

# LETTER FROM THE CHIEF FINANCIAL OFFICER

I am pleased to present the Department of the Interior's fiscal year 1997 Departmental Report on Accountability. The Accountability Report is issued by the Department under a pilot program authorized by the Government Management Reform Act of 1994 and administered by the Office of Management and Budget. This is the second year the Department has participated in the pilot program.

The Department's Accountability Report consolidates a variety of financial management and performance information currently required under four separate statutes, each requiring a separate report. By consolidating financial and performance information into one concise report, the Department is able to provide Congress and the public with a single, consistent source of information about the Department's mission, operations, and performance.

Since I am new to Interior, having joined the Department in November 1997, allow me to summarize my goals for the management of the Department over the next several years. First, I want to ensure that we are accountable to the public in the use of Federal resources provided to us by Congress. Second, I want to build a diverse Department that is as reflective of the strength and creativity of all America's people as the lands entrusted to us are of our Nation's beauty. Third, but not least, I want to create a quality workplace that will attract and retain the brightest workforce, a workforce that will accomplish our mission of stewardship, customer service, and economic development with integrity and vigor.



## **Progress in Implementing the Government Performance and Results Act**

Over the past year, the Department has made great strides in implementing GPRA. On September 30, 1997, the Department of the Interior published its first strategic plan under GPRA. The plan includes outcome-based strategic goals and performance measures for all of Interior's major programs. The Department submitted its first annual performance plan to Congress along with the President's budget in February of 1998.

In the coming year, the Department will develop policy guidance on data management to ensure compliance with the reporting requirements of GPRA. In addition, the Department is beginning to integrate our budget formulation and execution with performance measures and to consolidate reporting requirements for GPRA with other related reports. The Department will continue ongoing consultations with Congress and other key stakeholders to evaluate the current strategic plan and build consensus on revisions to the plan. The Congress has made it clear that we must manage this requirement better.

## **Safe Visits to Public Lands**

The Department is steward to about one sixth of the land mass of the United States and manages an extensive infrastructure -- which includes buildings, dams, vehicles, equipment, and aircraft -- to meet the needs of some 379 million annual visitors who visit and enjoy their Nation's public lands. Funding to maintain this infrastructure is urgently needed to ensure safe visits for those who visit, live or work in our Nation's parks, refuges, fish hatcheries and the like, as well as for those students who attend Indian schools.

In direct response to the leadership of Congressman Ralph Regula, Chairman of the House Appropriations Subcommittee for Interior, the Department has undertaken an aggressive revamping of its maintenance and construction programs. This initiative is aimed at addressing growing infrastructure needs through improved management and accountability and greater scrutiny of projects. We have prioritized our fiscal year 1999 maintenance and construction budgets to address public health and safety, ongoing projects, and critical natural and cultural resources. Those lists, which were developed using uniform criteria across the bureaus, have been

thoroughly reviewed within the Department and OMB and have been well received by Congress. The Department also initiated the development of a five-year construction and maintenance plan for fiscal year 2000 by establishing a Deferred Maintenance Working Group. This group is also charged with developing the strategy and guidelines for reporting deferred maintenance in the fiscal year 1998 financial statements and for improving the management of maintenance and construction funds.

### **Maintaining Accountability and Integrity**

Interior consistently strives to ensure integrity throughout Interior programs and support functions. Being accountable to the Congress and the public for the use of resources entrusted to the Department is part of the process of assuring integrity in program performance. Interior maintains this accountability by measuring ourselves in terms of how well we achieve our goals. The following sections describe some of these efforts.

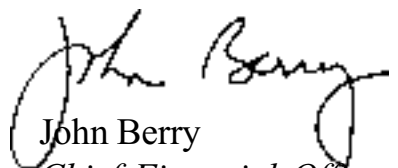
*Addressing Year 2000 Computer Issues:* Much has been written about the impending disaster that will befall organizations -- both public and private -- whose computer systems treat a double zero in the "date field" as signifying the year 1900 rather than 2000. Given our reliance on computers, the failure of systems to operate properly can mean anything from minor inconveniences to major problems. The dimensions of this challenge are enormous and the Department is actively addressing the issue. The Department is implementing a plan to have all systems able to handle year 2000 dates by no later than the spring of 1999.

*Obtaining Unqualified Audit Opinions:* Integrity in financial management activities requires obtaining and maintaining unqualified audit opinions on the Department's consolidated financial statement and on individual bureau financial statements. The Department has embraced the need for audited financial information and has worked to improve its financial reporting. Bureau-level audits of bureau financial statements were begun in 1990, the same year the Chief Financial Officers Act was passed. Starting in 1994, all bureaus began preparing annual financial statements. Since fiscal year 1995, the Department has prepared consolidated annual financial statements. In 1996, the Department produced its first Accountability Report. A year later, the Department is pleased to report that nine of ten bureaus and offices received unqualified ("clean") audit opinions on their fiscal year 1997 financial statements. Our goal is unqualified opinions for all Interior bureaus and offices.

*Paying Our Bills on Time:* The Department must be able to demonstrate that it can pay its bills on time to help assure the public, Congress and others of the integrity of Interior's financial operations. During fiscal year 1997, we improved our on-time prompt pay performance by over 1 percent. However, we recognize that our current 8.8 percent level of payments requiring interest during fiscal year 1997 is too high and that substantial improvement is needed. Our goal is 3 percent, the governmentwide standard.

*Collecting What is Owed to Us:* With the passage of the Debt Collection Improvement Act in 1996, Congress directed that the management of delinquent obligations -- those over 180 days old -- be centralized at the Treasury Department in order to increase the efficiency of collection efforts governmentwide. The Department intends to use Treasury's collection process to the maximum extent possible and is currently in the process of transferring to Treasury any outstanding debt of over 180 days that is not in litigation or under an alternative dispute resolution process and therefore not covered by the Act.

I am proud of the progress and success presented in this report and yet am aware of the need to further enhance and improve our operation and program performance in the future. The Department will continue to improve its conservation of resources, its responsiveness to the public, and its overall performance by identifying and allocating resources to maximize our opportunities and meet our challenges while always demanding positive results.

  
John Berry  
Chief Financial Officer