
INTRODUCTION

Departmental Reporting Entity

This report presents the Fiscal Year (FY) 2003 consolidated financial statements for the Department of Justice (Department). Under Title IV of the Government Management Reform Act (GMRA) of 1994, the Attorney General shall prepare and submit to the Director of the Office of Management and Budget (OMB), an audited financial statement for the preceding fiscal year, covering all accounts and associated activities of each office, bureau, and activity of the Department. Under the direction of the Chief Financial Officer (CFO), the Justice Management Division (JMD) prepares the Department's consolidated financial statements. The Office of the Inspector General (OIG) is responsible for the audit of these statements. The Department's FY 2003 audited financial statements were consolidated based upon the results of audits undertaken at each of the 10 departmental reporting entities.

Reporting Process

As required by the Office of Management and Budget Circular A-11, the Department has developed a Performance and Accountability Report centered around its consolidated annual financial statements and its annual performance report, which is also required by the Government Performance and Results Act. In addition, this Performance and Accountability Report includes material weaknesses, along with corresponding corrective action reports, as required by the Federal Managers' Financial Integrity Act (Integrity Act); and a statement by the Inspector General summarizing what he considers to be the Department's most serious management challenges. The report also includes brief Departmental responses to challenges identified.

In response to the terrorist attacks on September 11, 2001, the Department realigned its priorities to place combating terrorism at the top of its list. On November 8, 2001, the Attorney General announced major changes in the Department to support its counterterrorism role. The Department continues to vigorously enforce the broad spectrum of laws of the United States; however, the fight against terrorism is the first and overriding priority of the

Department. In support of this change in focus, the Attorney General also announced the Department's Strategic Plan for FYs 2001-2006 (available electronically on the Department's web site at: <http://www.usdoj.gov/jmd/mps/strategic2001-2006/index.htm>). This Strategic Plan includes eight strategic goals and related objectives that are mentioned throughout this report.

Organization of the Report

This Report consists of four sections: Part I, Management's Discussion and Analysis; Part II, Performance Section; Part III, Financial Section; and Part IV Management Challenges Section.

Part I begins with a message from the Attorney General. In it, the Attorney General provides the assurance required by the Integrity Act, as well as his assessment of the completeness and reliability of the performance and financial data, required by the OMB Circular A-11. Part I also includes summary information about the mission and organization of the Department; FY 2003 financial highlights; performance information for a selection of departmental programs; and information regarding material weaknesses, as required by the Integrity Act.

Part II provides the Department's annual performance report for FY 2003. Part II also outlines strategies, milestones, and metrics to measure the progress made in each of the areas of the President's Management Agenda.

Part III begins with a message from the Department's Chief Financial Officer (CFO); and the OIG's commentary and summary. It also includes the report of the independent accountants and the Department's consolidated financial statements and associated notes.

Part IV provides the Department's corrective action reports for the program and financial system material weaknesses as required by the Integrity Act. This section also includes the Inspector General's list of the Department's most serious management challenges and outlines the Department's response.

Finally, the appendices include (A) the OIG Audit Division analysis and summary of actions necessary to close the FY 2003 annual financial statement audit report, (B) the Department's financial structure, (C) the Intellectual Property Report, (D) the Attorney General's Semi-Annual Report to Congress (E) a list of acronyms, and (F) a list of Department web sites.

The scope and complexity of the Department's mission make it impossible to describe in a single document the full range and content of the Department's programs and activities. Where appropriate, reference has been made to other plans and reports that provide more detailed information in specific areas.

This report is available at: <http://www.usdoj.gov/ag/annualreports/ar2003/index.html>.