



COMPTROLLER

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

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MESSAGE FROM THE CHIEF FINANCIAL OFFICER

Included herein are the Department of Defense (DoD) Agency-wide Financial Statements for fiscal year (FY) 1999. The statements summarize the Department's financial activity for FY 1999 and include a description of the Department's continuing financial management improvement efforts. Improving financial management and business processes remains a primary commitment and principal challenge at all levels within the Department.

During FY 1999 the Department has made progress in revising its Financial Management Regulation to comply with Statements of Federal Financial Accounting Standards. However, much improvement is needed in the Department's finance and accounting systems. The Department's Biennial Financial Management Improvement Plan, details our plans to provide state-of-the-art financial management. It is recognized at the highest levels within the Department that the changes needed to solve our financial management challenges go far beyond the DoD financial community. In that regard the Department is actively pursuing improvements in nonfinancial systems, such as inventory and logistics, that are needed to support the accuracy and audibility of the Department's financial statements. Unfortunately, due to the size and scope of the systems efforts required, the Department will not realize the full benefit of the ongoing systems initiatives in the near-term.

In the interim, the Department, in collaboration with the Office of Management and Budget, the General Accounting Office, and the Office of the Inspector General, DoD, has developed strategies to address major issues identified by the audit community. The Department is continuing to pursue interim solutions that will result in improvement to the implementation of the longer term systems improvements. These strategies and their timetables demonstrate the Department's resolute commitment to improve financial management, to continue to build on our accomplishments and to achieve a clean audit opinion on the Department's financial statements.

Senior leadership throughout the Department is committed to good stewardship and improved financial management. In addition, I continue to be encouraged by the perseverance and commitment of the Department's personnel engaged in these improvement efforts.

A handwritten signature in black ink, appearing to read "William J. Lynn", is positioned above the printed name.

William J. Lynn