

**Advance Questions for Tina W. Jonas
Nominee for Under Secretary of Defense (Comptroller)**

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Defense Reforms

More than a decade has passed since the enactment of the Goldwater-Nichols Department of Defense Reorganization Act of 1986 and the Special Operations reforms.

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

QUESTION: Do you support full implementation of these defense reforms?

- **Yes. Establishing the combatant commands, specifying responsibilities, and focusing on “jointness” have enhanced the readiness and warfighting capabilities of U.S. armed forces.**

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

- **These reforms have strengthened the role of the Chairman of the Joint Chiefs of Staff and the combatant commanders, and have made joint operations the norm. They have helped to improve the interaction among the services in conducting military operations. These reforms have significantly improved the ability of the Department to protect America’s security and further its vital interests.**

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

- **I would consider each of the goals noted above to be an important aspect of these defense reforms. Probably the most important outcome of these reforms has been a more intense focus on joint operations and joint requirements. If confirmed, I would work to help Secretary Rumsfeld increase the emphasis on joint requirements during the Department of Defense’s new 2-year internal budget cycle.**

Relationships

QUESTION: What do you see as the relationship between the Under Secretary of Defense (Comptroller) and each of the following?

A. The Secretary of Defense

- **The Under Secretary of Defense (Comptroller) is the principal assistant and advisor to the Secretary and Deputy Secretary of Defense on fiscal and budgetary matters. The Under Secretary (Comptroller) also performs such other duties as the Secretary or Deputy Secretary may prescribe.**

B. The Deputy Secretary of Defense

- **Please see the answer to A above.**

C. The other Under Secretaries of Defense

- **My relationship with all other senior officials of the Department will, for the most part, be based on the role described above. If confirmed, I will work closely with the other Under Secretaries to carry out the policies and guidance of the Secretary and Deputy Secretary.**

D. The Assistant Secretaries of Defense

- **My relationship with the Assistant Secretaries of Defense and other senior officials of the Office of the Secretary of Defense would be similar to that described above in relation to the other Under Secretaries of Defense.**

E. The Chairman of the Joint Chiefs of Staff

- **The Chairman of the Joint Chiefs of Staff is the principal military advisor to the President, the National Security Council, and the Secretary of Defense. If confirmed, I intend to work closely with the Chairman and Joint Staff on resource and financial management issues.**

F. The Secretaries of the Military Departments

- **The Secretaries of the Military Departments carry out the policies of the President and the Secretary of Defense in their respective Military Departments and formulate recommendations to the Secretary and to the Congress relating to their Military Departments and the Department of Defense. If confirmed, I intend to work closely with the Secretaries of the Military Departments, and specifically, their Assistant Secretaries for Financial Management. I will ensure that they are aware of the President's and the Secretary of Defense's policies and priorities and assist them in contributing to the successful development and implementation of effective DoD policies and programs.**

G. The heads of the defense agencies

- **As the Department's Comptroller and Chief Financial Officer, I will, if confirmed, work closely with the heads of the defense agencies, and specifically, with our financial management counterparts in those agencies. I will ensure that they are aware of the President's and the Secretary of Defense's policies and priorities and assist them in contributing to the successful development and implementation of effective DoD policies and programs.**

H. The Assistant Secretaries for Financial Management of the Services

- **In the role of Comptroller and Chief Financial Officer for the Department, I will, if confirmed, work closely with the Assistant Secretaries of the Military Departments for Financial Management in the development and execution of the budgetary and fiscal policies and initiatives of the President and the Secretary of Defense.**

I. The General Counsel

- **As the Department's Comptroller and Chief Financial Officer, I will, if confirmed, rely on the General Counsel, who is the Chief Legal Officer of the Department of Defense, on all legal matters, and will consult and coordinate with the General Counsel on all matters relating to programs, projects, and activities of Department of Defense, as well as matters relating to financial management, accounting policy and systems, management control systems, and contract audit administration, that may have legal implications.**

J. The Inspector General

- **As the Department's Comptroller and Chief Financial Officer, I will, if confirmed, consider it my responsibility to support the Department of Defense Inspector General (DoDIG) in carrying out his or her duties as set forth in the Inspector General Act.**

