

Advance Policy Questions for John Gibson II,
Nominee for Deputy Chief Management Officer of the Department of Defense

Department of Defense Reforms

The National Defense Authorization Act for Fiscal Year 2017 included the most sweeping reforms since the Goldwater-Nichols Department of Defense Reorganization Act of 1986.

Do you support these reforms?

Yes. If confirmed as the DCMO, one of my priorities will be to support the Deputy Secretary's focus in reorganizing the Office of the Secretary of Defense (OSD). Additionally, in pursuit of further management efficiencies, I will also work diligently to implement the specific provisions of the National Defense Authorization Act for Fiscal Year 2017 regarding OSD and other matters.

What other areas for defense reform do you believe might be appropriate for this Committee to address?

If confirmed, I will work the various reform-oriented reviews mandated in the National Defense Authorization Act (NDAA) for Fiscal Year 2017, which are still in progress. The results of these reviews will greatly inform any future recommendations that will be intended to provide for the efficient use of defense resources and improve the performance, management, and administration of the Department.

Duties and Qualifications [OP&DS]

Section 132 of title 10, United States Code, provides that the Deputy Secretary of Defense serves as the Chief Management Officer (CMO) of the Department of Defense. The Deputy Secretary is to be assisted in this capacity by a Deputy Chief Management Officer (DCMO).

What is your understanding of the duties and responsibilities of the CMO and DCMO of the Department of Defense?

The duties and responsibilities of the CMO are to assist the Secretary of Defense in managing the Department in an effective and efficient manner, and to identify and direct the business reform agenda.

What specific duties and responsibilities do you expect the Deputy Secretary to assign to you in your capacity as DCMO?

There are numerous initiatives underway for which the DCMO is already assigned, and if I am confirmed, it is expected the Deputy Secretary will regularly assign new tasks relevant to the overall goal of efficiency and effectiveness of the Department.

What background and experience do you possess that qualify you to perform these duties and responsibilities?

The bulk of my career has been serving the private sector in a variety of leadership roles from CEO to CFO in a diverse set of industries and environments. However, my time in the Department, in both OSD and the Air Force, has provided me with experience and exposure to the unique culture, operations, issues and processes associated with the Department.

As Deputy Under Secretary of Defense for Management Reform in the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, I was responsible for advocating management efficiency and streamlining financial operations within DoD, working closely with issues and organizations which remain key partners and stakeholders of the DCMO. Later serving as Assistant Secretary of the Air Force for Financial Management and Comptroller, being responsible for the Air Force budget, working on initiatives to improve cost estimates, budget projections, and analyses for senior decision makers throughout the Air Force. If confirmed, I am confident my combination of both private sector and public service experience will serve this office and the Department well.

Do you believe that the CMO and DCMO have the resources and authority needed to carry out the business transformation of the Department of Defense?

If confirmed in my new role and armed with a better understanding of my duties, the responsibilities of the office and the existing resources, I will consult with the Deputy Secretary and this committee, as to the status of the offices' existing resources, talent gaps, and solutions such as authorities to meet our responsibilities. It will be my intention to continue to keep the committee informed of this same issue on an ongoing basis. Also, if I find that there are shortfalls in either resources or authority to carry out my duties, I will consult with the Secretary and Deputy Secretary of Defense.

What role do you believe the CMO and DCMO of the Department of Defense should play in the planning, development, and implementation of specific business systems by the military departments?

The CMO and DCMO should lead the Department in establishing effective and efficient end-to-end business processes, which span the DoD enterprise. These processes should respect and be inclusive of the stakeholders while driving specific performance goals and standards, with the ultimate goal of providing an efficient and effective process to put in place systems to meet the users' needs. The DCMO has the responsibility to insure accountability of the military departments, OSD and Joint Staffs, and the Defense agencies and field activities in conforming to those processes. The DCMO should remain sensitive to the uniqueness of the users throughout this process.

Do you believe that the DCMO should have clearly defined decision-making authorities, or should the DCMO serve exclusively as an advisor to the Deputy Secretary in his capacity as CMO?

I believe the DCMO should have clearly defined decision making authorities, responsibilities and accountability in relevant areas. In areas where directive authority is not appropriate, then the DCMO should serve as the conduit for bringing Department-oriented business process recommendations to the Deputy Secretary either in the role of the CMO, or as the Deputy for the agency.

Relationships

What is your understanding of the relationship between the DCMO of the Department of Defense and each of the following?

Secretary of Defense

The Secretary of Defense exercises authority, direction, and control over the entire Department of Defense, and the Office of the Secretary of Defense (OSD) Principal Staff Assistants (PSAs) and their offices. Accordingly, the DCMO, as an OSD PSA, is responsible and accountable to the Secretary (and the Deputy Secretary) in the performance of DCMO duties.

Deputy Secretary of Defense

Under section 132 of Title 10, United States Code (U.S.C.), the Deputy Secretary of Defense serves as the Chief Management Officer (CMO) of the Department of Defense. Section 132a provides that the DCMO shall assist the Deputy Secretary in the performance of his/her duties as CMO. The Deputy Secretary of Defense has delegated duties and authorities to the DCMO to assist in effectively and efficiently organizing the business operations of the Department.

