Report Overview

The Department of Defense fiscal year 2004 Performance and Accountability Report is designed to provide useful information for American citizens, the President, Congress, other federal organizations, and Department of Defense military members, civilians and contractors.

Our report encompasses the Department’s operations for fiscal year 2004, which occurred from October 1, 2003, through September 30, 2004. It contains five parts. Combined, they provide a thorough description of the Department’s services to the American people and stewardship of our critical resources.

The pressures on the Department’s resources have never been greater and will continue to grow in the years ahead. Our response must be to focus relentlessly on efficient and careful use and management of these resources. Only by effectively measuring the results we achieve, as documented in this report, can we adjust the tactics and strategies we use to meet our goal of mission excellence and deliver the best possible performance for the American people.

**Part 1: Management Discussion and Analysis** is a high-level overview of the Department’s performance and financial information for fiscal year 2004. Part 1 starts with a discussion of the Department of Defense (DoD) mission, organization and resources. It highlights the Department’s performance—covered in more detail in Part 2—by summarizing the strategic plan and goals and the fiscal year 2004 annual performance goals and results. Next, it provides financial highlights—covered in more detail in Part 3—for fiscal year 2004. The Department’s compliance with legal and regulatory requirements is also discussed in this section. Part 1 concludes with a summary of the Department’s status on meeting the President’s Management Agenda objectives.

**Part 2: Performance Information** presents the Department’s strategic plan, strategic objectives, annual performance goals, and annual performance results for fiscal year 2004 in accordance with the Government Performance and Results Act. It describes key performance indicators—and their fiscal year 2004 goals and results—that the Department uses to manage risks to the accomplishment of its strategic objectives.

**Part 3: Financial Information** is composed of the Department’s principal financial statements, notes to these statements, consolidating and combining statements, and other required information for fiscal year 2004. This section includes the Inspector General, Department of Defense, Auditors’ Report on the fiscal year 2004 financial statements. The Auditors’ Report provides the Inspector General’s assessment of whether the Department’s financial statements are fairly presented in all material respects and conform to generally accepted accounting principles.

**Part 4: Inspector General Summary of Management Challenges** presents a summary of the most serious management challenges facing the Department. This assessment was prepared by the Inspector General, Department of Defense.

**Part 5: Appendixes** present detailed information about the Department’s compliance with the Improper Payments Information Act of 2002, a glossary of acronyms, and a list of internet links for further information referred to in this report.

We are interested in your feedback regarding the content of this report. Please feel free to email your comments, or requests for copies of this report, to DoDPAR@osd.mil or write to:

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You may also view this document at www.dod.mil/comptroller/par.