



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

SEP 10 2001

Honorable Mitchell Daniels
Director, Office of Management and Budget
Old Executive Office Building, Room 349
Washington, D.C. 20503

Dear Mr. Daniels:

I am pleased to submit the Department of the Interior's 2001 Financial Management Status Report and Strategic Plan as required by OMB Circular A-11. This plan summarizes the significant accomplishments achieved in fiscal 2001 and outlines the Department's agenda for continuing the improvement of financial management over the next five years.

Over the past few years, the Department has significantly improved accountability and financial management. While we are pleased with our recent progress, we are very cognizant of the need to further enhance and improve our operations and program performance. The following three themes will guide our improvement efforts over the next several years:

Service Excellence: Whether our financial management services are directed to Interior bureaus, other Federal agencies, state or local governments, or the general public, we will seek new ways to improve the service we render to the American people as we fulfill our mission.

Accountability: We will continue to examine how well we are managing our resources-both financial and human-in order to determine if we are effectively achieving our goals, providing quality services, producing useful information that is easily accessible by the public, and adhering to the highest standards of conduct.

Cooperation: The Department has many missions, goals, functions and activities, as well as a number of management challenges that transcend organizational boundaries. The Department is supported by the many highly skilled, talented, and dedicated employees that comprise our workforce. Together we will explore opportunities to better coordinate, cooperate, and communicate as we solve common challenges and fulfill the Department's mission.

I look forward to working with you and members of your staff on the financial plans presented in this report.

Sincerely,

P. Lynn Scarlett
Assistant Secretary Policy, Management and Budget and
Chief Financial Officer

table of contents

Chapter 1 - Overview	1
Chapter 2 - Improving Financial Accountability	17
Chapter 3 - Improving Financial Management Systems	22
Chapter 4 - Implementing the GPRA	47
Chapter 5 - Ensuring Management Accountability and Control.....	52
Chapter 6 - Developing Financial Human Resources	58
Chapter 7 - Managing Receivables, Costs, and Collections	64
Chapter 8 - Modernizing Payments and Business Methods	70
Chapter 9 - Providing Financial Data Stewardship	84
Chapter 10 - Improving Administration of Federal Assistance Programs.....	87
Appendix A - CFO Organization	90
Appendix B - Finance Officers' Partnership	92