

Advance Questions for Mary Sally Matiella
Nominee for Assistant Secretary of the Army for Financial Management & Comptroller

Defense Reforms

The Goldwater-Nichols Department of Defense Reorganization Act of 1986 and the Special Operations reforms have strengthened the war-fighting readiness of our Armed Forces. They have enhanced civilian control and clearly delineated the operational chain of command and the responsibilities and authorities of the combatant commanders, and the role of the Chairman of the Joint Chiefs of Staff. They have also clarified the responsibility of the Military Departments to recruit, organize, train, equip, and maintain forces for assignment to the combatant commanders.

1. Do you see the need for changes to any Goldwater-Nichols Act provisions?

I am not aware at this time of any changes that are required. If confirmed, this will be an area I will examine in depth.

2. If so, what areas do you believe might be appropriate to address in these modifications?

This is an area I will need to examine. If I am confirmed and I identify any changes I think are needed, I will coordinate my recommendations through the appropriate Army and Defense Department process.

Duties of the Assistant Secretary of the Army for Financial Management & Comptroller

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

I understand that the Assistant Secretary of the Army for Financial Management and Comptroller is responsible for directing and managing the financial management activities, operations, and comptroller functions of the Department of Army, and for advising the Secretary of the Army on these matters.

4. 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 29 years of Federal employment working in accounting and budget positions with the Army, Air Force, Defense Finance and Accounting Service, and the Office of the Secretary of Defense. I also have served as the Assistant Chief Financial Officer for Accounting at the Department of Housing and Urban Development and as the Chief Financial Officer

for the Department of Agriculture Forest Service. I have a record of improving financial management practices. For example, as CFO, I led the Forest Service to its first unqualified audit opinion. I am a Certified Public Accountant and a Certified Defense Financial Manager.

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

I believe you always need to look for ways to improve your overall understanding of fiscal issues. If confirmed, I will immediately immerse myself into the many fiscal challenges facing the Army today and incorporate any lessons learned from the past into future financial operations.

Relationships

6. What is your understanding of the relationship between the Assistant Secretary of the Army for Financial Management & Comptroller and each of the following?

a. The Secretary of the Army

The Assistant Secretary of the Army (Financial Management and Comptroller) is the principal advisor to the Secretary of the Army on financial matters and directs Comptroller and Financial Management functions of the Department of the Army.

b. The Under Secretary of the Army

My relationship to the Under Secretary would mirror that of the Secretary of the Army.

c. The other Assistant Secretaries of the Army

My relationship with the other Assistant Secretaries would support the responsibility I would have, if confirmed, to advise the Secretary of the Army on financial Management functions and activities of the Department of the Army.

d. The General Counsel of the Army

If confirmed, I would consult and coordinate with the General Counsel on all legal matters within financial management and comptroller responsibilities.

e. The Deputy Undersecretary of the Army for Business Transformation

I have been informed that this position has been disestablished and that the business transformation duties formerly assigned to this position now fall under the responsibility of the Under Secretary of the Army in his role as the Chief Management Officer (CMO). If confirmed, I would work closely and collaboratively with the CMO to ensure that all approved Business Transformation Initiatives are fully supported.

f. The Under Secretary of Defense (Comptroller)

If confirmed, I would work closely with the Under Secretary of Defense (Comptroller) to ensure the Army financial management and comptroller policies, practices, and systems dovetailed with those of the office of the Under Secretary of Defense (Comptroller).

g. The Deputy Chief Management Officer of the Department of Defense

If confirmed, I would support the Undersecretary of the Army in his role as the Chief Management Officer with any financial advice required in interactions with the Deputy Chief Management Officer of the Department of Defense.

h. The Director of the Business Transformation Agency

The Business Transformation Agency (BTA) provides support for the Army's financial management transformation efforts, particularly in business process areas impacting other DoD activities. I understand the Army and BTA are currently collaborating to transform business processes to improve how we pay our vendors and manage our accounts receivable.

i. The Assistant Secretary of Defense for Networks and Information Integration/Chief Information Officer

If confirmed, I would work to include the Chief Information Officer in all financial management system planning and decision-making.

j. The Director of Cost Assessment and Program Evaluation

If confirmed, I would support the Director of Cost Assessment and Program Evaluation in fulfilling his or her role of providing independent assessments. I would also work the Director to ensure the success of the Planning, Programming, Budgeting, and Execution (PPBE) process.

k. The Chief of Staff of the Army

If confirmed, I would work closely with the Chief of Staff of the Army on resourcing and financial management issues.