Defense Business Council

The Defense Business Council is the principal governance body for vetting issues related to management, improvement of defense business operations and other issues, to include performance management, pursuant to the GPRA Modernization Act of 2010. It serves as the Department's Investment Review Board for business systems, pursuant to section 2222 of Title 10, U.S.C. The Council is co-chaired by the DCMO and DoD Chief Information Officer.

Under Secretary of Defense (Comptroller)

The DCMO works with the Comptroller in the financial management of the Department via ownership of the information systems. Accordingly, the DCMO

plays an integral role in providing auditable financial statements. Direct involvement in the upcoming Department audit is a priority for this office.

Other Under Secretaries of Defense

The DCMO works directly with the other Under Secretaries in their respective, functional domains, to facilitate, support and improve key business processes, modernize business systems, and implement Department-wide management initiatives.

Assistant Secretaries of Defense

The DCMO works with the Assistant Secretaries in facilitating and supporting the efficiency and effectiveness of business processes and systems of their relevant areas of responsibilities in the Department of Defense.

Secretaries of the Military Departments

If confirmed, I expect to work closely with the Secretaries of the Military Departments to create a relationship which promotes and ensures an environment of continuous process improvement in the business operations aspect of their service, all being consistent with the management and modernization objectives of the Secretary of Defense and the Deputy Secretary of Defense

Chief Management Officers of the Military Departments

The Under Secretaries of the Military Departments serve as the CMOs of their respective organizations and, as such, have enterprise responsibility for overseeing business operations within their departments. The Office of the DCMO should foster a continuous and direct relationship with the Service CMO's to coordinate, support and facilitate continuous improvement in the business operations to share best practices. If confirmed, it is my intention to work closely on an ongoing basis with the CMOs of the Military Departments to support and enhance an environment where continuous improvement in efficiency is standard.

Investment Review Boards of the Military Departments

The DCMO provides direction and guidance to the pre-certification authorities of the Military Departments to ensure the consistency and rigor of the investment management process throughout the Department. The Defense Business Council, which is co-chaired by the DCMO and the CIO, reviews the results of the Service investment reviews.

Comptrollers of the Military Departments

The DCMO works with the Comptrollers of the Military Departments to support the modernization of financial systems and processes, and ensure business modernization efforts within their areas of responsibility are carried out in a coordinated manner, consistent with the program goals and objectives established by the Secretary and the Deputy Secretary. As the responsible party for information systems, the DCMO co-chairs the Financial Improvement and Audit Readiness Governance Board. In this capacity, the DCMO is a partner with the Comptrollers of the Military Departments in their efforts toward achieving a successful financial audit of the Department.

Business Transformation Offices of the Military Departments

The Under Secretaries of the Military Departments, in their capacity as CMOs, oversee the business transformation of their respective departments. The DCMOs of the Military Departments manage business activities on a day-to-day basis and are members of the Defense Business Council (DBC), which is co-chaired by the DCMO and the CIO. The DCMO leverages the DBC to coordinate and insure the Military Departments implement and execute the business management and modernization objectives of the Secretary and Deputy Secretary.

Inspector General of the Department of Defense

The DCMO responds to inquiries and recommendations of the Government Accountability Office and the DoD Inspector General relative to defense business operations and the operation of the Office of the DCMO.

General Counsel of the Department of Defense

The DCMO receives legal advice and guidance from the General Counsel of the Department of Defense on matters relating to the DCMO portfolio, including defense business operations and the operation of the Office of the DCMO. The DCMO should always consider the legal aspects of any of its activities to insure the actions are being executed consistent with existing laws, rules and regulations.

Directors of the Defense Agencies

Currently, the DCMO is directly responsible for the Washington Headquarters Services and the Pentagon Force Protection Agency. The DCMO currently works with other Defense Agencies and DoD Field Activities aligned under other OSD PSAs to facilitate, support and drive the Department's business transformation goals.

Defense Business Board

While the sponsor for the Defense Business Board (DBB) is the Deputy Secretary of Defense, the DCMO serves as the DoD Administrative Sponsor, and provides

administrative support and ensures DBB compliance with the Federal Advisory Committee Act. The DBB is a valuable external resource to provide expert, efficient and independent insight, direction and expertise on issues facing the Department all with the goal of executing the most efficient and effective solutions.

Department of Defense Management Reforms

The National Defense Authorization Act for Fiscal Year 2017 created the position of Chief Management Officer (CMO), scheduled to take effect on February 1, 2018. The CMO will manage the business operations of the Department of Defense and establish policies on business transformation, business planning and processes, performance management and business information technology management, and improvement activities and programs. Moreover, the CMO has the authority to direct the Service Secretaries and the heads of all other elements of the Department in these matters.

What are your views on the new CMO position?

I have some familiarity with the history behind the most recent legislation. I find it logical that its underlying concept of the size, scope, culture, and complexity of operations requires the need to divest the CMO duties from the Deputy Secretary. Segregating the duties with consistent, distinct roles and responsibilities only makes sense.

