

**Advance Questions for John H. Gibson  
Nominee for Assistant Secretary of the Air Force (Financial Management)**

**Duties of the Assistant Secretary of the Air Force (Financial Management)**

**What is your understanding of the duties and functions of the Assistant Secretary of the Air Force (Financial Management)?**

It is my understanding, the Assistant Secretary of the Air Force (Financial Management) is principally responsible for the exercise of the comptrollership functions of the Air Force, including all financial management functions. Additionally, this position is responsible for all financial management activities and operations of the Air Force and advising the Secretary of the Air Force on financial management.

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

Currently, I am serving as Deputy Under Secretary of Defense (Management Reform) in the Office of the Secretary of Defense/Under Secretary of Defense (Comptroller), and have also previously served as the Acting Deputy Under Secretary of Defense (Financial Management) also in the Office of the Secretary of Defense/Under Secretary of Defense (Comptroller). Both of these experiences have allowed me direct involvement in and exposure to many of the financial management strategies, efforts and challenges which exist throughout the Department. Additionally, I have previously held several senior executive level management positions in the private sector in which I have been directly responsible for financial, management, operating and strategic performance of an organization. Also, I received an undergraduate degree in Finance, and an undergraduate degree in Economics as well as a Masters in Business Administration.

**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 Air Force (Financial Management)?**

Although my current position has allowed me some insight into Air Force financial management, if confirmed, I will need to quickly become familiar with this area in much greater detail, including the specific challenges and issues the Air Force financial management organization is addressing, both short and long term.

**Relationships**

**What is your understanding of the relationship between the Assistant Secretary of the Air Force (Financial Management) and each of the following?**

### **The Secretary of the Air Force**

It is my understanding, the Assistant Secretary of the Air Force (Financial Management) is the principal advisor to the Secretary of the Air Force on financial management matters. The Assistant Secretary (Financial Management) also performs other duties as the Secretary may prescribe.

### **The Under Secretary of the Air Force**

It is my understanding, the Assistant Secretary of the Air Force (Financial Management) is also the principal advisor to the Under Secretary of the Air Force on financial management matters. The Assistant Secretary (Financial Management) also performs other duties as the Under Secretary may prescribe.

### **The other Assistant Secretaries of the Air Force**

It is my understanding, the Assistant Secretary (Financial Management) works closely with the other Assistant Secretaries of the Air Force, and provides advice and input on financial matters, and provides financial management policy leadership, guidance, implementation and coordination, as appropriate.

### **The General Counsel of the Air Force**

It is my understanding, the Assistant Secretary of the Air Force (Financial Management) would have a close working relationship with the General Counsel of the Air Force, to always include an understanding of any and all legal implications in Air Force financial matters to assure compliance with the appropriate rules and regulations.

### **The Under Secretary of Defense (Comptroller)**

Considering my current service in the Under Secretary of Defense (Comptroller) office, it is my understanding, the Assistant Secretary of the Air Force (Financial Management) works closely with the Under Secretary of Defense (Comptroller) in the development and execution of financial, budgetary and fiscal policies as they relate to the Air Force.

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

It is my understanding, the Assistant Secretary of the Air Force (Financial Management) works closely with the Assistant Secretary of Defense (NII) to ensure that Department of the Air Force's diverse and extensive information technology systems are properly managed and resourced to accommodate and perform the full spectrum of financial management functions and reporting which is required to achieve the Air Force's financial management reporting goals.

### **The Director, Office of Program Analysis and Evaluation**

It is my understanding, the Assistant Secretary of the Air Force (Financial Management) would work with the Director, Program Analysis and Evaluation to ensure the program priorities of the Air Force are well understood and thorough Air Force program reviews are conducted within the framework of the Planning, Programming, Budgeting and Execution (PPBE) process and timetable. Additionally, this Assistant Secretary of the Air Force (Financial Management) works to convey and communicate the results to Air Force leadership, and ensures the results are in line with overall Department of Defense strategy.

### **The Chief of Staff of the Air Force**

It is my understanding, the Assistant Secretary of the Air Force (Financial Management) would work closely with the Chief of Staff to provide support required in order to execute his duties and responsibilities to achieve the overall mission of the Air Force.

### **The Assistant Secretaries for Financial Management of the Army and the Navy**

It is my understanding, the Assistant Secretary of the Air Force (Financial Management) works closely with the with the Assistant Secretaries of the Army and Navy in the area of financial management in an effort to facilitate integrated and coordinated decision making at all levels and achieve the strongest cooperation between the services possible. A cordial and productive working relationship with these colleagues is essential to successfully supporting the efforts of the Secretary of Defense and the Under Secretary of Defense (Comptroller).

