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# Congress of the United States

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### Opening Statement Congressman Todd R. Platts June 10, 2003

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Today the Subcommittee brings before it two executive departments, the Department of Agriculture and the Department of Education, who have both demonstrated significant progress on improving their overall financial management. I would like to thank the Chief Financial Officers of those departments, who are before us today, as well as the leadership at these two departments for their efforts. You are to be congratulated for achieving clean audit opinions on your financial statements for fiscal year 2002.

While a clean audit opinion is certainly a goal that each of the Chief Financial Officer (CFO) Act agencies shares, there are many of us in Congress who believe that a clean financial audit opinion tells only a small part of the story. All too often we hear stories of agencies that achieve clean opinions only through last minute heroic efforts, or recreating their books at the end of the year. This is not what Congress intended under the CFO Act. Obtaining a clean audit opinion should be a by-product of good year round financial management and not just a test that agencies try to pass at the end of the fiscal year.

USDA and Education have implemented real changes designed to improve the overall management of their agencies and as a consequence were able to obtain clean audits. USDA achieved a clean opinion by focusing on improving internal controls and accountability. They have retooled business and accounting processes and placed greater emphasis on data integrity, internal controls and getting results from their programs. While USDA has made enormous strides in improving financial management, the Forest Service, a component of the USDA, remains on the GAO's high-risk list.

The Department of Education has also made great improvement on managing their finances. Education learned from suggestions that were made on their previous financial audits and implemented solutions that addressed those suggestions. They now produce financial statements on a quarterly basis and utilize strategic planning. In

addition, they installed an updated financial accounting system and coordinated a management improvement team who seeks areas of opportunities to improve financial processes and data integrity. However, there are still internal control concerns, especially in the area of student loan programs, which need to be addressed.

Today, we look forward to hearing about the improvements that have been made at the USDA and Department of Education, the lessons that can be learned from the successes at these two departments, and the plans each of them has to overcome their remaining financial management challenges.

Joining us today are The Honorable Ted McPherson, Chief Financial Officer at the Department of Agriculture and a native of Gettysburg in Pennsylvania's 19<sup>th</sup> Congressional District; followed by The Honorable Jack Martin, Chief Financial Officer at the Department of Education; and Mr. McCoy Williams and Ms. Linda Calbom, Directors of Financial Management and Assurance at the General Accounting Office who will testify about financial management issues at the Departments of Agriculture and Education respectively. Thank you for coming and we look forward to your testimonies.