

**Advance Policy Questions for Douglas A. Brook
Nominee for Assistant Secretary of the Navy
(Financial Management and Comptroller)**

Duties of the Assistant Secretary of the Navy (Financial Management and Comptroller)

What is your understanding of the duties and functions of the Assistant Secretary of the Navy (Financial Management and Comptroller)?

If confirmed, I would be responsible for advising the Secretary of the Navy on financial management matters and for directing and managing all financial activities and operations of the Department of the Navy.

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

I hold degrees in political science, public administration and public policy and I have served as a Navy Supply Corps officer. From 1990-1992, I served as Assistant Secretary of the Army (Financial Management) and in 1992-93 was Acting Director of the Office of Personnel Management (OPM). I am currently on the faculty at the Naval Postgraduate School (NPS) where I teach a required course in Defense Budget and Financial Management Policy. I am also director of the Center for Defense Management Reform at NPS where I conduct and oversee research in various areas of defense management.

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 Navy (Financial Management and Comptroller)?

Yes, although I am generally knowledgeable about Navy financial management, I will need to make the transition from a relatively abstract academic environment to the specific operational environment. This means learning quickly the details of current Navy financial management and comptrollership matters.

Relationships (OLA)

What is your understanding of the relationship between the Assistant Secretary of the Navy (Financial Management and Comptroller) and each of the following?

The Secretary of the Navy

The Assistant Secretary of the Navy (Financial Management and Comptroller) is the principal assistant and advisor to the Secretary of the Navy on fiscal and budgetary

matter. The Assistant Secretary (Financial Management and Comptroller) also performs other duties as the Secretary may prescribe.

The Under Secretary of the Navy

Similarly, the Assistant Secretary of the Navy (Financial Management and Comptroller) is also the principal assistant and advisor to the Under Secretary of the Navy on fiscal and budgetary matter. The Assistant Secretary (Financial Management and Comptroller) also performs other duties as the Under Secretary may prescribe.

The other Assistant Secretaries of the Navy

The ASN (FM&C) provides advice on financial matters to the other Assistant Secretaries, and provides financial management policy leadership, guidance, implementation and coordination with the other Assistant Secretaries. If confirmed, I would ensure that their interests are represented in recommending financial alternatives to the Secretary of the Navy. I would work to ensure that financial management activities of the Department support their respective portfolios.

The General Counsel of the Navy

If confirmed, I would expect to have a close working relationship with the GC, to understand and address the legal implications of DoN financial matters and to assure compliance with fiscal law.

The Chief of Naval Operations

If confirmed, I am committed to providing the support that the CNO requires in order to execute his duties and responsibilities and achieve the mission of the Navy.

The Commandant of the Marine Corps

If confirmed, I am committed to providing the support that the CMC requires in order to execute his duties and responsibilities and achieve the mission of the Marine Corps.

The Under Secretary of Defense (Comptroller)

In the role of Assistant Secretary of the Navy (Financial Management and Comptroller), I would, if confirmed, work with the Under Secretary of Defense (Comptroller) in the development and execution of the budgetary and fiscal policies and initiatives of the President, the Secretary of Defense, and the Secretary of the Navy.

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

If confirmed, I would work to ensure that Department of the Navy information technology systems that support diverse activities are properly managed and resourced to accommodate the full spectrum of financial management functions and reporting.

The Director, Office of Program Analysis and Evaluation

If confirmed, I would work to ensure that the program priorities of the DoN are well understood; that thorough DoN program reviews are conducted within the framework of the Planning, Programming, Budgeting and Execution (PPBE) process; the results are communicated to leadership; and are in concert with overall DoD strategy.

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

If confirmed, I am committed to working closely with the Assistant Secretaries of the Army and Air Force in the area of financial management to support the efforts of the Secretary of Defense and the Under Secretary of Defense (Comptroller) in order to facilitate decision making at all levels and achieve the strongest cooperation between the services possible. I am committed to working to foster a cordial and productive working relationship with these colleagues.

Civilian and Military Roles in the Navy Budget Process

What is your understanding of the division of responsibility between the Assistant Secretary of the Navy (Financial Management and Comptroller) and the senior military officers responsible for budget matters in OPNAV and headquarters, Marine Corps, in making program and budget decisions, including the preparation of the Navy Program Objective Memorandum, the annual budget submission, and the Future Years Defense Program?

