This Subcommittee has held hearings on a range of matters, some of which do not have bipartisan
agreement. One area we do have common ground on, however, is the need for the Department of
Homeland Security to have modern, effective information technology systems.

In 2013, under the Obama Administration, the Office of Management and Budget instructed each federal
agency to move towards a federal shared service provider for financial systems management. This
initiative was designed to strengthen access to, and quality of, financial information to support decision-
making and improve the Department’s ability to provide timely and accurate financial reporting.

Simply put, DHS should, at any given moment, know how money is being spent across the Department.

In furtherance of OMB’s guidelines, DHS quickly entered into an agreement with the Department of
Interior’s shared service provider, Interior Business Center (IBC), becoming the first cabinet-level agency
to move to a federal provider for financial management. During a year-long discovery phase, many called
into question IBC’s ability to migrate large agencies the size of TSA and Coast Guard, yet the Department
and IBC moved forward with an agreement.

Unfortunately, the plan to migrate DNDO, TSA, and Coast Guard to an IBC solution failed due to a
number of problems, including insufficient product delivery, incompatible expectations, and unexpected
delays. I am troubled to hear that despite such a lengthy discovery period, neither IBC nor DHS predicted
this unfortunate result.

It is even more troubling that DHS spent millions of dollars on this modernization effort with nothing to
show for it. Financial systems management is critically important to the success of DHS in fulfilling its
mission.

According to DHS financial statement auditors, despite receiving clean audits, DHS faces long-term
challenges in sustaining a clean audit opinion and providing reliable, timely, and useful financial data to
support operational decision-making. These deficiencies contributed to GAO’s decision to designate
DHS’ management functions, including financial management, as high risk.

I hope today’s witnesses can shine light onto the errors that occurred with the financial systems
modernization effort and the manner in which DHS can move towards achieving a shared service solution
for its financial systems.

Too often, DHS has failed to establish effective management and oversight of its IT improvement efforts.
It is time for DHS to fix the out-of-date, inefficient IT systems currently in use and address these issues
once and for all.