

Advance Policy Questions for David L. Norquist
Nominee to be Under Secretary of Defense (Comptroller)

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, based on my understanding of their purpose.

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

I have no recommendations at this time, but I understand that both the Secretary of Defense and the Director of the Office of Management and Budget (OMB) have issued guidance for DoD to undertake studies of opportunities for reform. Should I be confirmed I would fully support those efforts.

Duties

What is your understanding of the duties and functions of the Under Secretary of Defense (Comptroller)? How will you prioritize them?

The duties and functions of the Under Secretary of Defense (Comptroller) are described in Section 135 of title 10 and in Section 902 of the Chief Financial Officer (CFO) Act. It includes supporting the Secretary of Defense by advising on all financial management matters; overseeing the financial management activities of the Department to include establishing and supervising the execution of policies; developing and maintaining integrated agency accounting and financial management systems; supervising and directing the preparation of budget estimates of the Department of Defense; monitoring the financial execution of the budget; overseeing the preparation and submission of financial statements and supporting the recruitment and training of the financial management workforce.

My two highest priorities would be preparing the budget to ensure the Department has the resources to accomplish its mission and using the financial statement audits to drive improvements in the Department's financial management activities, systems and reports.

What recommendations, if any, do you have for changes in the duties and functions of the Under Secretary of Defense (Comptroller)?

None at this time.

Section 135 of title 10, United States Code, designates the Under Secretary of Defense (Comptroller) as the Chief Financial Officer of the Department of Defense.

What do you believe would be your major responsibilities as Chief Financial Officer?

By designating the USD (Comptroller) as the CFO of the Department of Defense this specifically incorporates the responsibilities identified in the CFO Act. I included those responsibilities in my description of the duties and functions of the Comptroller because they are interconnected.

However, to the extent that some see the term Comptroller as primarily relating to the budget, the addition of the title CFO highlights and emphasizes the responsibilities for accounting, financial systems, and internal controls. I believe that a major responsibility of the CFO over the next several years is to support the audits of the services and defense agencies and to develop, implement and oversee an effective process of fixing issues identified during the audit.

Qualifications

The duties of the Comptroller of the Department of Defense (DOD) are set forth in section 135 of title 10, United States Code, and in DOD Directive 5118.03. Among the duties prescribed are advising and assisting the Secretary of Defense in the preparation of budget estimates, establishing and supervising the execution of policies as it pertains to budget preparation, budget execution, and accounting, and reporting of Department of Defense funds.

What background and experience do you possess that qualify you to perform the duties of the Comptroller?

I have over 25 years of experience in Federal financial management to include assignments at a field site, a major command, a service headquarters, the Office of the USD (Comptroller), another CFO Act agency (DHS), a Certified Public Accounting firm and for the Congress. These assignments provide a breadth and depth of experience that is directly relevant to the position of USD (Comptroller) / CFO.

For example, as the CFO of the Department of Homeland Security (DHS) I was responsible for preparing, justifying and executing a \$50 billion agency budget. In addition, I managed and provided policy guidance and oversight of DHS financial management activities, operations and over 1,500 financial management personnel. This included directly managing a staff of 120 with responsibility for programming, budgeting, executing funds, preparing financial statements, strengthening internal controls, consolidating financial systems and coordinating with external auditors.

I have also seen how financial management processes are executed in the field. As Director of Resource Management at Menwith Hill Station, a military field site in England, I managed a budget of \$20 million and a diverse staff of 28 US and UK personnel. I was responsible for planning, programming, budgeting, accounting, disbursing, military and civilian pay, manpower documentation and internal management controls. This assignment provided me exposure to how these functions are executed at the lowest level in an agency and gives an important perspective to consider when preparing financial management policy at the Department level.