### **Civilian and Military Roles in the Air Force Budget Process**

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

It is my understanding, the Assistant Secretary of the Air Force (Financial Management) has the responsibility and authority for all budget matters within the Air Force, and accordingly, the Director, Air Force Budget would serve as a direct report to the Assistant Secretary of the Air Force (Financial Management) and would be responsible for the formulation, justification and execution of the Air Force budget, including the preparation of the Air Force Program Objective Memorandum and the Future Years Defense Program.

## **Business Transformation Agency**

**The Department recently established the Business Transformation Agency (BTA) to strengthen management of its business systems modernization effort.**

**What is your understanding of the mission of this Agency and how its mission affects the responsibilities of the Assistant Secretary of the Air Force (Financial Management)?**

Given my current role in the Office of the Under Secretary of Defense (Comptroller) and its interactions with the BTA, it is my understanding, the mission of the BTA is be responsible for executing enterprise level business transformation and therefore works with the functional leaders and components to accomplish its mission. Given the BTA stated mission and the tiered accountability approach to its execution, the Assistant Secretary of the Air Force (Financial Management) will be allowed the flexibility to direct the requirements for the Air Force financial management mission, while continuously coordinating and integrating with the BTA to ensure meeting the enterprise level mission requirements as well.

**What is your understanding of the role of the Assistant Secretary of the Air Force (Financial Management) in providing the Air Force's views to the Agency, or participating in the decision-making process of the Agency, on issues of concern to the Air Force?**

It is my understanding, given the tiered accountability governance of the BTA's mission, the Assistant Secretary of the Air Force (Financial Management) should continuously coordinate and integrate with the BTA to ensure the BTA is aware of the ongoing Air Force issues, as well as to understand the challenges and issues at the enterprise level.

## **Major Challenges**

**In your view, what are the major challenges that will confront the Assistant Secretary of the Air Force (Financial Management)?**

In my opinion, the major challenges the Assistant Secretary of the Air Force (Financial Management) will face are: significant, continuous pressure on budgetary resources and the constant challenges of meeting the Air Force's mission needs with the resources available; and continuing the significant effort to improve the Air Force's financial management through improvement in financial processes and financial systems.

**Assuming you are confirmed, what plans do you have to address these challenges?**

If confirmed, I will work closely with the Air Force leadership to develop and execute sound, logical and workable budgets which take into account the Air Force mission objectives as well as

the overall budgetary environment. Additionally, I will work with the Air Force and Department of Defense leadership to continue, and possibly enhance the Air Force efforts to achieve improved business processes and systems, primarily through active oversight and involvement in the Air Force's responsibilities in the FIAR and ETP programs. Lastly, as the Assistant Secretary of the Air Force (Financial Management) serves in a financial management leadership role, my goal would be to provide strategic leadership and vision in areas the Air Force can benefit financially and operationally on a longer term basis.

### **Priorities**

**If confirmed, what broad priorities would you establish in terms of issues which must be addressed by the Assistant Secretary of the Air Force (Financial Management)?**

If confirmed, my priorities would be to focus on the major challenges: addressing budgetary pressures and performance; sustaining the ongoing improvement in business processes, systems and operations; and providing strategic guidance in the financial management area.

### **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 management and data continue.**

**What do you consider to be the top financial management issues that must be addressed by the Department of the Air Force?**

As it relates to financial management issues which have been the subject of many audit reports, it is my opinion the significant financial management and data issues to be addressed are: continued improvement in business processes and operations; continued improvement in business systems; and addressing the culture to embrace and support these system and process improvements.

**If confirmed, how would you plan to ensure that progress is made toward improved financial management in the Air Force?**

If confirmed, my initial plan to ensure financial management progress continues would be to: support the Air Force's compliance with the FIAR and ETP programs; evaluate, support and enhance the Air Force efforts to improve business processes and operations; support and be involved in any efforts to communicate the qualities and benefits of process and systems improvements; support efforts for training and education all across the financial management spectrum; and work with other areas of the Department to benefit from best practices, insights and synergies as it relates to all these areas.

**If confirmed, what private business practices, if any, would you advocate for adoption by the Department of Defense and the Department of the Air Force?**

Although the Department of Defense and the Department of the Air Force are unique from the private sector in their mission and in many operational aspects, there are certainly a number of financial and management practices which are similar to the private sector and could benefit from best practices being used elsewhere. If confirmed, I would encourage the sharing of best practices with not only the other services, agencies and departments in the federal government, but strongly advocate awareness and adoption of practices where there is an appropriate private sector practice the Air Force would benefit by emulating.