I. The Assistant Secretaries for Financial Management of the Navy and the Air Force

If confirmed, I will work closely with the Navy and Air Force Assistant Secretaries for Financial Management to maintain awareness of current issues and ensure that Army financial management and comptroller decisions consider best practices, are better informed, and reflect service cooperation and consistency when appropriate.

Major Challenges

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

Any Assistant Secretary of the Army for Financial Management will be challenged to improve the financial management systems and processes to ultimately allow the Army to receive a clean audit on the Financial Statements. In addition, it is imperative that the continuing Overseas Contingency Operations are properly funded to ensure the men and women in combat have all the necessary resources required to fight and win. The Army must continue to develop defensible and executable budgets, with proper accountability and transparency, that support the priorities of the Secretary of Defense and the Secretary of the Army, under the guidance of the President.

8. Assuming you are confirmed, what plans do you have to address these challenges?

If confirmed, I will work closely with the Under Secretary of Defense (Comptroller), the other Services, and the Army leadership to achieve a unified approach to addressing challenges. I will make every effort to ensure that the resources required are justified and accountable.

Priorities

9. 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 & Comptroller?

If confirmed, I will work towards establishing priorities for the preparation of auditable Financial Statements. I will also work to ensure that there are adequate resources to support Army priorities including Overseas Contingency Operations and Family Support Programs.

Civilian and Military Roles in the Army Budget Process

- 10. What is your understanding of the division of responsibility between the Assistant Secretary of the Army for Financial Management & Comptroller and the senior military officer (the Director, Army Budget) responsible for budget matters in the Army Financial Management office 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?**

I understand the Assistant Secretary of the Army (Financial Management and Comptroller) is responsible for all financial matters within the Department of the Army. The Military Deputy for Budget is the senior military officer within ASA(FM&C) and he is responsible for budget matters. This Military Deputy falls under the Assistant Secretary for Financial Management and Comptroller's direct supervision. I also understand the Assistant Secretary for Financial Management and Comptroller has oversight responsibilities on all financial aspects of the Program Objective memorandum preparation and submission. Direct responsibility for this process belongs to the Army G8, who is also a senior military officer.

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 attempts at efficiencies, problems with financial management and data continue.

- 11. What do you consider to be the top financial management issues that must be addressed by the Department of the Army?**

I believe the Army's most pressing financial management challenge is producing timely, reliable, and accurate financial information that is capable of passing an audit. I understand the Department of Defense Comptroller directed the Department of the Army to achieve an audit of the Statement of Budgetary Resources, and establish existence and completeness of mission critical assets. If confirmed, I will work with the DoD Comptroller and the Under Secretary of the Army in his role as Chief Management Officer to support these objectives.

- 12. If confirmed, how would you plan to ensure that progress is made toward improved financial management in the Army?**

If confirmed, I will ensure the Army has a solid plan to achieve the comptroller's objectives of an audit of the Statement of Budgetary Resources, and establish existence and completeness of mission critical assets and that the plan is linked to the Department's enterprise transition plan (ETP) and Financial Improvement and Audit Readiness (FIAR) plan.

13. If confirmed, what private business practices, if any, would you advocate for adoption by the Department of Defense and the Department of the Army?

I am not currently in a position to advocate for the adoption of any specific business practices for the Army. If I am confirmed, I will study how the Department does business now and work with the DoD and Army chief management officers (CMOs) and the Business Transformation Agency to identify any private business practices that may help to improve Army financial management.

14. 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 anticipated results are being achieved?

