

**Advance Policy Questions for Gladys Commons**  
**Nominee for Assistant Secretary of the Navy (Financial Management and**  
**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.**

**Do you see the need for modifications of any Goldwater-Nichols Act provisions?**

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

**Answer:** Goldwater-Nichols has effectively enhanced civilian control and delineated many important relationships within the Department of Defense. At this time, I am not aware of the need for any changes to Goldwater-Nichols. If confirmed, however, any changes that I identify will be forwarded to the Under Secretary and the Secretary of the Navy.

**Duties of the Assistant Secretary of the Navy (Financial Management and**  
**Comptroller)**

**What is your understanding of the duties and functions of the Assistant Secretary of the Navy (Financial Management and Comptroller)?**

**Answer:** The Assistant Secretary of the Navy (Financial Management and Comptroller) is responsible for all financial management activities and operations within the Department of the Navy. This position is also responsible for advising the Secretary of the Navy on all financial management matters.

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

**Answer:** I have over thirty years of comptroller and financial management experience within the Department of Defense. I first began working in the Department in 1971 as a Budget Analyst within the Office of Naval Research. Over the next thirty years, I served as a Supervisory Budget Analyst at Naval Facilities Engineering Command, a Budget Officer within Headquarters Marine Corps and the Comptroller of the Marine Corps Research, Development and Acquisition Command. In 1994, I became the Principal Deputy Assistant Secretary of the Navy for Financial Management and Comptroller. During this tenure, I served for seven months as Acting Assistant Secretary of the Navy for Financial Management and Comptroller. From 2002-2004, just prior to my retirement from Federal Service, I served as comptroller of Military Sealift Command.

**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 Navy (Financial Management and Comptroller)?**

**Answer:** While I have relevant experience for the position, I believe learning and the need for improvement are lifelong, continuing processes. If confirmed, I will increase my knowledge by learning more about current specific issues regarding the Department's budget through discussions with subject matter experts and by studying existing documents.

### **Major Challenges**

**In your view, what are the major challenges that will confront the Assistant Secretary of the Navy (Financial Management and Comptroller)?**

**Answer:** I believe that there are three major challenges facing the next Assistant Secretary of the Navy (Financial Management and Comptroller). First, the next Assistant Secretary will need to balance the budget while ensuring that the requirements and systems needed by the warfighter are provided during two ongoing military conflicts. Second, the Assistant Secretary will need to ensure that accurate, reliable and timely financial information is available to leadership to assist during critical periods of decision-making. Third, the Assistant Secretary will need to continue ongoing efforts to recruit, train and develop the financial management workforce.

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

**Answer:** In order to ensure that these challenges are met, if confirmed, I will work closely with the Under Secretary of Defense (Comptroller), the Secretary and Under Secretary of the Navy, the Chief of Naval Operations and the Commandant of the Marine Corps.

## **Priorities**

**If confirmed, what broad priorities would you establish in terms of issues which must be addressed by the Assistant Secretary of the Navy (Financial Management and Comptroller)?**

**Answer:** If confirmed, my priorities will be three-fold. First, I will aim to provide accurate, reliable and timely financial management information to the Department's military and civilian leadership. Second, I will ensure that the Department remains a good steward of the taxpayer's dollars. Third, I am committed to the continual development of a professional financial management workforce.

## **Relationships**

**What is your understanding of the relationship between the Assistant Secretary of the Navy (Financial Management and Comptroller) and each of the following:**

### **The Secretary of the Navy**

**Answer:** The Assistant Secretary of the Navy (Financial Management and Comptroller) is the principal assistant and advisor to the Secretary and Under Secretary of the Navy on fiscal and budgetary matters. The Assistant Secretary of the Navy (Financial Management and Comptroller) also performs such other duties as the Secretary or Under Secretary may prescribe.

### **The Under Secretary of the Navy**

**Answer:** As stated above, the Assistant Secretary of the Navy (Financial Management and Comptroller) serves as a principal assistant and advisor to the Under Secretary of the Navy.

### **The other Assistant Secretaries of the Navy**

**Answer:** The Assistant Secretary of the Navy (Financial Management and Comptroller) works directly with the other Assistant Secretaries of the Navy to ensure that the financial management activities of their respective organizations are supported.

