

Advance Questions for Valerie Lynn Baldwin
Nominee for Assistant Secretary of the Army for Financial Management and Comptroller

Defense Reforms

Almost two decades have passed since the enactment of the Goldwater-Nichols Department of Defense Reorganization Act of 1986 and the Special Operations reforms.

Do you support full implementation of these defense reforms?

Yes, I fully support the enactment and objectives of these defense reforms.

What is your view of the extent to which these defense reforms have been implemented?

It appears that these reforms have resulted in significant improvements by defining the roles and responsibilities of the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the Service Secretaries.

What do you consider to be the most important aspects of these defense reforms?

The key result was the strengthening of the effectiveness of military operations, which was accomplished by strengthening civilian control and better defining responsibilities.

The goals of the Congress in enacting these defense reforms, as reflected in section 3 of the Goldwater-Nichols Department of Defense Reorganization Act, can be summarized as strengthening civilian control over the military; improving military advice; placing clear responsibility on the combatant commanders for the accomplishment of their missions; ensuring the authority of the combatant commanders is commensurate with their responsibility; increasing attention to the formulation of strategy and to contingency planning; providing for more efficient use of defense resources; enhancing the effectiveness of military operations; and improving the management and administration of the Department of Defense.

Do you agree with these goals?

Yes

Do you believe that legislative proposals to amend Goldwater-Nichols may be appropriate? If so, what areas do you think it might be appropriate to address in these proposals?

I am not aware of any current proposals to amend Goldwater-Nichols. It is too early for me to comment about any proposals without additional evaluation and insight.

Duties of the Assistant Secretary of the Army for Financial Management and Comptroller

The duties of the Assistant Secretary of the Army for Financial Management and Comptroller are set forth in section 3016(b)(4) and 3022 of Title 10, United States Code. The Assistant Secretary of the Army for Financial Management and Comptroller has principal responsibility for the exercise of the comptroller functions of the Department of the Army, including financial management functions.

What is your understanding of the duties and functions of the Assistant Secretary of the Army for Financial Management and Comptroller?

If confirmed, I will be responsible for advising the Secretary of the Army on financial matters and directing all Comptroller and Financial Management functions of the Department of the Army.

What background and experience do you possess that you believe qualifies you to perform these duties?

I believe my background qualifies me to serve as Assistant Secretary of the Army (Financial Management and Comptroller). I have significant experience in the legislative process, from both appropriations and authorization perspectives, and understand the oversight role of the Congress in financial matters. I have made extensive visits to Army installations throughout the world and have an appreciation of the needs facing the Army and the challenges to finance them. My education in law gives me a solid foundation to build upon.

Do you believe that there are any actions that you need to take to enhance your ability to perform the duties of the Assistant Secretary of the Army for Financial Management and Comptroller?

I am always looking to improve my skills and understanding of fiscal issues. If confirmed, I will need to gain a better understanding of the Army's challenges.

Relationships

What do you see as the relationship between the Assistant Secretary of the Army for Financial Management and Comptroller and each of the following?

The Secretary of the Army

The Assistant Secretary of the Army (Financial Management and Comptroller) is the principal advisor to the Secretary of the Army on financial matters and directs Comptroller and Financial management functions of the Department of the Army.

The Under Secretary of the Army

My relationship to the Under Secretary would mirror that of the Secretary of the Army.

The Under Secretary of Defense (Comptroller)

If confirmed, I would work closely with the Under Secretary of Defense (Comptroller) to ensure the Army financial management and comptroller policies dovetailed with those of the office of the Under Secretary of Defense (Comptroller).

The Assistant Secretary of Defense Networks and Information Integration/Chief Information Officer

Financial Management systems are the critical link in enabling the Army to perform accurate, timely financial management and are crucial in auditable financial statements. The Army's financial managers need to include the Chief Information Officer in all financial management system planning and decision-making.

The Director, Office of Program Analysis and Evaluation

If confirmed, I will support the Director, Office of Program Analysis and Evaluation in fulfilling his or her role of providing independent assessments. I will also work with the Director, PA&E to ensure the success of the PPBE process.

The Chief of Staff of the Army

If confirmed, I would work closely with the Chief of Staff of the Army on resourcing and financial management issues.

The other Assistant Secretaries of the Army

My relationship with the other Assistant Secretaries would support the responsibility I would have, if confirmed, to advise the Secretary of the Army on financial matters and direct all Comptroller and Financial Management functions and activities of the Department of the Army.

The General Counsel of the Army

I will consult and coordinate with the General Counsel on all legal matters and financial management and comptroller issues requiring legal review.