If confirmed, I will rely on metrics established in the Army's Financial Improvement Plan (FIP) and the DoD Financial Improvement and Audit Readiness Plan (FIAR) as the basis for measuring financial operations performance. I would also assess if there are any other performance measures available that would help the Army better evaluate itself.

The Business Transformation Agency (BTA) was established in the Department of Defense to strengthen management of its business systems modernization effort.

15. What is your understanding of the mission of this Agency and how its mission affects the responsibilities of the Assistant Secretary of the Army for Financial Management & Comptroller?

I understand the Business Transformation Agency was established to improve the management of business systems and systems modernization efforts. If confirmed, I will work with the BTA to ensure the Army's business systems and modernization efforts conform to its standards as codified in the DoD Business Enterprise Architecture (BEA).

16. What is your understanding of the role of the Assistant Secretary of the Army for Financial Management & Comptroller in providing the Army's views to the Agency, or participating in the decision-making process of the Agency, on issues of concern to the Army?

My understanding is the Assistant Secretary's role is to collaborate with the BTA in the development of the Business Enterprise Architecture and enterprise transition plan, and to ensure the Army's financial management modernization efforts conform with these efforts.

Section 904 of the National Defense Authorization Act for Fiscal Year 2008 designated the Under Secretary of the Army as the Chief Management Officer of the Army. Section 908 of the National Defense Authorization Act for Fiscal Year 2009

required the establishment of a Business Transformation Office within the Army to assist the Chief Management Officer in carrying out his duties.

17. If confirmed, what would your role be in the Department's business modernization effort?

I understand the law designated the Under Secretary as the Army's CMO and that the Secretary of the Army charged the CMO with the responsibility to effectively and efficiently organize the Army's business operations. If confirmed I will ensure the Army's financial modernization efforts support and complement the CMO's business transformation initiatives.

18. What is your understanding of the relative responsibilities of the Deputy Undersecretary of the Army for Business Transformation and the Assistant Secretary of the Army for Financial Management & Comptroller in Army business systems modernization and improvements in financial management?

It is my understanding that the position of the Deputy Undersecretary of the Army for Business Transformation has been disestablished and that the business transformation duties formerly assigned to this position now fall under the responsibility of the Under Secretary of the Army in his role as the Chief Management Officer (CMO). Further, the Secretary of the Army has established an Office of Business Transformation (OBT) to assist the CMO. If confirmed as the ASA(FM&C) I would be responsible for directing and managing the financial activities, operations, and systems of the Department of the Army in accordance with established standards and capabilities and for maintaining and annually revising a five-year plan describing the activities the Army proposed to conduct over the next five fiscal years to improve financial management. In my view, it appears likely that the duties of the CMO and the ASA(FM&C) will be complementary and that a close and collaborative relationship between the CMO and the ASA(FM&C) will work to the mutual benefit of the Army as a whole.

19. Do you believe the organizational structure of the Department of the Army is properly aligned to bring about business systems modernization and improvements in the financial management of the Army?

I am not sufficiently familiar with the Army's implementation of the Business Transformation Office to have an opinion on whether the Army is properly aligned to bring about business modernization; however, I believe that establishment of the CMO and Business Transformation Office can only facilitate the Army's ability to modernize business systems and improve its financial management.

20. If not, how do you believe the Department should be restructured to more effectively address these issues?

I do yet have an opinion on whether the Army is properly aligned or needs to be restructured. I do believe the establishment of the CMO and Business Transformation Office should help the Army modernize business systems and improve its financial management.

Section 2222 of title 10, United States Code, requires the Department of Defense to develop a Business Enterprise Architecture and Transition Plan to ensure that the Department's business systems are capable of providing timely, accurate, and reliable information, including financial information, on which to base management decisions. The Department also prepares an annual Financial Improvement and Audit Readiness (FIAR) plan aimed at correcting deficiencies in the Department of Defense's financial management and ability to receive an unqualified "clean" audit. Section 376 of the National Defense Authorization Act for Fiscal Year 2006 required that the FIAR plan be systematically tied to the actions undertaken and planned pursuant to section 2222.

