

**Statement of Daniel I. Werfel
Nominee to Serve As
Controller, Office of Federal Financial Management
Office of Management and Budget**

**Committee on Homeland Security and Governmental Affairs
United States Senate
September 16, 2009**

Chairman Carper, Ranking Member McCain, Members of the Committee:

I am honored and humbled by the opportunity to come before you as President Obama's nominee for Controller of the Office of Federal Financial Management (OFFM) within the Office of Management and Budget (OMB). I appreciate the support of OMB Director, Peter Orszag and Deputy Director, Robert Nabors and Deputy Director for Management Jeff Zients. I have had the distinct privilege of working with these three great leaders over the past several months. Through their hard work, unyielding demand for results, and belief in the importance of strong analytics to support the right public policies, they have inspired me and others at OMB to reach deeper within ourselves to help deliver a higher performing government. I am grateful to each of them for supporting my nomination and thus demonstrating their faith in me as a leader and a public servant.

I am very grateful to have my family with me this morning, supporting me today as they have through every step of my life. I would like to introduce my wife of 12 years, Beth, my two children, Sean and Molly, my parents, Fred and Barbara, and my brother, Steven. I would also like to recognize members of my family not here today – my sister, Lori and her family as well as my brother Steven's wife and children, who I know are all in New York right now cheering me on. Also, my mother-in-law, Elaine, and father-in-law, Dave, doing the same in Ohio. Throughout the years, I have relied on my family for strength and I thank them for their continued support during this process.

For more than 12 years, I have had the honor of working as a public servant for the United States government. Over this time, I developed both a penchant and a sustained passion for improving financial management practices across government. Fueling this passion is my firm belief that one of the government's most critical responsibilities is to serve as an effective steward of taxpayer dollars and that this can only be met if the Federal financial community is doing its part:

- Tracking and accounting for taxpayer funds through the complex array of transactions that underlie Federal programs;
- Initiating internal controls that mitigate the risk of fraud, error, and waste;
- Publicly reporting timely and reliable information about the government's finances; and
- Strategically integrating financial information into decision-making to improve the overall effectiveness and efficiency of government programs.

For the past five years, I have played a leadership role within OMB and in the broader financial management community advancing these efforts. I have acquired a strong foundation of subject matter expertise on virtually every aspect of Federal financial management, built strong

relationships with leaders and other key people in the community, and gained important perspectives on the strengths, weaknesses, challenges, and opportunities associated with the ongoing efforts to improve financial management across government.

This experience has led me to the conclusion that, although important progress is being made, a significant amount of work remains to be done until we achieve the level of financial management performance that the taxpayers rightfully demand. In terms of progress, a strong foundation of positive results has been laid in the past several years: payment errors in previously measured programs are declining; agencies are shedding unneeded assets; audit results are improving; and more financial information is publicly available. Yet, in each of these areas, we are falling short of acceptable levels of performance. At too many Federal agencies, persistent weaknesses in basic financial management practices lead to unreliable reporting, payment errors, and other forms of government waste. Of note, the amount of remaining improper payments on the government's books is staggering and must be corrected.

Closing these gaps will require Federal agencies to correct ongoing and persistent weaknesses in basic and fundamental financial management practices. Moreover, the sweeping challenges we face in the government today require our financial managers to move beyond the basics of accounting and reporting. As noted in the annual Financial Report of the United States Government, growing costs associated with entitlement programs will place significant constraints on Federal spending in the coming years. Also, new programs addressing economic recovery such as the American Recovery and Reinvestment Act (ARRA) and the Troubled Asset Relief Program, demand more detailed and timely financial reporting and more sophisticated risk management approaches to be successful. These challenges will require financial management leaders across government to use financial management strategically to improve the value of government services, control the cost of government operations, prevent fraud, waste, and error before it occurs, and provide the public with unprecedented transparency into where and how Federal dollars are spent and what taxpayers are getting for their money.

Fortunately, the tools to achieve these objectives are either at our disposal or are otherwise obtainable. We have detailed inventories of improper payments and unneeded real estate that both advance public transparency of where we are falling short and provide rich data sources to drive analytics to support smarter priority setting and decision-making. We have a growing number of agencies and professional staff who have successfully overcome financial management challenges and who can provide the roadmap to those agencies yet to overcome similar challenges. We have technologies and processes emerging out of the private sector that can enable lower risk and cost solutions for supporting transaction processing and reporting. And from Congress and the public, we have a growing demand for reliable and timely financial information and a growing frustration with spending improprieties that is serving as a catalyst for action, improvement, and reform in financial management shops across government.

If confirmed, I will work with the Congress, OMB leaders, the Chief Financial Officers Council, the Council of Inspectors General on Integrity and Efficiency, the Government Accountability Office, our partners in State and local governments, and other key stakeholders to leverage these tools to forge new and unprecedented results in financial management. Success will be measured along the following key areas and priorities:

- Eliminating inefficient government spending, including payment errors and ongoing investments in unneeded real property;
- Rightsizing the cost of financial management operations across government, including controlling the costs of modernizing financial systems;
- Driving improvements in grants management, such as simplifying and modernizing the grant application process, standardizing reporting requirements, and achieving smarter investments in technologies that support grants management activities;
- Effectively implementing the transparency requirements of the Federal Funding Accountability and Transparency Act and ARRA by making financial information available publicly as soon as it is available; and
- Remediating persistent weaknesses in basic financial management practices as measured by improved results on financial statement audits at both the agency and government-wide level.

I am both humbled and energized by the opportunity to play a leadership role in these efforts. For as long as I can remember, I have felt the call for public service. Since arriving in the Federal government, I have been blessed with supervisors, colleagues, staff and other peers and mentors that have helped me grow as a professional and as a leader. In particular, the team of civil servant professionals at OFFM have been a family to me for more than five years, and together we have formed a team that I believe to be as productive and hardworking as any in government. I am thrilled for the opportunity to lead OFFM as we take on the new and growing challenges facing financial management. Working closely with Peter Orszag, Robert Nabors, Jeff Zients and the leadership team they are assembling, I am confident we can advance financial management to a new and sustainable level of excellence that helps enable the government to meet that most critical responsibility – serving as an effective steward of taxpayer dollars.

Mr. Chairman and Members of the Committee, I would be pleased to answer any questions you may have.