

RANKING MEMBER RON BARBER (D-AZ)
OPENING STATEMENT

Committee on Homeland Security
Subcommittee on Oversight and Management Efficiency

**Hearing on: “*DHS Financial Management: Investigating
DHS’ Stewardship of Taxpayer Dollars*”**

9:30 a.m., Friday, November 15, 2013

Since its inception, the Department of Homeland Security has faced multiple challenges in building “One DHS” from a network of 22 legacy agencies.

When the Department was created many of the legacy agencies came into the new Department with financial management systems that were not operating at optimal levels.

In fact, four of the previously stand alone and largest, components -- U.S. Customs Service, the Transportation Security Administration, Immigration and Naturalization Service, and the Federal Emergency Management Agency (FEMA) were not in compliance with the requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA) prior to their inclusion in the Department of Homeland Security.

These financial management systems and those of other DHS component agencies have continued to age and, unfortunately, the Department has not successfully updated and modernized them.

As Ranking Member, I believe it is imperative that DHS be good stewards of taxpayer dollars.

It is simply unacceptable for the largest law enforcement entity within the federal government, one that protects our borders and ensures the efficient movement of goods and people, to have outdated and inefficient management and operations systems.

Inefficient financial management means DHS cannot accurately account for its assets, assess equipment or personnel costs, or provide quality data to oversight committees or other agencies that seek to monitor how the agency uses its funds.

These inefficiencies can lead to holes in our homeland security armor and they must be fixed.

Twice the Department has attempted to fix its financial management challenges by merging its disparate systems into one. On both occasions those attempts have not worked.

The Department’s new effort – what it calls the Financial Systems Modernization – is already underway at FEMA and plans are in place to implement the system Department-wide.

The plan to modernize DHS’s financial management systems is scheduled to be completed in the next several years. However, that assumes that there are no glitches.

I am cautiously optimistic about the success of this latest effort because I want to see DHS be a leader in management and operations efficiency.

However, I remain concerned regarding the day-to-day effect of the third largest federal agency operating with systems that on any given day may not be usable because they are outdated.

These problems bear directly on the safety and security of our Nation.

An independent auditor recently determined that U.S. Customs and Border Protection did not detect that it actually possessed assets that were incorrectly recorded, misclassified, or not recorded at all in the general ledger.

Additionally, certain assets were recorded as being in possession in CBP's general ledger that no longer existed.

When these types of mistakes occur, it causes an agency to purchase items it does not need or, even worse, to fail to make purchases that are needed to assist those working in the field.

Given present budgetary constraints, we can neither tolerate nor afford either scenario.

The American public does not always see the progress the Department has made over the years and the hard work of our Border Agents, Customs Officers, and other DHS employees. However, the American public does notice, as they should, such inefficiencies. It is this type of inefficiency that gives government and the Department a bad name and we can and must do better.

The Department must complete the implementation of initiatives to stabilize its internal controls and improve its financial reporting.

The modernization of the Department's financial management systems is necessary in order to get to a point where the Department's financial information is reliable, up-to-date and in compliance with the Office of Management and Budget and other Federal mandates.

I am thankful that both the Government Accountability Office (GAO) and the Office of Inspector General (OIG) have served as a partner with the Department in trying to improve its systems and right this ship.

I hope that the Department has taken both GAO and OIG recommendations seriously and will implement the necessary changes to make its financial management system efficient and effective, using taxpayer dollars wisely.

I look forward to hearing from our witnesses on progress that has been made, how the progress or lack thereof is affecting the Department's mission, and what is needed to further improve the Department's efforts.