

Lawmaker opens debate on financial management

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Outside financial management experts told the House Government Reform Subcommittee on Government Management, Finance and Accountability that federal executives must be held more accountable for their behavior Wednesday.

* Todd Russell Platts, R-Pa., subcommittee chairman, held the first of what he said would be a series of hearings on how to consolidate federal financial management laws. He announced his interest in rewriting the 800-plus pages of current laws earlier this year and has called the current compendium of laws - which include the 1982 Federal Manager's Financial Integrity Act, 1990 Chief Financial Officer's Act, and 1993 Government Performance and Results Act, among others - obsolete and confusing.

Edward Kearney, a managing partner at Kearney & Co., which performs audit and other financial services for the government, said that in addition to a clearer set of laws, federal financial managers should be aware of the consequences for not following the existing rules and should know who is responsible for certain activities.

"You do need one throat to grab," he said.

He approved of the Office of Management and Budget's recent policy change that allows the executive agency to audit agencies if they are experiencing recurring or systematic problems, because it's a way of punishing agencies that are not performing well.

* Gil Gutknecht, R-Minn., said some federal managers acted as though the government's money was not their money, and therefore they didn't work to guard against waste and improper payments. "We have to fight that," he said. He cited the Social Security Administration's erroneous payments to dead people as one example of neglect and waste.

Kearney also said program managers should be involved in financial management to reinforce the sense that all government employees are responsible for proper controls.

Edward DeSeve, vice chairman of the board of directors at the National Academy of Public Administration, a Washington-based independent organization appointed by Congress, said the Treasury Department could take a larger leadership role in federal financial management. Currently, the Office of Management and Budget is largely in charge of oversight.

In addition, DeSeve said the role of chief information officers and chief financial officers should be clarified, because in some cases their roles overlap. CFOs, he said, have also complained that inspectors general do not always have expertise in the areas they are reviewing and "therefore may issue reports that are harmful and misleading."

* At the request of the subcommittee, NAPA is currently reviewing existing financial laws. Morgan Kinghorn, NAPA president, said the survey, which is not yet complete, has uncovered a disconnect between financial

accounting and the budget process.

"It is clear that government managers need to become better aware of the linkage between accounting, cost information and program performance," he said.

OMB has advocated establishing a closer connection between funding and program performance through a tool called PART, for Program Assessment Rating Tool.

Platts also announced the formation of a Congressional Management Caucus, which will recommend administrative reforms. Caucus membership has not yet been formalized.

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