What would be the most effective approach to implementing the CMO position, and what additional resources or flexibilities would be needed to do so?

If confirmed, it will be my intention to administer this office in the most lean, efficient and effective manner, leveraging the existing talent and resources of the Department (services, agencies) as well as interagency and external resources, to achieve the goal of driving greater efficiencies in business operations across the Department. Another goal will be to institutionalize this culture and behavior.

If confirmed, what would be your priorities prior to the implementation of the new position in February 2018, and what resources would you need to achieve these priorities?

If confirmed, an immediate priority will be to fully understand the details associated with this new position and work to establish a relevant yet efficient framework to appropriately execute the role and responsibilities of the CMO. If I am confirmed, I will work with the Deputy Secretary, the Secretary and this committee to coordinate and be prepared to effectively execute these duties when the position is effective.

Prior to February 2018, what actions will you take to ensure that the stand-up of this new role proceeds smoothly and seamlessly?

If confirmed, I will work with the Secretary of the Defense, the Deputy Secretary of Defense, this committee, OSD, the Services and other related agencies to communicate, collaborate and plan for a smooth, understood and well executed transition.

Section 911 of the National Defense Authorization Act for Fiscal Year 2017 also highlighted cross-functional teams as a major new organizational tool available to the Secretary of Defense.

What are your views on the potential focus areas and uses for future cross-functional teams within the DCMO purview?

Cross-functional teams that report directly to the Secretary of Defense, as stipulated in Section 911, are essential to delivering valuable recommendations on priority issues and opportunities facing the Department. More specifically related to the DCMO, cross-functional teams focusing on improving business operations are foundational to identifying and implementing efficiencies in the Department's overhead, which frees those resources for mission related needs.

Major Challenges and Priorities

In your view, what are the major challenges confronting the DCMO?

In my view, which is currently limited, the major challenges facing the DCMO in the most effective execution of its responsibilities are: having the timely, accurate and relevant information on which to make good business decisions about Departmental processes; the authority to either direct or provide recommendations for changes to Departmental processes; and relevant performance standards against which to judge the changes.

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

If confirmed, I will work to rectify the weaknesses in each of these areas. This will include working with the Deputy Secretary and Secretary on the proper governance and authorities; working with the Comptroller and CAPE, and the involved functional community, to understand the resources and task outcomes required to ensure mission support for the Department. I will also ensure that we have agreed-upon performance goals for affected mission areas against which we will measure progress.

If confirmed, what broad priorities would you establish with respect to issues that must be addressed by the DCMO?

If confirmed, my consistent measure of success will be: does the work of the DCMO contribute directly to the mission effectiveness and lethality of the combat force. As a result, I will constantly ensure that these support processes are conducted in the most efficient manner possible, allowing the Department the flexibility to reallocate resources to readiness and capital investment in its mission capabilities.

Relations with Congress

What are your views on the state of the relationship between the Office of the DCMO and the Senate Armed Services Committee in particular, and with Congress in general?

If confirmed, I believe an open, transparent and ongoing engagement with Congress, including its committees and members, to be essential to effecting genuine and long lasting reform within the DoD. I intend to share my plans and assessments on an ongoing basis with members of this body, to effect solid communication, awareness and support in the event implementation of changes might require your support and approval. I look forward to a continuing, productive dialogue.

If confirmed, what actions would you take to sustain a productive and mutually beneficial relationship between Congress and the Office of the DCMO?

If confirmed, it would be my intention to communicate open and regularly with Congress to convey our accomplishments, any of our work in process, any challenges and any areas the support of Congress would be helpful to achieve our common goal of making the Department as efficient and effective as it can be.

Recent National Defense Authorization Acts have made major changes to Defense Department senior leadership positions, reporting relationships, authorities, and responsibilities.

What is the Department's ability to absorb this tempo of organizational changes?

From my superficial and early understanding, the absorption is going at a greater pace than the historical norm, but much opportunity for improvement in pace exists.

What advice would you give to Congress when contemplating further changes?

Strong, ongoing communication among all the parties will drive a mutual understanding of outcomes, challenges and risk which will then will allow for changes to be implemented in the most efficient and effective manner.

Management Goals

If confirmed, what key management performance goals would you want to accomplish, and what standards or metrics would you use to judge whether you have accomplished them?

If confirmed, I expect to focus on maintaining or increasing support to the Department in its efforts to continuously improve the efficiency and effectiveness of its business operations. It will be important for me, if confirmed, to assess the quality of the data and

metrics that are available for tracking progress and ensure that metrics are developed to demonstrate progress toward goals.

The GPRAMA Modernization Act of 2010 (GPRAMA) made the Deputy Secretary of Defense—as the Chief Management Officer and Chief Operating Officer— responsible for improving the management and performance of the Department of Defense. The DCMO serves as the agency Performance Improvement Officer under GPRAMA and is to advise and assist the CMO in areas such as performance planning and measurement.