Specific to the budget, I have extensive experience working the DoD budget process at a number of levels which provides me useful insights on how the budget is built, reviewed and executed. For example at Menwith Hill Station I led the development and execution of the budget for a field site. When I worked for US Army Intelligence and Security Command, I supported budget development for an Army Major Command supporting a defense agency. As a Program/Budget analyst for the Army's Deputy Chief of Staff for Intelligence I prepared and defended the Army's National Foreign Intelligence Program (NFIP) budget and integrated the Intelligence Community and the Army/Department of Defense budget processes. Later I worked for the House Appropriations Committee, Subcommittee on Defense where I analyzed and evaluated over \$30 billion of the defense budget, including funding for Air Force aircraft and munitions, ballistic missile defense, chemical and biological warfare defense, information technology and information assurance. This experience has allowed me to see the budget formulation and execution from multiple levels inside the Department as well as from the Congressional perspective.

As a Partner with a Certified Public Accounting firm, I provided advice and solutions to Federal executives related to accounting, programming, budgeting and internal controls and financial systems. This gave me exposure to a wide range of financial management issues as well as an understanding of federal contracting from the vendor's perspective.

Finally, and perhaps most relevant. I served as a Deputy Under Secretary of Defense to two DoD Comptrollers, the Honorable Dov Zakheim and the Honorable Tina Jonas. I supported them across their range of responsibilities, including as DUSD for Budget and Appropriation Affairs (BAA) where I worked closely with both the House and Senate authorization and appropriations committee staff on defense funding and key defense authorities. This experience gave me a valuable understanding of the structure and function of the Comptroller's office as well as with a sound working relationship with many of the senior civil servants who currently work there.

Have you participated in the audit of a large, complex public or private sector institution?

Yes. As the Chief Financial Officer of the Department of Homeland Security I participated in the annual financial statement audits. I attended kickoff meetings, status meetings and close out meetings with the auditors. I led the establishment of a formal

process to eliminate pervasive weaknesses in DHS's financial statement. As part of executing that plan I held regular meetings to review the development, status and execution of corrective action plans. From FY 2006 to FY 2008, DHS reduced the number of material weaknesses by 40% and the number of department-wide audit disclaimer conditions by 70%. My successors continued the process and today DHS has achieved four consecutive clean opinions. In addition, as a Partner at a CPA firm I advised federal executives and provided teams of accountants to support clients as their agency underwent financial statement audits.

What formal education have you had in financial management or auditing?

I have a Master's in Public Administration and I am a Certified Government Financial Manager (CGFM), the professional certification issued by the Association of Government Accountants (AGA). During my federal service I attended numerous training programs on topics ranging from Planning, Programming, Budgeting and Execution (PPBE) to the Anti-Deficiency Act. As part of my position as a Partner with Kearney and Company I dedicate approximately 40 hours a year to continuing professional education in financial management or auditing.

Do you believe that there are any steps that you need to take to enhance your expertise to perform these duties?

Should I be confirmed the most important step would be to review the "as-is" of current DoD processes to see how they are consistent with or different from best practices.

If confirmed, which of these roles and duties do you believe will be particularly challenging to you based on your own professional experience?

Although I have significant experience at DHS and Kearney with financial statement audits, given the complexity of DoD's situation I still expect the audit to be particularly challenging.

Relations with Congress

What are your views on the state of the relationship between the Under Secretary of Defense (Comptroller) and the Senate Armed Services Committee in particular, and with the Congress in general?

My understanding is that over the last few years the relationship has not been as good as it should be but that there is a strong desire on both sides to improve the relationship.

If confirmed, what actions would you take to sustain a productive and mutually beneficial relationship between the Congress and the Office of the Under Secretary of Defense (Comptroller)?

I believe that a productive and mutually beneficial relationship requires regular communications both formal and informal. Should I be confirmed, this would include both empowering and directing the staff to maintain regular communications as well as personally meeting with the Committee staff and/or members on a regular basis.

Audit and Financial Management

The Department of Defense is the only federal agency unable to complete a financial audit in accordance with the law, despite having invested billions over the past 16 years to do so. The persistent lack of accountability by Department leadership for results leads to concerns within the Congress and in the public over the stewardship of Department funds and the qualifications of the people entrusted to lead the Department in its audit efforts. It is not simply an abstract statutory requirement that the Department produce auditable financial statements showing where and how it spends its annual budget—the accuracy of the financial information underlying the financial statements is critical to the Department’s ability to develop an adequate defense budget and make important financial decisions in an environment where every defense dollar counts.