The Assistant Secretaries for Financial Management of the Navy and Air Force

If confirmed, I will work with the Navy and Air Force Assistant Secretaries for Financial Management to serve as the Army financial management liaison to the Office of the Under Secretary of Defense (Comptroller).

The Deputy Chief of Staff (G-5) of the Army

Not applicable to the Army.

Major Challenges

In your view, what are the major challenges that will confront the Assistant Secretary of the Army for Financial Management and Comptroller?

Any Assistant Secretary of the Army for Financial Management will be challenged to improve financial management systems and processes, to include finance, accounting, budget, and feeder systems to provide accurate, reliable and timely financial information. The Army will also be challenged to ensure adequate funds are available to fight and win the Global War on Terrorism while maintaining the Army as the best trained and equipped force in the world. The Army must continue to develop consistent and executable budgets that support the priorities of the Secretary of Defense and the Secretary of the Army, under the guidance of the President.

Assuming you are confirmed, what plans do you have for addressing these challenges?

If confirmed, I will work closely with the Under Secretary of Defense (Comptroller) and our sister Services, and the Army leadership team to achieve a unified approach to addressing challenges. I will make every effort to ensure that sufficient resources and financial management information are available to successfully address issues.

What are the financial management personnel issues you foresee as challenges and, if confirmed, what actions do you intend to initiate to address those challenges?

I am not aware of specific problems or issues. However, I am convinced that having and maintaining quality personnel is key to the success of the Army.

Priorities

If confirmed, what broad priorities would you establish in terms of issues which must be addressed by the Assistant Secretary of the Army for Financial Management and Comptroller?

If confirmed, I would establish priorities for preparation of auditable financial statements, preparation of fully justified budget submissions and development of streamlined/efficient financial systems compliant with joint architectures. If confirmed, I would work hard to ensure that adequate funds are available to support our Army to fight and win the Global War on Terrorism and take care of soldiers and their families.

Civilian and Military Roles in the Army Budget Process

What is your understanding of the division of responsibility between the Assistant Secretary of the Army for Financial Management and Comptroller and the senior military officer responsible for budget matters in the Army Financial Management and Comptroller office in making program and budget decisions, including the preparation of the Army Program Objective Memorandum, the annual budget submission, and the Future Years Defense Program?

If confirmed as the Assistant Secretary of the Army (Financial Management and Comptroller), I will have responsibility for all budget matters within the Department of the Army. The senior military officer who serves as the Military Deputy will serve under my direct supervision. Additionally, if confirmed, I will have formal oversight responsibility for the Secretary for all financial aspects of the Program Objective Memorandum preparation and the Army portions of the annual President's budget submission, along with all the entries in the Future Years Defense Program (FDYP).

Financial Management and Accountability

DoD's financial management deficiencies have been the subject of many audit reports over the past 10 or more years. Despite numerous strategies and inefficiencies, problems with financial data continue.

What do you consider to be the top financial management issues to be addressed by the Department of the Army over the next five years?

The Army must have financial management systems that provide accurate, timely, and reliable information for use in making business decisions regarding the allocation of resources during the year of execution and over the program years. To properly address these issues, the Army needs to replace inefficient non-integrated systems and processes with modern solutions and best practices that fit within the Department of Defense Business Enterprise Architecture. I believe the Department of the Army must improve the delivery of pay services to Soldiers, and improve financial management systems and processes.

If confirmed, how do you plan to provide the needed leadership and commitment necessary to ensure results and improved financial management in the Army?

If confirmed, I will work closely with the Army leadership, the office of the Under Secretary of Defense-Comptroller, and the Defense Finance and Accounting Service to improve our financial management practices.

What are the most important performance measurements you would use, if confirmed, to evaluate changes in the Army's financial operations to determine if its plans and initiatives are being implemented as intended and the anticipated results are being achieved?

Key performance measures include timely, relevant, and accurate financial information that is capable of obtaining a favorable audit. If confirmed, I will enlist the support of the Army's leadership to establish additional logical, useful, and relevant performance measures.

Budget Justification Information

If confirmed, what changes do you intend to initiate to improve the timeliness, adequacy, and accuracy of the Budget Justification books provided to Congress by the Army?

It is premature for me to offer any specific changes to the process used to develop the Budget Justification books. I fully understand the need to submit relevant justification material in enough detail to permit the Congress to carry out their constitutional duties. I have seen improvements in the Army's justification materials and if confirmed, will continue the efforts underway to improve them.

