

SECTION II:

Financial Section

Message from the Comptroller

The Department of State is committed to delivering the highest standard of financial accountability. As noted in the Secretary's Message, "if accountability does not start with ourselves, we cannot achieve the aims of our foreign policy nor credibly extend it to our friends or our adversaries." To this end, it is my sincere privilege to present the Department's Fiscal Year (FY) 2017 Agency Financial Report (AFR), including this year's audited Financial Statements. The AFR is the cornerstone of our efforts to disclose our financial status and reflect the dedicated stewardship over the assets and resources entrusted to us. It speaks to our commitment to the American public to transparently demonstrate effective management and accountability. It also represents and portrays the challenging work and diligence performed on a daily basis by dedicated professionals around the world, in some of the most difficult operating environments. Last year, in recognition of the exceptional quality of our AFR, the Association of Government Accountants awarded the Department the prestigious *Certificate of Excellence in Accountability Reporting*.

The scale and complexity of the Department's global mission and operations, and corresponding financial activities, is the central setting and context for our financial performance and challenges. Despite these complexities, the Department pursues a commitment to integrity, transparency and accountability. The Department operates in over 270 embassies and consulates, located in more than 180 countries around the world. We conduct business on a 24/7 basis in over 135 currencies; account for more than \$100 billion in assets in over 500 separate fiscal accounts; maintain

227 bank accounts around the world; and manage real and personal property assets with historical costs of more than \$34 billion. We provide the shared administrative operating platform for more than 45 other U.S. Government entities overseas; and pay more than 100,000 Foreign and Civil Service, overseas local employees, and Foreign Service annuitants. These financial activities support our ability to advance America's interests on a broad range of foreign policy challenges and engagements that demand our attention.

In delivering our financial programs, the Bureau of the Comptroller and Global Financial Services (CGFS), the Department's corporate finance bureau, is committed to providing world-class financial services. Our strong commitment to quality financial services is backed by our ISO-9001 certified operations and Capability Maturity Model Integration (CMMI) standard for financial systems development. In addition, we continue to prioritize, manage, and implement vital investments in modern, transformative financial systems and operations. These investments facilitate standardized and economical enterprise-wide financial business processes, and meeting the large scope of audit and compliance requirements. They also facilitate accurate and timely financial data and improving the reporting to the American public on how the Department spends their tax dollars. To that end, the Digital Accountability and Transparency Act of 2014 (DATA Act) requires agency financial and payment information to be reported to the public using USASpending.gov, and as required under the Act, on April 30, 2017, the Department made its first submission of the requisite data on Department spending for the second quarter of FY 2017.