Do you commit to meeting the upcoming statutory audit deadlines requiring that the Department’s financial statements be ready for audit by September 30, 2017, and that the audit of the fiscal year 2018 financial statements be completed by March 31, 2019?

I believe that the audits should begin as soon as possible. Should I be confirmed I will do everything within my authority to achieve those deadlines and to see that the audits are completed by March 31, 2019.

Under your leadership, when will the Department achieve a clean audit opinion?

There is not enough information to know. It depends on what the auditors find once the audits start and how difficult it is to implement the appropriate corrective action plans.

Will you be prepared to meet with Members of this Committee every quarter until this happens?

Yes, and I appreciate the Committee’s willingness to have a regular meeting. The support of the Committee will be essential to the success of this effort.

Describe your knowledge of accounting and financial management principles, give specific examples of how you have applied this knowledge in previous positions, and explain how your experience qualifies you to be the Under Secretary of Defense (Comptroller).

I would group these principles under four topics.

First, in budget execution the key principle comes from Article 1 Section 9 of the Constitution. *“No money shall be drawn from the treasury, but in consequence of appropriations made by law.”* This is Congress’ power of the purse. To comply with this in each of my assignments that involved executing funds we paid careful attention to fiscal law and specifically time, purpose and amount. This prepares me for the role of USD (Comptroller) both in ensuring DoD policy is consistent with this principle but also in understanding and investigating potential Anti-Deficiency Act violations.

The second set of principles relate to the Planning, Programming, Budgeting, and Execution System (PPBES). There are six core principles here that relate to ensuring the leadership is provided the right information to make informed and effective decisions:

- Decisions should be based on explicit criteria of national interest.
- A multi-year financial plan should be used to focus decisions on desired end-states, and project the consequences of present decisions into the future.
- Needs and costs should be considered simultaneously.
- Major decisions should be made by choices among balanced, feasible alternatives.
- The Department should have an active analytical staff to provide it with relevant data and objective perspectives.
- Open and explicit analysis, available to all parties, should form the basis for major decisions.

This was part of the DoD process when we built the Future Years Defense Program (FYDP) and we used a similar approach at DHS when we supported the Secretary in building the Future Years Homeland Security Program (FYHSP). Understanding these principles is important as the USD (Comptroller) and the Director of CAPE are jointly responsible for supporting the Secretary and Deputy Secretary in this process.

With regard to internal controls, GAO’s Standards for Internal Control in the Federal Government (also called the Green Book) includes 17 Principles of Effective Internal Control. To focus on just two examples: one is to identify, analyze and respond to risk, another is to perform monitoring activities. In each of my assignments I have looked at the mission of my organization to identify the risk and implement effective internal controls. For example, I would ensure segregation of duties to mitigate against fraud by dividing key tasks among several employees so no single employee can process a payment to themselves. Similarly, at DHS we would routinely review key controls to ensure they were still operating effectively as part of our monitoring process. This is

relevant to the USD (Comptroller) because they are responsible for establishing and maintaining the DoD Manager's Internal Control Program (MICP).

In accounting the Federal Accounting Standards Advisory Board (FASAB) issues accounting standards consistent with overarching accounting concepts. For example, in SFFAC 1, Objectives of Federal Financial Reporting one concept is Budgetary Integrity - *"Federal financial reporting should assist in fulfilling the government's duty to be publicly accountable for monies"*. This broad principle would include ensuring the accuracy of the status of budgetary resources. At DHS we examined areas where a component had set aside or "obligated" federal funds for a specific purpose. That purpose had been achieved without using all the obligated funds and so to ensure the accuracy of the status of those funds they were deobligated and were available for future use.

I believe my experience working with and following these key federal financial management principles across the range of a CFO's responsibilities provides a solid foundation to serve as USD (Comptroller) and to address new situations as they arise.

Describe your previous experience leading large-scale change initiatives in complex organizations.

