



THE SECRETARY OF THE INTERIOR

WASHINGTON

DEC 4 2001

Memorandum

To: Assistant Secretaries
Bureau Directors
Office Heads

From: Secretary

Subject: Financial Accountability

Financial accountability is critical to the management success of this Administration. The commitment to accountability is confirmed in The President's Management Agenda that establishes "Improved Financial Performance" as one of the five governmentwide initiatives upon which this Department and other agencies will regularly be graded by OMB. Without accurate and timely financial information, it is not possible to accomplish the President's agenda to secure the best performance and highest value for the American people.

The ability to receive clean audit opinions on financial statements is a basic requirement of a well-run financial enterprise. As a result of a great deal of effort and many employees working unusually long hours, the Department has received a clean audit opinion on its fiscal year 2000 financial statements and seven of nine bureaus received clean financial statement audit opinions on the fiscal year 2000 bureau financial statements. The ability of the Department and each bureau to earn a clean opinion on its financial statements is just a first step, but an essential one.

While substantially all bureaus have met crucial deadlines so far this year, it is essential that each bureau continue to apply the resources necessary to ensure that information and documents are provided to the auditors on a timely basis, that internal control findings are responded to promptly, and that the annual financial reports are completed and ready to publish within the established timeframes. Bureaus need to recognize that fiscal year 2001 financial statements must be finalized and audit field work completed by December 21, 2001. Further, final bureau responses to audit report findings must be provided to the auditors prior to January 8, 2002, for inclusion in the final auditor's report. The bureau annual financial reports should be ready for printing at this time and provided to the auditors.

The opinion on the financial statements is only one of three opinions provided by the auditors. The other two opinions, covering Internal Controls, and Compliance with Laws and Regulations, are equally important.

This year, in addition to striving for clean financial audit opinions, I would like the Department to focus on the resolution of material internal control weaknesses and non-compliance issues identified by the auditors. I would like you to exercise leadership now to address any issues, particularly those that have been recurring problems in the past, so that this annual process becomes easier and less problematic from one year to the next. To facilitate this process, I have asked Scott Cameron, Deputy Assistant Secretary for Performance Management; Sky Leshner, Director of the Office of Financial Management; and Mary Adler, Deputy Inspector General, to meet soon with senior management of each bureau to discuss the key challenges faced by each bureau.

Thank you for your assistance.

cc: Inspector General