



# FINANCIAL SECTION

## MESSAGE FROM THE CHIEF FINANCIAL OFFICER

This FY 2007 Performance and Accountability Report provides financial and program performance information to enable the Department's stakeholders to understand and evaluate what we have achieved relative to the missions and the resources entrusted to us. The report summarizes highlights of the Department's performance, provides detailed financial information, and fulfills the requirements of the Reports Consolidation Act of 2000, the Chief Financial Officers Act, the Government Performance and Results Act, the Federal Managers' Financial Integrity Act, and the Government Management Reform Act.

We are proud to report that in FY 2007 the Department of Commerce again maintained a green status rating on the Financial Management Scorecard of the President's Management Agenda and, for the ninth consecutive year, achieved an unqualified audit opinion. We also completed all testing of key internal controls for financial reporting and issued an unqualified statement of assurance over internal controls for financial reporting. These accomplishments reflect our commitment to excellence in improving financial systems and managing financial resources.

The Department's FY 2007 achievements include the completion of the migration of the Commerce Business Systems (CBS) to Web-based technology that will be promoted to production during FY 2008, thus extending the life of CBS until at least FY 2012. We also began the planning process for the next stage of the Department's financial management evolution in alignment with the President's Management Agenda and the Office of Management and Budget's financial management line of business goals of standardization, consolidation, and optimization.

In FY 2007 we completed a business process re-engineering review for accounts payable and developed recommendations for standardizing and optimizing management of that function throughout the Department. During this period, we positioned the Department to reduce the number of locations processing payments from six to five. The consolidation will occur in FY 2008, when the National Institute of Standards and Technology begins processing of payments for the International Trade Administration. Progress also continued toward co-locating the Department's financial management system support servers and software at the Census Bowie Computer Center in Bowie, MD.

The Department was unable to eliminate a reportable condition (now referred to as a "significant deficiency") concerning consolidated information technology (IT) controls. However, an increased IT security focus in the Department has resulted in significant progress towards eliminating this problem, and a special Chief Financial Officer–Chief Information Officer (CFO-CIO) team has been appointed to actively monitor IT security issues.

As FY 2008 unfolds, the Department's missions will continue to be supported by strong and effective financial management and internal controls. We will continue to enhance the administrative tools we use to manage Department programs by pursuing the objectives of the President's Management Agenda and by refining our financial and performance products to address the needs of our stakeholders. The Department remains firmly committed to maximizing the effectiveness of its programs and their benefits to the American people.



Otto J. Wolff  
Chief Financial Officer  
and Assistant Secretary for Administration