If confirmed, what actions would you and your office take to prioritize, as well as improve, the Department’s ability to plan for and manage achievement of performance goals across the Department?

It is my understanding that the Office of the DCMO, in its role as the lead for the development of the DoD Agency Strategic Plan, should follow OMB’s recommended practices. Also, the DoD Agency Strategic Plan should demonstrate an alignment between priority goals and strategy, help manage the achievement of performance goals, and be used to track and assess the implementation of business reform initiatives. If confirmed, my responsibilities as the DCMO will include making recommendations on strategic goals; having continuous focus on the execution and attainment of those goals; and, leveraging my role as a member of the Deputy Secretary’s Management Action Group, to ensure proper alignment of resources to achieve Department priorities.

As required by GPRAMA, the prior Administration established certain cross-agency priority goals, such as benchmarking of mission support operations, cybersecurity, and security clearances, to which the Department of Defense must contribute.

If confirmed, what actions would you take to ensure that the Department is contributing to government-wide success on cross-agency priority goals?

I understand that one of the duties of the DCMO is to serve as the Department’s representative to the President’s Management Council, which has responsibility for cross-agency priority goals. If confirmed, I expect to coordinate DOD support for appropriate cross-agency goals to ensure the success of both the Department and the success of the broader federal agency community.

In July 2015, the Department of Defense issued its first Agency Strategic Plan, which presents the Department’s enterprise strategic goals and objectives, and a performance management framework to evaluate effectiveness and make informed management decisions. This document fulfills the requirements of GPRAMA and section 904 of the National Defense Authorization Act for Fiscal Year 2008 as the Department’s highest-level plan for improving defense business operations, in alignment with the Quadrennial Defense Review and the Performance Budget.

If confirmed, what actions would you and your office take to ensure the timely development of a Department-wide strategic plan that can effectively improve

business operations while supporting the warfighter during an environment of continued budget austerity?

It is my understanding work is underway on a revised Agency Strategic Plan, which conforms to both GPRAMA and NDAA requirements. If confirmed, I will work with the Department to complete this plan by established deadlines and continue to improve the Department's ability to objectively track and assess its performance.

Staffing and Resources

The National Defense Authorization Act for Fiscal Year 2014 contained a provision requiring the Secretary of Defense to develop a plan for streamlining Department of Defense management headquarters by reducing the size of staffs, eliminating tiers of management, cutting functions that provide little or no additional value, and consolidating overlapping and duplicative programs and offices. Further, the National Defense Authorization Acts for Fiscal Years 2016 and 2017 mandated a reduction of 25% and cost reduction of \$10 billion in the size of the Department's headquarters, and capped the number of individuals in the Department's Senior Executive Service.

GAO reported that "DOD's data on its headquarters personnel lacked the completeness and reliability necessary for use in making efficiency assessments and decisions." Further, their report indicated that the Department "did not have a clear or accurate accounting of the resources being devoted to management headquarters to use as a starting point to track reductions" to such headquarters. Recently, GAO notified this Committee that the reductions in the size of headquarters that the Department was claiming could not be validated with data.

In your view, is GAO correct? If so, and if confirmed, what will you do to address these issues?

My understanding of the full details of GAO's conclusions is limited. However, if confirmed, I will review the relevant information to understand and assess where the Department stands on tracking these reductions.

What is your view on reductions to the size and composition of Department's management headquarters?

My philosophy is every effort should be made to ensure organizations operate in the most efficient and effective manner across all operations, including the general and administrative functions. Any organization should continuously work to maximize its efficiencies by combining, leveraging shared/corporate services, while respecting unique and decentralized missions. If confirmed, I will make every effort to ensure that planned reductions to headquarters activities are achieved while, at the same time, being aware and sensitive to the balance of maintaining mission success.

What are the impacts of the management headquarters reductions on Department capabilities and execution of designated responsibilities and missions?

Since I am only a nominee, I am not in a position to comment on the impact to DoD of the mandated reductions to its headquarters. If confirmed, I will work across the Department to ensure headquarters activities are structured to support only essential functions in the most efficient and effective manner.

If confirmed, what role do you expect to play in ensuring savings are achieved?

If confirmed, I expect to work, directly with the Under Secretary of Defense (Comptroller) and the Director of Cost Assessment and Program Evaluation throughout the Planning, Programming, Budgeting, and Execution cycle to ensure that resourcing levels are carefully assessed and optimally managed. I will also work closely with the Deputy Secretary, and the Under Secretaries of the Military Departments, as well as other leadership in the Department, to ensure resources are used responsibly.

Do you believe that the Department can achieve significant additional savings in this area?

Yes. I believe that there are cost savings efforts that can still be achieved.

What types of expertise do you believe the Office of the DCMO needs to effectively carry out its mission?

The personnel in the Office of the DCMO need expertise in business systems; financial management; cost accounting; business process reengineering; business case analysis; program assessment; and an underlying awareness, appreciation and instinct to drive efficiency on a continuous basis. The office also needs experienced personnel with an understanding of the organization, management, and business processes of the Department of Defense.

