

DEPARTMENT OF HOMELAND SECURITY FINANCIAL
 ACCOUNTABILITY ACT

JUNE 9, 2004.—Ordered to be printed

Mr. TOM DAVIS of Virginia, from the Committee on Government
 Reform, submitted the following

R E P O R T

[To accompany H.R. 4259]

[Including cost estimates of the Congressional Budget Office]

The Committee on Government Reform, to whom was referred the bill (H.R. 4259) to amend title 31, United States Code, to improve the financial accountability requirements applicable to the Department of Homeland Security, to establish requirements for the Future Years Homeland Security Program of the Department, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

CONTENTS

	Page
Committee Statement and Views	2
Section-by-Section	5
Explanation of Amendments	7
Committee Consideration	7
Rollcall Votes	7
Correspondence	7
Application of Law to the Legislative Branch	8
Statement of Oversight Findings and Recommendations of the Committee	8
Statement of General Performance Goals and Objectives	9
Constitutional Authority Statement	9
Federal Advisory Committee Act	9
Unfunded Mandate Statement	9
Committee Estimate	9
Budget Authority and Congressional Budget Office Cost Estimate	9
Changes in Existing Law Made by the Bill, as Reported	10

COMMITTEE STATEMENT AND VIEWS

PURPOSE AND SUMMARY

The Chief Financial Officers Act (CFO) of 1990, P.L. 101-576, is the cornerstone of federal financial management reform. The CFO Act established a leadership structure for federal financial management within the 24 largest departments and agencies as well as the Office of Management and Budget (OMB) by creating CFO's for all 24 major executive departments. Of the 15 cabinet-level departments, the Department of Homeland Security (DHS) is the only one not currently subject to the CFO Act.

H.R. 4259 will ensure that the CFO at DHS: (1) is a presidential appointee subject to Senate confirmation, (2) reports directly to the Secretary and as amended as well to the Undersecretary for Management, and (3) is part of the statutorily created CFO Council. In addition, the bill ensures that DHS will comply with the Federal Financial Management Improvement Act of 1996 (enacted as Title VIII of the Omnibus Consolidated Appropriations for Fiscal Year 1997, P.L. 104-208), which establishes important financial management systems requirements for the CFO Act agencies.

Additionally, this legislation requires an opinion-level audit of DHS' internal controls. Currently, audit guidance from OMB requires a report on internal controls in conjunction with annual financial audits. Having an auditor issue an opinion on the internal controls report would help uncover inherent weaknesses and address problems as business practices are being established, before they become ingrained. Strong internal controls are essential to sound management.

In addition, this legislation requires DHS to begin developing a Future Years Homeland Security Program and Homeland Security Strategy, and it authorizes the establishment of an Office of Program Analysis and Evaluation in the Office of the Chief Financial Officer to evaluate programs and operations in the Department.

BACKGROUND AND NEED FOR THE LEGISLATION

When legislation creating the Department of Homeland Security (DHS) was signed into law in November 2002 (P.L. 107-296), the Office of the Chief Financial Officer (CFO) reported to the Under Secretary for Management, along with the Chief Information Officer (CIO) and the Chief Human Capital Officer (CHCO). The purpose of this structure was to create a comprehensive, centralized management directorate within the Department that would be responsible for all management-related activities within the Department. The Under Secretary for Management was to report directly to the Secretary, and then the CFO, CIO and CHCO were to be appointed by the Secretary and report to the Under Secretary for Management.

Despite Congress's efforts to centralize the new Department's management functions within one office, not having a Senate-confirmed Chief Financial Officer that reported directly to the Secretary gave the appearance that financial management at DHS was of less importance than financial management at departments and agencies subject to the CFO Act. In addition, DHS was not subject to government-wide financial management laws such as the

Federal Financial Management Improvement Act, discussed in the previous section.

The standing of the Chief Financial Officer (CFO) within the agency management structure was a key consideration in crafting the CFO Act, P.L. 101-576. To that end, Senate confirmation and direct access to the Secretary were deemed essential.