K. The Director, Office of Program Analysis and Evaluation

- **As the Department's Comptroller and Chief Financial Officer, I will, if confirmed, consider it my responsibility to support the Director of the Office of Program Analysis and Evaluation in fulfilling his or her role of providing independent assessments for acquisition systems. I will also work with the Director of PA&E to ensure the success of the combined program/budget review.**

Duties of the Comptroller

The duties of the Comptroller of the Department of Defense are set forth in Section 135 of Title 10, United States Code, and in DOD Directive 5118.3. Among the duties prescribed in statute are advising and assisting the Secretary of Defense in supervising and directing the preparation of budget estimates of the Department of Defense, establishing and supervising Department of Defense accounting policies, and supervising the expenditure of Department of Defense funds.

QUESTION: Assuming you are confirmed, what duties do you expect that Secretary Rumsfeld will prescribe for you?

- **I expect that he will charge me with duties that are consistent with the statute.**
- **This would include developing budget estimates that properly support our military forces.**
- **In addition, I believe that he will expect the Comptroller's office to closely monitor the execution of funds to ensure that they are used effectively, efficiently and in a manner consistent with legislative requirements.**
- **With respect to financial management, he will want me to continue the progress the Department has made toward meeting its business management modernization goals and ensure compliance with the provisions of the Chief Information Officers Act and other relevant legislative requirements.**

QUESTION: What background and experience do you possess that you believe qualifies you to perform the duties of the Comptroller?

- **My previous assignments in the Department of Defense, on the House Appropriations Committee, in the Office of Management and Budget, and most recently as Chief Financial Officer for the FBI have required daily and extensive involvement in budget and financial management issues.**
- **I have led and managed offices with responsibilities similar to those in the Comptroller organization.**

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

- **Through my previous assignments I have had extensive experience with a wide range of the Department's budgeting and financial management activities, which will enable me to successfully carry out my duties as the Comptroller, if confirmed.**

QUESTION: Do you expect Secretary Rumsfeld to make any changes in the duties of the Comptroller as set out in DOD Directive 5118.3?

- **I have not had the opportunity to discuss such matters with Secretary Rumsfeld. Therefore, it would be premature to offer any thoughts on the question at this time.**

Major Challenges

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

- **I believe that there are two primary challenges confronting the next Comptroller:**
 - **First, the Comptroller must prepare and manage a budget that supports the welfare and morale of our men and women in uniform; finances the operational requirements necessary to fight and win the Global War on Terrorism; and supports the continued transformation of the Department's forces and weapons systems.**
 - **Second, the Comptroller must continue the progress made to modernize our business systems and meet the goals set by the Secretary of Defense, particularly to reform the Department's financial management systems.**

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

- **If confirmed, I will work closely with the Joint Staff, the Services and senior members of the Department, OMB and the Congress to address the resource requirements of the military. Also, if confirmed, I will move aggressively to meet the goals for the modernization of our business systems.**

Authorization for National Defense Programs

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

- **I understand that it has been the Department's practice to work with all the oversight committees to resolve these matters. If confirmed, I will respect the prerogatives of the Department's oversight committees and will work closely with the committees to achieve a consensus necessary to meet our defense needs.**

Supplemental Funding for Military Operations

QUESTION: At what point, if any, do you believe it will be appropriate to include funding for military operations in Afghanistan and Iraq in the Department's annual budget requests?

- **There are many factors that need to be considered in such a decision, including the views of the Congress. If confirmed, I will carefully consider all these factors as we develop budgets to meet our defense requirements.**

QUESTION: In your view, will the Services have sufficient funding to cover current operations in Iraq and Afghanistan through the current calendar year?

- **I do not know the precise status of funds and therefore cannot make a judgment at this time. If confirmed, I will work closely with the Services to assist in providing sufficient funding to meet the operational requirements in Iraq and Afghanistan through the remainder of the calendar year.**

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.

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

- **Yes.**

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

- **Yes.**

QUESTION: 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.**

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

- **Yes.**

Chief Financial Officer

DOD Directive 5118.3 designates the Comptroller as the Chief Financial Officer of the Department of Defense.

QUESTION: Does Secretary Rumsfeld intend to continue to designate you, if confirmed as the Comptroller, as the Chief Financial Officer of the Department of Defense?

