

March 2001



**ACCOUNTABILITY REPORT  
FOR FISCAL YEAR  
2000**

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**Nora J. Smith**  
Writer/Editor

**Troy Ann Scaptura**  
Editor

**Sally Brennan**  
Graphic Designer

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For additional copies please contact Nora Smith via fax 202-261-8651, e-mail [smithnj@state.gov](mailto:smithnj@state.gov)  
or call 202-261-8641.

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## Message from the Secretary

I am pleased to present to you the Department of State's *Accountability Report for Fiscal Year 2000*. The *Report* chronicles our achievements for the past year and shows how our resources were spent to reach our goals. The *Report* also presents our audited financial statements and other information regarding our stewardship responsibilities for the programs and resources we administer.

I am also pleased to report that this is the fourth straight year we have received an unqualified opinion – a clean bill of health – from our auditors. This represents a major milestone toward improving financial management and reporting at the Department of State. Consolidation of our financial systems and standardization of our data structures are all efforts currently in process which will further improve the quality of the Department's data.

Our challenges in the world are vastly different today – weapons of mass destruction, illegal drugs, international crime, global diseases such as HIV/AIDS, and transnational environmental degradation, only to mention the most urgent. Yet while our world has been growing more demanding and more complex with more and more challenges to compel our attention, we have cut the number of people in the State Department, underfunded our overseas facilities and neglected our infrastructure. But that is about to change – indeed, it is already changing. I have promised to do my best to continue that change.

We had considerable success during FY 2000, even with the lack of resources. This success was generated by the spirited work and dedicated efforts of our people – Foreign Service, Civil Service, and Foreign Nationals. We helped broker treaties to advance trade and commerce and to limit the threat of weapons of mass destruction, provided sorely-needed disaster relief, gave human rights a powerful boost, made the field of work for our business community more level, provided for sick or destitute Americans abroad, assisted refugees and migrants, helped to establish the rule of law, participated in and supported crucial peacekeeping operations, and contributed to a host of improvements in the human condition the world over.

By advancing our interests in the international arena and by showing our values to the world, we have not only done what is best for the American people, we have helped the cause of freedom, democracy, and free trade throughout the world. Now, we will follow the guidance provided by President Bush to practice a “distinctly American internationalism.” In so doing, we will continue to be a beacon on the hill for millions of people around the world – a shining example of what free people working in open markets can achieve.

I invite your attention to this *Report*. It displays our work in the peoples' name from Brussels to Beijing, from the Yukon to Cape Horn.

A handwritten signature in blue ink, appearing to read 'C. L. Powell'.

Colin L. Powell  
*Secretary of State*

## Message from the Chief Financial Officer

The *Accountability Report for Fiscal Year 2000 (Report)* provides meaningful financial and program performance information about the Department. Publication of the *Report* is an integral part of our efforts to improve our accountability to our customers, constituents, and the public.

This year marks the fourth year that we have issued an accountability report. As you read the *Report*, you will learn of the accomplishments made by the Department's highly devoted staff and the significant program and financial challenges we face. These challenges are complex and diverse. They range from improving the security of our facilities to non-traditional diplomacy challenges such as terrorism, illegal drugs and international crime. While technology offers us vast new opportunities, it also creates new issues, especially in the area of information systems security.

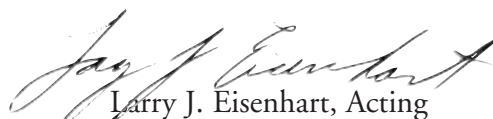
For the fourth consecutive year, the independent CPA firm, selected by our Inspector General, has issued an unqualified ("clean") opinion on the Department's consolidated financial statements. This is the best possible result of an audit and gives confidence to the reader that the financial statements contain reliable information on the Department's accounts as of and for the year ended September 30, 2000. Regarding program performance information, the *Report* presents results and achievements consistent with the Department's *Strategic Plan and FY 2000 Program Performance Report*.

The Department maintains an effective management controls program. It includes clearly defined lines of responsibility and requires annual assurance statements from Ambassadors (overseas) and all Assistant Secretaries. A Management Control Steering Committee (Committee), chaired by the Chief Financial Officer and composed of other senior officials, oversees the program. Since 1998, the Department has corrected nine of the ten reported material weaknesses – a notable accomplishment. Two of the nine weaknesses, Information Systems Security and the Passport Process, were resolved this past year.

During 2000, considerable progress was made on addressing the inadequacies of our financial systems and integrating our worldwide financial operations. All financial systems were made ready to handle transactions for the new millennium, and it was business as usual on January 1, 2000. We established a comprehensive remediation plan to ensure our financial systems meet Federal financial systems requirements, and implemented seven of the plan's twelve initiatives. Building on previous efforts to consolidate and streamline our financial operations, we centralized our foreign currency purchasing functions in the Charleston Financial Service Center (FSC).

Our strong commitment to management controls will continue. Our focus will be on providing the quality financial services our customers expect while committing our limited resources to addressing the weaknesses identified by the Inspector General that pose the greatest risk to the organization. We will work to ensure that our systems and operations provide reliable data that is used to measure, assess and manage performance. In addition, efforts to centralize activities in our Charleston FSC remains a priority. This will allow us to achieve our goal of a worldwide financial management operation that provides accountability and efficiency while reducing cost and overseas presence.



  
Larry J. Eisenhart, Acting  
Chief Financial Officer  
March 29, 2001