The CFO Act was designed to rectify weaknesses with the Federal Managers' Financial Integrity Act (the Integrity Act), P.L. 97-255, which was enacted in 1982 to address longstanding problems with financial management. The purpose of the Integrity Act was to improve internal controls and accounting practices. Years later, it was clear that this law had not improved financial performance as envisioned. The result was a five-year effort culminating in enactment of the CFO Act of 1990. Among its key provisions, the CFO Act established: (1) the position of a CFO at all cabinet-level departments, appointed by the President and confirmed by the Senate, to report directly to the head of the agency, (2) the Offices of the Deputy Director for Management and Federal Financial Management within the Office of Management and Budget (OMB) along with the positions that head up these two offices, the Deputy Director for Management and the Controller, who are both appointed by the President and confirmed by the Senate, and (3) audits of annual financial statements at the CFO Act agencies, which began on a piloted basis in 1990 and were eventually expanded to all the accounts of the CFO Act agencies in 1996.

The CFO Act is the foundation for agency financial management and the basis for other important legislation (i.e., the Government Management Reform Act, P.L. 103-356, and the Federal Financial Management Improvement Act, enacted as Title VIII of the Omnibus Consolidated Appropriations for Fiscal Year 1997, P.L. 104-208, which is a key criterion of the President's Management Agenda); therefore, if the CFO Act is not applied to DHS, there is also no statutory requirement for compliance with these other important reforms. The CFO position is important to overall agency management and the CFO has a fiduciary responsibility to the agency head, to the federal government and to the taxpayers.

Senate confirmation has its roots in Article II of the Constitution. Requiring that the President seek the advice and consent of the Senate for the confirmation of officers of the United States is a means to maintain a balance of power between the President and the Senate.

LEGISLATIVE HISTORY

On July 24, 2003, Subcommittee on Government Efficiency and Financial Management Chairman Todd Platts (R-PA) introduced H.R. 2886, the "Department of Homeland Security Financial Accountability Act," along with full Committee Chairman Tom Davis (R-VA) and Ranking Member Henry Waxman (D-CA), and Committee Members Marsha Blackburn (R-TN) and Edolphus Towns (D-NY). The bill was referred to the Government Reform Committee in addition to the Select Committee on Homeland Security.

On September 10, 2003, the Government Efficiency Subcommittee held a hearing on the legislation entitled "Establishing Sound Business Practices at the Department of Homeland Security." The purpose of the hearing was to discuss financial manage-

ment challenges at the Department as well as receive comments from the Administration regarding the proposed legislation. Witnesses at the hearing included OMB Controller Linda Springer, GAO Financial Management Director McCoy Williams, DHS Chief Financial Officer Bruce Carnes, and DHS Assistant Inspector General for Audit Richard Berman.

On September 24, 2003, the Subcommittee on Government Efficiency and Financial Management held a business meeting to mark up H.R. 2886. The Subcommittee's Chairman, Representative Platts, offered an amendment in the nature of a substitute, which made the following changes to the bill: (1) removed the fiscal year 2003 waiver for DHS' compilation and audit of its financial statements, (2) delayed the requirement for DHS to obtain an audit opinion on its internal controls from fiscal year 2004 until fiscal year 2005, and (3) required the CFO Council and the President's Council on Integrity and Efficiency (PCIE) to complete a joint study on the potential costs and benefits of requiring all of the CFO Act agencies to obtain audit opinions of their internal controls over their financial reporting. The amendment in the nature of a substitute was adopted unanimously by voice vote.

On October 30, 2003, the House Select Committee on Homeland Security marked up an amendment in the nature of a substitute to H.R. 2886, offered by Chairman Cox (R-CA), which incorporated the changes made at the Government Efficiency Subcommittee's markup. In addition to the changes included in Representative Platts' amendment, Chairman Cox's amendment at the Homeland Security Committee's markup also included the following changes to the Homeland Security Act: (1) required the Secretary to transmit to Congress a comprehensive report on the national homeland security strategy of the United States at the same time that the President submits his annual budget request to the Congress, (2) established an Office of Program Analysis and Evaluation whose purpose is to link financial management and budgeting with program analysis and evaluation, (3) stipulated that whenever DHS provides notice of reprogramming of appropriations to the Congress, the CFO must also notify both the House Select Committee on Homeland Security and the Senate Committee on Governmental Affairs, and (4) required the CFO in addition to reporting to the Secretary on financial management matters to report to the Under Secretary for Management with respect to the CFO's other responsibilities. A bipartisan majority of the members of the Committee were present, and Chairman Cox's amendment was adopted unanimously by voice vote and ordered to be reported favorably to the full House of Representatives.

