



MESSAGE FROM THE SECRETARY



FY 2002 was a very challenging year for the country and the Department. After the events of September 11, 2001, the President signed into law the Aviation and Transportation Security Act on November 19, 2001, that required that the Department of Transportation (DOT) establish the Transportation Security Administration (TSA). I am proud to say that DOT's and TSA's efforts in FY 2002 meant that we met the legislative deadlines specified by Congress, including completely replacing all the Nation's airport passenger screeners by November 19, 2002, and having all checked passenger bags screened by December 31, 2002.

I am extremely pleased and proud that during a year with many changes and uncertainties (including the creation of TSA), DOT was able to maintain its financial "clean opinion." I believe that a clean opinion demonstrates that we have provided proper stewardship over the resources entrusted to us by the American taxpayers. We have more work to finish to eliminate material weaknesses in our financial processes. While we have management controls in place, we must continue our progress to install a new financial system and cost accounting throughout the Department. These are critical items to enable us to meet the requirements of the Federal Managers Financial Integrity Act. This *Performance and Accountability Report* contains performance and financial data that are substantially complete and reliable. The "Management Control" section in the report contains a detailed assessment of the inadequacies in DOT's performance data, and explains how we plan to remedy those deficiencies in the future.

The Department is committed to implementing the President's Management Agenda. The Office of Management and Budget gave DOT its highest rating – "green" – for progress in all five Presidential Management goals. Specifically, DOT is moving ahead on competitive sourcing by identifying over 12,000 positions as performing commercial functions and committing to conduct reviews on 25 percent of its commercial positions by September 30, 2003. In addition, we have developed a Human Capital plan that is now being used as a model for other departments. In the area of performance, DOT is preparing to further integrate performance and budget by producing better, more quantitative budget requests that will more clearly link results with funding levels. All of us at the Department are proud that the Mercatus Center ranked DOT's *Performance Report* as one of the best in government for the past three years. In E-government, DOT is working closely with partner agencies to develop practices which improve service to our customers. Finally, DOT has already transferred nine of its 13 agencies onto a new Oracle-based financial system that meets all Federal financial requirements. These accomplishments underscore DOT's commitment to improving its overall management.

While this past year has been challenging, this year will also be challenging. TSA and the Coast Guard will be transferring to the new Department of Homeland Security. In addition, DOT will be proposing significant reauthorization proposals for its surface and aviation modes. We are confident that our continually improving financial practices and systems will successfully support us in meeting these challenges.

Norman Y. Mineta