### **The General Counsel of the Navy**

**Answer:** The Assistant Secretary of the Navy (Financial Management and Comptroller) must work closely with the General Counsel of the Navy to ensure that all fiscal law requirements for the Department are satisfied.

#### **The Chief of Naval Operations**

**Answer:** The Assistant Secretary of the Navy (Financial Management and Comptroller) should ensure that the Chief of Naval Operations has the financial support necessary to execute his duties and responsibilities.

#### **The Commandant of the Marine Corps**

**Answer:** The Assistant Secretary of the Navy (Financial Management and Comptroller) should ensure that the Commandant of the Marine Corps has the financial support necessary to execute his duties and responsibilities.

#### **The Under Secretary of Defense (Comptroller)**

**Answer:** The Assistant Secretary of the Navy (Financial Management and Comptroller) must work closely with the Under Secretary of Defense (Comptroller) to ensure the appropriate development and execution of the budgetary and fiscal policies and initiatives of the President, the Secretary of Defense and Secretary of the Navy.

#### **The Deputy Chief Management Officer of the Department of Defense**

**Answer:** The Assistant Secretary of the Navy (Financial Management and Comptroller) must work with the Deputy Chief Management Officer of the Department of Defense to ensure the implementation of business systems architecture and to help identify business process improvements.

#### **The Assistant Secretaries for Financial Management of the Army and Air Force**

**Answer:** The Assistant Secretary of the Navy (Financial Management and Comptroller) must work closely with these individuals to ensure that decision making at all levels reflects the strongest cooperation possible between the military services.

#### **The Chief of Legislative Affairs for the Department of the Navy**

**Answer:** The Assistant Secretary of the Navy (Financial Management and Comptroller) should work closely with the Chief of Legislative Affairs to ensure that all budgetary and legislative matters are properly conveyed to the appropriate members of Congress.

## **Civilian and Military Roles in the Navy Budget Process**

**What is your understanding of the division of responsibility between the Assistant Secretary of the Navy (Financial Management and Comptroller) and the senior military officers responsible for budget matters in Office of the Chief of Naval Operations and headquarters, Marine Corps, in making program and budget decisions, including the preparation of the Navy Program Objective Memorandum, the annual budget submission, and the Future Years Defense Program?**

**Answer:** The Assistant Secretary of the Navy (Financial Management and Comptroller) is responsible for all budget matters within the Department. The senior military officers, including the Director of the Office of Budget, serve as principal military advisors to me in my capacity to oversee the development of the Department's Program Objective Memorandum.

## **Business Transformation**

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

**What is your understanding of the mission of the BTA and how its mission affects the responsibilities of the Assistant Secretary of the Navy (Financial Management and Comptroller)?**

**Answer:** It is my understanding that the BTA provides the framework for the Department of Defense's future business environment. I understand that the Department of the Navy is allowed to execute plans within this framework and has the flexibility to support unique mission requirements as necessary. The overall goal to improve business operations throughout the Department of Defense should support Department of the Navy efforts to provide decision makers accurate, reliable and timely financial information.

**What is your understanding of the role of the Assistant Secretary of the Navy (Financial Management and Comptroller) in providing the Navy's views to the BTA, or participating in the decision-making process of the BTA, on issues of concern to the Navy?**

**Answer:** The Departments are participants in the governance process, as well as key implementers. The Assistant Secretary should be involved in establishing and implementing DoD-wide financial management standards and improvement programs that affect the Department of the Navy. If confirmed, I would be an

active participant, providing input to support the development of improved Department of the Navy business operations.

**Section 908 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 requires the each of the military departments to establish an Office of Business Transformation to transform the budget, finance, accounting, and human resource operations of the military department.**

**What is your understanding of the mission of the Navy Business Transformation Office and how its mission affects the responsibilities of the Assistant Secretary of the Navy (Financial Management and Comptroller)?**

**Answer:** My understanding of the mission of the Department of the Navy Business Transformation Office is that they are to improve the effectiveness and efficiency of the Department's business operations through optimizing its underlying end-to-end business process. While the overall responsibilities of the office would remain unchanged, the Assistant Secretary of the Navy (Financial Management and Comptroller) has the opportunity to leverage existing DON organizational processes and the integration of acquisition, finance and logistics functions to increase the effectiveness and efficiency of DON business operations. This will support on-going efforts to provide accurate, reliable and timely financial information and assist the Assistant Secretary of the Navy (Financial Management and Comptroller) in performing their statutorily authorized responsibilities.