If confirmed, I would have the responsibility and the authority for all budget matters within the Department of the Navy. The Director of the Office of Budget would serve under my direct supervision and would be responsible to me for the formulation, justification, and execution of the Department's budget. The Navy and Marine Corps officers responsible for programming would also serve as my principal military advisors in my capacity to oversee development of the Department of the Navy program objectives memoranda.

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 the BTA and how its mission affects the responsibilities of the Assistant Secretary of the Navy (Financial Management and Comptroller)?

The stated mission of the BTA is “to guide the transformation of business operations throughout the Department of Defense and to deliver Enterprise-level capabilities that align to warfighter needs.” It is my understanding that the BTA provides the framework for DoD’s future business environment, using a “tiered” approach that allows Components to execute plans that are within this framework but also allowing the flexibility to support unique mission requirements. This approach, if executed properly, would support the effort to achieve accurate and timely financial decision-making in DoN.

What is your understanding of the role of the Assistant Secretary of the Navy (Financial Management and Comptroller) in providing the Navy’s views to the BTA, or participating in the decision-making process of the BTA, on issues of concern to the Navy?

BTA states that “the Department’s approach to business transformation relies on tiered accountability at the Enterprise, Component, and program levels [...] The Components are participants in the governance process as well as key implementers.” Thus, the Assistant Secretary should be involved in establishing and implementing DoD-wide financial management standards and improvement programs that affect DoN.

Major Challenges

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

The Department of the Navy, like all of DoD, is challenged by internal and external pressures on its budgetary resources. Recognizing these pressures and constructing budget proposals that meet the needs of the Navy and the Nation will be an ongoing challenge. At the same time, good financial management requires the systems, processes, and educated and trained personnel to produce timely, accurate and useful financial information to support sound decision-making.

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

Recognizing that, if confirmed, my remaining term of office is likely to be relatively short, I see three critical challenges:

- First, the development of sound and Navy and Marine Corps budget proposals for FY '09 and FY '10.
- Secondly, to make discernible progress toward achieving auditability of the Department's financial statements.
- Third, to identify needs, plan, and invest in appropriate training, education and career development for the Navy's military and civilian financial management personnel.

If confirmed, I will work closely with the Navy's military and civilian leaders to develop sound budget proposals that recognize the needs of the Navy and Marine Corps and the fiscal environment in which budgetary decisions will be made. With regard to financial statements, I will endeavor to provide the leadership commitment required to make progress toward achieving an auditable financial statement. In the career development area, I will review and act where necessary to develop a sound plan for education, training, career development and assignment of financial management personnel.

In addition, the ASN(FM&C) is in a position to be an agent of transformation, with capability to develop the strategies to make financial and budgetary business operations more effective and efficient. If confirmed, I would support the continued development of improved DoN business operations.

Priorities

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

Please refer to the answers to the above questions. If confirmed, I will quickly become engaged in the Navy's PPBES process to assure that every effort is made to produce sound and defensible budget proposals. I will provide strong leadership support for making progress on the Navy's financial statements under the Financial Improvement and Audit Readiness plan. I will immediately begin a review of the education, training, career development and assignment of financial management personnel.

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 initiatives, 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 Navy over the next five years?

I believe the top challenge will be to support an expanded wartime mission to combat terrorism, and to execute that urgent mission within resources provided by the Congress. To be successful, we need to fundamentally change the way we do business, documenting, and better controlling our business processes, making them less costly and more effective. In my experience, the weaknesses that are attributed to financial management are symptomatic of weaknesses in our systems and processes. There seems to be consensus between the audit community and the department that the major challenge is the department's ability to generate timely, relevant, and reliable financial information for decision-making. Resolving that problem requires a combination of new information systems, new business processes, training and education, and cultural change. Those factors must all be addressed in balance to ensure the department becomes more financially proficient and can sustain that proficiency.

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

The Department has a Financial Improvement Program, which is aligned with the DoD Financial Improvement and Audit Readiness Plan. If confirmed, I will work to ensure progress is made in accordance with that plan and will also look at whether adjustments are required to the plan.

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

Certainly some governmental activities are business-like and some management practices can be incorporated from the private sector. With respect to financial management, in those cases where there is an appropriate private sector practice the Navy would benefit by emulating, if confirmed, I would give them serious consideration. I would also look to other well-run federal or state governmental agencies, or the non-profit sector, for management best practices.

