

FROM MISSION TO MEASUREMENT: HOW TO READ THIS REPORT

The Performance and Accountability Report (PAR) is our principal report to the President and the American people regarding the Department of the Interior's stewardship, management, and leadership of the public resources for which we have been entrusted.

The PAR fulfills the Department's legal requirement to provide an annual report. It provides the most important financial and program performance information for an agency, combining what were once two separate reports: the Annual Performance Plan and the Annual Financial Report. Federal agencies are required to submit this audited, annual accounting of fiscal and programmatic integrity to the President, the Congress, and the Office of Management and Budget (OMB) by November 15, about 6 weeks after the end of the fiscal year.

Our report contains four parts. Combined, these four elements provide an accurate and thorough accounting of the Department's stewardship of our critical resources and services to the American people.

Part 1: Management's Discussion and Analysis (MD&A) is an overview of the Department's financial and organizational performance in FY 2006. It is designed for anyone interested in a general summary of our accomplishments.

After a brief discussion of Interior's mission, our strategic plan, and the process we use to measure our performance, Part 1 summarizes our performance for the year by our Government Performance and Results Act (GPRA) Strategic Plan mission areas and strategic Management Excellence goal. Specific examples of the ways we have and have not met our performance goals are offered, along with an overview of key management challenges. Our scorecard, as measured by the President's Management Agenda (PMA), and a discussion of Interior's Program Assessment Rating Tool (PART) evaluations complete the performance summary.

Part 1 also discusses the Department's compliance with legal and regulatory requirements, including GPRA, FMFIA, the Federal Financial Management Improvement Act (FFMIA), Inspector General Act

Amendments (Audit Follow-up), the Improper Payments Act, a biennial review of user fees, and other key legal and regulatory requirements. An analysis of financial statement data concludes this portion of the report.

Part 2: Performance Data and Analysis presents the Department of the Interior's performance results in detail. This information will be most useful to anyone seeking a detailed understanding of our work last year.

Part 2 lists all Interior targets for all of Interior's key measures, strategic mission areas, and Management Excellence goals for at least the past 3 years. Our presentation visually highlights whether we met a given performance target. Where applicable, we have explained why and to what extent our performance fell short of or exceeded plans, and ways we will improve our performance in the future.

Part 3: Financial Section, along with Part 4, will interest those concerned with accounting for the Department's financial performance. This section comprises consolidated financial statements, footnotes, deferred maintenance data, intragovernmental transaction disclosures, stewardship information, and other supplementary information.

Part 3 also contains an assessment of the Department's consolidated financial statements by an independent, certified public accounting firm. The objective of a financial statement audit is to determine whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by management, as well as an evaluation of the overall financial statement presentation.

This section also presents the most serious management challenges facing the Department. This assessment was prepared by the Office of the Inspectors General (OIG) in accordance with the Reports Consolidation Act of 2000.

Part 4: Other Accompanying Information contains information about improper payments, a list of program reviews performed, an organization chart of the Department, a glossary of acronyms, and a list of figures and charts.

This report was developed and prepared by employees of the Department of the Interior.