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INTRODUCTION

DEPARTMENTAL REPORTING ENTITY

This report presents the Fiscal Year (FY) 2002 consolidated financial statements for the Department of Justice (Department). Under Title IV of the Government Management Reform Act (GMRA) of 1994, the Attorney General shall prepare and submit to the Director of the Office of Management and Budget (OMB), an audited financial statement for the preceding fiscal year, covering all accounts and associated activities of each office, bureau, and activity of the Department. Under the direction of the Chief Financial Officer (CFO), the Justice Management Division (JMD) prepares the Department's consolidated financial statements. The Office of the Inspector General (OIG) is responsible for the audit of these statements. The Department's FY 2002 audited financial statements were consolidated based upon the results of audits undertaken at each of the 10 departmental reporting entities.

REPORTING PROCESS

As required by the Office of Management and Budget Circular A-11, the Department has developed a *Performance and Accountability Report* centered around its consolidated annual financial statements and its annual performance report, which is also required by the Government Performance and Results Act. In addition, this *Performance and Accountability Report* includes material weaknesses and material nonconformances, along with corresponding corrective action reports, as required by the Federal Managers' Financial Integrity Act (Integrity Act); and a statement by the Inspector General summarizing what he considers to be the Department's most serious management challenges.

In response to the terrorist attacks on September 11, 2001, the Department realigned its priorities to place combating terrorism at the top of its list. On November 8, 2001, the Attorney General announced major changes in the Department to support its counterterrorism role. The Department continues to vigorously enforce the broad spectrum of laws of the United States;

however, the fight against terrorism is the first and overriding priority of the Department. In support of this change in focus, the Attorney General also announced the Department's *Strategic Plan for FYs 2001-2006* (available electronically on the Department's web site at: <http://www.usdoj.gov/jmd/mps/strategic2001-2006/index.htm>). This Strategic Plan includes eight strategic goals and related objectives that are mentioned throughout this report.

ORGANIZATION OF THE REPORT

This Report consists of three sections: Part I. Management's Discussion and Analysis; Part II. Performance Section; and Part III. Financial Section.

Part I begins with a message from the Attorney General. In it, the Attorney General provides the assurance required by the Integrity Act, as well as his assessment of the completeness and reliability of the performance and financial data, required by the OMB Circular A-11. Part I also includes summary information about the mission and organization of the Department; FY 2002 financial highlights; performance information for a selection of departmental programs; and information regarding material weaknesses and material nonconformances, as required by the Integrity Act.

Part II provides the Department's annual performance report for FY 2002. This report is consistent with information provided in the Department's companion document, the *FY 2002 Performance Report, FY 2003 Revised Final Performance Plan, and FY 2004 Performance Plan* (available upon release at the following website: <http://www.usdoj.gov/ag/annualreports/pr2002/TableofContents.htm>.) Part II also outlines strategies, milestones, and metrics to measure the progress made in each of the areas of the President's Management Agenda.

Part III begins with a message from the Department's Chief Financial Officer (CFO); and the OIG's commentary and summary. It also includes the report of the independent accountants, the Department's consolidated financial statements

and associated notes, and introduces the Inspector General's list of the most serious management challenges facing the Department.

Finally, the appendices include (A) the OIG Audit Division analysis and summary of actions necessary to close the FY 2002 annual financial statement audit report, (B) the Department's financial structure, (C) the Corrective Action Reports for the material weaknesses and nonconformances as required by the Integrity Act, (D) the OIG's list of serious management

challenges facing the Department; (E) a list of acronyms, and (F) a list of Department web sites.

The scope and complexity of the Department's mission make it impossible to describe in a single document the full range and content of the Department's programs and activities. Where appropriate, reference has been made to other plans and reports that provide more detailed information in specific areas.

This report is available at
<http://www.usdoj.gov/ag/annualreports/ar2002/index.html>.