
Overview

About This Report

The United States Department of Education's *Annual Performance Report* for fiscal year (FY) 2013 and *Annual Performance Plan* for FY 2015 provides information relative to the closeout of the *FY 2011–14 Strategic Plan* and formulation of the *FY 2014–18 Strategic Plan*.

Since the Department has a delay of at least one year in the collection of data for its annual performance measures, it is still working to establish trend data for some of the measures. This year the Department has consolidated its *FY 2015 Annual Performance Plan* (APP) with the *FY 2013 Annual Performance Report* (APR) in an effort to provide a more complete and meaningful picture of the Department's past performance and efforts to improve performance in coming fiscal years.

About the Agency Financial Report

The [FY 2013 Agency Financial Report \(AFR\)](#), released in December 2013, provides detailed information on the Department's financial performance and stewardship over its financial resources.

The Secretary has outlined accomplishments, ongoing initiatives, and management challenges for the Department in FY 2013 and certified that the Department's performance data are fundamentally complete and reliable in his letter published in the AFR. For more information, go to <http://www2.ed.gov/about/reports/annual/2013report/1-message-from-secretary.pdf>.

FY 2013 Financial Highlights and Information

The Department significantly expanded information in the Financial Highlights section of the AFR to provide a more comprehensive depiction of its key financial activities for FY 2013 and to identify and explain significant trends.

As a nine-time recipient of the Association of Government Accountants Certificate of Excellence in Accountability Reporting and having earned unmodified¹ (or "clean") audit opinions for 12 consecutive years, the Department has demonstrated its commitment to continuous improvement in its financial management, operations, and reporting. To read the full report of the independent auditors, please go to <http://www2.ed.gov/about/reports/annual/2013report/4-rpt-independent-auditors.pdf>.

For an overview and analysis of the Department's sources of funds and financial position, including a new section on trend analysis, please go to <http://www2.ed.gov/about/reports/annual/2013report/2e-mda-financial-highlights.pdf>.

To review the Department's financial summary and complete financial statements—including required supplementary stewardship information and notes to the principal financial statements for the fiscal years ended September 30, 2013, and September 30, 2012—please go to <http://www2.ed.gov/about/reports/annual/2013report/3-financial.pdf>.

¹ "Unmodified" has the same meaning as the previous terminology, "unqualified."

Analysis of Controls, Systems, and Legal Compliance

The Department is the smallest of the 15 cabinet level agencies in terms of government staff, yet it has the third largest grant portfolio among the 26 federal grant-making organizations. The Department manages the second largest loan portfolio in the federal government. In order to demonstrate effective stewardship of these resources, the Department has to implement effective controls over operations, systems, and financial reporting as described in the Analysis of Controls, Systems, and Legal Compliance section of the *Agency Financial Report*.

The three objectives of internal controls are to ensure the effectiveness and efficiency of operations, reliability of financial reporting and systems controls, and compliance with applicable laws and regulations. The Department categorizes and assesses controls in three categories:

- internal controls over operations,
- internal controls over financial reporting, and
- internal controls over systems.

For more information on [management assurances](#) regarding compliance with the *Federal Managers' Financial Integrity Act of 1982* (P.L. 97-255) (FMFIA) and Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*, as well as an analysis of the Department's controls, systems, and legal compliance, go to <http://www2.ed.gov/about/reports/annual/2013report/2f-mda-analysis.pdf>.

For information on improper payments reporting details, which includes a risk assessment of certain programs, please go to <http://www2.ed.gov/about/reports/annual/2013report/5a-otherinfo-improper-pymts.pdf>.