

Message from the Chief Financial Officer

November 15, 2004

The past year has been an important and challenging year for the Department of Defense. We have continued to vigorously fight the global war on terror, while simultaneously transforming the Department to accomplish our mission with ever greater effectiveness.

Our ability to defend our citizens and allies is heavily dependent on being able to obtain and supply the proper resources to our warfighters. Every dollar is important and the way we manage those dollars makes a difference in how successfully we accomplish our mission.

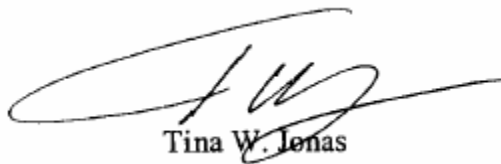
I realize the important responsibility that the Department's financial community has in supplying financial information to those who make decisions about how best to equip and deploy our troops. For this reason, I am committed to transforming the Department's financial community. We have a long way to go, but we are well on the way.

During the past year, the Department made progress on many fronts. We improved the timeliness of our reporting by preparing quarterly financial statements in 21 days and by completing the year-end reporting process in 45 days. During this time, we improved the quality of financial statement data, as evidenced by an increasing number of favorable audit results.

Looking ahead, I see a need for action that is both immediate and long term. Through the Business Management Modernization Program, the Department is overhauling the processes and tools that are used to conduct business. This is an enormous effort that will take time, but will yield tremendous benefits across the entire Department.

Our long term modernization, however, does not stop us from taking immediate action. Each major component within DoD has prepared improvement plans to identify major challenges in financial management and reporting. These plans are key tools for identifying targets of opportunity as we move into a transformed business environment.

I am fully committed to improving the Department's financial management. I will ensure we continue to build on the accomplishments in achieving an unqualified audit opinion on our financial statements and ultimately providing timely, accurate, and reliable financial information to our decision makers.



Tina W. Jonas