On November 6, 2003, the full Committee on Government Reform marked up the version of the legislation that was marked up at the Government Efficiency Subcommittee, without the additional changes made by the Select Committee. A bipartisan majority of the members of the Committee were present, and Subcommittee Chairman Platts' amendment was adopted unanimously by voice vote and ordered reported favorably to the full House of Representatives.

On May 6, 2004, the House Committee on Government Reform again convened to consider the Department of Homeland Security Financial Accountability Act. The Committee laid on the table its

previous order to report H.R. 2886 to the House and moved to consider H.R. 4259. H.R. 4259 was introduced by Government Efficiency Subcommittee Chairman Todd Platts (R-PA), along with Chairman Tom Davis, Rep. Waxman (D-CA), Chairman Chris Cox (R-CA), Rep. Towns (D-NY), Rep. Jim Turner (D-TX), and Rep. Blackburn (R-TN) on May 4, 2004 and referred to the House Committee on Government Reform and in addition the Select Committee on Homeland Security. H.R. 4259 represents a compromise between the House Government Reform Committee and the Select Committee on Homeland Security. H.R. 4259 incorporates key changes requested by the House Government Reform Committee Ranking Minority Member, Mr. Waxman and the Select Committee on Homeland Security. These changes include providing for the establishment of an Office of Program Analysis and Evaluation (OPA&E), and requiring a Future Years Homeland Security Program and Homeland Security Strategy. The Select Committee on Homeland Security also requested altering the reporting structure for the DHS CFO to allow for dual reporting to both the Secretary and the Undersecretary for Management, and H.R. 4259 incorporates that change. Finally, the new bill also delays the requirement for the Department's internal control audit until Fiscal Year 2006. H.R. 4259 was ordered favorably reported, by voice vote, the House of Representatives.

SECTION-BY-SECTION

Section 1—Short title

This section provides that the Act may be cited as the “Department of Homeland Security Financial Accountability Act.”

Section 2—Findings

This section includes a list of findings.

Section 3—Chief Financial Officer of the Department of Homeland Security

This section (1) amends 31 U.S.C. § 901(b)(1) by adding the Department of Homeland Security (DHS) to the list of departments and agencies covered by the Chief Financial Officers (CFO) Act of 1990, P.L. 101-576; (2) requires the President to appoint or designate a CFO for DHS within 180 days from the enactment of the Act with the advice and consent of the Senate or designated by the President from current officials at the department who were presidentially appointed, subject to Senate confirmation; (3) specifies that the current CFO at DHS may stay in place until the date of confirmation or designation of a successor; (4) makes conforming amendments to both the Homeland Security Act of 2002 and the CFO Act; and (5) specifies that the CFO shall report to the Secretary, and in addition to the Under Secretary for Management on certain matters.

Section 4—Functions of the Chief Financial Officer of the Department of Homeland Security

This section (1) amends 31 U.S.C. § 3516 to make it a requirement that DHS submit their annual financial and performance management reports in the form of a “performance and account-

ability report;” (2) requires DHS to include audit opinions of its internal controls in its performance and accountability reports beginning with its fiscal year 2006 report and continuing on indefinitely; (3) states that the Secretary of DHS must include an assertion of the internal controls that apply to DHS’ financial reporting in its fiscal year 2005 performance and accountability report; and (4) requires that the CFO Council and the President’s Council on Integrity and Efficiency (PCIE) conduct a study on the potential costs and benefits of requiring the CFO Act agencies to obtain audit opinions of their internal controls over their financial statements. The report shall be completed within 180 days of the enactment of the bill and shall be submitted to the House Committee on Government Reform, the Committee on Governmental Affairs of the Senate, and the Comptroller General of the United States. The paragraph also provides that GAO will perform an analysis of the report within 90 days after receiving it and report its findings to the aforementioned committees.

