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Most Ever -- 21 Agencies -- Earn Auditors' Approval

USDA Clears Audit for First Time; Treasury and SSA Set Standard for Timeliness Two Years Early

Washington, D.C. – The Office of Management and Budget (OMB) today reported a record number of major departments and agencies passed their annual audit. 21 of 24 major departments and agencies earned auditors' approval for fiscal year 2002 -- up from 18 in fiscal year 2001 -- and two agencies met a new government-wide standard for timeliness of reliable financial information two years early.

- The Department of Agriculture (USDA) overcame significant financial management challenges to receive a clean audit for the first time in its 141-year history.
- The Department of the Treasury and the Social Security Administration (SSA) produced clean audits within 45 days of the end of the fiscal year, meeting a government-wide goal two years early.
- The Department of Education, FEMA and NASA reclaimed the clean audits they had recently lost.

"A clean audit is not proof positive of good management, but it is a prerequisite. You have to know where you are to know how far you have to go," said OMB Director Mitchell E. Daniels, Jr.

This year marks the earliest agency audits have ever been available. For the first time agencies were required to combine their audits with performance reports, and to deliver OMB both by February 1, a month earlier than last year. The Administration has challenged all agencies to produce clean audits within 45 days of the end of the fiscal year by 2004.

"The fact that Treasury and SSA produced audited financial statements by the 45 day goal -- compared with 151 days in the past -- shows that the government's financial managers can meet this ambitious new standard. I couldn't be more pleased with the way the agencies stepped up to this challenge," said Mark W. Everson, OMB's Deputy Director for Management.

Other highlights include:

- The Department of Veterans Affairs (VA) submitted its financial statements in December.
- USAID made substantial progress receiving a qualified opinion, an improvement from 6 consecutive disclaimers.

One agency -- the Small Business Administration (SBA) -- slipped this year, from 6 consecutive clean opinions to a disclaimer. Auditors found material errors in the accounting for loan asset sales, and the valuation of the Direct Disaster Loan portfolio. SBA is working on an aggressive action plan to remedy its financial management challenges. While the Department of Defense received a disclaimer again this year, it has launched a major initiative to clean up its poor financial management by completely redesigning its financial management systems.

Improved Financial Performance is one of the five government-wide initiatives included in the President's Management Agenda, an integrated approach at reform released in August 2001. Updates on the progress of all the management initiatives can be found in the Performance and Management Assessments volume of the 2004 Budget, which is available online at: <http://www.whitehouse.gov/omb/budget/fy2004/>.

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