

Message from the Chief Financial Officer



In FY 2005, the Department of the Interior (Department) continued its journey toward management excellence—excellence defined by results. Progress for much of our journey toward management excellence is captured in the Department’s FY 2005 Performance and Accountability Report (PAR). The PAR provides the Department’s most important financial and performance information. It is also our principal publication and report to Congress and the American people on our program leadership and our stewardship and management of the public funds entrusted to us.

I am pleased to report that for the ninth 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 2005. The Department:

- Received the prestigious Association of Government Accountants’ Certificate of Excellence in Accountability Reporting. This marks the fourth year in a row that the Department has been recognized for quality reporting.
- Continued implementation of the unified Strategic Plan for the Department. Nearly 2 years in the making, this plan replaced eight separate bureau plans. The new strategic plan integrates and aligns bureau responsibilities under four major mission goals—resource protection, resource use, recreation, and serving communities—and emphasizes results and performance management.
- Met or exceeded 69% of the 214 performance outcome measures from our new Strategic Plan. This is the second year we have reported on our performance against an almost entirely new set of performance measures. Last year we were able to meet or exceed 63% of the 226 performance outcome measures.
- Continued implementation of new human resource strategies and processes to align our talented workforce to meet new and expanding challenges. Our Human Capital Management Strategic Plan identified Indian trust management, wildland fire management, and law enforcement, including homeland security, as growing challenges.
- Continued implementation of an Activity-Based Costing/Performance Management (ABC/PM) system throughout the Department. The ABC/PM system includes 326 crosscutting work activities that bureaus and Departmental offices either use directly, or use to capture costs associated with bureau/departmental work activities. ABC/PM provides program and financial managers with the information needed to allocate resources and monitor and evaluate performance effectively.
- Continued development and implementation of the Department’s Financial and Business Management System (FBMS). The FBMS replaces Interior’s antiquated accounting and business systems and provides standard business practices supported by a single, integrated finance and business system.

- Continued major efforts to inventory our facilities, assess their condition, and develop asset management systems. The Department manages nearly every type of facility found in America's towns and cities—we have wastewater treatment plants, dams, electric generating facilities, houses, hotels, campgrounds, roads, boat docks, stables, and even landfills. By knowing what we have and managing those assets well, we can better serve the public.
- Made advances in implementing the President's Management Agenda. Specifically, we improved our Executive Scorecard status rating in FY 2005 in the areas of Human Capital (yellow to green), Competitive Sourcing (yellow to green), and Budget and Performance Integration (red to yellow). We are working diligently to improve our red status rating for Financial Performance and E-government.
- Downgraded one of the four Federal Managers' Financial Integrity Act material weaknesses carried over from FY 2004 ahead of schedule. We also corrected or downgraded 9 of the 15 (60%) material weaknesses reported in the FY 2004 financial statement audits which were targeted for correction in FY 2005.
- Established and achieved an aggressive annual performance goal of implementing all GAO and OIG audit recommendations within one year of the referral of those recommendations to the Department for tracking of implementation. For FY 2005, the performance goal was set at 85%—an increase of 5% over last fiscal year—and Interior achieved an actual implementation rate of 87%.

Sustaining our efforts toward management excellence requires the ongoing commitment and creativity of Interior's dedicated employees. During FY 2006, mission, metrics, and management will continue to lie at the center of achieving results. We plan to better focus our "mission" by establishing clear goals, enhancing and monitoring performance measures, and aligning our workforce to better achieve those goals.



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Chief Financial Officer
November 15, 2005