

Message from the Chief Financial Officer

In FY 2008, the Department of the Interior continued its journey towards management excellence, established clear performance metrics, and increased the levels of accountability. Details on our journey towards management excellence are captured in the Department's FY 2008 Performance and Accountability Report.

The PAR provides a comprehensive snapshot of the Department's most important financial and performance information. It is also our principal publication and report to Congress and the American people. This report details program leadership and stewardship of the resources and public funds entrusted to us.

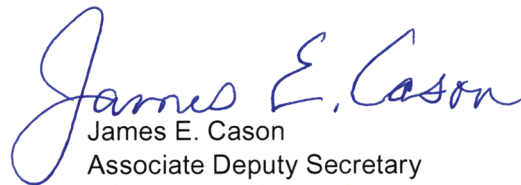
I am pleased to report that for the 12th consecutive year we have received an unqualified ("clean") opinion on the Department's consolidated financial statements from our auditors. This is the best possible audit result and affirms our commitment to financial reporting excellence. Along with this opinion, the Department had other noteworthy accomplishments in FY 2008. The Department:



- ◆ Received the prestigious Association of Government Accountants' Certificate of Excellence in Accountability Reporting. This marks the 7th consecutive year that the Department has been recognized for quality reporting.
- ◆ Met or exceeded 71 percent of the 205 performance outcome measures from our GPRA Strategic Plan. This is the third year we have reported on our performance against these measures. In FY 2007, we met or exceeded 79 percent of our measures; in FY 2006, we met or exceeded 67 percent of our measures.
- ◆ Continued to use Representative Performance Measures that will be utilized each year to document the progress made by Interior in achieving mission goals.
- ◆ Continued the implementation of the Department's Financial and Business Management System, which is now the financial system of record for three bureaus. Additionally, two bureaus have converted their acquisition functions to FBMS.
- ◆ Implemented improved accountability of the large quantity of heritage assets under Departmental stewardship in compliance with a more stringent accounting standard regarding these assets.
- ◆ Increased the emphasis on collaboration throughout our finance, budget, and performance communities.
- ◆ Improved the internal relationship with the inspector general and the independent auditor through open lines of communication, timely responses, and thorough followup to issues of concern.
- ◆ Continued progress in areas targeted by the President's Management Agenda. Efforts to improve our status for Human Capital, Commercial Services, Performance Improvement, E-Government, and Real Property have moved us from red to yellow, making Interior one of only six agencies who are not red for status or progress on any of the six scorecards.

- ◆ Exceeded our annual performance goal of implementing 85 percent of GAO and OIG audit recommendations scheduled for completion in this fiscal year. For FY 2008, Interior achieved an actual implementation rate of 91 percent.
- ◆ Documented and tested the Department's internal control over financial reporting and issued a qualified statement of assurance related to their effectiveness.
- ◆ Continued to improve our Intragovernmental Reconciliation process to ensure accurate reporting of business activity with our Federal trading partners. This is an integral element of the Combined Financial Report of the United States.

Our journey towards management excellence requires the focused, ongoing commitment and creativity of Interior's dedicated employees. During FY 2009, mission, metrics, and management will continue to be the foundation on which we achieve results. We plan to strengthen this foundation and our mission by establishing clear goals, achieving performance measures, and aligning our workforce to effectively achieve those goals.



James E. Cason
Associate Deputy Secretary
and Chief Financial Officer
November 15, 2008