**What is your understanding of the role of the Assistant Secretary of the Navy (Financial Management and Comptroller) in the transformation of the budget, finance, and accounting operations of the Department of the Navy?**

**Answer:** The Assistant Secretary of the Navy (Financial Management and Comptroller) is responsible for the budget, finance and accounting operations of the Department of the Navy. If confirmed, I will work closely with the Department's civilian and military leaders to ensure that budget, finance and accounting operations are considered in changes to DON business processes. I will provide leadership and advice in the financial management functional area and ensure that those efforts are aligned with DOD priorities to achieve auditable financial statements.

**Do you believe that the organizational structure of the Department of the Navy is properly aligned to bring about business systems modernization and financial management improvements?**

**If not, how do you believe the Department should be restructured to more effectively address this issue?**

**Answer:** Yes, I believe that it is. However, there have been many changes in the organizational structure since I retired in 2004. I need to be made more aware of these new structures and to see how they align.

### **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, problems with financial management and data continue.**

**What do you consider to be the top financial management issues that must be addressed by the Department of the Navy over the next five years?**

**Answer:** During these difficult economic times, the top financial management issues will be the development of a balanced budget that meet the Department's warfighting priorities; ensuring the availability of accurate, reliable and timely financial information; the capability to produce auditable financial statements; and continued recruitment, development and training of the financial management workforce.

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

**Answer:** If confirmed, I would work closely with civilian and military leaders within the Department and the Office of the Secretary of Defense (Comptroller) to ensure the allocation of sufficient resources to the Department's warfighting priorities. I would also continue ongoing efforts to improve financial management systems and processes to achieve auditable financial statements.

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

**Answer:** I am not currently aware of any private business practice that I would advocate for adoption. However, if confirmed, I will certainly be willing to consider any of the best financial management practices within the private sector, other well-run federal or state government agencies or the non-profit sector to see if they could be adapted to the Department's processes.

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

**Answer:** Some key performance measures to determine if the plans and initiatives are being implemented as intended and anticipated results are being

achieved include timely distribution and allocation of funds, timely obligation of funds, funds balance with Treasury (net percent unreconciled), percent of invoices paid on time, timeliness of financial data (date of information), percent of vendor payments made electronically, interest penalties paid, etc. If confirmed, I would use these metrics along with the scheduled timelines included in the Department's Financial Improvement Plan to evaluate changes in the Navy's financial operations.

**Section 1003 of the National Defense Authorization Act for Fiscal Year 2010 would establish an objective for the Department of Defense to ensure that its financial statements are validated as ready for audit by not later than September 30, 2017. The provision would require the Department to establish interim goals, including objectives for each of the military departments.**

**What, in your view, would be a reasonable objective for the Department of the Navy to ensure that its financial statement is validated as ready for audit?**

**Answer:** I understand that the Department has a Financial Improvement Plan and is making progress toward achieving auditable financial statements. However, there remains a substantial amount of work to be done to improve our business systems and processes. There are also difficult issues that must be addressed, such as the valuation of major weapon systems and equipment. I have not had the opportunity to review the plan in detail and could not at this time predict a reasonable date for ensuring the auditability of the Department's financial statement.

**What interim objectives do you believe the Department of the Navy should establish, to demonstrate measurable progress toward a financial statement that is validated as ready for audit?**

**Answer:** I am not currently in a position to recommend interim goals. I am confident that work is being performed within the Department to develop objectives which would help demonstrate measurable progress. If confirmed, I will review the objectives that have been prepared and determine whether they appear to be reasonable and effective at demonstrating measurable progress. My intention would be to adjust or recreate these objectives as appropriate.