What mix of employees, contractors, and individuals detailed from other organizations inside and outside the Department should the Office of the DCMO rely upon to provide it with needed expertise?

Without prior experience in this role, as a nominee it is not appropriate for me to comment on this subject. If confirmed, this area will be an issue to focus on.

Do you believe the Office of the DCMO has the staffing, capabilities, and resources needed to effectively carry out its mission?

Without any prior experience in this office, as a nominee it would be premature of me to offer any comment at this time. However, if confirmed, this will be an issue I will consistently manage to meet the responsibilities of the office.

Defense Agencies and Field Activities

The Department has more than 25 defense agencies and field activities, whose diverse missions range from health care to logistics to media. A large subset of these agencies and activities perform “business support” functions. Currently, these entities are overseen by a principal staff assistant from the Office of the Secretary of Defense, but wide spans of control (e.g., USD AT&L has responsibility for seven agencies) has led to a lack of oversight.

What is your view on current oversight of this community?

As a nominee I have no experience or exposure to this issue. However, based on the duties of the DCMO, it will be inherent in me, if confirmed, to become more aware and active in this issue.

If confirmed, what steps would you take to ensure that the feedback of those “served” by these agencies is being taken into account and reflected in improved performance?

If confirmed, as a standard best practice in any business, customers/users of the Defense agencies need to be integrated into the performance metrics along with providing their feedback.

One proposal advocated by some defense reformers for decades has been the centralization of these agencies under the direction of a single executive for “shared services” in order to encourage their efficient operation.

What are your views on this proposal?

Centralization of “shared services” is a common best practice in the private sector and has demonstrated significant, positive efficiencies as long as the mission related (customer deliverables) are respected in the process. If confirmed, I believe this is an essential, ongoing process which must always be evaluated.

Assistant Secretary of Defense for Energy, Installations, and Environment

In your view, where is the most appropriate location in the Department of Defense for the position of Assistant Secretary of Defense for Energy, Installations, and Environment?

My understanding of all of the specifics of this issue are currently limited. If I am confirmed, I will study all available options and determine the best location for this office, consistent with its efficient and effective operation in the Department.

Digitizing Business Processes and Business System Portfolio Management

Section 2222 of title 10, United States Code, pertains to Department of Defense business processes and systems.

What are your views on the current state of Department business processes relative to the best practices of the public and private sector?

As a nominee, my knowledge of this area is limited. If I am confirmed, I believe there will be opportunities to adopt the private sector's best practices to improve the Department's business processes.

What are your views on the importance and role of timely and accurate financial and business information in managing operations and holding leaders accountable?

Timely, accurate and relevant financial and business information is fundamental to making good business and operating decisions in any organization.

What is your understanding of the role of the DCMO in the Defense Business Council (DBC), and the development and acquisition of defense business systems?

My current understanding is somewhat limited, however, I am aware that the DCMO co-chairs the DBC with the Chief Information Officer (CIO). The DBC facilitates the transparency needed in the business environment, and works to ensure there is alignment between the requirements of the mission support communities (led by the DCMO); the management of individual programs (led by the acquisition community); and the supporting information technology (IT) infrastructure (led by the CIO community) of any capability. If confirmed as the DCMO, I will continue to promote these partnerships and use this role in the DBC as one of the methods the office has to be a facilitator of process improvement.

What business problems do you believe represent the greatest challenge for the Department of Defense?

Size, complexity, and mission, along with less than timely, accurate and relevant information, all contribute to the business challenges facing the Department.

What business problems do you believe are solved in the commercial sector—through establishment of best commercial practices or of commercial off-the-shelf solutions—and that the Department has been slow to adopt?

Since I have not been involved with the Department in recent times, I cannot comment specifically. However, the ability for the private sector to readily select and install commercially available products and services allows for a unique agility in operations. If confirmed, it would be an ongoing focus of mine to drive best practices, integration and use commercial approaches wherever and whenever possible.

What, if any, business problems do you believe to be so unique to the Department of Defense that it must develop its own custom solutions and systems to address them?

Without a doubt, the mission of the Department is truly unique. As a unique customer, it should be respected as any similarly situated customer would be and is in the private sector. However, just as with any business delivering a product or service, as the business process moves away from the unique mission, the opportunity for common, shared services exists. This will always have to be balanced within the context of the Department's mission.

Taking into account the military services' role and authorities, how do you plan to execute your portfolio management responsibilities, if confirmed?

It has been my privilege to have been involved in both OSD and a branch of service during my career. This provided me with a great appreciation of the perspective of both. If confirmed, I will endeavor to retain the appreciation of both perspectives – all with the goal of achieving the common objective of driving a more efficient and effective business.

In finding solutions to business problems, what role do you envision playing in ensuring that a sufficient level of business process re-engineering is completed prior to a determination that the appropriate solution is to acquire a new business system?

From my experience, the investment of coordination and collaboration among all stakeholders in advance to achieve buy in is essential to finding the appropriate solution to any system which meets all the goals of all involved, If confirmed, I believe my role will be to manage an end-to-end process that is clearly defined (including roles for stakeholders) and that we have measurable business outcomes that we are seeking to achieve.