Section 5—Future years Homeland Security Program and Homeland Security strategy

This section requires the Secretary to develop and update, as appropriate, each year a comprehensive homeland security strategy, with defined homeland security objectives, for submission as part of the Future Years Homeland Security Program. The homeland security strategy shall be based on, and include at a minimum, a comprehensive assessment, consistent with paragraphs (1) through (3) of section 201(d) of the Homeland Security Act, and prioritization of the risks to the United States from terrorism that identifies: (a) the threat posed by terrorism, including an assessment of intentions and capabilities of terrorist actors; (b) vulnerabilities in potential targets of acts of terrorism, whether owned or operated by the Federal Government, State, or local governments, or nongovernmental entities; (c) the criticality or severity of potential effects of acts of terrorism; and (d) the availability, adequacy, and likely effectiveness of existing measures to counter potential acts of terrorism. The homeland security strategy should also include information on national homeland security capabilities necessary to deter, prevent, mitigate, and respond to acts of terrorism and to implement the strategy; proposed short-term and long-term national actions and capabilities necessary to promote homeland security; and such other information as the Secretary determines to be necessary for the development of a comprehensive homeland security strategy. The Future Years Homeland Security Program shall include a classified version of the homeland security strategy, covering each element of the strategy as described, and an unclassified version to the extent appropriate.

Section 6—Establishment of Office of Program Analysis and Evaluation

This section adds an Office of Program Analysis and Evaluation to the Office of the Chief Financial Officer.

Section 7—Notification Regarding Transfer or Reprogramming of Funds for Department of Homeland Security

This section requires the Chief Financial Officer to report to the House Select Committee on Homeland Security (or its successor), the House Committee on Government Reform and the Senate Committee on Governmental Affairs when reporting to Congress regarding any reprogramming or transfer of funds.

EXPLANATION OF AMENDMENTS

No amendments were adopted in committee.

COMMITTEE CONSIDERATION

On May 6, 2004, the Committee met in open session and ordered reported favorably the bill, H.R. 4259 by voice vote, a quorum being present.

ROLLCALL VOTES

No rollcall votes were held.

CORRESPONDENCE

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON HOMELAND SECURITY,
Washington, DC, May 19, 2004.

Hon. TOM DAVIS,
*Chairman, Committee on Government Reform,
Rayburn House Office Building, Washington, DC.*

DEAR MR. CHAIRMAN: On May 6, 2004, the Committee on Government Reform ordered reported, H.R. 4259, the Department of Homeland Security Financial Accountability Act. As you know, the Select Committee on Homeland Security was granted an additional referral upon the bill's introduction.

Because this bill incorporates provisions added by the Select Committee on Homeland Security during our markup of the original version of this legislation (designated H.R. 2886), and because of our mutual desire to move the bill expeditiously, I will waive further consideration of H.R. 4259 by the Select Committee. By agreeing to waive its consideration of the bill, the Select Committee does not waive its jurisdiction over H.R. 4259. In addition, the Select Committee reserves its authority to seek conferees on any provisions of the bill that are within its jurisdiction during any House-Senate conference that may be convened on this legislation. I ask your commitment to support any request for conferees by the Select Committee on H.R. 4259 or similar legislation.

I request that you include this letter and your response in your Committee Report and in the Congressional Record during consideration of the legislation on the House floor. Thank you for your attention to these matters.

Sincerely,

CHRISTOPHER COX,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC, May 19, 2004.

Hon. CHRISTOPHER COX,
*Chairman, Committee on Homeland Security,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: Thank you for your recent letter regrading the Select Committee's jurisdictional interest in H.R. 4259, the Department of Homeland Security Financial Accountability Act. The bill was primarily referred to the Committee on Government Reform and additionally to the Select Committee on Homeland Security. H.R. 4259 is similar to H.R. 2886 that both Committees ordered reported last year. Due to subsequent discussions between our committees and the Department of Homeland Security, H.R. 4259 was introduced. The Committee on Government Reform ordered that bill reported on May 6, 2004 and at the same time tabled H.R. 2886. The Select Committee's actions on H.R. 2886 including House Report 108-358 will be cited in the Government Reform Committee's report on H.R. 4259.

