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# Congress of the United States

## House of Representatives

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### Opening Statement Rep. Elijah E. Cummings, Ranking Member

### Hearing on "Unaccountable Government: GAO Reports Show Feds Struggling to Track Money and Performance"

July 10, 2013

Thank you, Mr. Chairman, for holding this hearing. And thank you, Mr. Dodaro, for testifying today. I appreciate the work that you and your staff have put in to the reports that form the basis for your testimony today.

This hearing focuses on two areas that are at the core of this Committee's jurisdiction: government financial data and government performance data. In order to be effective, the government has to know how much money it has, how much it is spending, and whether that money is being spent wisely.

The Government Accountability Office performs an audit each year of the consolidated financial statements of the government which are prepared by the Department of the Treasury, in coordination with the Office of Management and Budget.

In January, GAO reported that it could not express an opinion on the audit of the government's books for fiscal years 2011 and 2012. This is not a new problem. GAO has not been able to express an audit opinion on the government's books since it started performing these audits in 1997.

The Department of Defense (DOD) is one of the main reasons GAO is unable to give an audit opinion. DOD is responsible for more than half of the federal government's discretionary spending, but it is unable to prepare auditable financial statements. GAO has included DOD Financial Management on its high risk list since 1995.

In its 2013 high risk report, GAO said this:

"DOD is one of the few federal entities that cannot accurately account for its spending or assets and is one of three major impediments that prevent GAO from rendering an opinion on the annual consolidated financial statements of the federal government. Without accurate, timely, and useful financial information, DOD is severely hampered in making sound decisions affecting its operations."

On the other hand, the Department of Homeland Security (DHS) has made major improvements. For the first time, DHS received a qualified audit opinion for fiscal year 2012. This is the result of a concerted effort by the Secretary and other DHS officials to improve the Department's financial management. It is also the result of the work of this Committee with holding the Department accountable through hearings and briefings.

Fiscal responsibility is about more than just balancing the books. It is also critical for the government to know whether the money that is spent is doing what it is intended to do.

In 2011, the President signed into law the Government Performance and Results Act Modernization Act of 2010. That law was sponsored by Representative Henry Cuellar, and it was approved on a bipartisan basis by this Committee.

The Act required GAO to conduct assessments of the law's implementation, and on June 26, GAO issued its report. GAO found that the government has made major strides through implementation of the law.

John Kamensky, a Senior Fellow with the IBM Center for the Business of Government, offered this conclusion as his take-away from the GAO report:

"The key story that stands out for me is that the conceptual framework of the GPRA Modernization Act and the actual use of its provisions—such as priority-setting and data-driven progress reviews—are seen as effective by agency managers."

GAO also found a number of areas that need improvement. For example, GAO found that agencies are not doing enough to track issues that cut across agencies, such as climate change and food safety.

I look forward to hearing GAO's recommendations for how the government can do better both in terms of financial management and performance management. Thank you, Mr. Chairman.

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