
Message From the Secretary



December 11, 2013

I am pleased to present the Department of Education's *Fiscal Year (FY) 2013 Agency Financial Report*. In this report, we share the Department's financial and performance highlights over the past 12 months.

Our mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

Providing every student in America with a world-class education is an economic imperative. From improving access to early learning programs, to reforming elementary and secondary education, to making higher education more accessible and affordable, to working to attract talented people to the teaching profession we have made an unprecedented commitment to education.

Performance Highlights

In the Department's *Strategic Plan for FY 2011–2014*, our mission is reflected in six strategic goals and 21 objectives. In FY 2013, we designated six programmatic two-year Department Priority Goals that are essential to achieving our mission. The Management's Discussion and Analysis section contains more details on the Agency Priority Goals and a high-level discussion about our approach to performance management.

For those seeking additional details regarding our performance and progress toward achieving our strategic goals, I invite you to read our *Annual Performance Report*, which will be released with the Congressional Budget Justification and the President's FY 2015 budget. Additionally, the Department's Priority Goals are posted on performance.gov.

Financial Management

Although we are the smallest of the 15 cabinet level agencies in terms of government staff, the Department is the third largest of the 26 federal grant-making organizations, manages the second largest loan portfolio in the federal government. It is imperative that we demonstrate that we are good stewards and that we have well controlled and managed financial systems and business processes.

I am proud to report that we have received our 12th consecutive unqualified audit opinion. Along with the unqualified opinion for 2013, our auditors reported that there were no material internal control weaknesses and no instances of noncompliance with applicable laws and regulations, except for one compliance issue with the *Federal Financial Management Improvement Act* (FFMIA). Last year, we reported a material weakness in internal controls over the operation of the Direct Loan and FFEL programs and that our financial management systems did not substantially comply with FFMIA. We took steps in 2013 to correct the material weakness and to ensure that our financial management systems substantially comply with FFMIA.

I am confident that the financial and summary performance data included in this AFR are complete and reliable in accordance with federal requirements. This financial report also includes information and assurances about the Department's financial management systems and controls as required by *the Federal Managers' Financial Integrity Act*, as well as a discussion of the one item mentioned above.

Management Challenges

We remain committed to improved governance and better business processes. Management has worked closely with the Office of Inspector General (OIG) to gain its perspective about our most significant management and performance challenges. These are presented in the Other Information section of this report. The OIG's review addresses five FY 2014 management challenges: improper payments, information technology security, oversight and monitoring, data quality and reporting, and information technology system development and implementation.

The Department takes these challenges seriously, as well as other issues identified through our own self-assessments of operations and external audits. The Department is responding to each challenge with initiatives designed to improve our systems and process.

Outreach and Partnerships

The Department leverages free web resources to connect directly with an ever-growing online community of educators, parents, students, and other stakeholders. Our most popular Twitter page, @used.gov, has grown to reach more than 250,000 followers who have joined us in real-time conversations about the challenges facing their schools and communities. Through Twitter town halls and impromptu exchanges, we answer questions and gain feedback that help to shape our outreach activities and discussions about education policy. The Department's official Facebook page shares photos, videos, and information with its active members.

Our blog, Homeroom, provides stakeholders with the opportunity to learn about financing college, combating bullying, supporting teachers, and other important topics. Homeroom readers—like our Twitter followers and Facebook fans—share the information that matters to them. Blog posts reach thousands of people with just a few clicks. On our YouTube channel, the Department shares stories about schools where reform efforts and innovations are making a difference for students. We were also proud to host our first Google+ Hangout this year, when I connected with student athletes and both Women's National Basketball Association and National Basketball Association players to discuss how sports can play an important role in students' maturation on and off the court.

The Department also interacts with hundreds of key national associations and organizations, which represent the interests of the K-12 education, civil rights and advocacy, and higher education communities by keeping them apprised of our programs' progress, major policy decisions, and funding opportunities. The information we convey through e-mail blasts and stakeholder forums is made available through our national partners, who share updates with their state and local affiliate networks. When key policy decisions or shifts are pending, the Department makes it a priority to inform leaders of these groups and gain their feedback.

Looking Ahead

Guided by our new strategic plan for FY 2014–2018, we have charted a roadmap for future success, and we will continue to evaluate how best to accomplish our strategic goals and objectives during these fiscally challenging times. Our *FY 2014–2018 Strategic Plan* will be published in February 2014 and can be found on both ed.gov and performance.gov. We look forward to working with our partners and colleagues in Congress, the states, and across the education community by keeping foremost in our minds why we care about education.

I am proud of the progress we are making at the Department. I salute the efforts of our dedicated employees who carry out the day-to-day work of the Department and of their continued commitment to provide every student in America with a world-class education.

Sincerely,

/s/

Arne Duncan