What metrics do you believe should be used to maximize the use of commercial-off-the-shelf systems and minimize customization to address unique requirements?

“Make or Buy” decisions on products and services are everyday processes in the private sector and the selection of COTS products would be no different. Integration and buy in of all stakeholders into the setting of requirements in advance is essential

Do you believe that the DBC has the expertise and resources needed to conduct a meaningful, independent review of proposed business system modernization programs, or is the DBC reliant on the representations made by the military departments and their program managers?

At the present time, I cannot assess the DBC's expertise. If confirmed, I will review, understand and be better prepared to add value to the processes of that organization and make changes as appropriate.

What recommendations, if any, do you have for improving or changing the DBC review process?

The DBC presents a solid opportunity as a tool to drive efficiencies. If I am confirmed, I plan to review the DBC process and look for opportunities to make it even more effective.

How will you access the capabilities of industry and management experts in academia to assess and improve the business processes?

It is important that any organization access and leverage any and all resources to achieve its goals. If confirmed, I will use the internal, inter agency and external resources such as in industry, academia and any others that will help meet the Department's talent needs to make it as efficient and effective as possible.

GAO High Risk List

The Department of Defense remains on the High Risk List of GAO in the following areas:

- 1) Business Transformation**
- 2) Business Systems Modernization**
- 3) Support Infrastructure Management**
- 4) Financial Management**
- 5) Supply Chain Management**
- 6) Weapon System Acquisition**
- 7) Contract Management**

What is the role of the DCMO for enabling the Department to be removed from the GAO High Risk List in each of these areas?

The DCMO is the senior official of the Department of Defense with primary responsibility for business transformation. This transformation will require a dedicated effort on an ongoing basis. If confirmed, I plan to give the effort my highest priority.

How should Congress take into consideration the Department's presence on these lists when considering the authorization and appropriation of funds in these areas?

If confirmed, I intend to make GAO's High Risk areas and all GAO recommendations an area of my constant focus. Congress can use the Department's presence and progress on

the High Risk areas as one of many sources of information to help it make informed decisions.

Financial Management and Audit

The Department of Defense has been unsuccessful in obtaining a clean audit opinion for over 25 years.

What is the value of obtaining a clean audit opinion to the Department, warfighters, and taxpayers?

Timely, accurate, relevant and credible information is essential to effectively managing a business and making our warfighters the most lethal they can be. In addition, a clean audit will demonstrate to the taxpayers that the Department of Defense is a solid steward of their hard-earned funds.

What is your understanding of the Department's efforts and progress toward the goal of being able to produce auditable financial statements?

My knowledge of this subject is limited at the present time. However, I understand that the entire Department is committed to be under a full audit in fiscal year (FY) 2018.

What is your assessment of the current version of the Financial Improvement and Audit Readiness (FIAR) plan prepared by the Department and its value to the Department?

Again, my knowledge of this subject is limited at the present time. My understanding is that the Department has made steady progress toward auditability. However, many challenges exist in its system and process environment. I cannot comment specifically on the current FIAR plan. However, my understanding is that it is a useful tool to track and report on the Department's corrective action plans to demonstrate its progress toward obtaining a clean opinion.

What steps do you believe the Department should take to improve the FIAR plan?

Given my limited knowledge of the details of the plan at the present time, I am not in a position to comment or to outline any specific steps to improve it.

If confirmed, what role do you expect to play in the Department's efforts to produce auditable financial statements?

If confirmed, it will be my responsibility to work as a partner with the Under Secretary of Defense (Comptroller) to make progress in the audit process. This will be a top priority. Additionally, our role would be to co-chair the oversight body with the Comptroller, and institute enterprise-wide actions to fix systems, processes and behavioral issues.

Is the Department likely to meet the current statutory objective for ensuring that its financial statements are validated as ready for audit?

It is my understanding is that the Department is committed to meeting its statutory audit deadlines and if confirmed, I commit to achieving the Department's audit timeline.

What is the likelihood that this audit will produce a clean opinion? In your view, how long is it likely to be from the time when the Department certifies its financial statements as "ready for audit" to the time when the Department achieves a clean audit opinion? If confirmed, what specific actions would you propose taking to promote compliance with the statutory objective?

As with any first time audit, the challenges to achieving a clean opinion will be many. Given the size, complexity and scope of the Department it is hard to predict the timing of achieving a clean opinion. However, we do know that to achieve a clean opinion requires starting the process. The current plan is a strong, positive milestone. If confirmed, I will commit to supporting this process as one of my priorities with the goal of achieving a clean opinion as soon as possible.

What is your understanding of what the validation of audit readiness means? What steps will the Department go through to validate its financial statements as ready for audit and when will these steps be taken?

Validation is an essential step to any audit process, and to the best of my knowledge, DoD has done a series of audits and examinations to validate that it has the capabilities to start and support financial statement audits. It is my understanding that the Department's immediate goal is having the infrastructure in place to undergo a full audit that results in actionable feedback.

