

Advance Questions for Sandra L. Pack
Nominee for the Position of Assistant Secretary of the Army for Financial Management

Defense Reforms

Almost 15 years has passed since the enactment of the Goldwater-Nichols Department of Defense Reorganization Act of 1986 and the Special Operations reforms.

Do you support full implementation of these defense reforms?

Yes, I fully support the enactment and objectives of the Goldwater-Nichols Act and Special Operations reforms.

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

It appears that these reforms have resulted in significant improvements by defining the roles and responsibilities of the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the Service Secretaries. As a result, operational effectiveness has been improved. I do believe it is important to continue to evaluate and improve as we transform the Army.

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

I believe that the key result was the strengthening of the effectiveness of military operations, which was accomplished by strengthening civilian control and better defining responsibilities.

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; 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; and enhancing the effectiveness of military operations and improving the management and administration of the Department of Defense.

Do you agree with these goals?

Yes.

Recently, there have been articles, which indicate an interest within the Department of

Defense in modifying Goldwater-Nichols in light of the changing environment and possible revisions to the national strategy.

Do you anticipate that legislative proposals to amend Goldwater-Nichols may be appropriate? If so, what areas do you believe it might be appropriate to address in these proposals?

I am not aware of any current proposals to amend Goldwater-Nichols. It is too early for me to comment about any proposals without additional evaluation and insight.

Duties

What is your understanding of the duties and functions of the Assistant Secretary of the Army for Financial Management?

If confirmed, I will be responsible for advising the Secretary of the Army on financial matters and directing all Comptroller and Financial Management functions and activities of the Department of the Army.

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

I believe my background qualifies me to serve as Assistant Secretary of the Army (Financial Management and Comptroller). I have significant experience in financial management, to include certification as a public accountant, experience in private industry, and service as the Treasury Director of multiple Presidential campaigns. If confirmed, I believe I would bring a solid foundation of experience and leadership and that I will be able to advise the Secretary of the Army and other Army leaders effectively on financial management matters.

Do you believe that there are actions you need to take to enhance your ability to perform the duties of the Assistant Secretary of the Army for Financial Management?

Absolutely. Although I have a depth of knowledge in financial management and I am an experienced manager and leader, I am always looking to improve my skills and understanding. Once confirmed, I will need to gain a better understanding of many of the internal issues, structures, and processes of the Army and the Department of Defense. I look forward to learning about soldiers and how to acquire and manage resources to support them.

Assuming you are confirmed, what duties and functions do you expect that the

Secretary of the Army would prescribe for you?

If confirmed, I will be responsible to the Secretary of the Army for all financial management issues of the Department of the Army, in accordance with 10 U.S.C. §§ 3014(c) and 3016(b)(4).

In carrying out your duties, how will you work with the Secretary of the Army, the Under Secretary of the Army, the Under Secretary of Defense (Comptroller), and the Assistant Secretaries of the Navy and the Air Force for Financial Management?

If confirmed, I would be part of a senior leadership and management team that works with a common direction and unity of purpose within the Army as well as across the Services and the Department of Defense.

Major Challenges and Problems

In your view, what are the major challenges that will confront the Assistant Secretary of the Army for Financial Management?

I am not fully aware of all the challenges. However, any Assistant Secretary of the Army for Financial Management will be challenged to improve financial management systems and processes, to include finance, accounting, budget, and feeder systems, to provide accurate, reliable and timely financial information. We must develop consistent and executable budgets that support the priorities of the Secretary of Defense and the Secretary of the Army, under the guidance and direction of the President.

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

If confirmed, I will work closely with the Under Secretary of Defense (Comptroller) and our sister Services, and the Army leadership team to achieve a unified approach to addressing challenges. I will make every effort to ensure that sufficient resources and financial management information are available to successfully address issues.

What do you consider to be the most serious problems in the performance of the functions of the Assistant Secretary of the Army for Financial Management?

I am not aware of specific problems. However, I believe we need to provide reliable, accurate, and timely financial information to the Secretary of the Army and the Chief of Staff of the Army to enable them to allocate resources to properly train, man and equip the Army.

If confirmed, what management actions and time lines would you establish to address

these problems?

If confirmed, I will evaluate the specific issues and work with the Army Staff and Secretariat as well as DoD to establish timelines as appropriate.

Priorities

If confirmed, what broad priorities would you establish in terms of issues, which must be addressed by the Assistant Secretary of the Army for Financial Management?

If confirmed, I will work closely with Secretary White to define priorities, which I am sure will include improving the planning, programming, budgeting, and execution process. Another priority will be to modernize financial management systems and processes.

Civilian and Military Roles in the Army Budget Process

What is your understanding of the division of responsibility between the Assistant Secretary of the Army for Financial Management and the senior military officer responsible for budget matters in the Army's Financial Management & Comptroller office (the Deputy Assistant Secretary of the Army for Army Budget) in making program and budget decisions including the preparation of the Army Program Objective Memorandum, the annual budget submission, and the Future Years Defense Program?