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

Performance metrics play a significant role in the success of any financial operations, and if confirmed, and I will work to understand and manage the current financial performance metrics the Air Force is employing and also will work with the Under Secretary of Defense (Comptroller) to ensure the financial performance metrics the Air Force uses in the future will support the financial operations success of both the Department of Defense and the Department of the Air Force.

**Over the last several years, the Department of Defense has taken a number of steps to realign its management structure to expedite and enhance its business transformation efforts. For example, the Department has established a new Defense Business Systems Management Committee, the BTA, and the Investment Review Boards. The military departments do not appear to have taken similar organizational steps.**

**Do you believe the organizational structure of the Department of the Air Force is properly aligned to bring about business systems modernization and improvements in the financial management of the Air Force?**

In my current role in the Office of the Under Secretary of Defense (Comptroller) I am aware the Department has and is constantly evolving its management and oversight of its business transformation efforts, and recent governance changes have served to increase the oversight and inclusiveness of transformation efforts department wide. I am not familiar with the specifics of the Air Force's organizational structure and governance to comment on its current alignment with the overall Department of Defense structure.

**If not, how do you believe the Department should be restructured to more effectively address these issues?**

At this point I do not have a complete understanding of how the Air Force is structured to address this issue, however, if confirmed, I would work to fully understand this issue and be capable of addressing whether the current governance structure is adequate.

### **Enterprise Transition Plan**

**For the past several years, the Administration has published an Enterprise Transition Plan (ETP) aimed, in part, at correcting deficiencies in the Department of Defense's financial management and ability to receive an unqualified "clean" audit.**

**If confirmed, what would your role be in this business modernization effort?**

If confirmed, it is my belief the Assistant Secretary (FM) should play an instrumental role in coordinating, facilitating and championing the business modernization efforts in the Air Force

**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 support a common, integrated and coordinated enterprise level led approach to business modernization, with tiered accountability empowering the execution of the programs at the local level to foster the most efficient and effective execution and the most efficient use of taxpayer dollars.

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

If confirmed, I will work to coordinate and facilitate Air Force efforts to ensure the programs managed by the Air Force conform to the standards and policies set by OSD and the various laws governing system development.

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

**Do you agree that an effective enterprise architecture is a critical step to ensure that new and modified business information technology systems serve their intended purposes?**

Yes. A common, integrated and coordinated architecture is essential to the effective and efficient aggregation of financial data for reporting, thereby optimizing the information available for management decision-making.

### **GAO Recommendations for Reform**

**The Comptroller General has taken the position that the enterprise architectures of the military departments are not mature enough to responsibly guide and constrain investment in business systems. According to GAO, the Air Force has fully satisfied only 14 of 31 core framework elements of an enterprise architecture.**

**What is your view of this issue? If confirmed, what steps, if any, do you plan to take to address this problem?**

I am not familiar with the details of the Air Force's scoring for the core framework elements the Comptroller General is referring to. If I am confirmed, it would be my intention to thoroughly review the Comptroller General's report, become familiar with this issue and consider his valuable conclusions very seriously.

**Section 2222 of title 10, U.S. Code, requires the Department of Defense to institute a process to ensure that money is not wasted on new or upgraded defense business systems that are not in compliance with the required enterprise architecture. The Comptroller General has testified that the enterprise architectures of the military departments "are not mature." Nonetheless, they continue to invest billions of dollars every year in thousands of business system programs.**

**What is your view of this issue?**

Through my current position, I am familiar with the evolving enterprise level governance structure which has been put in place, and it is my view this structure, and the current integration and oversight of investments in modernizing business systems is effective and continuously improving. I do not have an understanding of the military departments (and specifically the Air Force) level of maturity as it relates to the governance and status of their enterprise architecture efforts and therefore do not feel I can comment.

**Do you believe that we need additional controls on the expenditure of funds for business systems until such time as the required enterprise architecture is complete?**

Since I do not have a full understanding of the Air Force's business systems governance and processes, it would be premature for me to comment as to the adequacy of their internal controls. However, if confirmed, given the significant amount of taxpayer dollars being invested in these systems, and the important role the systems play in future financial management success, this would be an important area to quickly understand and become involved in.

