MESSAGE FROM THE CHIEF FINANCIAL OFFICER

Virtually every action taken by the Department produces financial information that is needed to manage and to report the results of the Department’s operations. Secretary Rumsfeld stated publicly that effective financial management reform is one of his top priorities. During my confirmation hearings, I affirmed to the Congress my commitment to achieving the Secretary’s goals. The Financial Management Modernization Program established by the Secretary, which is being accomplished under my direction, presents a singular opportunity to integrate financial data with other management information. The ultimate goal is to provide timely, accurate, and reliable financial information to the Department’s decisionmakers.

I am proud of the progress we made during fiscal year (FY) 2001, as listed in the Overview section of these statements. The changes needed to solve our financial management challenges, however, go far beyond simply cleaning up the financial statements. The functional systems, such as those that are used to manage inventory and human resources, provide input that is critical to the accuracy and auditability of the Department’s financial statements. The Department is actively pursuing improvements in these functional systems to fix the root causes of financial information defects.

The Department is actively collaborating with the Office of Management and Budget, the General Accounting Office, and the Office of the Inspector General, Department of Defense (DoD), to address major issues identified by the audit community. Together, we are pursuing near-term improvements consistent with the design of the longer-term systems solutions. The Department is resolutely committed to improving its financial management. We will continue to build on our accomplishments in order to achieve a clean audit opinion on the Department’s financial statements.

Included herein are the DoD Agency-wide Financial Statements for FY 2001. The statements summarize the Department’s financial activity for FY 2001.

Dov S. Zakheim
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