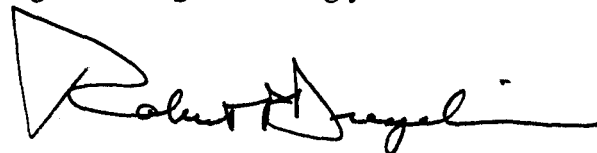
February 27, 2002

The submission of the Fiscal Year (FY) 2001 consolidated financial statements for the Department of Justice marks the first time the Department has earned an unqualified audit opinion on all its statements. Our components devoted tremendous energy to pursuing improvements in accounting practices, internal controls, and systems to enable the Department to earn an unqualified opinion on all its statements. The FY 2001 unqualified opinion shows the positive results of those efforts. I want to extend my appreciation to the individuals and organizations whose outstanding work made the FY 2001 financial statement accomplishments possible.

Our financial management improvement work is not finished. Although the Department earned an unqualified opinion, the independent auditors reported material weaknesses in internal controls and financial systems in several of the Department's components. Five of the Department's seven accounting systems remain noncompliant with federal systems standards, and the positive opinion results on the FY 2001 statements were achieved only by overcoming limitations in certain component financial systems or business practices.

Improving departmental financial management performance is one of the Attorney General's strategic objectives. Because the ability to improve performance, eliminate control weaknesses, and sustain unqualified opinions on our statements is directly related to our capacity to rely on our core accounting systems, in FY 2001 we announced a plan to acquire a new Departmentwide core financial system. The effort is known as the Unified Financial Management System Project, and the process is underway to acquire a commercial off-the-shelf core system that is compliant with applicable federal systems standards. The project will be a multi-year effort, with implementation beginning with the components currently operating noncompliant legacy systems.

The Department is committed to the successful pursuit of our systems modernization project, and to the successful elimination of the weaknesses in our business practices and controls. We look forward to continued progress toward these goals during the coming year.



Robert F. Diegelman