How will the costs and delays of implementing major Enterprise Resource Planning (ERP) systems in the Department affect its ability to achieve an auditable Statement of Budgetary Resources (SBR)?

My understanding of this issue is limited at the present time. However, it is my understanding that although DoD faces many system challenges, these challenges should not prevent it from beginning an audit. Should I be confirmed, I will be actively involved in the review of the costs and schedules of ongoing major ERP implementations and their impact on the audit and efforts to mitigate any risks.

Do you believe that responsible personnel (e.g., financial management within the services and Comptroller's office) should be required to have audit-related experience in order to fill their roles?

This is not in my area of expertise. Therefore, I cannot provide a useful response.

What incentives are in place to ensure that DOD departments and agencies pay enough attention to and provide enough resources to the process of obtaining and maintaining clean audit opinions? How do these organizational and individual incentives compare to those in the private sector?

Metrics, tracking, reporting and accountability are common tools in achieving success in any effort and applying these to the goal of obtaining and maintaining a clean audit opinion in the Department is no different. Using personal and organizational incentives is also a part of the process. Using them in this situation would be very appropriate taking into account all other factors.

What steps will you take to ensure that organizations and individuals have the proper incentives to appropriately prioritize audit activities and the goal of obtaining and maintaining clean audit opinions?

If confirmed, as a key actor in the audit process, it would be my responsibility to insure that the Department meets the statutory deadline for the audit to start and to use the optimal method to achieve success.

Given the lack of a clean audit opinion, numerous cases of fraud and abuse, and the lack of controls over improper payments in the Department of Defense, do you think that the Department can effectively, efficiently, and transparently execute the increased budgets being contemplated by the Administration and Congress?

In general, the inability of obtaining a clean opinion does not necessarily correlate to waste, fraud or abuse. But, it does reflect on the creditability of the information and process involved. Addressing both of these issues are essential as they are common metrics as to being good stewards of the resources entrusted to the organization, which is and should always be foundational in the Department's operations.

Business Transformation

Since 2005, GAO has designated the Department of Defense's approach to business transformation as "high risk" due to its vulnerability to waste, fraud, abuse, and mismanagement. However, more recently, GAO has found that the Department has not implemented leading performance management practices for federal agencies in the area of business transformation. GAO also found that the Department's performance measures are "not clear, comprehensive, or aligned with its strategic goals."

Do you believe that the Department needs to more clearly define roles and responsibilities, as well as relationships among key positions and governance entities?

My detailed knowledge here is limited, however, with many of the ongoing changes occurring in the Department's structure, composition, and leadership, it is essential a strategic plan is in place, communicated and the roles and responsibilities for all those

responsible in executing the plan are clearly defined, understood and adhered to. If confirmed, it would be my responsibility as a member of leadership to insure this is in place and being executed on a consistent basis.

If so, what steps do you believe the Department should take to achieve this objective?

If confirmed, as a leader in the area of business management, it would be my responsibility to understand the current posture and continuously offer direction to have the roles and responsibilities meet the mission and business objectives.

If confirmed, what steps, if any, would you take to more clearly define the Department's strategic planning process, including mechanisms to guide and synchronize efforts to develop strategic plans; monitor the implementation of reform initiatives; and report progress, on a periodic basis, towards achieving established goals?

It is my understanding; the Deputy Secretary of Defense has recently undertaken a series of reforms to improve the strategic planning process, including the reshaping of the certain governance processes. If confirmed, I will work with the Deputy Secretary and others to identify, and implement improvements to these processes on a continuous basis.

Given the need for accessible and complete data to effectively manage enterprises, how will your efforts in this area encourage the sharing and availability of management data between Department components?

Access to timely and relevant data is a challenge that continues to hamper the effectiveness of DOD leadership as it is essential to making best decisions on a timely basis. The role of the DCMO is to facilitate more efficient business operations and the accessibility of timely and relevant data to all where it is valuable to achieving this goal. If confirmed, I will fully support this endeavor, and as DCMO, would use my office as a key catalyst and champion of this effort.

Military Health System Reorganization

Section 702 of the National Defense Authorization Act for Fiscal Year 2017 transferred direct oversight and management of military hospitals and clinics from the military services to the Defense Health Agency (DHA). The Committee has received the Department of Defense's two interim reports on Section 702, which described the Department's intent to develop a component model to administer and manage military hospitals and clinics. Under this component model, the Department would establish service intermediary medical commands, and those commands would be subject to two separate lines of authority – DHA and the services.

If confirmed, will you be involved in the Department's efforts to restructure and reorganize the military health system?

As this effort will strongly contribute to making the Department more efficient and effective, yes I would be involved in this effort.

In your view, would a component model, with establishment of new intermediary medical commands under two separate lines of authority, make the military health system flatter, more agile, and more efficient?

In general, streamlined, standard business processes with performance targets increase the chances of any model becoming more agile and efficient. However, my familiarity with this issue is very limited. If confirmed, my intent as Deputy Chief Management Officer is to champion the streamlining of any business operation if possible and this issue would be no different.

If confirmed, would you recommend that the Department reevaluate the decision to proceed with a component model to implement section 702?

