

**NOMINATIONS OF THE HONORABLE DAVID L.
NORQUIST TO BE UNDER SECRETARY OF
DEFENSE, COMPTROLLER; ROBERT B. DAIGLE
TO BE DIRECTOR OF COST ASSESSMENT AND
PROGRAM EVALUATION, DEPARTMENT OF
DEFENSE; AND ELAINE A. McCUSKER TO BE
PRINCIPAL DEPUTY UNDER SECRETARY OF
DEFENSE, COMPTROLLER**

HEARING

BEFORE THE

**COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE**

ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

MAY 9, 2017

Printed for the use of the Committee on Armed Services



Available via: <http://www.govinfo.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

COMMITTEE ON ARMED SERVICES

JOHN McCAIN, Arizona, *Chairman*

JAMES M. INHOFE, Oklahoma	JACK REED, Rhode Island
ROGER F. WICKER, Mississippi	BILL NELSON, Florida
DEB FISCHER, Nebraska	CLAIRE MCCASKILL, Missouri
TOM COTTON, Arkansas	JEANNE SHAHEEN, New Hampshire
MIKE ROUNDS, South Dakota	KIRSTEN E. GILLIBRAND, New York
JONI ERNST, Iowa	RICHARD BLUMENTHAL, Connecticut
THOM TILLIS, North Carolina	JOE DONNELLY, Indiana
DAN SULLIVAN, Alaska	MAZIE K. HIRONO, Hawaii
DAVID PERDUE, Georgia	TIM Kaine, Virginia
TED CRUZ, Texas	ANGUS S. KING, JR., Maine
LINDSEY GRAHAM, South Carolina	MARTIN HEINRICH, New Mexico
BEN SASSE, Nebraska	ELIZABETH WARREN, Massachusetts
LUTHER STRANGE, Alabama	GARY C. PETERS, Michigan

CHRISTIAN D. BROSE, *Staff Director*
ELIZABETH L. KING, *Minority Staff Director*

CONTENTS

MAY 9, 2017

	Page
NOMINATIONS OF THE HONORABLE DAVID L. NORQUIST TO BE UNDER SECRETARY OF DEFENSE, COMPTROLLER; ROBERT B. DAIGLE TO BE DIRECTOR OF COST ASSESSMENT AND PROGRAM EVALUATION, DEPARTMENT OF DEFENSE; AND ELAINE A. MCCUSKER TO BE PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE, COMPTROLLER	1
MEMBERS STATEMENTS	
McCain, Senator John	1
Reed, Senator Jack	3
WITNESS STATEMENTS	
McCusker, Elaine A., to be Principal Deputy Under Secretary of Defense, Comptroller	4
Advance Policy Questions	30
Questions for the Record	38
Nomination Reference and Report	40
Biographical Sketch	40
Committee on Armed Services Questionnaire	41
Daigle, Robert B., to be Director of Cost Assessment and Program Evaluation, Department of Defense	6
Advance Policy Questions	41
Questions for the Record	52
Nomination Reference and Report	54
Biographical Sketch	54
Committee on Armed Services Questionnaire	55
Norquist, The Honorable David L., to be Under Secretary of Defense, Comptroller	7
Advance Policy Questions	56
Questions for the Record	65
Nomination Reference and Report	67
Biographical Sketch	67
Committee on Armed Services Questionnaire	68
Signature Page	71

NOMINATIONS OF THE HONORABLE DAVID L. NORQUIST TO BE UNDER SECRETARY OF DEFENSE, COMPTROLLER; ROBERT B. DAIGLE TO BE DIRECTOR OF COST ASSESSMENT AND PROGRAM EVALUATION, DEPARTMENT OF DEFENSE; AND ELAINE A. McCUSKER TO BE PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE, COMPTROLLER

TUESDAY, MAY 9, 2017

UNITED STATES SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The Committee met, pursuant to notice, at 2:32 p.m. in room SD-G50, Dirksen Senate Office Building, Senator John McCain (Chairman of the Committee) presiding.

Committee Members present: Senators McCain, Rounds, Ernst, Tillis, Sullivan, Perdue, Reed, McCaskill, Gillibrand, Blumenthal, Donnelly, Hirono, Kaine, King, Warren, and Peters.

