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Subcommittee on Government Organization, Efficiency, and Financial Management Hearing on "Department of Homeland Security Financial Management"

May 13, 2011

I thank Chairman Platts for calling this hearing today.

The topic of this hearing "assessing the financial management of the Department of Homeland Security" is of vital importance to U.S. national and economic security and it's the responsibility of this Committee to find solutions to the many internal control challenges that this Department currently faces.

I thank our witness, DHS' Acting Chief Financial Officer Peggy Sherry for appearing before us today.

DHS has more than 200,000 employees and an annual budget of over \$40 billion making it the third largest federal Department.

In 2003, GAO designated DHS as "high risk" because of the management and mission challenges posed by transforming 22 agencies into one Department.

In August 2007, GAO issued a report making recommendations in the form of performance expectations, designed to improve DHS' financial management.

In February 2011, GAO noted that the Department had made improvements. But GAO again included DHS in its "high risk" series and identified the need to strengthen the Department's financial management functions as a key area of concern.

In the eight years the Department has been in existence, DHS has yet to implement a department-wide, integrated financial management system. While this Committee recognizes the strides that DHS has made, we also would like to see much more accomplished in the near future which is why I welcome this hearing.

Further, all that I have just enumerated is concerning enough, however, the new financial management systems strategy known as the Transformation and Systems Consolidation or TASC program that the Department has been developing since June 2007 has recently been canceled, leaving DHS at square one.

Finally, as the former Chairman of the Subcommittee on Coast Guard and Maritime Transportation, I have been deeply troubled by the United States Coast Guard's longstanding financial management challenges. The service continues to have the most substantial internal control weaknesses of all the DHS components. Given how stretched and underfunded this service is and how urgently it needs to modernize its air and surface assets, it is critical that the service be able to give a full accounting of the use to which every dollar appropriated to it has been put.

I look forward to learning more about the steps being taken by DHS to correct these problems from Ms. Sherry.

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