When DHS was established it was the largest Federal re-organization since the creation of DoD. The organizations that formed DHS brought with them different policies and numerous audit weaknesses. The Office of the DHS CFO was newly formed and a work in progress. The Office of the DHS CFO also contributed directly to at least three audit weaknesses including a lack of trained staff and an absence of financial management policies. As the first Senate confirmed CFO, I adopted a multi stage process that included:

- Recruiting individuals with audit backgrounds and strong accounting skills.
- Providing our staff training and encouraging certifications.
- Creating an online financial management policy manual based on best practices.
- Executing an internal control playbook that had corrective action plans for each of the material weaknesses identified by the auditor and provided accountability.
- Establishing a risk management and assurance office that conducted internal control testing in areas where the auditors hadn't yet tested.
- Conducting annual reviews that identified where we had succeeded, where we had fallen short and what legislative and policy changes were on the horizon.

As a result, we reduced the number of Audit Disclaimer conditions from ten to three and the number of material weaknesses from ten to six. Most importantly the process we put in place continued after my departure and under the quality leadership of the next two CFO's DHS has now achieved four clean audit opinions.

What is your assessment of the Department’s efforts to achieve a clean financial statement audit to date? What specific changes will you make to its approach?

Where the Department has started routine financial statement audits there has been success. Multiple DoD entities include the Defense Finance and Accounting Service (DFAS) and the U.S. Army Corps of Engineers, have achieved and sustained clean opinions.

However, for the Army, Navy and Air Force the Department has spent approximately seven years getting “audit ready”. I believe that correcting problems without the benefit of an audit has diminishing returns. Should I be confirmed I would work to ensure all the services were under a financial statement audit as this is the most efficient path to success.

Based on your experience at the Department of Homeland Security, what incentives need to be in place to ensure senior leaders in the military services and defense components—not just the financial management community—are fully invested and engaged in the process of achieving a clean audit opinion? Are those incentives currently in place in the Department? What disincentives or structural impediments currently exist?

Specifically, what measures should be used to hold senior leaders accountable if they do not meet statutory deadlines for the Department of Defense auditability?

It would be very valuable to have a range of tools and incentives in place to build and sustain senior leadership support and accountability for achieving a clean audit opinion. I am not aware of all the tools currently available to the Department or how effective they are. Should I be confirmed, I would make it a priority to examine these options and provide my recommendations to the Committee.

Based on your experience at the Department of Homeland Security, what is the merit of asset valuation to the Department of Defense?

There is very little merit in valuing old assets for which the relevant documentation is no longer available and the cost of valuation would be high. In addition, these items depreciate and become less material over time so valuing them is less important. If the process can be implemented in a cost efficient manner there is benefit in knowing the value of new assets as it provides the foundation for Capital Budgeting or other related reforms.

What actions will you take to link financial information to performance measurement and monitoring mechanisms to enable improved decision making about the Department’s investments?

The annual audits will highlight and validate areas for improvement in DoD's internal controls and information. As the DoD remediates audit findings and improves its overall financial management processes and information, decision makers will have better access to reliable and timely information. If confirmed, I will work with senior leaders in the DoD to use one source of financial data for both financial statement preparation and investment decision making. This will emphasize the importance of reliable financial information and will directly link performance and financial management.

Will you commit to a review of the Department of Defense's financial operations structure, to include an independent assessment of finance and auditing practices and organizations in the Department of Defense and how other federal agencies, which maintain clean audit opinions, successfully use modern financial systems of the Department of Treasury for non-military-unique financial transactions, accounting, and reporting?

If confirmed, I will review DoD's financial operations structure. Before committing to contract for an independent assessment of our finance practices I would need to understand how this would differ from a financial statement audit. Should I be confirmed I would also be open to examining the financial systems used by the Department of Treasury and how that might benefit DoD.

The Defense Contract Audit Agency (DCAA) performs a variety of audit services that support the Department in awarding, administering, and overseeing contracts, to include auditing costs incurred under government contracts. DCAA also provides these services to other federal agencies and departments. In response to increased demand for such services, an intergovernmental working group conducted market research on these services, which found that private sector companies offer pricing for these services that competes with DCAA's in some cases.

