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Opening Statement Congressman Todd R. Platts April 8, 2002

Countless taxpayer dollars continue to be lost each year to fraud, waste and financial mismanagement in hundreds of Federal programs. In the subcommittee's last two hearings on the subject of "Governing with Accountability," we examined the President's Management Agenda, the Government Performance and Results Act (GPRA) and Program Assessment Rating Tool (PART). Each of those tools assists in improving financial management, but today we will look at the single most comprehensive statement of the status of the financial management of the Federal government, the 2002 Financial Report of the United States Government.

The Financial Report and the accompanying audit of the report performed by the General Accounting Office (GAO) were released on time as usual, on March 31, 2003. For the sixth straight year, GAO was unable to render an opinion on the Federal government's financial statements. GAO reported significant material deficiencies that affected both the financial statements and the management of government operations.

For fiscal year 2002, an unprecedented 21 out of the 24 Chief Financial Officer Act agencies received unqualified or "clean" audit opinions on their individual financial statements. This is an improvement over 18 out of 24 agencies from fiscal year 2001. Only the Department of Defense, the Small Business Administration, and the United States Agency for International Development failed to receive clean opinions this year. GAO points out in their audit report of the consolidated statement that the financial management problems at DOD are "pervasive, complex, long-standing, and deeply rooted in virtually all business operations throughout the department." President Bush's Administration has made improving financial performance a top priority, and Secretary of Defense Donald Rumsfeld is working hard to improve DOD's financial management. With each fiscal year, DOD gets closer to obtaining an audit opinion. However, until DOD solves their financial problems and receives a clean opinion, the entire Federal government's financial statement will continue to be unreliable.

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.

Our witnesses today will shed light on the results of the consolidated financial statement and discuss areas that need improvement as well as financial management successes. Today, we are honored to have The Honorable David M. Walker who is the Comptroller General of the United States; The Honorable Linda Springer, who is the Controller from the Office of Federal Financial Management at the Office of Management and Budget; and Donald V. Hammond, Fiscal Assistant Secretary at the Department of Treasury. I look forward to your testimonies.