**In testimony before the Readiness Subcommittee, the Comptroller General of the United States, David M. Walker, suggested that “to improve the likelihood of meaningful, broad-based financial management and related business reform at DoD”, DOD should give the leaders of DoD’s functional areas, or “domains,” control of systems investments.**

**What is your view of this suggestion?**

Since I am not familiar with the specific governance structure of “domains” which exist in the Air Force, I would not be comfortable expressing a view as it relates to Air Force. However, in general, it is my belief the most effective and efficient use of any investment occurs with control at the local level. It should be noted, in situations where local “domains” are building blocks of enterprise level programs, a top down oversight and integration should also exist.

**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?**

Yes, with the general spirit of Comptroller General Walker’s statement.

**What steps need to be taken in the Air Force to achieve the goal stated by the Comptroller General?**

I am not aware of the details of the Air Force programs and efforts to achieve the goals Comptroller General Walker is referring to, however, in general, compliance with the FIAR and ETP programs (as they relate to Air Force) are going to be significant contributors to achieve the goals Comptroller General Walker is proposing.

### **Leasing Major Weapon Systems**

**The controversy surrounding the Air Force 767 tanker lease proposal raised significant concerns over leasing versus purchasing major military equipment.**

**What is your opinion of leasing versus buying major capital equipment?**

In the private sector, both options have value, but the best choice is strictly contingent upon the financial and operational variables involved, and each situation is unique. I am not intimately familiar with the specifics or arguments of leasing versus purchase as it relates to the federal environment, and therefore cannot comment one way or another.

**Is leasing a viable and cost-effective option for procuring Department of the Air Force equipment, and if so, in what situations?**

I am not familiar with the specifics or arguments of the leasing versus purchase evaluation in the federal environment, and more specifically as it might pertain to the Air Force. However, if I am confirmed, this is an area that I would quickly become familiar with, consult with the functional areas, as well as this Committee to determine the financial management opinion on the option which is the highest, best and most proper use of the taxpayer's dollars.

**Supplemental Funding and Annual Budgeting**

**Since September 11, 2001, the Department of Defense has paid for much of the cost of ongoing military operations through supplemental appropriations.**

**What are your views regarding the use of supplemental appropriations to fund the cost of ongoing military operations?**

Recently, supplemental appropriations have been used as a funding mechanism for war related military operations in a very fluid, dynamic environment, as opposed to the base budgeting process which has a longer lead time and is more rigid in nature. More recently, the Global War on Terror (GWOT) anticipated costs have been combined with the base budget. It is my opinion the budgeting for costs associated with GWOT can be presented in either fashion, and if confirmed, I will work with the Air Force, Department leadership and Congress to support the presentation of the budget in which ever fashion is chosen.

**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?**

Yes. I do recognize situations can occur where funds have been appropriated but not authorized in the Department, and it is my understanding it is the Department's practice to work with all the oversight committees to communicate and resolve these situations. If confirmed, I will work

closely with the oversight committees to achieve a resolution of the situation, if it arises, and will respect the views and rights of the committees.

### **Incremental Funding**

**Both the executive and legislative branches have traditionally followed a policy of full funding for major capital purchases such as aircraft. However, the Department of the Air Force has used incremental funding to purchase certain satellites.**

**What is your view of the incremental funding of major capital investments?**

I do not have a full understanding of the details or arguments of the full versus incremental funding analysis, and more specifically as it would pertain to the Air Force. However, if I am confirmed, this is an area that I would work to better understand, and consult with the functional areas, as well as this Committee to determine the financial management opinion on the option which is the highest, best and most proper use of the taxpayer's dollars.

### **Funding for Health Care Facilities**

**The conditions identified at Walter Reed Army Medical Center in February 2007 focused considerable attention on the care, management, and transition of wounded service members, as well as the condition of medical care facilities.**

**What is your understanding of the Secretary of the Air Force's responsibility for the maintenance and modernization of Air Force medical facilities?**

I am not familiar with the responsibilities of the Secretary of the Air Force as it relates to maintenance and modernization of Air Force medical facilities.

**Do you believe the current system of oversight and funding for DOD medical facilities clearly defines responsibility and authority between the military departments and the Office of the Secretary of Defense?**

I am not familiar with the current system of governance and funding for Department of Defense medical facilities as it relates to the responsibilities and authorities between the military departments and the OSD.

### **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, 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 Air Force (Financial Management)?**

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.

**Do you agree to provide documents, including copies of electronic forms of communication, in a timely manner when requested by a duly constituted Committee of Congress, or to consult with the Committee regarding the basis for any good faith delay or denial in providing such documents?**

Yes.