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## Opening Statement Congressman Todd R. Platts October 29, 2003

Today's hearing is one in a series focusing on financial management at Federal agencies. For fiscal year 2002, 21 of the 24 agencies mandated by the CFO Act to audit their statements earned an unqualified or "clean" opinion. Clean audit opinions are important but unfortunately, do not always signify that Federal agencies are using sound business practices. The thrust of the Federal Financial Management Improvement Act of 1996 was to extend the reach of the Chief Financial Officer Act and ensure that agencies were developing financial management systems that would produce timely, reliable, and useful information. FFMIA addressed concerns ranging from computer systems to the use of standard accounting practices, aiming to create uniformity in financial reporting throughout the Federal government.

A recent study by the General Accounting Office revealed that although Federal agencies are making great strides to achieve clean audit opinions, compliance with FFMIA has been difficult. During fiscal year 2002, 19 of the 24 CFO Act agencies were in *substantial non-compliance* with the Act. It is precisely the discrepancy between earning clean opinions and actually achieving sound financial management that we are addressing here today.

An important aspect of financial management is the effective use of information technology, and one of the primary concerns that FFMIA was designed to address is that agencies have the right systems and software in place. To that end, at OMB's direction in 1999, the Joint Financial Management Improvement Program began to test and certify software for use in Federal agencies. Private sector software vendors play an integral part in agency compliance with FFMIA, and it is important that the testing and certification process is achieving the results the Act envisioned. Also, implementation is critical, and management needs to work with systems and software providers to establish processes that ensure the successful implementation of projects.

President Bush's Administration has made financial performance a top priority and a key part of the President's Management Agenda. Congress has placed a great deal of emphasis on the financial accountability of publicly traded companies and their responsibility to provide accurate information to investors. Congress and the Federal government have an equal, if not greater, responsibility to be accountable to our investors, the American taxpayer.

We are honored to have two excellent panels today. Our first panel features **Ms. Sally Thompson**, Director, Financial Management and Assurance, General Accounting Office; and **Ms. Karen Cleary Alderman**, Executive Director, Joint Financial Management Improvement Program. Our second panel features **Ms. Leslie Casson Stevens**, Director of Federal Solutions Support, SAP Public Services Inc.; **Ms. Donna Morea**, Executive Vice-President for Public Sector and Co-Chief Operating Officer, American Management Systems; **Mr. Thomas B. Moogan**, Vice President and Chief Financial Officer, Digital Systems Group, Inc.; and **Mr. Wayne Bobby**, Senior Manager, Oracle Corporation - Federal

I look forward to hearing each of our witnesses' testimonies today.