



Highlights of [GAO-03-871T](#), a report to the Subcommittee on Government Efficiency and Financial Management, Committee on Government Reform, House of Representatives

Why GAO Did This Study

In its 2003 performance and accountability report on the Department of Agriculture (USDA), GAO identified challenges in, among other areas, USDA and Forest Service financial management. The information GAO presents in this testimony is intended to assist the Congress in assessing USDA's progress in addressing and overcoming these challenges.

What GAO Recommends

GAO is not making new recommendations in this testimony, but past reports have made specific recommendations aimed at addressing some of these financial management challenges.

DEPARTMENT OF AGRICULTURE

Status of Efforts to Address Major Financial Management Challenges

What GAO Found

For many years, USDA struggled to improve its financial management activities, but inadequate accounting systems and related procedures and controls hampered its ability to get a clean opinion on its financial statements. After eight consecutive disclaimers, USDA's Office of Inspector General (OIG) issued an unqualified opinion on USDA's fiscal year 2002 financial statements, reporting that significant progress had been made in improving overall financial management. The Forest Service received its first-ever unqualified opinion on its fiscal year 2002 financial statements, which represents noteworthy progress from prior years when the OIG was unable to express an opinion.

To achieve its unqualified opinion, USDA made progress in its financial accounting and reporting in areas such as estimating its Food Stamp program receivables and markedly improved its implementation of the Federal Credit Reform Act of 1990. The Forest Service's top management dedicated considerable resources and focused staff efforts to address accounting and reporting deficiencies that had prevented a favorable opinion in the past.

While we consider obtaining a clean opinion a positive step, USDA and the Forest Service need to continue their efforts to address material internal control weaknesses that still exist. As provided in the President's Management Agenda and by the Joint Financial Management Improvement Program Principals, obtaining financial accountability goes far beyond an unqualified opinion on financial statements and includes measures such as financial management systems that routinely provide timely, reliable, and useful financial information and no material internal control weaknesses or material noncompliance with laws and regulations and Federal Financial Management Improvement Act of 1996 requirements. Therefore, before USDA and the Forest Service can achieve and sustain financial accountability, they must address a number of serious problems that USDA's OIG or we have reported.

www.gao.gov/cgi-bin/getrpt?GAO-03-871T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact McCoy Williams at (202) 512-6906 or williamsm1@gao.gov.