OPENING STATEMENT OF SENATOR JOHN MCCAIN, CHAIRMAN

Chairman MCCAIN. The Senate Armed Services Committee meets today to consider the nomination of David Norquist to be Under Secretary of Defense, Comptroller; Robert B. Daigle to be Director of Cost Assessment and Program Evaluation; and Elaine A. McCusker to be Principal Deputy Under Secretary of Defense, Comptroller.

Mr. Norquist, Mr. Daigle, and Ms. McCusker, we thank you for joining us this morning. We also welcome your families and friends here with us today. As is our tradition, at the beginning of your testimony, we would invite you to introduce those that are joining you today.

It is the standard for this Committee to ask certain questions in order to exercise its legislative and oversight responsibilities. It is important that this Committee and other appropriate committees of Congress be able to receive, testimony, briefings, and other communications of information. In response to these questions, just respond by saying yes or no.

Have you adhered to applicable laws and regulations governing conflicts of interest?

Ms. MCCUSKER. Yes.

Mr. DAIGLE. Yes.

Mr. NORQUIST. Yes.

Chairman MCCAIN. Will you ensure that your staff complies with deadlines established for requested communications, including questions for the record in hearings?

Ms. MCCUSKER. Yes.

Mr. DAIGLE. Yes.

Mr. NORQUIST. Yes.

Chairman MCCAIN. Will you cooperate in providing witnesses and briefers in response to congressional requests?

Ms. MCCUSKER. Yes.

Mr. DAIGLE. Yes.

Mr. NORQUIST. Yes.

Chairman MCCAIN. Will those witnesses be protected from reprisal for their testimony or briefings?

Ms. MCCUSKER. Yes.

Mr. DAIGLE. Yes.

Mr. NORQUIST. Yes.

Chairman MCCAIN. Do you agree, if confirmed, to appear and testify upon request before this Committee?

Ms. MCCUSKER. Yes.

Mr. DAIGLE. Yes.

Mr. NORQUIST. Yes.

Chairman MCCAIN. 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 of any good faith delay or denial in providing such documents?

Ms. MCCUSKER. Yes.

Mr. DAIGLE. Yes.

Mr. NORQUIST. Yes.

Chairman MCCAIN. Have you assumed any duties or undertaken any actions which would appear to presume the outcome of the confirmation process?

Ms. MCCUSKER. No.

Mr. DAIGLE. No.

Mr. NORQUIST. No.

Chairman MCCAIN. All three of you are being nominated for positions directly responsible for helping guide the Department of Defense (DOD) through extremely challenging times. The country is facing the most diverse array of challenges and crises since World War II, and to make matters worse, our financial house is not in order. Truth be told, I do not envy any of you.

In fiscal year 2018, which begins less than 5 months from now, the original Budget Control Act (BCA) caps are set to return. Both Republicans and Democrats know that the Budget Control Act discretionary spending caps are unacceptably low budgets for defense. President Trump's estimated budget is \$216 billion, in excess of the BCA caps in their 4 remaining years. Even President Obama's budget was \$113 billion above the BCA caps, and that budget would have barely slowed the deterioration of our military readiness and capability. Yet, these caps are the law of the land. Changing or eliminating them will require a bipartisan budget deal that

would be difficult under any circumstances, let alone our current political state.

We are now 3 weeks past the deadline to pass a fiscal year 2018 budget resolution. Yet, there is still no serious conversation that I am aware of in this body or anywhere else in Washington about what a bipartisan budget agreement would look like and how it would be achieved.

Each day the Congress does nothing to negotiate a budget deal simply increases the likelihood that the Department of Defense will once again start out the fiscal year under a continuing resolution (CR). If Congress continues business as usual, then the Department will continue to face the same problems, financial instability, uncertainty, and a mismatch of resources to requirements.

Internally the Department faces just as many challenges. Twenty seven years ago, the Chief Financial Officers Act was passed, and to this day, the Department of Defense is still not auditable. I repeat. To this day 27 years later, the Department of Defense is still not auditable. The Department of Defense is the only department in the Federal Government which has failed to meet this mandate. The Department now has until September 30, 2017 to be audit-ready, a deadline I am skeptical the Department will be able to meet. This has been a very public continuing failure for the Department of Defense in large part due to the failure of senior management to make this a priority for the Department and invest the necessary time and will to get it done.