- **Yes.**

QUESTION: If so, what would be your major responsibilities as Chief Financial Officer?

- **If confirmed as the Chief Financial Officer for DoD, I would have the duties established in the Chief Financial Officers Act, which include the responsibility to:**
 - **oversee all financial management activities relating to the programs and operations of DoD;**
 - **develop and maintain integrated agency accounting and financial management systems;**
 - **direct, manage, and provide policy guidance and oversight of DoD's financial management personnel, activities, and operations;**
 - **prepare audited financial statements; and**
 - **monitor the financial execution of budgets.**

Business Management Modernization Program

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

QUESTION: Do you expect DoD to meet that 2007 time line for financial modernization?

- **I have not been involved in the efforts ongoing at the Department, but will certainly support the efforts to achieve the goal of a clean audit opinion on the Department's 2007 financial statements. I will reserve judgment on how long full financial management modernization will take until I have had the opportunity to assess the Department's plans and progress.**

QUESTION: If not, do you support continuing the BMMP?

- **I support the goals and objectives of the BMMP. If confirmed, I plan to review its progress toward the achievement of the 2007 time line.**

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

QUESTION: Do you advocate an OSD-led approach to business modernization?

- **Yes. I believe it is critical that we have top management lead this effort.**

QUESTION: If so, what controls are in place to ensure such an approach takes place?

- **My understanding is that the Department has in place an extensive governance process to ensure strong OSD leadership of DoD business modernization.**
- **If confirmed, I will work to ensure that OSD governance and controls are sufficient to ensure consistency with BMMP across the entire department. I will review the program to determine whether or not additional controls are needed.**

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

QUESTION: Why is establishing an effective enterprise architecture so important?

- **An effective enterprise architecture will provide the road map to ensure that future IT investments contribute to achieving an integrated DoD network of business systems.**
- **It will enable the Department to consolidate the essential business rules with which all business IT systems must comply to ensure efficient and effective processing of the Department’s business transactions.**
- **In addition, it will allow the Department, for the first time, to evaluate the impact of business decisions made in one functional area on the other functional areas within the Department.**

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

- **I do not have all the details of the current plan. However, I understand that because the Department of Defense is so large, an incremental approach is the only practical option to develop the architecture. I understand that the first increment of the architecture will be ready by fall 2004 and will support an unqualified audit opinion on the Department’s consolidated FY2007 financial**

statements. If confirmed, I will keep the Congress informed of the Department's progress to fully develop an enterprise structure.

One of the key facets of the BMMP is the establishment of functional domains.

QUESTION: Please describe the purpose of functional domains.

- **As I understand it, “domain” is the term the Department uses for its major business functional areas, which are Logistics, Acquisition, Installations and Environment, Human Resources Management, Accounting and Financial Management, Strategic Planning and Budgeting, and Technical Infrastructure.**
- **The goal is to overhaul business systems in each of these areas.**

QUESTION: Are you supportive of the current construct, or do you plan to revise these functional domains?

- **I am unable to make a judgment at this time without additional detail. If I am confirmed, I will review the current construct, the progress made to date, plans for moving the Department forward and recommendations for improving the process.**

Required Review of Systems Improvements

Section 1004(d) of the Bob Stump National Defense Authorization Act for Fiscal Year 2003 required the Department to review all financial systems improvements to ensure they comply with the newly defined enterprise architecture.

QUESTION: If confirmed, how would you comply with the requirements set forth in section 1004(d)?

- **If confirmed, I would review the actions already underway to fulfill this legal requirement, and work to make whatever changes or additions that are needed to achieve full compliance.**

GAO Recommendations for Reform

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

QUESTION: What is your view of these suggestions?

- **I would need to carefully review the recommendations before making a judgment. However, if confirmed, I would be happy to review the suggestions in light of the Department’s progress and plans for future financial management reforms and provide those views to the committee.**

QUESTION: Do you have any recommendations to ensure that reforms currently underway continue for the foreseeable future?