What are your views on whether and under what conditions the private sector might perform these services?

I would like an opportunity to review the data obtained and the results from the intergovernmental working group and evaluate their cost/benefit analysis. Should I be confirmed I will review the research as well as the purpose and standards for the audit to determine the path forward that will best serve the warfighter and the taxpayer.

Which auditing services may be inappropriate for outsourcing to for-profit industry concerns, and why?

While I am generally familiar with the auditing services provided by DCAA I would need to look into the issue further to determine which functions might be inappropriate for outsourcing. There is work that DCAA performs that may include some inherently governmental aspects that should not be outsourced. Should I be confirmed, I would look forward to working with DCAA, the Services and Industry to determine the best use of independent public accounting firms for auditing contracts.

What is the appropriate role for DCAA?

DCAA serves as an advisory role to contracting officers as experts in cost accounting and applying the Federal Acquisition Regulations for auditing contractor data and records. DCAA has the oversight over several billion dollars of contract payments to ensure they are allowable and reasonable. DCAA provides contract audits and negotiation assistance to contracting officers to achieve fair and reasonable contract prices.

What have been some of the successes (especially in terms of savings to Defense Department and the taxpayer) from the work of DCAA?

I understand that for the past six years, DCAA has returned over \$3 billion in savings annually to the Department and taxpayers. These are actual savings based on contract actions taken by Government contracting officers as either reductions in contract prices or dollars returned to the Department by the contractors.

Major Challenges and Priorities

In your view, what are the major challenges confronting the next Under Secretary of Defense (Comptroller)/Chief Financial Officer?

The USD (Comptroller) faces a number of ongoing challenges. The first is developing defense budgets that are consistent with the Department's mission of protecting the vital interests of the United States. The current defense caps and repeated, lengthy continuing resolutions have made it challenging to build and execute a properly sized defense budget.

The second challenge is the audit. The Department must start the audit as required by law and then use the audit to drive effective corrective action plans. The audit will provide a baseline of the current financial management status, and it will take time and consistent attention to implement the corrective actions necessary to achieve a clean opinion.

The third challenge is to continue to improve the effectiveness and efficiency of the Department. As directed by OMB, the Department has started a process for identifying reforms. The USD (Comptroller) must help identify critical reforms and then develop plans for implementing reforms and achieving efficiencies.

The fourth challenge is to continue workforce development. The Department's success with the budget, the audit and implementing reforms depends in large part on the skill set and experience of the DoD financial management workforce.

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

If confirmed, I will work closely with Secretary and Deputy Secretary and other leaders across the Department and within USD (Comptroller) to tackle these challenges head on.

For the budget process I would use the PPBES process described before as a means to develop and justify a defense budget that supports the President's and the Secretary's vision. For the audit I would begin by reviewing the status of existing DoD initiatives and then seeing how the lessons learned from DHS could be used to accelerate the process.

On defense reform, I would begin by joining the current process initiated by the Deputy Secretary and then look for ways to continue and expand the reform effort through the Comptroller organization.

Developing and sustain a professional financial management workforce is the foundation for meeting each of these challenges. DoD has a strong program already in place and I would look to build on that existing program, to include continuing to implement the course-based certification program for Defense financial managers that was authorized by Congress in the FY 2012 defense authorization bill.

Overseas Contingency Operations Account

The use of the Overseas Contingency Operations (OCO) account has been hotly debated for several years. A primary reason for this is the fact that OCO dollars are exempt from the caps of the Budget Control Act (BCA).

What are your views about the use of the OCO account in the Department of Defense's annual budgeting?

The Overseas Contingency Operations (OCO) account was intended to provide budget transparency and a funding mechanism appropriate for the mission. While the BCA caps have complicated OCO, I believe the issue is a result of the caps and not OCO and the solution depends on repealing the defense caps.

OMB Director Mick Mulvaney has made public statements on his desire to transfer all funding residing in the OCO account into the base accounts. In a recent press article referring to OCO, he was quoted as saying, "It's past time to do away with the slush fund entirely."