My understanding stems from 10 U.S.C. § 3014(c). As written, the Secretary of the Army has overall responsibility for financial management and comptroller functions. If confirmed as the Assistant Secretary of the Army (Financial Management and Comptroller), I will have responsibility for all budget matters within the Department of the Army. The senior military officer who serves as the Deputy Assistant Secretary of the Army for Army Budget will serve under my direct supervision and will be responsible to me for the formulation, justification, and execution of the Army budget. Additionally, if confirmed, I will have formal oversight responsibility for the Secretary for all financial aspects of the Program Objective Memorandum preparation and the Army portions of the annual President's budget submission, along with all the entries in the Future Years Defense Program (FYDP).

Financial Management and Accountability

DOD's Financial Management deficiencies have been the subject of many audit reports over the past 10 or more years. Despite numerous strategies and initiatives the Department and its components are undertaking efforts to correct these deficiencies, problems with financial data continue.

What do you consider to be the top financial management issues to be addressed by the Department of the Army over the next 5 years?

I believe that the Department of the Army must improve financial management systems – budgetary and accounting – and processes so that the Army leadership have timely and reliable data on which to make business decisions regarding the allocation of resources near term and in the program years. This includes ensuring that the functional proponents’ systems (e.g., property, logistics, real estate, personnel, environmental) are fully interfaced, and their data integrated, to present a complete resource picture for decision-makers.

If confirmed, how do you plan to provide the needed leadership and commitment necessary to ensure results and improve financial management in the Army?

If confirmed, I intend to make the improvement of financial management in the Department of the Army, particularly in terms of the quality and timeliness of financial information, one of my priorities. I will work closely with Army leaders for their involvement and commitment to improve our financial management practices.

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

If confirmed, I will enlist the support of the leadership of Department of the Army to establish logical, useful, and relevant performance measures. Efforts should be designed to achieve necessary auditing conditions, as well as provide accurate, reliable, and timely information for decision makers.

Compliance with Chief Financial Officers Act

The Chief Financial Officers Act requires the annual preparation and audit of financial statements for federal agencies. However, the DOD Inspector General and GAO's financial audit results have continually pointed out serious internal control weaknesses concerning hundreds of billions of dollars of material and equipment, as well as billions of dollars of errors in the Department’s financial records.

In your view, is the Army capable of meeting the requirements imposed by the Chief Financial Officers Act? If not, please describe the actions you think are necessary to bring the Army into compliance and the extent to which such actions are the responsibility of the Assistant Secretary of the Army for Financial Management or

other officials in the Department of the Army or the Department of Defense.

I understand the Army is not currently able to meet the requirements of the Chief Financial Officers Act. If confirmed, I will work with the Under Secretary of Defense (Comptroller) to ensure adequate funding and the right leadership emphasis and involvement.

Standardization within the Department of Defense

Many of the financial management initiatives currently underway within the Department of Defense (DOD) are centrally controlled by the Office of the Secretary of Defense, and most observers believe that financial management & Comptroller practices should be standardized throughout the Department of Defense to the maximum extent possible.

What role do you feel the military departments should have in the decision-making process when DOD-wide financial management decisions are made? What are your views on standardizing financial management systems (including hardware and software) and financial management practices across the Department of Defense?

I believe standardization promotes efficiencies. It is my understanding that the Under Secretary of Defense (Comptroller) has the lead with extensive Service involvement for achieving Department-wide solutions to financial management challenges. If confirmed, I will actively participate in and fully support this process.

Are there areas where you believe the Army needs to maintain unique financial management systems?

I am not sufficiently acquainted with the Army's current systems, however, if confirmed, this is an area I will evaluate.

Responsibility for Accuracy of Financial Data

When the Department of Defense, through the Under Secretary of Defense (Comptroller) or the Defense Finance and Accounting Service, prepares financial or budget information for submission to the Office of Management and Budget or the Congress, who is ultimately responsible for the accuracy of information concerning the Army?

If confirmed, I will be ultimately responsible for the accuracy of the data, with considerable support from the Defense Finance and Accounting Service, as well as the Army's functional proponents, who often initiate and develop the Army's financial data.

Financial Management Training

In response to the Defense Acquisition Workforce Improvement Act of 1991, DOD has taken action directed at improving the professionalism of its acquisition workforce. This was brought about as a result of the need to better ensure that DOD's acquisition workforce was well versed in the rapidly changing technical skills needed to keep abreast of acquisition trends. A key part of the effort to upgrade the professionalism (technical currency) of DOD's acquisition workforce was the requirement that each acquisition official receive a minimum of 80 hours of continuous learning every two years. While DOD has stated that there should be a comparable goal for financial management personnel, DOD has not made such training a requirement because of uncertainties over whether necessary funding would be available.

What are your views on the merits of establishing a requirement that all Army financial management personnel receive a minimum of 80 hours of training every two years?

I am a strong supporter of continuing education and maintaining a high level of technical and professional proficiency and currency.

If confirmed, what actions would you take to ensure that the Army's financial management personnel keep abreast of emerging technologies and developments in financial management?

