



Message from the Acting Chief Financial Officer

I am pleased to present to you the Federal Emergency Management Agency's Performance and Accountability Report for fiscal year (FY) 2002. This report is submitted in compliance with the Chief Financial Officer's Act of 1990 and the Government Management Reform Act (GMRA) of 1994 and provides pertinent information and supporting data regarding the Agency's financial and program performance. The FY 2002 financial statements have been prepared in accordance with generally accepted accounting standards.

FEMA has initiated a series of actions to improve its financial performance in compliance with the CFO Act and GMRA and in support of the President's Management Agenda. In November 2002, FEMA submitted a comprehensive Financial Management Plan to OMB that outlined the steps we are taking to implement a sound financial management system and the President's financial management initiatives, and to identify remedial actions we are taking to address material weaknesses identified in prior year audits. This long-term Plan provides the Agency's overall goals and strategies to improve financial performance, financial management systems, and grants management, and contains detailed action plans to meet our goals.

In support of the President's initiative to "Improve Financial Performance," FEMA developed an Erroneous Payments Action Plan and a Draft Report on Improving Disaster Cost Projections that were submitted to OMB in June 2002. FEMA also submitted a revised Remediation Plan to OMB in June 2002 in accordance with the Federal Financial Management Improvement Act of 1996 (FFMIA). The Remediation Plan was designed to directly address the six material weaknesses and recommendations reported as a result of FEMA's FY 2001 financial statement audit. The Remediation Plan contains 29 Action Plans to address the financial system requirements; the material weaknesses identified in audits; and broader FEMA goals to improve its financial performance. Each Action Plan includes a schedule of tasks/activities for FY 2002 and beyond to ensure that we meet our objectives.

Upon OMB's review of our submission in June 2002 and subsequent status reports, FEMA was given a "green light" rating in the June and September OMB Scorecard progress reviews. OMB indicated that FEMA needs to continue meeting its milestones for resolving its six material weaknesses, and we will continue to closely monitor our progress in completing the actions that will bring FEMA into substantial compliance with the requirements of FFMIA and will ensure that our financial management system can produce financial data that is accurate, timely, and useful. During FY 2002, the Agency's Integrated Financial Management Information System (IFMIS) was upgraded with IFMIS Version 5.1.6 for compliance with FFMIA and Joint Financial Management Improvement Program (JFMIP) requirements. While the Remediation Plan acknowledges potential impediments to achieving our goals against the scheduled milestones, primarily our ongoing disaster operations demands and resource constraints, I am confident that we can achieve the goals that we have laid out to improve our financial performance.

Matt Jadacki
Acting CFO