Do you concur with Director Mulvaney's views on OCO?

I have not spoken with Director Mulvaney regarding his views on OCO. I do know that OMB did include OCO funding in the Request for Additional Appropriations and has indicated in the Budget Blueprint that it will request \$65 billion in 2018 for Overseas Contingency Operations. I believe that this is appropriate.

Do you believe that the existing criteria governing OCO, written by the OMB Director in 2010, and used to formulate the Defense Department's budget request should be updated or amended? If so, how?

I believe that it is always useful to review the criteria to ensure that it is appropriate to the nation's current requirements. I do not have any specific recommendations for changes at this time.

Do you believe that some activities, like the European Deterrence Initiative, which do not meet the existing OMB OCO criteria, should remain in OCO?

It is my understanding that the Office of Management and Budget made an exception to the OCO rules for the European Reassurance Initiative (ERI). As I understand it, the purpose of the ERI is to reassure our NATO allies and European partners that the United States is prepared to address any threat or destabilizing action against their national security to include those by Russia's aggressive actions. I believe that any discussion about moving a program out of OCO depends on resolving the issue of the defense caps.

The Bipartisan Budget Agreement of 2015 included some base funding in OCO for fiscal years 2016 and 2017. Consequently, the Defense Department's budget request for fiscal year 2017 included approximately \$5 billion in base funding in OCO.

Do you believe it is more important to get funding at your requested levels, even if it is in OCO?

Or would you prefer a more stringent adherence to the OCO criteria, even at the cost of not securing additional money?

I believe it is important to provide DoD the requested funding levels. While I support adherence to the OCO criteria I believe that this depends on repealing or adjusting the BCA caps.

The BCA remains in place until 2021. Both the Secretary of Defense and the President have stated the need to repeal the "defense sequester."

What are your views on how the BCA impacts the military? Should the BCA be amended or repealed?

My understanding from the testimony of the Secretary and of the Service chiefs is that the defense sequester has been harmful to our military's readiness. President Trump campaigned on repealing the defense caps and I support that position.

If you believe the BCA should be amended or repealed, how will you prioritize that effort with other duties as the Comptroller?

The President has stated his desire to repeal the BCA defense caps. I support that and although the Comptroller does not have the authority to make that change, should I be confirmed I would provide the Secretary and the Administration my full support. Achieving the proper level of funding for the Department is always a high priority for the Comptroller.

Personnel Costs

The growing cost of military personnel hampers the Department of Defense's ability to confront future worldwide threats. A large portion of the military compensation package consists of in-kind benefits—health care, housing, tax-free shopping in military exchanges, and taxpayer subsidized commissaries. The total costs to provide these benefits are rapidly growing, even as personnel end strengths have been reduced. In FY 2016, the military health system consumed about \$1 of every \$12 in the defense budget.

Should the Defense Department's personnel costs grow at the rate of inflation? Or should the topline defense budget adjust to match the growth in personnel compensation and in-kind benefit costs?

The topline for the defense budget should depend on the Department's mission, the appropriate force structure to achieve that mission and the compensation required to recruit and retain a quality force.

Base Realignment and Closure (BRAC)

Do you believe another BRAC round is necessary? If so, why?

Before making a recommendation on another BRAC round I would need to understand both the existing capacity as well as the Secretary's vision for the future force. BRAC is a significant undertaking and a decision to request that authority should receive careful consideration. If confirmed, I will work with the Secretary to carefully consider the matter.

It has been noted that the 2005 BRAC round resulted in major and unanticipated implementation costs and saved far less money than originally estimated.

What is your understanding of why such cost growth and lower realized savings have occurred?

I am not familiar with the specifics of the cost growth. If confirmed and if Congress authorizes another round of BRAC, I will work with the appropriate organizations within

DoD to seek ways to improve the cost and saving estimating process; drawing on lessons learned from prior BRAC rounds.

How do you believe such issues could be addressed in a future BRAC round?