If confirmed, I will make part of my strategic plan hiring, training, mentoring, and retaining a professional and skilled financial management workforce that is encouraged and rewarded for the pursuit of excellence and currency in financial management technologies and practices. I will work closely with the Under Secretary of Defense (Comptroller) and the Secretary of the Army to accomplish this goal.

Planning, Programming, and Budgeting System (PPBS)

Recently, a commission which included a number of former Defense officials and former Comptroller General Charles Bowsher stated that the Department's Planning, Programming, and Budgeting System (PPBS) is no longer functioning effectively. The Quadrennial Defense Review stated that the Department of Defense plans to study a redesign of the PPBS process.

What are your views on the PPBS process? Are there any changes that you would recommend?

As specified by Army General Order, the Assistant Secretary for Financial Management and Comptroller is responsible for overall management of the PPBES system. If confirmed, I will

personally participate in any PPBES reviews, to achieve the desired outcomes that include streamlining the process, improving the quality of PPBES products, and strengthening analytical reviews so that we budget in the same manner that we execute.

Government Performance and Results Act (GPRA)

If confirmed as the Assistant Secretary of the Army for Financial Management, what would your responsibilities be with respect to the requirements of the GPRA to set specific performance goals and measure progress toward meeting them?

Both the Secretary of the Army and the Secretary of Defense have stated they believe the Department should operate more like a business. To do so requires the establishment of performance-based measures and metrics. If confirmed, I will support this effort.

What additional steps can the Army take to fulfill the goals of the GPRA to link budget inputs to measurable performance outputs?

If confirmed, it is my intent to support the development of meaningful performance metrics and integrate them into the budgeting and decision making process.

Incremental Funding

In your view, what are the likely benefits or advantages of incremental funding of major weapons systems?

What are the likely costs or disadvantages of such funding?

How do you weigh these competing costs and benefits, and what approach do you believe the Army should take toward incremental funding of major weapons systems?

It is my understanding there are several approaches for funding major weapons systems. There is incremental funding and full funding. There is the use of single-year and multi-year contracts. If confirmed, I will evaluate the advantages and disadvantages of each and make the appropriate recommendations to the Secretary of the Army.

Savings from Competition

The Army and the other military departments have substantially increased the number of public-private competitions in recent years in order to achieve greater efficiency and effectiveness while reducing costs. Studies have shown that the military departments save money regardless of which side wins the competition.

Do you believe that decisions on whether to outsource work currently performed by government civilians should be made through public-private competition?

I understand that the public-private competitions have been successful in generating savings and efficiencies. If confirmed, I will work with the Department of Defense and the Department of the Army staff to evaluate the effectiveness of public-private competitions.

What steps should the Army undertake to measure the actual savings achieved after such competitions?

I believe independent cost evaluations are important both prior and subsequent to the competition. The Army should measure savings and also cost estimates for future competitions.

What are your views on the practice of including “funding wedges” in the budget that anticipate savings from public-private competition or other efficiencies prior to those savings actually being achieved?

Funding wedges can be harmful if decisions are delayed, not implemented, or the predicted savings do not materialize. That is why it is important to establish sound policy controls and accurate cost estimates to predict outcomes.

Working Capital Funds

Are there any changes you would recommend in the policies governing working capital funds in the Department of the Army?

I am not currently familiar enough with the Army Working Capital Fund to recommend any policy changes. Based on my understanding of revolving or working capital funds, the Army Working Capital Fund would be an integral part of the Army financial management systems, and important in providing accurate, timely and reliable financial information.

Do you believe the scope of activities funded through working capital funds should be increased or decreased?

If confirmed, I will review the scope of activities and propose any changes to the scope of activities if warranted.

Oversight of Special Access Programs

If confirmed as the Assistant Secretary of the Army for Financial Management, will

you be responsible for the financial management of special access programs in the Army?

If confirmed, I understand I will have responsibility for the financial management of all special access programs in the Army.

Are you satisfied with the oversight standards for the financial management of special access programs? Are these standards as stringent as those for other programs?

I understand the oversight standards for the financial management of special access programs are as stringent as those for other programs, but I am not yet fully aware of these standards and how they are enforced. If confirmed, I will ensure such standards are carefully and fully applied to these important programs.

Does the Office of the Assistant Secretary of the Army for Financial Management have sufficient cleared personnel and authority to review special access programs?

I have seen that the Office of the Assistant Secretary of the Army (Financial Management and Comptroller) has an office dedicated to the financial management of Army special access programs. However, I am not currently aware of the numbers or sufficiency of the cleared personnel. If confirmed, I will ensure that there are a sufficient number of trained personnel with appropriate clearances to guarantee appropriate financial oversight.

Congressional Oversight

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

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

Yes.

Do you agree, if confirmed, to appear before this Committee, or designated members of this Committee, and provide information, subject to appropriate and necessary security protection, with respect to your responsibilities as the Assistant Secretary of the Army for Financial Management?

Yes.

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

Yes.