This must end with you, Mr. Norquist and Ms. McCusker. As this Committee considers your nomination for key posts in the Under Secretary of Defense, Comptroller's Office, making the Department auditable remains one of the Committee's highest priorities. I believe that will only be possible when the right leaders who share the same goals are in the right position.

Lastly, the Department of Defense must rein in cost overruns. This Committee has done much to reform the acquisition system over the past 2 years, but the fact remains that the Department still has too many programs, both big and small, which are either facing cost growth or under-performing. Given the budget challenges I already mentioned, we simply cannot afford to wait until a program has reached a critical stage and breached Nunn-McCurdy before taking corrective action.

The Department of Defense and Congress must work together to be proactive in our oversight role and identify troubled programs sooner rather than later.

We look forward to hearing your testimony on how you intend to lead the Department through these challenging issues.

Senator Reed?

STATEMENT OF SENATOR JACK REED

Senator REED. Thank you, Mr. Chairman. Let me join you in welcoming the witnesses and also thank them for their service to the Nation already and also to the families that support them in their efforts. So thank you very much.

The nominees before us today have impressive records of service and expertise and are well qualified for the positions to which they have been nominated.

Mr. Norquist has previously served as the Chief Financial Officer of the Department of Homeland Security (DHS) where he was instrumental in their financial audit process, among other responsibilities. Before that, Mr. Norquist served in the DOD's [Department of Defense] Comptroller Office and as a member of the professional staff of the House Defense Appropriations Subcommittee.

Ms. McCusker is currently serving as the Director of Resources Analysis at CENTCOM [U.S. Central Command] headquarters where she oversees the financial management of the combatant commander's operational requirements. Previously she served as a professional staff Member of this Committee for Senator John Warner—thank you—and as a special assistant to the Assistant Secretary of the Navy for the MRAP program and as Deputy Director in the DOD's Comptroller Office.

Mr. Daigle is currently working on the staff of the House Armed Services Committee, leading Chairman Thornberry's team on acquisition policy reform. He also performed exceptional service leading the staff on the Military Compensation and Retirement Modernization Commission and has prior experience in the Pentagon. He also served as an enlisted soldier early in his career, which is your most significant accomplishment, sir.

If confirmed, all three of these nominees will be instrumental in the preparation and execution of DOD's budget, the completion of an audit of the entire Department, as the Chairman has emphasized, and the independent cost analysis of major acquisition programs.

The Committee looks forward to hearing your views on these and other complex issues. Thank you for your dedication.

Thank you, Mr. Chairman.

Chairman MCCAIN. We will begin with you, Ms. McCusker.

STATEMENT OF ELAINE A. McCUSKER TO BE PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE, COMPTROLLER

Ms. MCCUSKER. Thank you, Mr. Chairman and Senator Reed, Members of the Committee. It is a privilege to be here to answer your questions regarding my nomination to the position of Principal Deputy Under Secretary of Defense, Comptroller.

I am humbled and honored by the confidence Secretary Mattis and the President have placed in me with this nomination.

Before I provide a brief statement, I would like to introduce and offer my deepest appreciation to my mother Kathleen, my sister Michele, and my friend Mary, who are here today.

Chairman MCCAIN. Welcome.

Ms. MCCUSKER. I have a deep personal commitment and dedication to the U.S. military and to the security of this great Nation. I have been fortunate to work in various positions for a series of great leaders. Amazing teammates have allowed me to leverage my skills in the service of the country that I love.

I also have a keen appreciation for the challenges facing the Department, particularly in the area of resourcing. It is important that we carry out legal, ethical, and accountable budgeting and financial management so the Department can maintain focus on rebuilding and maintaining the readiness and capability necessary to carry out its roles and responsibilities.

The Comptroller has several important challenges and opportunities to attack in the coming months. To name just a few, if confirmed, my priorities will include supporting the Secretary in obtaining the top line defense budget and resources necessary to rebuild the military; participating in defense strategy, reform, and other reviews; and starting the Department's first full audit.

If I am confirmed, I will work in close partnership with my colleagues here on the panel to link strategy to resourcing. Together we must provide sound analysis and compelling justifications for the resources the Department requests. Continued interactions with this Committee will be critical.

