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SCHAKOWSKY APPLAUDS PASSAGE OF BILL TO TIGHTEN UP FEDERAL GOVERNMENT'S ACCOUNTING PRACTICES

"WE ARE ASKING GOVERNMENT AGENCIES TO IMPROVE MANAGEMENT AND ACCOUNTABILITY. WE MUST ASK THE SAME OF CORPORATE LEADERS."

WASHINGTON, D.C. - U.S. Representative Jan Schakowsky (D-IL), Ranking Democrat on the Government Efficiency Subcommittee, today joined her colleagues in approving H.R. 4878, legislation to tighten up the federal government's accounting practices.

Schakowsky, addressing her colleagues on the House floor during debate on the bill, said, "We are asking government agencies to improve management and accountability. We must ask the same of corporate leaders."

Below is Schakowsky's statement

This is a bill to make agencies more keenly aware of the problem of improper payments, and to get the agencies to address the problem at the front end. We have learned from our work on debt collection that collecting improper payments is more difficult than avoiding the mistake in the first place. The problem is that there is no incentive for agencies either to collect debt or to avoid improper payments.

Improper payments occur in a number of ways. Agencies pay invoices more than once. Some unscrupulous merchants bill agency credit cards when no purchase has been made, and the agency doesn't adequately monitor the bills. Medicare is a large source of improper payments because of the conflict between the deadline for making payments and the length of time it takes to determine if the patient has private insurance. Medicaid is also a source of improper payments, in part from unscrupulous providers; however, Medicaid has yet to estimate the extent of the problem.

It is also the case that improper payments are made to individuals. These cases often arise because of difficulties in determining eligibility for a program like food stamps or social security disability. Often those problems are not the fault of the recipient but come from errors in administering the program.

These programs serve the weak and down trodden. The program rules are such that most tax accountants would have a difficult time figuring them out. It is especially important in these cases that we make sure the agency gets it right the first time. If it doesn't, then months or years later the agency discovers the error and tries to recapture the payments from the individual. This is an extreme hardship on those individuals. We must not let agency mistakes become another burden on the poor.

H.R. 4878 tightens up the federal government's accounting practices. We need to be sure that the way we do business is on the up and up and we clearly need to do more to require corporate America to do the same.

We are asking government agencies to improve management and accountability. We must ask the same of corporate leaders. They must be accountable for the company's financial health, be honest with the public, and there must be consequences for breaching those trusts.

For years we have asked government to act more like a business. We need to turn that around and ask businesses to be as accountable as the government.

H.R. 4878 is based on the principle that making information publicly available will change the way people and agencies behave. This is underscored by the activities of Enron and WorldCom. They knew that if the public was aware of what they were doing, the company would falter, and so they tried to spin their way out of trouble.

I hope this bill will help those agencies develop a better understanding of how these mistakes come about, and correct the mistakes before they happen.