



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

May 12, 2004

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

*As ordered reported by the House Committee on Government Reform
on May 6, 2004*

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 Governmental 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.