**What is the role of the Assistant Secretary of the Navy (Financial Management and Comptroller) in this effort?**

**Answer:** The Assistant Secretary of the Navy (Financial Management and Comptroller) provides the overall leadership within the Department to achieve auditable financial statements. However, the ability to produce auditable statements is influenced by all the business operations and processes within the

Department. If confirmed, I will work with the civilian and military leadership, process owners and the OSD Comptroller to meet the requirement for auditable financial statements.

**If confirmed, how will you work with the Chief Management Officer of the Department of the Navy and the Navy Business Transformation Office in this effort?**

**Answer:** The business practices within the Department are beyond the control of the Assistant Secretary of the Navy (Financial Management and Comptroller). However, these processes are critical to ensure an auditable financial statement. For this reason, if confirmed, I will work closely with the Chief Management Officer of the Department as well as the Navy Business Transformation Office.

### **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, and the FY 2010 budget included a full-year request for overseas contingency operations.**

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

**Answer:** I believe that it is important to move away from the use of supplemental appropriations. All requirements for military operations should be included within the budget. Such a move is easier to perform in stable times. However, during times of conflict, when new and emergent requirements arise, this becomes very difficult. When these new requirements emerge, it is essential that we identify a funding mechanism to support these requirements.

### **Authorization for National Defense Programs**

**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?**

**Answer:** Yes. If confirmed, I will respect the views and prerogatives of the Department's oversight committees. As the Department has in the past, I will continue to work closely with the committee as necessary to achieve a resolution of the issues.

## **Incremental Funding of Ships**

**Both the executive and legislative branches have traditionally followed a policy of full funding for major capital purchases such as ships. In recent years, the Department of the Navy has been using alternative funding methods for the purchase of ships, such as incremental funding in the shipbuilding account, or by the purchase of an initial ship of a class of ships through RDT&E funds, and thereby incrementally funding the lead ship.**

**What is your opinion of these types of funding strategies and of the pros and cons of incrementally funding ship construction?**

**Answer:** The Office of Management and Budget and OSD (Comptroller) policies require full funding of programs when procured. I do not have sufficient insight into the alternative funding methods used by the Department in recent years. If confirmed, I will review the funding strategies in the shipbuilding accounts to ensure that they comply with fiscal law and OMB and OSD policy. I believe that funding Naval ship construction is an important challenge and if confirmed, will work within the Navy and with OSD (Comptroller) to identify funding strategies that would benefit the Department and the taxpayer.

## **Budgeting for the Navy's Next Generation Enterprise Network**

**As part of its efforts to close out the Navy/Marine Corps Intranet (NMCI) contract, the Department of the Navy is planning to purchase infrastructure and a government purpose rights license from the incumbent NMCI contractor. The Navy asked Congress for special authority to spread out these purchase costs over several years; however, one of the reasons that the Navy was unable to budget in advance for these expenses is that the Navy is only now completing negotiations on the price of these items.**

**Why weren't the costs of infrastructure and a government purpose rights license negotiated up-front on the NMCI contract, rather than waiting until this late in the contract?**

**Answer:** The NMCI acquisition strategy was developed almost ten years ago. While development of the strategy was not under the purview of the Assistant Secretary of the Navy (Financial Management and Comptroller), I believe at the time it was based on prevailing best industry practices and the resultant lower cost to the Department and taxpayer. Under this strategy, the Department would adopt a commercial off the shelf solution and would not have to facilitate and/or own equipment which would become obsolete because of the rapidly changing technological environment.

**In your opinion, are there regulatory changes that should be made to prevent the Navy from repeating such occurrences and permit the Navy to budget for such expenses in advance?**

**Answer:** I do not believe regulatory changes are necessary. I believe the Department needs the flexibility to adopt best industry practices when they result in savings to the Department and the taxpayer.

### **DIMHRS**

**To address pay and personnel record keeping, and other personnel management requirements, DOD is developing the Defense Integrated Military Human Resources System (DIMHRS), an integrated, joint military personnel and pay system envisioned for use by all the services.**

**What is your understanding of the status of the development and implementation of DIMHRS in the Department?**

**Answer:** I understand that DIMHRS is the Department of Defense's solution for integrated record keeping. However, I do not have detailed information concerning the status of its development and implementation. If confirmed, I will look into the status of DIMHRS development and implementation.