- **I agree that sustained high-level leadership is critical to success. If I am confirmed, I will work toward maintaining and sustaining high-level support for these reforms.**

In his written testimony, Mr. Walker asserted that the Services continue to make “their own parochial decisions” regarding investments, without receiving the scrutiny of the DoD Comptroller. The GAO suggestion that DoD’s functional areas, or domains, receive and control the Services’ funding for systems investments is designed to counter those parochial tendencies.

QUESTION: In your judgment, is the establishment of such controls within OSD feasible? If so, should such controls be exercised within the Comptroller’s office?

- **I think these controls are important for success. If confirmed I will work to ensure that the department will comply with public law on business system investment decisions.**

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

QUESTION: Do you agree with this statement?

- **I agree that modernizing the Department’s business systems is the only long-term, sustainable solution to its financial reporting inadequacies. In general, I support the current complementary measures the department is taking to obtain acceptable financial statements by 2007. If confirmed, I will carefully review the Department’s initiatives in this area and make changes if necessary.**

Coordination with the Networks and Information Integration (NII) Office

The Office of the Assistant Secretary of Defense for Networks and Information Integration (NII) plans to establish a systems engineering oversight board to ensure that development and implementation of new systems adhere to the established enterprise architecture.

QUESTION: What is your understanding of the progress to date in establishing this board?

- **Successful transformation of the Department's business practices depends in large part on how well people work together inside the Pentagon. I need to learn more about the systems engineering oversight board you referenced. However, if confirmed, I will coordinate all business transformation efforts with the Assistant Secretary of Defense for Networks Information and Integration (NII).**

QUESTION: What is your understanding of whether the office of the Assistant Secretary for NII will coordinate with the DoD Comptroller to prevent duplication of effort?

- **It is my understanding that the BMMP is co-chaired by the DoD Comptroller and the Assistant Secretary of Defense for Networks and Information Integration (NII). If confirmed, I would continue my predecessor's efforts to coordinate Business Enterprise Architecture (BEA) initiatives and BMMP related policies and directives with NII to avoid duplication.**

Improper Use of First and Business Class Travel

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

QUESTION: What actions has DOD taken in response to this report?

- **I am not current on all the measures that DoD has taken in this regard. If confirmed, I will ensure that the Department implements policies and controls to correct problems in internal controls identified by GAO, and to analyze data from the travel card program to monitor compliance.**

Travel and Government Purchase Cards

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

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

- **I know from my previous experience at the Department that a number of actions were taken to strengthen controls for both the travel and purchase cards. If confirmed, I will work with the Services to ensure that policies and controls are in place to identify problems and to monitor the future performance of these programs.**

Reserve Component Military Pay Systems

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

QUESTION: What will you do to address these pay problems in both the short and long term?

- **I believe it is of the utmost importance that all service members are paid correctly and on time. If confirmed, I will review and analyze current operations to ensure that we have implemented viable processes and systems to ensure that all service members are paid properly.**

Inventory Management

QUESTION: Do you believe DOD has adequate information about and controls over its inventory?

- **I understand that the Department has had problems relating to control over its inventories and audit of its financial statements. Material weaknesses preclude DoD from providing reasonable assurance that its assets are being adequately protected and that inventory is not misstated on its financial statements.**

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

- **If confirmed, I will work with the Under Secretary of Defense (Acquisition, Technology and Logistics) to ensure that proper physical controls, as well as acceptable valuations, of the Department's inventory are incorporated into the new business processes and systems. As the Department transforms its business processes and transitions to new systems, these weaknesses should be resolved.**

Government Performance and Results Act

QUESTION: If confirmed as Comptroller, what would your responsibilities be with respect to DOD implementation of the requirements of the Government Performance and Results Act (GPRA) to set specific performance goals and measure progress toward meeting them?

- **I would collaborate with the Director, Program Analysis & Evaluation, to ensure that the Annual Defense Report includes realistic annual performance goals and corresponding performance measures and indicators. These executive-level goals and metrics should represent the leading performance trends that the Secretary must monitor to manage risk across the Department, and to maintain progress toward accomplishing the long-term outcomes of the defense strategy.**

QUESTION: What additional steps can the Department take to fulfill the goal of the GPRA to link budget inputs to measurable performance outputs?

- **If confirmed, I would work with the Director, Program Analysis & Evaluation to encourage the Components to make sure that the performance goals (and associated measures of performance) of their individual strategic plans support the overall outcome goals of the defense strategy.**

QUESTION: Do you believe the Department should not be required to pay for environmental damage it causes?

