
Letter From the Chief Financial Officer



The signposts of progress in resource protection stand across the American landscape, from the Everglades to the Pacific Northwest, from the longleaf pine forests of the Piedmont to the coastal sage scrub of southern California. The ecosystem restoration initiatives and habitat conservation agreements begun in 1993 are demonstrating that partnerships between communities, local officials, and the Federal Government can take on any challenge. Similarly, the Department of the Interior's investment in improved financial and administrative management has continued to pay off in 1995.

Integrity. The Department began auditing all bureaus on an annual basis in 1993. The first year, the Department received only three unqualified opinions out of the ten financial statement audits that were conducted. In 1994, when the first Consolidated Financial Statements prototype was prepared, the Department had received six unqualified opinions out of 12 financial statements audited. This year, ten Interior bureaus received unqualified opinions. This progress demonstrates our continuing commitment to meet the mandates of the Chief Financial Officers' Act by ensuring

the accuracy and integrity of our financial operations.

A year ago, I noted that "what gets measured gets done." To that end, the Department has moved aggressively to measure performance for key programs. The National Park Service, Bureau of Reclamation, Bureau of Land Management, and Minerals Management Service have been leaders in this effort, which will be expanded as we implement the Government Performance and Results Act.

Partnership with Program Managers. The partnership between financial and program managers is critical to effective program delivery. We have reduced the regulatory burden and delegated more responsibility to program managers. The Interior Acquisition Regulations have been reduced by more than 50 percent, and 90 percent of Federal travel regulation delegations have been redelegated to lower levels within our bureaus.

In 1995, we gave program managers increased flexibility to make purchases of needed supplies and equipment by doubling the number of purchase cards to 9,800. The total dollars expended with purchase cards rose to \$68 million, an increase of 140 percent over last year. And we have given program managers greater choice and discretion in deciding when and how management control reviews are performed to best ensure integrity of program activities.

Reinvention and Streamlining. All of our bureaus have re-evaluated programs, redirected resources, and re-engineered work and processes. They are providing better service in less time. The Minerals Management Service now processes royalty payments in as few as three days, one quarter of the time it used to take a contractor. We are also simplifying processes through automation. We have put in place a wide range of user friendly and paperless personnel systems. We have been in the forefront of other initiatives such as implementing electronic commerce, proposing a franchise fund pilot project, and establishing a new Interior Service Center, which includes operational activities previously administered by Secretarial offices.

In 1994, the Department completed the initial phase of the "Best Practices" Project aimed at identifying accounting and financial management policies, practices and processes which could be streamlined to produce savings and/or improved efficiency. During 1995, the Financial Officers' Partnership -- comprising senior financial managers -- actively pursued these opportunities. As a result of these and related efforts from 1993 to 1995, the Department reduced finance office costs by over 8 percent.

We have expanded the use of the Automated Teller Machines (ATM) for official travel, which reduced the need for cash advances. Travel advance balances were also reduced by 25 percent during 1995. The use of a contractor to monitor unemployment compensation claims generated over \$2 million in savings in 1995. We also continue to look for ways of reducing costs by using services offered by the Department's two Administrative Service Centers. In 1995, these Service Centers reaffirmed their ability to provide quality services at competitive prices by winning service contracts with the Social Security Administration for payroll services and with the House of Representatives for financial systems support.

The Future. Although we are proud of our accomplishments, much remains to be done. The Bureau of Land Management reports significant potential liabilities related to the cleanup of hazardous materials on public lands. The potential cost of hazardous materials cleanup is probably the single greatest financial exposure facing the Department at this time. The Bureau of Indian Affairs (BIA) concluded a major effort to reconcile over 20 years of financial transactions associated with Indian Trust Fund Accounts and shared these results with over 320 Tribes.

We believe that the Department is well positioned to use advanced technology and modern management techniques to leverage the limited resources available. Opportunities being pursued by the Department areas include expanding use of electronic commerce, increasing innovative uses of the Internet, widening partnerships with vendors to support selected areas such as travel, and improving access to information.

The past year serves as an example of the crucial role that Chief Financial Officers can play as partners in improving the integrity of operations, better supporting the mission of the Department and reducing the financial resources necessary for administrative functions. It also reminds us of the critical need for effective management support for important efforts to protect and provide access to our Nation's natural and cultural heritage and honor our trust responsibilities to Tribes.



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