

A Message from the Secretary of Defense

I am pleased to present the third annual Financial Management Improvement Plan for the Department of Defense.

In October 1998, the Department submitted its first Financial Management Improvement Plan to the Congress. The Department updated that Plan in 1999 and intends to continue to update this document on an annual basis.

In this Plan, the Department identifies the strategy for improving its financial management operations--to include various initiatives intended to reform the Department's financial management practices and systems. The Department's overarching strategy is, through reengineering or replacement, to ensure that financial and feeder systems comply with federal accounting standards and systems requirements. This strategy recognizes that lasting effective financial management reforms require a thorough overhaul of the Department's information management paradigm.

The Department has made significant progress to improve its: (1) financial operations, including policies and procedures; (2) financial and financially related systems; and (3) internal controls. This Plan presents a great deal of information on work completed to date as well as efforts underway to improve further the Department's financial operations. Included are initiatives to standardize and improve financial management systems, regulations, processes, internal controls, and financial management personnel capabilities. In addition, the Department continues to reduce the number of noncompliant critical accounting, finance, and feeder systems.

The Department's financial management reforms are continuing to reduce costs and improve operational effectiveness through the extensive use of consolidation, standardization, simplification, and advanced technology. The Department also is exploiting financial management best practices from both the public and private sectors. Collectively, the initiatives addressed in this Plan have established a strong financial management reform foundation upon which the Department will continue to build.



William S. Cohen