- **I believe that the Department should mitigate environmental damage caused by its actions, as required by law.**

Collection of Contractor Taxes

The Comptroller General has reported that the 27,100 DOD contractors owe more than \$3.0 billion in back taxes, and that the Department of Defense has not fulfilled its duty under the Debt Collection Improvement Act of 1996 to help recoup these back taxes.

QUESTION: What steps will you take, if confirmed, to improve the Department's performance in this area?

- **I am committed to doing what is necessary to help the Department of Defense fulfill its duty under the Debt Collection Improvement Act of 1996 – to include the collection of all monies owed to the Federal Government from any contractor with whom we are doing business. If confirmed, I will take the steps necessary to ensure the Department has processes and systems in place to be fully compliant with the Debt Collection Improvement Act of 1996. I look forward to working with other government agencies to improve the tax collection process.**

QUESTION: Do you believe that the Department needs additional statutory authority to be effective in identifying and recovering back taxes from contractors?

- **If confirmed, I will explore this issue with other agencies, specifically the IRS and the Treasury, after which I can better address the need for legislation.**

Leasing Major Weapon Systems

The recent DoD IG report on the Air Force 767 tanker lease proposal raises significant concerns over leasing versus purchasing major military equipment. The Department created a “Leasing Review Panel,” co-chaired by the Comptroller, to review all major leasing agreements, but that panel did not discover the problems with the tanker lease that the DoD IG has identified.

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

- **The potential benefits of leasing need to be carefully balanced against total ownership costs. Leasing may have potential benefits to the Department and to the Military Services such as greater flexibility in dealing with transformation and changing requirements. In some cases therefore, it may make sense to pursue leasing as an acquisition alternative.**

QUESTION: Do you anticipate making significant changes to the Leasing Review Panel to ensure that it is prepared to effectively review future leasing proposals?

- **I am not familiar with the workings of the Leasing Review Panel. However, if confirmed, I will review the operating guidelines of the Leasing Review Panel to ensure that proposed leasing arrangements are reasonable from a budgetary perspective, display good financial stewardship, comply with all laws and regulations and obtain needed defense capabilities in the most cost-effective manner possible.**

QUESTION: The DOD IG report concludes that the proposed tanker lease failed to meet three of the six criteria for an operating lease as described in OMB Circular A-11. What is your view of this issue?

- **I am not familiar with specific details of the DoD IG Report. If confirmed, I intend to review the DoD IG Report and the specific recommendations of the Inspector General.**

Base Closure Savings

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

QUESTION: In your view, have the previous base closure rounds resulted in significant reductions in DoD costs?

- **Yes. I understand that independent studies conducted by the General Accounting Office and the Congressional Budget Office have consistently supported the view that realigning and closing unneeded military installations produces savings.**

QUESTION: If similar savings result from future base closures or realignments, do you believe there are unfunded needs within the Department that could benefit by redirecting resources away from excess infrastructure?

- **Yes, savings that may result from future base realignments and closures would help transform the Department of Defense. Funds no longer required to operate, sustain, and recapitalize eliminated excess physical capacity could be used, among other things, to recruit quality people, modernize equipment and infrastructure, and develop capabilities needed to meet 21st Century threats.**

Long-term Environmental Liability of the Armed Forces

GAO has noted that DOD continues to lack a complete inventory of contaminated real property sites, which affects DOD's ability to assess potential environmental impact and to effectively plan, estimate costs and fund cleanup activities.

QUESTION: In determining the long-term budget for the Department of Defense, what is the current estimated total cost of environmental restoration, compliance, and conservation, and any other environmental costs, including pollution prevention and technology R&D?

- **I understand that the Department's financial statements for fiscal year 2003, show that total environmental liability for fiscal year 2003 is approximately \$61 billion.**

QUESTION: What is the Department's plan to refine this estimate to meet GAO's concerns?

- **I have not been involved in the Department's discussions on how it plans to refine the estimate. If confirmed as the Comptroller, I will work with the Services to improve their estimating processes and to maintain an up-to-date inventory of sites requiring environmental cleanup.**