If confirmed, I will work with the various organizations within DoD to ensure that cost estimates are improved.

Internal Budgeting Practices

Many accuse the federal agencies of executing budgets with a “spend it or lose it” mentality when it comes to obligating funds. Do you believe that is a problem in the Department of Defense? If so, how would you address it?

A perspective of “spend it or lose it” is not in the interest of the taxpayer. I believe this is a risk that could be addressed. For example, at DHS, Congress included authority that any organization that did not spend all its money at year end could keep 50% of it to use in the next fiscal year.

Do you believe the Department should have some level of a carryover authority, particularly given the frequency by which the Department operates under a continuing resolution?

That may make sense given the length and frequency of the recent continuing resolutions. If confirmed, I will look into it.

What are your opinions on the reprogramming process? What do you believe should be the considerations that govern how the Department uses this process?

From my previous time working for the Department and for Congress, I know that the Department uses reprogramming actions to address the highest priority of emerging requirements. It is my understanding that the Department does not implement any prior approval reprogramming action until all of the congressional defense committees approve the request. As far as I know, this process is working well.

The Department of Defense is requesting growth in the budget to improve critical capabilities to deal with growing threats around the world. In years past, the Department included items in the budget request that were not as critical to supporting the mission of the military, while leaving high priority items unfunded.

How will you manage the budget process to ensure that funding is going to the highest set of priorities throughout the entire budget? And that each of the services are funding the highest set of priorities and that risk is evenly distributed amongst the services?

It is important to establish a budget process that brings the key information to the attention of decision makers. During both the budget build process and during budget execution, the Comptroller's office continually reviews service budget requests to identify gaps and proposes changes to those requests to ensure that funding is consistent with the Secretary's priorities. Should I be confirmed I would ensure that when issues are identified they are brought to the appropriate level for decision and that the relative merits and mission priorities are properly considered.

Do you believe the Department's Planning, Programming, Budgeting, and Execution process needs to be reformed? If so, how?

As far as I know, in a normal year the Department's Planning, Programming, Budgeting, and Execution process works well and other organizations are now using it to build their budgets. When the schedule is compressed, however, this creates significant challenges for the Department. If confirmed, I will look into it to determine if any modifications need to be made and will make any such recommendations to the Secretary of Defense.

Do you believe there should be an independent assessment of the efficiency and effectiveness of these processes?

It is hard to know from outside the Department. Should I be confirmed, I would be in a better position to determine the value of an independent assessment.

What flexibility needs to be incorporated into Defense Department policies and regulations to allow for more agile programming and budgeting to help the Department take advantage of emerging technologies or deal with emerging threats?

I am not aware where additional flexibility is needed in the current process. Normally taking advantage of emerging technologies or addressing emerging threats is something that occurs during execution. If confirmed, I will discuss with the congressional defense committees how changes in policy or in the program/budget process could improve our ability to address such emerging technologies and threats.

What new authorities or legislative changes would allow the Defense Department to more effectively execute needed acquisition and management reform initiatives?

I am not aware of any changes needed. If confirmed, I will work with the Congress to make any changes necessary to allow the Department to more effectively execute acquisition and management reform initiatives.

Comptroller Personnel and Business Processes

What steps will you take to improve the quality of the Defense Department's comptroller, auditing, and financial management workforce?

First I would need to review the existing program to determine its strengths and weaknesses and if it provides the right approach to recruit, train and mentor quality staff to include those with accounting and auditing experience. If there are any gaps I would adjust accordingly.

What new business processes will you implement to improve the effectiveness and efficiency of comptroller functions and execution of comptroller missions?

It is hard to know from outside the organization. Should I be confirmed, I would be in a better position to identify ways to improve the effectiveness and efficiency of the Comptroller functions.

What steps will you take to ensure a continuous review of these business processes for their efficacy and consistency with best practices?

I would need to see what tools are available to the Comptroller, should I be confirmed. One option is to use the A-123 process which is designed to review end-to end processes.

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 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 Under Secretary of Defense (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 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 the Committee regarding the basis for any good faith delay or denial in providing such documents?

Yes