I have more than 20 years of experience in academia, the private sector, on Capitol Hill, in the Pentagon, and at U.S. Central Command. I have built a diverse skill set that, if confirmed, I will aggressively and relentlessly apply to the duties and responsibilities of the Principal Deputy Comptroller and to the challenges facing the Department.

I am grateful for your consideration, and I look forward to your questions. Thank you.

[The prepared statement of Ms. McCusker follows:]

PREPARED STATEMENT BY ELAINE MCCUSKER

OPENING STATEMENT

Thank you, Mr. Chairman, Senator Reed, Members of the Committee. It is a privilege to be here to answer your questions regarding my nomination to the position of Principal Deputy Under Secretary of Defense for Comptroller.

I am humbled and honored by the confidence Secretary Mattis and the President have placed in me with this nomination.

Before I provide a very brief statement, I would like to introduce and offer my deepest appreciation to my mother, Kathleen McCusker and my sister, Michele McCusker-Whiting for being here today.

I have a deep personal commitment and dedication to the U.S. military and to the security of this great nation. I have been fortunate to work in various positions for a series of great leaders. Amazing teammates have allowed me to leverage my skills in the service of the country that I love.

I also have a keen appreciation for the challenges facing the Department, particularly in the area of resourcing. It is important that we carry out legal, ethical and accountable budgeting and financial management so the Department can maintain focus on rebuilding and maintaining the readiness and capability necessary to carry out its roles and responsibilities for the nation.

The Comptroller has several important challenges and opportunities to attack in the coming months. To name just a few, if confirmed, my priorities will include:

- 1) Supporting the Secretary in obtaining the top line defense budget and resources necessary to rebuild the military;
- 2) Participating in defense strategy, reform and other reviews;
- 3) Starting the Department's first full audit.

If I am confirmed, the DOD Comptroller, in partnership with my CAPE colleague here on the panel, performs a critical role in linking strategy to resourcing. Together, we must provide sound analysis and compelling justifications for the resources the Department requests. Continued interactions with the Committee will be critical.

I have more than 20 years of experience in academia, the private sector, on Capitol Hill, in the Pentagon, and at U.S. Central Command. I have built a diverse skill set that, if confirmed, I will aggressively and relentlessly apply to the duties and responsibilities of the Principal Deputy Comptroller position and to the challenges facing the Department.

I am grateful for your consideration and I look forward to your questions. Thank you.

Chairman MCCAIN. Thank you.
Mr. Daigle?

STATEMENT OF ROBERT B. DAIGLE TO BE DIRECTOR OF COST ASSESSMENT AND PROGRAM EVALUATION, DEPARTMENT OF DEFENSE

Mr. DAIGLE. Thank you. Chairman McCain, Ranking Member Reed, and distinguished Members of the Committee, thank you for the opportunity to appear before you today and for your consideration of my nomination to be the Director of Cost Assessment and Program Evaluation, or CAPE. It is truly an honor to appear before you.

I am grateful that President Trump had the confidence to nominate me for this position, and I thank Secretary Mattis for his support.

First, please allow me to introduce my wife and two boys, who are with me today. You should know that we are a defense family. My wife Veronica recently left CAPE. My oldest son Mitchell interned at the House Armed Services Committee last summer, and my son Justin wants to build either military robots or satellites. He just has not decided which.

Chairman MCCAIN. Welcome to all.

Mr. DAIGLE. CAPE is truly an exceptional organization. It plays a crucial role in providing independent cost and schedule estimates that improve the performance of the defense acquisition system. It objectively analyzes defense programs. Its analyses allow the Secretary of Defense to make informed decisions. It also uses these cost and program analyses, in collaboration with its Comptroller partners, to develop alternative investment strategies for the Department's future year's defense program. But most important, CAPE comprises a team of highly talented, experienced, and dedicated professionals that make the organization exceptional. If confirmed, it would be my honor to lead such an organization.

I have a decade of experience analyzing defense programs, as the lead for acquisition policy on the House Armed Services Committee, as the Executive Director of the Military Compensation and Retirement Modernization Commission, and as a member of the CAPE team. If confirmed, I would leverage these experiences to help rebuild the capability and capacity of our Armed Forces.