I agree that the Select Committee on Homeland Security does not waive its jurisdiction over H.R. 4259 by waiving further consideration of the bill. In addition, I will support your request for conferees from the Select Committee should a House-Senate conference on this or similar legislation be convened.

As you have requested, I will include a copy of your letter and this response as part of the Government Reform Committee's report and the Congressional Record during consideration of the legislation on the House floor. Thank you for your cooperation as we work towards the enactment of H.R. 4259.

Sincerely,

TOM DAVIS,
Chairman.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104-1 requires a description of the application of this bill to the legislative branch where the bill relates to the terms and conditions of employment or access to public services and accommodations. This bill ensures that the Department of Homeland Security is subject to the same financial accountability requirements as all other cabinet-level departments by applying the provisions of the Chief Financial Officers Act of 1990 (P.L. 101-576) to the new Department. As such this bill does not relate to employment or access to public services and accommodations.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF
THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the descriptive portions of this report.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee's performance goals and objectives are reflected in the descriptive portions of this report.

CONSTITUTIONAL AUTHORITY STATEMENT

Under clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee must include a statement citing the specific powers granted to Congress to enact the law proposed by H.R. 4259. Article I, Section 8, Clause 18 of the Constitution of the United States grants the Congress the power to enact this law.

FEDERAL ADVISORY COMMITTEE ACT

The Committee finds that the legislation does not establish or authorize the establishment of an advisory committee within the definition of 5 U.S.C. App., Section 5(b).

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandate Reform Act, P.L. 104-4) requires a statement whether the provisions of the report include unfunded mandates. In compliance with this requirement the Committee has received a letter from the Congressional Budget Office included herein.

COMMITTEE ESTIMATE

Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs that would be incurred in carrying out H.R. 4259. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act.

BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 4259 from the Director of the Congressional Budget Office:

H.R. 4259—Department of Homeland Security Financial Accountability Act

H.R. 4259 would amend the Chief Financial Officers Act and the Homeland Security Act to require the President to appoint a Chief Financial Officer (CFO), to be confirmed by the Senate, to oversee the financial accounting practices of the Department of Homeland Security (DHS). The legislation would require DHS to submit a

performance and accountability report and an audit of its internal financial controls to the Office of Management and Budget and to the Congress. The legislation also would establish an Office of Program Analysis and Evaluation in DHS and require the department to prepare a national homeland security strategy each year.

Based on information from DHS, CBO estimates that implementing H.R. 4259 would cost \$4 million annually, subject to the availability of appropriated funds. Enacting the bill would not affect direct spending or revenues. H.R. 4259 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

DHS currently employs a CFO who has the same duties and responsibilities as CFOs in other agencies. According to the department, DHS currently complies with the provisions of the Chief Information Officers Act. The department also currently operates an office for Program Analysis and Evaluation. Based on information from DHS, CBO estimates that the requirement to prepare an audit of the department's internal financial controls would cost \$4 million a year, subject to the availability of appropriated funds.

Within 180 days of enactment, H.R. 4259 would require a joint study by the President's Council on Integrity and Efficiency (PCIE) and the Chief Financial Officers Council on the potential costs and benefits of requiring all agencies under the CFO Act to obtain audit opinions of the internal controls over each agency's financial reporting. Under the bill, the General Accounting Office would be required to provide an analysis of the information provided in the study. Based on information from PCIE, CBO estimates the new reports would cost less than \$500,000.

Finally, H.R. 4259 would require DHS to develop and annually update a comprehensive national homeland security strategy. Under the Homeland Security Act, DHS is already charged with implementing a future-year security program and a homeland security funding analysis. Because the agency is already developing such a strategy, CBO expects that the new reporting requirement would not add significant costs.

CBO has previously prepared estimates for a number of similar bills. On November 17, 2003, CBO transmitted a cost estimate for H.R. 2886, as ordered reported by the House Committee on Government Reform on November 6, 2003. On November 10, 2003, CBO transmitted a cost estimate for H.R. 2886, as ordered reported by the House Select Committee on Homeland Security on October 30, 2003. On October 29, 2003, CBO transmitted a cost estimate for S. 1567, an identically titled bill, as ordered reported by the Senate Committee on Government Affairs on October 22, 2003. The four pieces of legislation are similar, and our estimates of the costs of implementing each bill are the same.

