

Section 2: Financial Information

MESSAGE FROM THE ACTING CHIEF FINANCIAL OFFICER



COMPTROLLER

UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

November 17, 2008

The Department of Defense fiscal year (FY) 2008 Agency Financial Report highlights the Department's financial position and significant accomplishments in financial management. This report reflects our support to the DoD's warfighters as we strive to maximize the value of every dollar spent on their behalf.

In FY 2008, the Department focused its efforts on resolving material weaknesses and strengthening internal controls. By the end of FY 2008, DoD reduced management-identified internal control weaknesses from 116 to 17, an 85 percent improvement.

Stronger internal controls have reduced opportunities for waste, fraud, and abuse and increased efficiencies in several processes. By strengthening our internal controls, the Department has achieved positive results with the achievement of unqualified audit opinions for some agencies. To date, five DoD entities have earned unqualified opinions. These organizations account for \$1.3 trillion – one third -- of Department assets and liabilities.

Today, the Department's fiscal information provides a more complete depiction of DoD's financial health than in previous years. This progress will continue because the Department has strategically invested in its workforce and financial systems and has a detailed plan to achieve optimal financial results. The Department's audit strategy is described in the Defense Financial Improvement and Audit Readiness (FIAR) Plan.

I wish to thank the financial management community throughout the Department. The accomplishments reflected in this report are a result of their extraordinary dedication to our mission. We are improving our financial stewardship to the taxpayers and warfighters who expect and deserve nothing less. Together we will tackle our ambitious agenda for the future.

A handwritten signature in black ink, appearing to read "D. Brook".

Douglas A. Brook
Acting Under Secretary of Defense
(Comptroller)/DoD Chief Financial Officer