**What is your understanding of the Navy and Marine Corps views of the pros and cons of implementing DIMHRS?**

**Answer:** I understand that there are many benefits associated with an integrated record system. However, I do not have sufficient knowledge to comment on the Navy and Marine Corps views concerning the implementation of DIMHRS. If confirmed, I will work closely with the civilian and military leaders of the Department regarding the development and implementation of DIMHRS.

### **Personnel Budget Shortfalls**

**During fiscal year 2009, the Navy experienced significant shortfalls in its personnel accounts that required a reprogramming to overcome, as well as other stopgap measures taken to avoid Anti-Deficiency Act violations, such as a reduction in advertising, a delay of new bonuses, a freeze of some civilian hiring, and a delay of new permanent change of station moves until the new fiscal year.**

**In your opinion, has the Navy corrected the issues and revised the budget assumptions that gave rise to the personnel funding shortfall?**

At this time I do not know if the Navy has corrected the issues and revised the budget assumptions that gave rise to the personnel funding shortfall during fiscal

year 2009. If confirmed, I am committed to reviewing the personnel accounts to ensure that they are fully funded consistent with existing fiscal law, regulations and OSD directives.

**Does the Navy continue to assume risk in its personnel accounts, and if so, where and to what extent?**

**Answer:** I do not have insight into the risk assumed in the personnel accounts. If confirmed, I commit to review the accounts to ensure adequate funding for the force structure budgeted.

### **Laboratory Directed Research and Development (LDRD)**

**Section 219 of the FY09 NDAA authorized the Secretary of Defense, in consultation with the Secretaries of the military departments, to “. . . establish mechanisms under which the director of a defense laboratory may use an amount of funds equal to not more than three per cent of all funds available to the defense laboratory . . . “ to fund innovative basic and applied research and several other purposes at these laboratories. Similar to the model of the Department of Energy LDRD program, the purpose of section 219 is to provide funding and discretion to the Navy's laboratory and technical center directors, to support the continued infusion of new ideas that support Navy missions, and in particular to authorize the directors to exercise some discretion in investing in promising technologies and other laboratory activities.**

**What should the role and authority of the Navy comptroller's organization be in implementing this statute?**

**Answer:** The role of the Navy Comptroller organization in implementing this statute is to develop a budgetary strategy which ensures funds are available for the purposes set forth in Section 219. The Comptroller organization would also be responsible for developing the appropriate financial and accounting methods for implementation of Section 219. If confirmed, I will ensure that the financial strategy and financial and accounting methods are in place to support the statute.

**How would you intend to enable the laboratory director's discretion over such funding to support its effective implementation, similar to the Department of Energy model?**

**Answer:** I understand that efforts are underway to provide the necessary guidance for successful implementation of the statute and to enable laboratory directors to initiate and oversee their local Section 219 programs. If confirmed, I will work with the Assistant Secretary of the Navy (Research, Development and Acquisition) who has programmatic oversight of the program, and OSD (Comptroller) to ensure successful implementation.

### **Budgeting to Address Operational Needs and Technological Opportunities**

**The Services often are often faced with situations in which an urgent operational need or a new technological opportunity arises on a timeline that is inconsistent with the relatively slow budgeting and programming process.**

**How should the Navy change its processes so that its budgeting, programming, and planning processes are more adaptable to emerging operational needs and technological opportunities?**

**Answer:** Every effort should be made to include any operational needs or technological opportunities within the budget. It is impossible, however, to include everything and still meet the deadlines imposed for timely submission. To the extent that the needs are known, they are included in the budget. If confirmed, I will review the processes to see if changes can be made that will be more adaptable to emerging operational needs and technological opportunities.

### **Congressionally Directed Spending**

**The Congress often provides the Navy with additional resources for research, procurement, O&M and other activities above the President's recommended levels.**

**If confirmed, how will you work with the Congress during the authorization and appropriations process to ensure that proposed Congressional funding items are reviewed for their military value and technical merit before their inclusion in legislation?**

**Answer:** If confirmed, I will maintain an open dialogue with the Congress to ensure that the needs of the Department as well as the Administration are conveyed.

### **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?**

**Answer:** 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 Navy (Financial Management and Comptroller)?**

**Answer:** 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?**

**Answer:** 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?**

**Answer:** Yes.