- 21. If confirmed, what role would you expect to play in the formulation of the Army's contribution to the Business Enterprise Architecture and Transition Plan and the FIAR plan?**

If confirmed, I expect to play a significant role in ensuring the Army's Financial Improvement Plan and financial business systems modernization efforts align with the Department's Business Enterprise Architecture and FIAR plan.

- 22. What steps would you take, if confirmed, to ensure that the Army's contribution to the FIAR plan is systematically tied to actions undertaken and planned in accordance with section 2222?**

If confirmed, I will ensure the Army's Financial Improvement Plan provides the appropriate measures to correct deficiencies preventing the Army from providing timely, reliable, and accurate financial information and that the Army's plan is linked to the Department's FIAR plan. At this time, I am unfamiliar with Section 2222, but if confirmed, I will learn about it and ensure the Army complies with it.

The Comptroller General has testified that the Department of Defense should fix its financial management systems before it tries to develop auditable financial statements. He explained that: "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."

- 23. Do you agree with this statement?**

I do agree with this statement. If confirmed, I will ensure the Army develops and implements financial improvements that correct underlying problems, including those associated with financial management systems, and that these improvements result in sustainable business processes enabling the Army to produce timely, reliable, and accurate financial information. With the production of timely, reliable, and accurate financial data, obtaining an unqualified audit opinion becomes an achievable goal.

24. What steps need to be taken in the Army to achieve the goal stated by the Comptroller General?

I believe the Army needs to implement improvements supported by sustainable business processes and modern financial systems with the full support and commitment of the Army leadership.

Personnel Budget Shortfalls

During the last few fiscal years, the Army has experienced significant shortfalls in its personnel accounts that required a reprogramming to overcome. Last year, the shortfall was nearly \$2 billion and was primarily corrected via supplemental appropriations.

25. Has the Army corrected the issues and revised the budget assumptions that gave rise to the previous years' personnel funding shortfalls?

I have no direct knowledge of the steps the Army has or has not taken to correct these issues. If confirmed, I will make this a priority early in my tenure as the Assistant Secretary of the Army (Financial Management and Comptroller) and take any actions I believe appropriate after studying the issues and coordinating with the Under Secretary of Defense (Comptroller).

26. Does the Army continue to assume risk in its personnel accounts, and if so, where and to what extent?

I do not yet know about where or to what extent the Army is accepting any risk in its personnel accounts. If I am confirmed, I will make this issue a priority.

Defense Integrated Military Human Resources System

For several years, the Department has been working on the Defense Integrated Military Human Resources System (DIMHRS), an integrated joint military personnel and pay system for all the military services, as a means to eliminate obsolete legacy payroll and personnel management systems.

27. What is your understanding of the Army's requirement for DIMHRS and the adequacy of the current version of DIMHRS to meet the Army's requirements?

I am not fully aware of the issues with the Army's current personnel and payroll systems. If confirmed, I will familiarize myself with the available systems and work with the CMO and Assistant Secretary of the Army for Manpower and Reserve Affairs to determine what system is appropriate for the Army's future personnel and payroll management systems.

Supplemental Funding and Annual Budgeting

Since September 11, 2001, the Department of Defense has paid for much of the cost of ongoing military operations through supplemental appropriations. The FY 2010 budget includes a full-year request for overseas contingency operations.

28. What are your views regarding the use of supplemental appropriations to fund the cost of ongoing military operations?

I believe that the long term reliance on supplemental appropriations to fund an ongoing conflict is problematic. If confirmed, this will be an issue I will want to study further.

Authorization for National Defense Programs

29. 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 the Army?

The US Code specifically states that such authorization is necessary before funds for the appropriations listed above may be obligated or expended. If confirmed, I will follow the law, policies, and procedures directed by the Under Secretary of Defense (Comptroller) in dealing with any specific line items which might fall under the "appropriated but not authorized" category.

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.

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

Yes

- 31. 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 & Comptroller?**

Yes

- 32. 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

- 33. Do you agree to provide documents, including copies of electronic forms of communication, in a timely manner when requested by a duly constituted Committee of Congress, or to consult with the Committee regarding the basis for any good faith delay or denial in providing such documents?**

Yes