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Testimony of the Honorable Clay Johnson III

before the

Subcommittee on Oversight of Government Management,  
the Federal Workforce and the District of Columbia  
of the

Senate Committee on Homeland Security and Governmental Affairs

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When I addressed this Subcommittee in April, I told you what I believed were the key elements necessary to reduce risk of waste, fraud, and abuse in areas highlighted by GAO as “High-Risk.” They are :

- top management commitment to solving the problem
- a clear picture of what needs to be accomplished
- a clear, aggressive action plan for solving the problem, and
- a clear definition of who’s responsible overall, and who’s supposed to do what by when.

Because it owns 7 of 25 High-risk areas, the Department of Defense (DoD) has been hard at work ensuring that these elements are in place. In one particular area, supply chain management, the issue we are here to discuss today, DoD has committed to efforts in the following areas in order to provide more efficient and effective supply support to warfighters:

1. Asset Visibility:

- Improve Asset Visibility across the department. Increase asset visibility and long-term goals to achieve total asset visibility.
- More fully incorporate asset visibility into DoD’s logistics business enterprise architecture and DoD’s long-term logistics IT system modernization programs.

## 2. Forecasting:

- Improve Inventory Management (reduce percentage of low-usage inventory, increase availability of high usage, and increase availability of critical inventory).
- Update and improve material requirements process to identify required war reserve stocks and computer models to forecast wartime supply demand and items with long procurement lead times.

## 3. Distribution:

- Improve seamless flow of materiel in support of deployed forces.

DoD has laid out a specific plan of attack to accomplish these goals, given dates for accomplishing them and specified who is accountable for accomplishing them. The Department is now implementing this plan. In the year ahead, OMB will remain engaged to monitor DoD's progress.

Following our success in agreeing to an improvement plan for supply chain management, DoD and OMB are close to agreement about what needs to be accomplished and the plans of action for achieving it for the other high-risk areas at DoD. OMB is far along with other agencies, as well. GAO is providing substantive input on what constitutes success in reducing risk and what steps must be taken to achieve that. Together we are ensuring all the elements of success I mentioned above are in place. When implemented, lasting improvement in all the high-risk areas will occur.