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

I understand the importance of effective performance measurement and support the use of metrics. I understand that both Navy and the DoD comptroller are developing measures of progress in financial management. If confirmed, I will work to understand and employ these and other metrics to measure financial management performance.

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 that the organizational structure of the Department of the Navy is properly aligned to bring about business systems modernization and financial management improvements?

Over the past several years, the governance and management structures for systems modernization and financial management improvement have been evolving. To the extent those organizational structures and plans are now stable, I believe it would make sense for the components to follow suit. However, until such time as I can gain greater experience and understanding of how these structures are working, I cannot say whether they are currently properly aligned.

If not, how do you believe the Department should be restructured to more effectively address this issue?

If confirmed, I would need to look into this matter in depth from within before drawing any conclusions.

Business Management Modernization Program

For the past several years, the Department has pursued a Business Management Modernization Program (BMMP) aimed, in part, at correcting deficiencies in DoD's financial management and achieving the ability to receive an unqualified "clean" audit.

Do you support continuing the BMMP?

In the evolution of the Department's efforts to transform its business management practices, it is my understanding that the BTA has superseded the BMMP. I support the objectives of business management modernization and will work to make progress toward an unqualified audit opinion.

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

I would engage in BTA matters involving financial capabilities and standards and support the Secretary's role in deliberations of the Defense Business Systems Management Committee (DBSMC).

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 the defense business transformation goal of tiered accountability where enterprise-wide policy and standards are set by OSD and component-specific programs are managed by the components in conformance with those standards and policies. I support communication and coordination mechanisms to ensure both the centralized and decentralized aspects of the work are efficient and effective.

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

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

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.

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 architecture more readily supports the aggregation of financial data for reporting or to ensure that business performance data is useful for management decision-making.

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 Navy has fully satisfied only 10 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 will review the Comptroller General’s report and take his conclusions seriously. If confirmed, I will work closely with the Department’s Chief Information Officer as I review the financial improvement plans for the department to ensure that our investment in business systems is aligned to DoD’s objectives and guidance.

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?

I am not sufficiently knowledgeable about the maturity of the Navy’s enterprise architecture to comment. If confirmed, I will review the Comptroller General’s report and take his observations seriously.

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?

That is a specific remedy to an issue I do not yet fully understand. If confirmed, I will make it a priority to look into this matter, but at this time I am not able to comment.

GAO Recommendations for Reform

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”, DoD should give the leaders of its functional areas, or “domains,” control of systems investments.

What is your view of this suggestion?

Generally, I believe that control of investments should be delegated to lowest level capable of handling that control. At the same time, we have an enterprise-wide concern that requires some degree of top-down control and oversight. I am not conversant in the specifics of the “domains” referred to in the question but will look into that matter, if confirmed.

Mr. Walker testified that the Department of Defense should fix its financial management systems before it tries to develop auditable financial statements. He stated 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?

My research supports the Comptroller General's view that size and complexity are barriers to achieving unqualified audit opinions. It has also shown that heroic effort can sometimes result in improved audit reports but that such progress is generally unsustainable. Instead, well-designed information systems and business processes, leadership commitment, positive resource allocation and well-trained people are required to go beyond short-term gains in this area.

What steps need to be taken in the Navy and Marine Corps to achieve the goal stated by the Comptroller General?

I do not possess the level of detailed knowledge to adequately answer that question. If confirmed, that question will be a priority because, in my opinion, the Department will require leadership to continue strengthening, tightening, and improving business processes, systems, and the proficiency of its workforce.

Leasing Major Weapon Systems

The controversy surrounding the Air Force 767 tanker lease proposal raised significant concerns over leasing versus purchasing major military equipment. The Navy and Marine Corps have also entered several lease agreements in recent years for certain logistical support ships.

What is your opinion of the pros and cons of leasing versus buying major capital equipment? Is leasing a viable and cost-effective option for procuring Department of the Navy equipment, and if so, in what situations?

This is an area that I would intend to study carefully if confirmed. If confirmed, working with the Assistant Secretary for Research, Development and Acquisition, I would support policies requiring the completion of a business case analysis prior to a determination to buy or lease equipment. Each situation should be carefully reviewed and the results of the analysis should guide the decision process.

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?