DoD Financial Management

The GAO has reported that DOD lacks the necessary integrated accounting systems to properly control assets and control costs. DOD has acknowledged that overall, its reported network of 167 critical financial management systems does not comply with the Federal Financial Management Improvement Act's federal financial management systems requirements. (GAO Report: DoD Financial Management - Integrated Approach, Accountability, and Incentives Are Keys to Effective Reform, May 8, 2001).

If confirmed, how do you intend to improve the Department of the Army's financial management system?

If confirmed, I will ensure that the Army works closely with the Business Management Modernization Program Office on the improvement of financial systems, and that these improvements align with the DoD Business Enterprise Architecture.

If confirmed, would you support the consolidation and integration of the Department of Defense's reported network of 167 critical financial management systems even if it means that the Army would lose direct supervisory control of its service-financial management systems?

Yes, I think that DoD and the Army need to consolidate and integrate critical financial management systems. This effort needs to leverage commercially available technological solutions and supporting business practices. The Army has transferred direct supervisory control of financial management systems to the Defense Finance and Accounting Service. I believe it is important that the Army be actively engaged in the implementation and operation of financial management systems.

Sufficiency of Financial Management Systems

What do you consider to be the most critical shortfall in the Department of Defense's and Department of the Army's financial management systems?

The lack of a compliant, integrated accounting and financial management system is one area of concern and will be an area I intend to address if I am confirmed.

If confirmed, what private business practices would you advocate for adoption by the Department of Defense and Department of the Army?

One private sector area that holds significant potential for DoD is to adopt commercially available software products, and associated business practices. If confirmed, I will ensure that these products comply with the Department's Business Enterprise Architecture and applicable policy guidance and objectives of the Department.

What are your views on privatizing the military pay system?

In general, I am open to the privatization of non-core business functions in accordance with the President's Management Agenda. However, I would have to understand the details of any privatization plan, and ensure that this critical function is implemented correctly.

Improper Use of First and Business Class Travel

The GAO recently reported that breakdowns in internal controls resulted in improper first and business class travel by Department of Defense employees, and increased costs to taxpayers.

What actions has the Department of the Army taken in response to this report?

Internal controls are essential. If confirmed, I will ensure that the Army implements policies to correct internal control problems.

Travel and Government Purchase Cards

The increased use of government travel and purchase cards were significant financial and acquisition reform initiatives of the past decade. Concerns, however, have been raised in the past several years about the controls put in place for both the travel and purchase cards.

What is the status of Army efforts to ensure that proper controls are in place that will not jeopardize the benefits accrued from the proper use of these cards?

If confirmed, I will work with the Army's acquisition community to ensure effective policies and controls are in place, and that these controls provide for the detection of problems and enable managers to monitor program performance.

Inventory Management

Do you believe that the Army has adequate information about and controls over its inventory?

At this point I have not studied in detail the Army's inventory policies, procedures, and challenges. I recognize that sound inventory management is a critical component in ensuring organizational effectiveness and efficiency. Inventory management is also essential to achieving accurate financial statements.

If not, what steps would you take, if confirmed, to improve inventory management?

Learning about the Army inventory management policies, procedures, and challenges and seeking ways to make improvements will be one of my top priorities if I am confirmed.

Business Management Modernization Program

For the past three years, the Administration has pursued a Business Management Modernization Program (BMMP) aimed, in part, at correcting deficiencies in the Department of Defense's financial management and ability to receive an unqualified "clean" audit. Two years ago, Under Secretary of Defense (Comptroller) Zakheim testified before the Readiness Subcommittee that the Department of Defense's financial management modernization would be complete by 2007. By that time, he stated, that the Department would be able to provide a full, repeatable accounting of resources and funding.

Do you expect the Army to meet that 2007 time line for financial modernization?

I have not been involved in the Army's efforts to meet the 2007 deadline for financial modernization. If confirmed, I will support the Army's efforts to obtain a "clean" audit by 2007. I will reserve judgment, however, on the time needed to modernize Army financial management until I have an opportunity to assess the Army's plans and progress.

Do you support continuing the BMMP?

I would like to gain a better understanding of the BMMP before making a judgment on this critical matter. If confirmed, I will work closely with Congress to address Army plans and progress.

The BMMP advocates top-down leadership in establishing an enterprise architecture for business systems modernization. The Services, however, appear to be pursuing independent pilot programs for modernizing business systems, despite the risk that a Service-led approach could produce numerous incompatible systems.

Do you support an OSD-led approach to business modernization?

I believe it is important for DoD to develop the Business Enterprise Architecture for implementation across the entire Department. The Army and other Services need to participate in and support this effort.