Defense sequestration constraints must be eliminated as they have weakened our military at a time when threats to our Nation all across the globe are rising. Concurrently, additional reforms must be pursued so that available resources are used to maximize the lethality of our Armed Forces. If confirmed, I would welcome the opportunity to assume the responsibilities of this position and, with my colleagues here on the panel, support the Secretary of Defense in these efforts.

Thank you again, and I look forward to answering your questions.

[The prepared statement of Mr. Daigle follows:]

PREPARED STATEMENT BY ROBERT DAIGLE

OPENING STATEMENT

Thank you. Chairman McCain, Ranking Member Reed, and distinguished Members of the Committee, thank you for the opportunity to appear before you today and for your consideration of my nomination to be the Director of Cost Assessment and Program Evaluation, or CAPE. It is truly an honor to appear here before you.

I am grateful that President Trump had the confidence to nominate me for this position, and I thank Secretary Mattis for his support.

First, please allow me to introduce my wife and 2 boys, who are with me today. You should know that we are a defense family—my wife Veronica recently left CAPE, my oldest son Mitchell interned with the House Armed Services Committee last summer, and my son Justin wants to build either military robots or satellites—he just hasn't decided which.

CAPE is truly an exceptional organization. It plays a crucial role in providing independent cost and schedule estimates that improve the performance of the defense acquisition system. It objectively analyzes defense programs; its analyses allow the Secretary of Defense to make informed decisions. It also uses these cost and program analyses, in collaboration with its Comptroller partners, to develop alternative investment strategies for the Department's Future Year's Defense Program. But, most important, CAPE comprises a team of highly talented, experienced, and dedicated professionals that make the organization exceptional. If confirmed, it would be my honor to lead such an organization.

I have a decade of experience analyzing defense programs—as the lead for acquisition policy on the House Armed Services Committee, as the Executive Director of the Military Compensation and Retirement Modernization Commission, and as a member of the CAPE team. If confirmed, I would leverage these experiences to help rebuild the capacity and capability of our Armed Forces. The Budget Control Act, whose sequestration constraints must be eliminated, has weakened our military at a time when threats to our national security all across the globe are rising. Concurrently, additional reforms must be pursued so that available resources are used to maximize the lethality of our Armed Forces. If confirmed, I would welcome the opportunity to assume the responsibilities of this position and support the Secretary of Defense in these efforts.

Thank you again, and I look forward to answering your questions.

Chairman MCCAIN. Thank you.

Mr. Norquist?

**STATEMENT OF HONORABLE DAVID L. NORQUIST TO BE
UNDER SECRETARY OF DEFENSE, COMPTROLLER**

Mr. NORQUIST. Chairman McCain, Ranking Member Reed, and Members of this Committee, it is an honor to appear before you today as President Trump's nominee to be Under Secretary of Defense, Comptroller, and Chief Financial Officer (CFO). I am humbled by the confidence the President and Secretary Mattis have shown in nominating me, and I thank the Committee for its consideration of my nomination.

On a personal note, I would like to recognize my father, Warren Norquist. The lessons my parents taught me are the foundation of who I am.

I would also like to express my appreciation to my wife Stephanie for her love, her dedication to our family, and especially her willingness to support me in this nomination process as she is all too familiar with the long hours that would accompany a return to government service.

Finally, my children, Warren, Elise, and Vivian. They are a constant reminder that the decisions we make today determine the America they will live in tomorrow.

Chairman MCCAIN. Welcome to the family, and we are very happy your brother is not here today.

[Laughter.]

Mr. NORQUIST. I began my career as a Federal civil servant, a GS-9 program/budget analyst, working for the Department of the Army. Over the last 28 years, I have worked financial management at virtually every level at which the Federal Government spends or oversees the expenditure of money, to include serving as Director

of Resource Management at a military field site overseas, as well as Chief Financial Officer of the Department of Homeland Security.

Each of these positions has the dual responsibility of protecting the Nation and protecting the taxpayers' money. It is a profound responsibility, but these are things I believe in passionately. It is what I do for a living. It is why I enjoy my work.

Should I be confirmed as Under Secretary of Defense, Comptroller, my duties would include working within the administration and with the Congress to build robust defense budgets that fully support the Department's mission and the men and women in our Armed Forces.

Unfortunately, we would not start from level ground. Years of sequestration have seriously undermined the readiness of our military and delayed its modernization. The fiscal year 2017 omnibus is a first step and the pending fiscal year 2018 budget will be another. But this needs to be the beginning, not the end. Significantly more needs to be done, including fully eliminating sequestration-level caps for the defense budget.