Again, my knowledge at this point on this issue is limited, however, if confirmed as Deputy Chief Management Officer, my role would be to continuously evaluate all the department's business operations on a continuous basis through analysis of performance and to seek opportunities for improvement. This would include ongoing evaluation of the Department's plans for reforming the military health system.

If confirmed, would you ensure that services reduce their medical headquarters staffs and infrastructure (including regional command staffs and infrastructure) to reflect the more limited scope and size of their health care missions?

If confirmed as the DCMO, it would be consistent for our office to ensure the progress in achieving all efficiency targets are being reporting, and this would be included as a top reform initiative within the Department.

Geographic and Functional Combatant Command Mission and Headquarters Costs

In May 2013 and June 2014, GAO reported on the considerable growth that has occurred over the last several years in the mission and headquarters-support costs of the geographic and functional combatant commands. GAO found that the commands do not conduct comprehensive, periodic evaluations that would help them ensure that they are properly sized and structured. As a result, there is little assurance that these commands can manage resources efficiently and meet their assigned missions. Through Business Process and System Reviews of the Office of the Secretary of Defense and associated defense agencies, the Office of the DCMO identified opportunities for savings through restructuring and reorganizing resources to ensure that they are properly aligned with desired outcomes.

What is your understanding and assessment of GAO's findings, as well as the potential savings identified as part of the Business Process and Systems Reviews?

My awareness of the GAO finding is limited, however, if confirmed, I would welcome any and all inputs on methods and opportunities to make the Department more efficient and effective and I consider GAO a valuable tool to do so. If GAO has identified some steps that the Department has taken to control those costs, I will certainly make myself aware of such and continue to work with GAO in the future.

If confirmed, would you recommend that the geographic and functional combatant commands be subject to such reviews? If so, what actions would you propose or take to require and implement such reviews?

In general, any organization should be subject to independent reviews with the intent of providing positive suggestions and details towards improvement. Any review should always appreciate the unique nature of the mission and organization as it considers the overall information. If confirmed, I will continuously consider any and all ways to facilitate ongoing reviews.

In your view, how might the results of such reviews, if conducted, be used to improve the strategic analysis and decision-making processes associated with the Unified Command Plan?

Without detailed knowledge of this specific issue, I am hesitant to comment in detail. However, relevant information is essential to making good business decision and the information provided by third party reviews is often a very valuable tool to the overall information pool.

Security Clearances

The Department of Defense faces a large and growing backlog of security clearances, which has resulted in extensive delays to employees and contractors hoping to work for the Department. Fundamentally, this problem is a process design issue—the current security clearance process has not changed for decades, is inefficient, and would benefit from a thorough review of its practices. Ultimately, the challenge lies in taking steps to reduce processing time while upholding government-wide standards for security.

What role do you envision the DCMO playing to address this challenge?

My limited understanding of this issue is the DCMO has been working with stakeholders in the OSD staff to address opportunities to improve the security and suitability issues. I am aware the backlog in clearances impacts not on the Department but the entirety of the federal government as well as industry. If confirmed, I will assess the DCMO role and determine if/how this office can play a role in improving this issue.

How should the Department work with other stakeholders, such as the security executive agent (ODNI) to ensure reciprocity and other policies?

Involvement of the stakeholders on an integrated, collaborative basis is clearly required. If confirmed, I will ensure these stakeholders are fully engaged.

Department of Defense Conference Policies

If confirmed, what role will you play establishing Defense Department conference approval processes?

My limited understanding in this area is the DCMO is responsible for the overall DOD conference approval policy. If confirmed, I will work to ensure that this policy appropriately balances the benefits of DOD presence at appropriate conferences with the need to be judicious in expending the Department's resources, consistent with applicable legal requirements.

How will you assess the impact of these policies on the missions of Department organizations and the value of the policies relative to the costs of their implementation?

As is common with this issue across industry, many conferences have a genuine professional value in terms of peer exposure, training, and professional growth. If confirmed, I expect to work with the functional communities within the Department to ensure the conference policy best supports the missions of DOD organizations and the development of DOD personnel in as efficient and timely a manner as possible, while always being mindful of the most efficient use of resources.

GAO has recommended that “the Secretary of Defense direct the Secretaries of the military departments, in coordination with the Office of the DCMO, to establish time frames for providing conference review and approval decisions based on applicants’ needs.”

Do you agree with this recommendation? Why or why not? How would you develop the time frames that GAO recommends?

Setting deadlines and tracking performance along with accountability are all essential to an optimal outcome in any program, and I agree with the recommendation. If confirmed, I will work with involved stakeholders to address concerns about the timeliness of the review and approval process.

Congressional Oversight

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

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

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 in a timely manner?

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 this Committee regarding the basis for any good faith delay or denial in providing such documents?

Yes.

Do you agree to answer letters and requests for information from individual Senators who are members of this Committee?

Yes.

If confirmed, do you agree to provide to this Committee relevant information within the jurisdictional oversight of the Committee when requested by the Committee, even in the absence of the formality of a letter from the Chairman?

Yes.