When funding requirements are dynamic, long-range forecasts are less reliable. Dynamic operational demands require a higher degree of timeliness and flexibility. Supplemental

appropriations have the benefit of being more timely than the annual budget process and have greater flexibilities to support a the changing demands of a wartime fiscal environment. Navy's support of Operations IRAQI FREEDOM (OIF), ENDURING FREEDOM (OEF) and the Global War on Terror (GWOT) continues to require a higher tempo of operations than expected for peacetime operations. Thus it may not be practical to attempt to program and budget for a dynamic war as far in advance as the normal budget process requires. Therefore, it has been appropriate to fund the GWOT through the use of supplemental appropriations. I also recognize that the Department has identified projected GWOT costs along with the FY2008 budget, and, if confirmed, I would support this practice.

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. However I acknowledge that situations can occur where funds have been appropriated but not authorized. I understand that it has been the Department's practice to work with all the oversight committees to resolve these matters. If confirmed, I will respect the views and prerogatives of the Department's oversight committees and will work closely with the committees to achieve a resolution of the issues, as necessary.

Incremental Funding of Ships

Both the executive and legislative branches have traditionally followed a policy of full funding for major capital purchases such as ships. Recently, the Department of the Navy has begun relying on alternative funding methods for the purchase of ships, such as incremental funding or the purchase of an initial class of ships through RDT&E funds instead of normal procurement accounts.

What is your opinion of these types of funding strategies and of the pros and cons of incrementally funding ship construction?

I am aware that alternative funding approaches for ship acquisition have been undertaken but I am not sufficiently knowledgeable about these funding models to respond. Generally, I believe that the present challenges of Naval ship construction make it imperative that the Navy work with the Congress on appropriate financing policies.

Funding for Health Care Facilities

The conditions at Walter Reed Army Medical Center 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 Navy's responsibility for the construction, maintenance, and modernization of Navy medical facilities, including battalion aid stations which support the U.S. Marine Corps?

This is an area I would have to study in detail, if confirmed.

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?

This is an area I would have to study in detail, if confirmed.

What changes do you believe are necessary, if any, to improve quality and accountability for Navy and Marine Corps medical facilities?

This is an area I would have to study in detail, if confirmed.

DIMHRS

To address pay and personnel record keeping, and other personnel management requirements, DoD is developing the Defense Integrated Military Human Resources System (DIMHRS), an integrated, joint military personnel and pay system envisioned for use by all the services.

What is your understanding of the status of the development and implementation of DIMHRS in the Department?

I am aware that the Department is pursuing a DoD-wide solution for personnel management and pay through DIMHRS but I am not sufficiently knowledgeable on the details of this program to comment. If confirmed, I will make a point of understanding the financial impacts of this initiative.

What is your understanding of the Navy and Marine Corps views of the pros and cons of implementing DIMHRS?

I understand that DoN is committed to a transition to DIMHRS following the Army and Air Force, but I am not sufficiently knowledgeable on the details of this program to comment. If confirmed, I will make a point of understanding the financial impacts of this initiative.

Do you support the full implementation of DIMHRS into the Department of the Navy? If not, why not?

I am not sufficiently knowledgeable on the details of this program to comment. If confirmed, I will make a point of understanding the financial impacts of this initiative.

Families First

For over 10 years, U. S. Transportation Command and its subordinate command, Surface Deployment and Distribution Command, have worked to improve the process of moving service members' household goods. Implementation of the new system – “Families First” – will use a “best value” approach to contracting with movers that will focus on quality of performance, web-based scheduling and tracking of shipments, encouragement of door-to-door moves, and full replacement value for damaged household goods. It has been estimated that implementation of Families First would increase the annual costs for permanent change of station moves by up to 13 percent.

What is your understanding of the implementation of Families First and a full replacement value for damaged personal property in the Navy and Marine Corps?

This is an area I would have to study in detail, if confirmed. If confirmed, I will make a point of understanding the financial impacts of this initiative.

What is your understanding of the projected costs of Families First to the Navy and Marine Corps over the next five years?

This is an area I would have to study in detail, if confirmed. If confirmed, I will make a point of understanding the financial impacts of this initiative.

Do you support full implementation of the Families First program, including the development of the Defense Personal Property System, in the Department of the Navy?

I strongly believe we should support our Sailors and Marines and their families. Any proposal to make their household goods shipments simpler, more timely, with greater assurances and lower expense to the service member is worth serious consideration. I am not familiar with the details of the Families First program, but, if confirmed, I will certainly devote sufficient time to understanding it and its impact on the overall DoN budget.

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 Navy (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

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

Yes