It is fitting that the Committee should consider the three of us in one panel. Helping the Secretary make the case for the right level of funding for defense requires close cooperation between Comptroller and CAPE. I believe I am safe in speaking for my colleagues when I say that should we be confirmed, we are committed to working as a team to achieve Secretary Mattis' objective of a larger, more capable, and more lethal joint force, driven by a new national defense strategy.

If confirmed as Chief Financial Officer, I would also be responsible for improving the Department's financial management practices. As the topic of the audit has come up in several of my meetings with you, let me address it directly.

It is time to audit the Pentagon. For 7 years or more, the Department has engaged in audit readiness, preparing for a full scope audit without starting it. This approach has diminishing returns. President Trump has called for conducting a full audit of the Pentagon. If confirmed, I would implement the President's vision.

I recognize it will take time for the Department to go from being audited to passing an audit. Everything you have heard about the size and the complexity of the Department is true, and this legitimately makes any endeavor, including an audit, harder. But that is not a reason to delay the audit. That is a reason to begin.

In 2006, DHS was in a similar position, having never passed a financial statement audit. When I was confirmed as CFO of the Department of Homeland Security, I implemented a process of remediation and accountability. Today, DHS has achieved four consecutive clean opinions. It was a bipartisan effort that depended upon strong support from Congress. If confirmed, and with this Committee's support, I believe we can bring similar change to the Department of Defense.

In closing, I would like to thank the Committee for its consideration of my nomination, and I look forward to answering your questions. Thank you, Mr. Chairman.

[The prepared statement of Mr. Norquist follows:]

PREPARED STATEMENT BY DAVID L. NORQUIST

OPENING STATEMENT

Chairman McCain, Ranking Member Reed, and Members of this Committee, it is an honor to appear before you today as President Trump's nominee to be Under Secretary of Defense (Comptroller) and Chief Financial Officer. I am humbled by the confidence that the President and Secretary Mattis have shown in recommending me, and I thank this Committee for its consideration of my nomination.

On a personal note, I would like to recognize my father, Warren Norquist. The lessons my parents taught me are the foundation of who I am.

I would also like to express my appreciation to my wife, Stephanie, for her love, her dedication to our family, and especially her willingness to support me in this nomination process as she is all too familiar with the long hours that would accompany a return to government service.

Finally, my children, Warren, Elise, and Vivian. They are a constant reminder that the decisions we make today determine the America they will live in tomorrow.

I began my career as a Federal civil servant, a GS-9 Program/Budget analyst working for the Department of the Army. Over the last 28 years, I have worked financial management issues at virtually every level at which the Federal Government spends or oversees the expenditure of money, positions ranging from Director of Resource Management at a military field site overseas to the Chief Financial Officer (CFO) of the Department of Homeland Security (DHS).

Each of these positions has had the dual missions of protecting this Nation's security and protecting the taxpayers' money. It is a profound responsibility, but these are things I believe in passionately. It is what I do for a living. It is why I enjoy my work.

Should I be confirmed as Under Secretary of Defense (Comptroller), my duties would include working within the Administration and with Congress to build robust defense budgets that fully support the Department's mission and the men and women in our Armed Forces. Unfortunately, we would not start from level ground. Years of sequestration have seriously undermined the readiness of our military and delayed its modernization. The fiscal year 2017 Omnibus is a first step and the pending fiscal year 2018 budget will be another. But, that needs to be the beginning, not the end. Significantly more needs to be done, including fully eliminating sequestration-level caps for the defense budget.

It is fitting that the Committee should consider the three of us in one panel. Helping the Secretary make the case for the right funding for Defense requires close cooperation between Comptroller and CAPE. I believe I am safe in speaking for my colleagues when I say that should we be confirmed, we are committed to working as a team to achieve Secretary Mattis' objective of "a larger, more capable, and more lethal joint force, driven by a New National Defense Strategy."

If confirmed, as Chief Financial Officer I would also be responsible for improving the Department's financial management practices. As the topic of the audit has come up in several of my meetings with you, let me address it directly.

