

MESSAGE FROM THE CHIEF FINANCIAL OFFICER



I am pleased to report that numerous valuable results were achieved in financial management in Fiscal Year 2003 at the United States Department of Agriculture (USDA).

Through the individual excellence and collective successes of USDA's associates, business partners and customers, we created value together by accomplishing break-through results, such as:

- Sustaining a clean financial audit opinion in FY 2003 for the USDA, as was done for the first time ever in FY 2002, evidencing the Department's improved accountability, internal control and data integrity;
- Making substantial progress in reducing USDA's material deficiencies that now number 8, a 58% reduction from 19 at the start of FY 2003 and a 75% reduction from 32 just 24 months ago at the start of FY 2002. Our goal is to eliminate all material weaknesses in FY 2004;
- Improving the productivity of cash used in USDA's lending programs by as much as \$300 million annually through more effective collection of delinquent debt;
- Developing a useful strategic plan for USDA leading the way for the Department to align strategic direction, transform operating budgets and integrate more effective performance measures into its management processes throughout the enterprise;
- Implementing information technology solutions relating to major corporate financial management and administrative systems financed by resourceful use of funds;
- Expanding the customer base and effectiveness of the National Finance Center in Government-wide payroll operations and Federal employee services, retirement plan record-keeping and accounting operations;
- Reforming the management of travel cards within USDA by establishing a "zero tolerance" policy for travel card misuse, removing more than \$1 billion of excess credit exposure by lowering credit and cash advance limits on more than 90% of cards, and reinforcing proper behavior through training and employee communications; and
- Adding depth and breadth to USDA's financial management leadership, managerial, supervisory and first-line personnel through career development, training and recruiting.

USDA is focused on providing sound management of the resources under our stewardship. The extraordinarily valuable results in financial management at USDA in the past two years have been achieved with existing taxpayer funding by skilled career Government executives and dedicated associates.

We are honored to serve America.

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

Edward R. (Ted) McPherson
Chief Financial Officer