If so, what would you do, if confirmed, to ensure that the Army supports such an approach?

I will ensure that the Army is fully engaged and actively participates in development of the Business Enterprise Architecture, and that all Army modernization programs comply with the architecture's requirements.

A critical requirement of the BMMP is an “enterprise architecture” that would establish standards and requirements for modernization or new acquisition of business information technology systems.

Why is establishing an effective enterprise architecture so important?

Though not an information technologies specialist, I believe an effective enterprise architecture is important because it provides the blueprint necessary to enable the Department's business systems to operate in an integrated, cohesive manner. An enterprise architecture provides the business rules that must be followed by all business applications throughout the Department to enable the needed integration.

When can the Congress expect to see a fully developed enterprise architecture?

I am not familiar with the current schedule but will work with DoD to ensure the enterprise architecture is developed and implemented in an efficient manner.

GAO Recommendations for Reform

In testimony before the Readiness Subcommittee this year, the Comptroller General of the United States, David M. Walker, offered two suggestions for legislative consideration which, in his words, are intended “to improve the likelihood of meaningful, broad-based financial management and related business reform at DoD.” These included establishing a senior management position in the Department of Defense to spearhead Department-wide business transformation efforts, and giving the leaders of the Department's functional areas, or “domains,” control of systems investments.

What is your view of these suggestions?

I have not developed an opinion on these recommendations and will need to study their details before making a judgment.

Mr. Walker testified that the Department of Defense should fix its financial management systems before it tries to develop auditable financial statements. He explained that: “Given the size, complexity, and deeply ingrained nature of the financial management problems facing DOD, heroic end-of-the-year efforts relied on by some agencies to develop auditable financial statement balances are not feasible at DOD. Instead, a sustained focus on the underlying problems impeding the development of reliable financial data throughout the Department will be necessary and is the best course of action.”

Do you agree with this statement?

I am unaware of all of the factors that led Mr. Walker’s conclusion and, if confirmed, would review them in depth before making a final assessment. Certainly identifying the source of the problems, creating solutions to address the problems, and maintaining good practices across all financial management systems are important steps to develop.

Reserve Component Military Pay Systems

The GAO recently completed a report that identified extensive problems with the National Guard’s pay system. Modernizing the military payroll system is part of the longer term Business Management Modernization Program, however, it is essential that corrections be made immediately in this system to minimize personal hardships on deployed Guardsmen, Reservists and their families.

If confirmed, what would you do to address these pay problems in both the short and long term?

I firmly believe that all Soldiers -- Active, Guard, and Reserve -- should be paid the right amount and on time. I will work with the Army leadership, particularly those in the personnel arena, DoD, and DFAS to ensure immediate corrections in the payroll system are made that enable all Soldiers to be paid the right amount and on time. If confirmed, I would make it a priority to work with OSD to work on and correct problems in the military payroll system.

Base Closure Savings

The Department has asserted that additional base closures are needed to bring the Department’s base structure in line with its force structure.

In your view, have the previous base closure rounds resulted in significant savings for the Department of the Army?

According to the General Accounting Office reports, previous BRAC rounds have generated savings over time. There are, of course, significant up front costs to closing bases, but these are generally offset by the long-term savings.

Authorization for National Defense Programs

Do you believe that an authorization pursuant to section 114 of Title 10, U.S. Code, is necessary before funds for operations and maintenance, procurement, research and development, and military construction may be made available for obligation by the Department of Defense and Department of the Army?

The US Code specifies that such authorization is necessary before funds for the appropriations listed above may be obligated or expended. If confirmed, I will follow the policies and procedures directed by the Under Secretary of Defense (Comptroller) in dealing with any specific line items, which might fall under the “appropriated but not authorized” category.

Congressional Oversight

In order to exercise its legislative and oversight responsibilities, it is important that this Committee and other appropriate committees of the Congress are able to receive testimony, briefings, and other communications of information.

Do you agree, if confirmed for this high position, to appear before this Committee and other appropriate committees of the Congress?

Yes

Do you agree, when asked, to give your personal views, even if those views differ from the Administration in power?

As a political appointee, I consider it my duty to be an advocate for the policies of the Administration. However, I will always be prepared to provide my best professional judgment when asked.

Do you agree, if confirmed, to appear before this Committee, or designated members of this Committee, and provide information, subject to appropriate and necessary security protection, with respect to your responsibilities as the Assistant Secretary of the Army for Financial Management and Comptroller?

Yes

Do you agree to ensure that testimony, briefings and other communications of information are provided to this Committee and its staff and other appropriate Committees?

Yes