

Statement by

Eugene Schied

Deputy Chief Financial Officer

Department of Homeland Security

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Hearing on

The Department of Homeland Security's

Conference Spending

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Thank you Chairman Coburn and the other distinguished members of this Subcommittee for allowing me this opportunity to testify before you regarding the Department of Homeland Security's (DHS) policies and oversight on spending on travel and conferences. My testimony will focus on the necessity and extent of DHS travel and conference spending, and the responsibility and work of the DHS Chief Financial Officer's Office to develop guidance and policy, and to oversee this spending.

Importance to Mission

Travel and conference attendance are important and necessary to DHS' fulfillment of its mission. Secret Service agents travel regularly to fulfill their protective responsibilities and for their investigations. FEMA employees travel and spend extensive time away from home when responding to disasters. ICE incurs travel expenses in the removal of aliens from the United States. The Border Patrol deploys agents away from their home stations as part of border operations. Air Marshals' travel daily to protect our aviation transportation system. Law enforcement and Coast Guard personnel have regular training requirements to maintain their certifications and qualifications. I am concerned that efforts to take across-the-board reductions to DHS' travel budget could curtail our ability to carry out important parts of the DHS mission, or require DHS to redirect or reprogram money from other spending categories in order to conduct mission-essential travel.

Travel expenses related specifically to conferences are also a necessary and important cost of business at DHS. Conferences are an important part of DHS outreach efforts with our other federal, state, local, international, and private sector partners. Often, we must travel out of Washington to meet with our partners in homeland security. DHS' participation in conferences is a cost effective way for DHS to communicate with our stakeholders, and to hear what they have to say. Conferences are also an important tool of DHS' employees in certain positions, such as contract specialists and accountants, to maintain required professional certifications.

When reviewing the location of DHS conference participation, keep in mind that only a fraction of DHS' employees are located in Washington. Homeland Security employees are located in all 50 states and 80 countries around the world, and many attend conferences in their local working areas.

While travel and conferences are important to our work, we also know that appropriate discretion be used in deciding when to attend. In FY 2006, the data reported to the CFO's office suggests that DHS will spend approximately \$15 million in travel related to conferences.

Responsibility and Policy

DHS is still a relatively new organization. Policies governing employee travel are the responsibility of the CFO. In his testimony yesterday before the House Government

Reform Subcommittee on Government Management, Finance, and Accountability, DHS CFO David Norquist outlined the need for DHS to make financial management improvements across a continuum of areas that included people, policies, processes, systems and assurance. Three of these 5 areas touch on how we will improve our oversight of travel spending.

The first is policy. DHS lacks a comprehensive set of Financial Management Regulations used to manage DHS-wide financial management operations. As a result, DHS agencies often revert to their legacy policies. We need to develop one DHS way of conducting financial management, from budgeting policy, to financial reporting, and this is also true of travel policies. It is a top priority of our CFO that DHS develop and adopt a wide-ranging set of financial management policies over the next two years.

One set of regulations gives us a common standard and understanding from which we will operate. It simplifies our control environment. It provides us the standards of accountability. While the CFO's office issues various instructions and guidance throughout the year, we need to develop a deeper and broader set of standard policies. In our effort to do so, we will not seek to reinvent the wheel. Many good policies already exist in the Federal Government. Our progress will be measured as we move down the list of policies we need to develop, so that in FY 2008 we will have a full spectrum of financial policies for DHS.

Specifically regarding travel and conferences, DHS has management directives that specifically address travel for official government business and attendance at meetings and conferences. The current management directive on conferences (MD 3160) encourages DHS employee participation in conferences as a means to exchange and communicate ideas and knowledge; however, the directive recognizes that attendance be prudent, relevant to the employees job performance, and beneficial to DHS' mission. Employee attendance at conferences is generally delegated to the head of their office, with international travel being subject to review and approval by the Office of International Affairs and the Security Office, as appropriate.

Moving forward, DHS OCFO is drafting more comprehensive policy and guidance on travel and conference attendance. The intent is to provide more detailed and useful information and instruction on the subject. This new travel policy and guidebook will be based on the governing laws and regulations, and is intended to supplement the Federal Travel Regulations, in a useful format, and will replace several existing DHS directives.

Monitoring Travel and Conference Spending

A second area where we need to improve our ability to oversee travel spending is information systems. DHS operates in a decentralized financial management environment. Producing the type of information requested by this Subcommittee is a very manual-intensive process, which explains much of the delay in responding to information requests. Manually-intensive processes are also much more prone to error

and inconsistency in reporting, which is why to date the Department has only been able to provide partial information for FY 2006. While some requested data, such as travel expenses, are relatively easier to obtain because of the federal accounting classification and the use of federal travel charge cards, information on the salary costs related to conference participation is generally not readily extractable in an automated way from our financial systems.

An important part of being responsible for policies is monitoring policy compliance; without monitoring policies will lack effectiveness. The CFO's office has undertaken efforts to provide DHS with more timely, useful corporate-level information on DHS funding and financial management performance, which I anticipate will also be useful in monitoring travel costs. While DHS reports timely financial information to Treasury on a monthly basis, the type and detail of information reported to Treasury is different than that which I need to oversee the Department's finances and to monitor areas such as travel and conference spending.

Assurance and Internal Controls

This final area in which we need to improve our oversight is assurance. DHS must have in place a means by which we can test whether our policies and internal controls are well designed and operating effectively, over areas such as travel. This means that management must move away from reliance on what outside auditors and reviewers tell us is wrong with DHS, and for management to be in a position to find what is wrong and fix it before it gets to the auditors. Management can not assume that controls are working well just because the auditors don't tell us to the contrary. Management must create an infrastructure that is self-monitoring and can provide internal assurance that a sound, reliable controls environment exists within DHS. To this end, the CFO will create the CFO's assurance team that will ensure that we test our processes to validate the effectiveness of our financial management policies. This assurance team will also be the CFO's first response team for financial problems, which will invariably surface. As the problems arise, the team will make sure that management takes the appropriate steps, such as developing corrective actions plans, to fix the problems.

Conclusion

Mr. Chairman, DHS is very committed to the responsible stewardship of the taxpayer's dollars entrusted to us by Congress. Dollars are limited, our DHS mission is large, and we must make sure that we are putting our dollars to their best use. Travel and conference attendance, as with many of the things we do, has its vulnerabilities to waste and abuse. It is the responsibility of the CFO's office to promulgate travel policy, and thus to also monitor spending in this area in a way that ensures our travel policy is effective. At this time our policies, and our ability to monitor them are admittedly limited, but we have efforts underway to improve both the policy and guidance, and our monitoring.

From all of the mission-essential travel that DHS employees undertake in a given year, it can be easy to throw darts at particular instances of travel that appear questionable. But the vast majority of travel is a non-discretionary means to achieving our mission, from the training-related travel of our law enforcement, to the travel necessary to protect the border. Likewise, conference attendance is an important tool by which we communicate with the public and our partners in protecting the homeland. Thank you for the opportunity to share information on our travel and conference policy with the Subcommittee, and I stand ready to address any questions you may have on this topic.