



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 17, 2003

H.R. 2886

Department of Homeland Security Financial Accountability Act

*As ordered reported by the House Committee on Government Reform
on November 6, 2003*

H.R. 2886 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 that incorporates a program performance report and, after fiscal year 2004, submit an audit of its internal financial controls to the Office of Management and Budget and to the Congress. Finally, H.R. 2886 would direct a study of costs and benefits of requiring agencies under the CFO Act to obtain audit opinions of their financial controls.

CBO estimates that implementing H.R. 2886 would cost \$4 million annually, subject to the availability of appropriated funds. Enacting the bill would not affect direct spending or revenues. H.R. 2886 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 agency, DHS currently complies with the provisions of the Chief Information Officers Act. 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.

In addition, H.R. 2886 would require, within 180 days of enactment, a joint study by the President's Council on Integrity and Efficiency (PCIE) and Chief Financial Officers Council on the potential costs and benefits of requiring all agencies under the CFO Act to obtain audit opinions of their internal controls over their financial reporting. The General Accounting Office would be required within 90 days of receiving the study to provide an analysis of the information provided in the study. Based on information from PCIE, CBO estimates these new reports would cost less than \$500,000.

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 Governmental Affairs on October 22, 2003. The three versions of the legislation are similar, and our estimate of the cost of the bills are the same.

The CBO staff contact for this estimate is Matthew Pickford. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.