

MESSAGE FROM THE CHIEF FINANCIAL OFFICER



People are the only source of a sustainable competitive advantage.

My gratitude and congratulations go to the individual excellence and collective success of all United States Department of Agriculture (USDA) associates and our business partners for achieving numerous valuable results in financial management accountability in Fiscal Year (FY) 2002.

Value was created by accomplishing break-through results, such as:

- Receiving the first-ever, clean audit opinion for the Department since the passage of the Chief Financial Officer Act in 1990;
- Assembling, focusing and integrating an effective team of talented leaders to create effective change and sustain improvement in financial management, led by Secretary Veneman, the Subcabinet, the Office of the Chief Financial Officer, agency administrators and their related finance, accounting and budget staffs;
- Implementing improved accounting processes and completing the installation of a standard general accounting system;
- Transforming the Forest Service financial management activity into a vastly improved function;
- Correcting real and personal property accounting deficiencies;
- Improving capabilities in the management of working capital funds, analyzing program costs and administering lending programs;
- Instituting an organizational structure that creates a unified corporate controller function with related process and system accountabilities; and
- Reducing the number of material deficiencies by almost 50 percent—a noteworthy achievement that reflects an improving environment of internal control. We began the year with 32 material deficiencies and closed it with 19. Our FY 2003 goal is to reduce the remaining deficiencies by half. We plan to eliminate the rest in FY 2004.

USDA is committed to providing the best management of the resources under its stewardship. Through teamwork and the dedicated efforts of many USDA employees, we will continue to improve financial management accountability at USDA and report the results that are expected of a world-class organization.

A handwritten signature in black ink that reads "Edward R. McPherson". The signature is written in a cursive, flowing style.

Edward R. (Ted) McPherson
Chief Financial Officer