The CBO staff contact for this estimate is Matthew Pickford. This estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omit-

ted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 31, UNITED STATES CODE

* * * * *

SUBTITLE I—GENERAL

* * * * *

CHAPTER 9—AGENCY CHIEF FINANCIAL OFFICERS

* * * * *

§ 901. Establishment of agency Chief Financial Officers

(a) * * *

(b)(1) The agencies referred to in subsection (a)(1) are the following:

(A) * * *

* * * * *

(G) The Department of Homeland Security.

[(G)] *(H) The Department of Housing and Urban Development.*

[(H)] *(I) The Department of the Interior.*

[(I)] *(J) The Department of Justice.*

[(J)] *(K) The Department of Labor.*

[(K)] *(L) The Department of State.*

[(L)] *(M) The Department of Transportation.*

[(M)] *(N) The Department of the Treasury.*

[(N)] *(O) The Department of Veterans Affairs.*

[(O)] *(P) The Environmental Protection Agency.*

[(P)] *(Q) The National Aeronautics and Space Administration.*

(2) The agencies referred to in subsection (a)(2) are the following:

(A) * * *

[(B)] *The Federal Emergency Management Agency.*

[(C)] *(B) The General Services Administration.*

[(D)] *(C) The National Science Foundation.*

[(E)] *(D) The Nuclear Regulatory Commission.*

[(F)] *(E) The Office of Personnel Management.*

[(G)] *(F) The Small Business Administration.*

[(H)] *(G) The Social Security Administration.*

* * * * *

SUBTITLE III—FINANCIAL MANAGEMENT

* * * * *

CHAPTER 35—ACCOUNTING AND COLLECTION

* * * * *

SUBCHAPTER II—ACCOUNTING REQUIREMENTS, SYSTEMS,
AND INFORMATION

* * * * *

§ 3516. Reports consolidation

(a) * * *

* * * * *

(f) *The Secretary of Homeland Security—*

(1) shall for each fiscal year submit a performance and accountability report under subsection (a) that incorporates the program performance report under section 1116 of this title for the Department of Homeland Security;

(2) shall include in each performance and accountability report an audit opinion of the Department’s internal controls over its financial reporting; and

(3) shall design and implement Department-wide management controls that—

(A) reflect the most recent homeland security strategy developed pursuant to section 874(b)(2) of the Homeland Security Act of 2002; and

(B) permit assessment, by the Congress and by managers within the Department, of the Department’s performance in executing such strategy.

* * * * *

HOMELAND SECURITY ACT OF 2002

* * * * *

**TITLE I—DEPARTMENT OF HOMELAND
SECURITY**

* * * * *

SEC. 103. OTHER OFFICERS.

(a) * * *

* * * * *

(d) **OTHER OFFICERS.**—To assist the Secretary in the performance of the Secretary’s functions, there are the following officers, appointed by the President:

(1) * * *

* * * * *

[(4) A Chief Financial Officer.]

[(5)] (4) An Officer for Civil Rights and Civil Liberties.

(e) CHIEF FINANCIAL OFFICER.—There shall be in the Department a Chief Financial Officer, as provided in chapter 9 of title 31, United States Code.

[(e)] (f) PERFORMANCE OF SPECIFIC FUNCTIONS.—Subject to the provisions of this Act, every officer of the Department shall perform

the functions specified by law for the official's office or prescribed by the Secretary.

* * * * *

TITLE VII—MANAGEMENT

* * * * *

SEC. 702. CHIEF FINANCIAL OFFICER.

(a) *IN GENERAL.*—The Chief Financial Officer [shall report to the Secretary, or to another official of the Department, as the Secretary may direct.] shall perform functions as specified in chapter 9 of title 31, United States Code, and, with respect to all such functions and other responsibilities that may be assigned to the Chief Financial Officer from time to time, shall also report to the Under Secretary for Management.

