



Improved Financial Performance Initiative

I am enthusiastic and proud to be the owner of the Improved Financial Performance initiative of the President's Management Agenda (PMA) in the Department of Energy (DOE). The Department has received clean opinions on its annual financial statements for six straight years with no material internal control weaknesses identified by the auditors. Further, DOE was successful in maintaining its clean opinion for the FY 2004 financial statements while accelerating issuance to 45 days after the end of the fiscal year.

For the third quarter of FY 2004, when the Department of Energy received a Green status score on Improved Financial Performance, DOE was one of only five agencies with a Green status score on this initiative. I am enormously proud of what the Department has accomplished so far in implementing this initiative, particularly our success in demonstrating to the Office of Management and Budget (OMB) that DOE currently produces accurate and timely financial information that is used by management to inform decision-making and to drive results in key areas of operations. To maintain a Green score, DOE must now implement a plan to expand the scope of its routine data use to inform management decision-making in additional areas of operations. Toward that end, the Department has submitted a proposed Financial Management Business Plan to OMB for review and is now in the process of finalizing that plan based on OMB's comments. A major component of that plan is the commitment to conduct a "Top-to-Bottom" review of DOE's financial management practices, with the objectives of improving the financial and other business data available to support management decision-making and expanding the routine use of that data across the DOE complex. The Department's Chief Financial Officer has recently established a Financial Management Working Group, with core members from each major program, to support this effort. DOE's overall goal is to become "best-in-class" in financial management in the Federal Government.



Highlights of What We've Accomplished

- *Received Clean Financial Statement Opinion.* The Department has received a clean opinion on its financial statements for six straight years with no material weaknesses.
- *Accelerated Financial Statements.* In FY 2004, DOE improved the timeliness of its annual financial statements by issuing its statements 45 days after the end of the fiscal year. (In FY 2002, DOE submitted its financial statements 149 days after the end of the fiscal year.)
- *Launched Integrated Business System (I-MANAGE) Project.* DOE is building an integrated business management system that will integrate financial, budget, procurement, human capital, program and performance information. The system will be supported by a central data warehouse and will improve decision-making capabilities by providing managers with the equivalent of a global positioning system at their desktop.
- *Strengthened Project Management.* DOE has established a rigorous process for monitoring its multi-million dollar construction projects to ensure that they adhere to cost, schedule and performance targets. Monthly reports are prepared evaluating project performance. Projects that are not on target are put on remediation plans or terminated. Prior to establishing this process, managers could not know with certainty whether a project was on target and cost overruns were rampant. This process provides managers with an "early warning system" to correct problems before they become intractable.

FY 2005 Goals

- *Implement the Data Warehouse and Accounting Modules of the Integrated Business System (I-MANAGE).* The Data Warehouse was deployed on January 31, 2005. The accounting module (STARS) is scheduled for deployment in April 2005. These systems will provide managers increased access to financial data on which to make sound management and budget decisions.
- *Implement Financial Management Business Plan.* At OMB's request, DOE prepared a financial management business plan which provides a roadmap for improving financial data that is used for making management and budget decisions. Deployment of the STARS accounting system is critical to meeting many of the milestones included in the plan.
- *Continue to Receive an Unqualified Financial Statement Audit Opinion.* DOE will take action to receive a seventh consecutive unqualified audit opinion on its annual financial statements.