It is time to audit the Pentagon. For 7 years or more, the Department has engaged in audit readiness, preparing for a full scope audit without starting it. This approach has diminishing returns. President Trump has called for "conducting a full audit of the Pentagon." If confirmed, I would implement the President's vision.

I recognize it will take time for the Department to go from being audited to passing an audit. Everything you have heard about the size and complexity of the Department is true, and this legitimately makes any endeavor, like an audit, harder. But that is not a reason to delay the audit—it is the reason to begin.

In 2006, DHS was in a similar position having never passed a financial statement audit. When I was confirmed as CFO of the Department of Homeland Security, I implemented a process of remediation and accountability. Today, DHS has achieved four consecutive clean opinions. It was a bipartisan effort that depended upon strong support from Congress. If confirmed, and with this Committee's support, I believe we can bring similar change to the Department of Defense.

In closing, I would like to thank the Committee for its consideration of my nomination, and I look forward to answering your questions.

Chairman MCCAIN. Thank you.

Again, welcome to all the family members who are here today. I know you are proud of these individuals? service to the country and willingness to continue.

I think all three of you are very highly qualified despite having worked over on the other side of the Capitol. We will forgive those indiscretions.

[Laughter.]

Chairman MCCAIN. I just have one question that I want to explore with you. We have been wrestling, as I mentioned, for God knows how many years with the audit issue. We have these cost overruns, and then we invoke Nunn-McCurdy, which is basically an autopsy because it is so late in a program that very little can be done about it because of the cost overruns that have already occurred. But what seems to compound all of this problem is the fact that we do not have an audit. We do not know how much money is being spent and on what.

You come before this Committee. There is a terrible cost overrun, and we complain about it and then next subject, and yet, we have a \$2 billion cost overrun on an aircraft carrier. The most expensive weapon system in the history is the F-35 and the costs are still going up. I could go on and on.

It seems to me that none of the three of you can do your job unless you have a handle on how much money is being spent. It would seem to me that would be a fundamental of trying to address this really unacceptable issue.

I guess I would say, one, why do you think it has taken so long for us to complete an audit or even actually begin one? What do you want to do different than what has been done for the last 17 years as we have not completed an audit? What, in your view, is the smartest thing we can do to avoid these massive cost overruns which are an embarrassment to all of us who are supporters of a strong national defense? We will begin with you, Ms. McCusker.

Ms. MCCUSKER. Thank you, Senator.

My understanding of what has prevented us from getting to an audit to this point is a long history of complex and diverse financial systems that were not designed to be auditable. They were really designed with budgetary reporting in mind and not financial statements. Combine that with just sort of the difficulty of placing a priority on this over time and the legacy systems not being able to talk to each other, I think that is what has led us to the point where we are today.

I think what we are going to do differently is start the audit. As Mr. Norquist said in his opening statement, we have spent some considerable time and effort on audit readiness, and the time is now to start the audit so we can aggressively pursue corrective action plans that have accountability matrix in them and we can start reporting some progress.

Chairman MCCAIN. You are confident we can do it?

Ms. MCCUSKER. I am confident we can get started.

Chairman MCCAIN. Whoops. After 17 years, we can get started?

Ms. MCCUSKER. Yes. I think we have to get started so we can understand what it is going to take from what we find on the first audit to see how long it is going to take us to actually get to a clean audit. I do not think we can predict at this point how long that is going to take until we really start going after our action plans.

Chairman MCCAIN. Mr. Daigle?

Mr. DAIGLE. I think there are two things that can be done in the short term.

Chairman MCCAIN. First of all, why do you think we have not been able to conduct an audit? Then what needs to be done?

Mr. DAIGLE. Senator, I am not an expert on audit. I am not sure why we have not been able to do it.

I would, instead, think that one of the things that we could do better than we do right now is data analytics inside the Department. Even after we get to a point where we have an audit, the underlying business systems, as I understand it, will still often have disparate data structures. One of the issues that CAPE has to deal with or any of the analytic organizations have to deal with inside the Department is Congress asks a question or the Secretary asks a question, and the first thing we have to do is a data call. CAPE gets information back, and then it has to spend time manually putting that data together, as Elaine said, from various legacy systems into a common data set.

Reversing that thought process where we get closer to data analytics up front and a common data structure where we can avoid that kind of manual work every time will go a long way towards allowing the Department to centrally see what is going on across the enterprise and answer the questions that you are asking in a more timely manner.