(b) PROGRAM ANALYSIS AND EVALUATION FUNCTION.—

(1) *ESTABLISHMENT OF OFFICE OF PROGRAM ANALYSIS AND EVALUATION.*—Not later than 90 days after the date of enactment of this subsection, the Secretary shall establish an Office of Program Analysis and Evaluation within the Department (in this section referred to as the “Office”).

(2) *RESPONSIBILITIES.*—The Office shall perform the following functions:

(A) Analyze and evaluate plans, programs, and budgets of the Department in relation to United States homeland security objectives, projected threats, vulnerability assessments, estimated costs, resource constraints, and the most recent homeland security strategy developed pursuant to section 874(b)(2).

(B) Develop and perform analyses and evaluations of alternative plans, programs, personnel levels, and budget submissions for the Department in relation to United States homeland security objectives, projected threats, vulnerability assessments, estimated costs, resource constraints, and the most recent homeland security strategy developed pursuant to section 874(b)(2).

(C) Establish policies for, and oversee the integration of, the planning, programming, and budgeting system of the Department.

(D) Review and ensure that the Department meets performance-based budget requirements established by the Office of Management and Budget.

(E) Provide guidance for, and oversee the development of, the Future Years Homeland Security Program of the Department, as specified under section 874.

(F) Ensure that the costs of Department programs, including classified programs, are presented accurately and completely.

(G) Oversee the preparation of the annual performance plan for the Department and the program and performance section of the annual report on program performance for the Department, consistent with sections 1115 and 1116, respectively, of title 31, United States Code.

(H) Provide leadership in developing and promoting improved analytical tools and methods for analyzing homeland security planning and the allocation of resources.

(I) Any other responsibilities delegated by the Secretary consistent with an effective program analysis and evaluation function.

(3) DIRECTOR OF PROGRAM ANALYSIS AND EVALUATION.—There shall be a Director of Program Analysis and Evaluation, who—

(A) shall be a principal staff assistant to the Chief Financial Officer of the Department for program analysis and evaluation; and

(B) shall report to an official no lower than the Chief Financial Officer.

(4) REORGANIZATION.—

(A) IN GENERAL.—The Secretary may allocate or reallocate the functions of the Office, or discontinue the Office, in accordance with section 872(a).

(B) EXEMPTION FROM LIMITATIONS.—Section 872(b) shall not apply to any action by the Secretary under this paragraph.

(c) NOTIFICATION REGARDING TRANSFER OR REPROGRAMMING OF FUNDS.—In any case in which appropriations available to the Department or any officer of the Department are transferred or reprogrammed and notice of such transfer or reprogramming is submitted to the Congress (including any officer, office, or Committee of the Congress), the Chief Financial Officer of the Department shall simultaneously submit such notice to the Select Committee on Homeland Security (or any successor to the jurisdiction of that committee) and the Committee on Government Reform of the House of Representatives, and to the Committee on Governmental Affairs of the Senate.

* * * * *

TITLE VIII—COORDINATION WITH NON-FEDERAL ENTITIES; INSPECTOR GENERAL; UNITED STATES SECRET SERVICE; COAST GUARD; GENERAL PROVISIONS

* * * * *

Subtitle H—Miscellaneous Provisions

* * * * *

SEC. 874. FUTURE YEARS HOMELAND SECURITY PROGRAM.

(a) * * *

[(b) CONTENTS.—The Future Years Homeland Security Program under subsection (a) shall be structured, and include the same type of information and level of detail, as the Future Years Defense Pro-

gram submitted to Congress by the Department of Defense under section 221 of title 10, United States Code.】

(b) *CONTENTS.—The Future Years Homeland Security Program under subsection (a) shall—*

(1) include the same type of information, organizational structure, and level of detail as the future years defense program submitted to Congress by the Secretary of Defense under section 221 of title 10, United States Code;

(2) set forth the homeland security strategy of the Department, which shall be developed and updated as appropriate annually by the Secretary, that was used to develop program planning guidance for the Future Years Homeland Security Program; and

(3) include an explanation of how the resource allocations included in the Future Years Homeland Security Program correlate to the homeland security strategy set forth under paragraph (2).

* * * * *