Chairman MCCAIN. Mr. Norquist, in addition to what I just asked also, you were able to achieve an audit at the Department of Homeland Security. Except for size, what is the difference?

Mr. NORQUIST. Let me take your questions in order, Mr. Chairman.

First off, why does it take so long to start an audit? It should not. This is just a matter of priority. There are technical reasons on what it takes to pass an audit, but starting an audit is a matter of driving change inside a bureaucracy that may resist it. The challenge in a large organization, Homeland Security and Defense, is there is a lot of other demands. Leadership not only has to make it a priority, they have to continue to make it a priority when other things are distractive. It does not have to be the top priority, but it has to be one of the priorities over a sustained period of time. I think that challenge of maintaining that level of energy has kept the Department not just from passing on it but even starting the audit.

The next question you asked about is, what would you do differently? First, of course, you need to start the audit. But from there, the audit has a number of things in it that are tremendously helpful if it is done correctly. When I was at DHS, the IG [Inspector General] worked with us, and his audit report did not just say "pass/fail," it included a chart. Each organization across the top, each weakness down the side, and a red box whenever an organization contributed to the Department weakness. Somebody inside the Pentagon can say I do not contribute really, but that is because it is such a large thing. But if you see yourself called out, the answer is, well, can you fix the two problems within your control. That is all. Just fix those two. As each of them is held accountable fixing in their area, the problem becomes smaller and more manageable.

One of the things to drive change is to move it so you can see the accountability for the corrective action plans at a level where people actually have the authority and the ability to implement change. That is one of the things that we did at Homeland Security. That is one of the things that I would look to bring to the Department of Defense is that corrective action plan linked to accountability over remediating those weaknesses.

I think in regard to your question about overruns, one of the challenges is both accurate data, but also the timeliness of the information. How hard is it or how easy is it to get information about the changes so you can anticipate it rather than, as you pointed out, just doing the autopsy afterward?

Then your last question is what is the difference between the Department and Homeland. It is really a matter of size. I think the other main difference is at Homeland we did not have a choice. When I was confirmed, the audit had already started, and so we were already underway. That is actually a huge help because I already had the prior year report. Should I be confirmed at Defense, we will not have that instantly, but that is the reason to get it started because it is such a useful tool. The scale will be there. Okay, that is fine. It just will take a number of challenges to work through it. But it is the same approach, and the same solution should be effective.

Chairman MCCAIN. Senator Reed?

Senator REED. Thank you all very, very much.

Let me direct a question following this line of questioning about the audit to Mr. Norquist and Ms. McCusker.

I think you made a very good point in your opening statement, Mr. Norquist. I think the Department was waiting for the moment, they could pass an audit, and that is like waiting for Godot. It never really comes the first time out for any organization is my sense.

But I suspect in the process of starting the audit, you are going to find not only constraints within the Department but also perhaps statutory issues. Both you and Ms. McCusker, I hope, would keep the Committee informed of additional legislative steps that we can take. The Chairman has been an extraordinary leader on acquisition, along with Chairman Thornberry. But I think we could benefit, as well as the Department, from the audit. I will just get your thoughts on that point and then Ms. McCusker.

Mr. NORQUIST. I completely agree, and there may be areas where there is a legislative requirement to do something one way that is inconsistent with accounting standards. I would look, should I be confirmed, to come back to the Committee and say what was the intent of that legislation and can we achieve it a different way that does not convolute the financial transaction processes.

Senator REED. Thank you.

Ms. McCusker, your comments.

Ms. MCCUSKER. Yes, I absolutely agree. I think that there is going to be a lot of important things that we are going to learn during this first cycle, and if we learn anything from a statutory perspective, we will absolutely keep in touch with you and work with you to resolve those issues.

Senator REED. Thank you.

Mr. Daigle, CAPE has extraordinary responsibilities in terms of developing these new weapons platforms and monitoring the development. Many times we look back sort of with chagrin because the requirements from this perspective look absolutely unrealistic. One of your challenges is coming up with very realistic, very practical requirements that advance the capabilities of the service but they are not unreachable and so expensive.

Can you give us a sense of how you are going to approach that issue?

Mr. DAIGLE. Senator, my first steps would be to implement the acquisition reforms that both chambers implemented last year, which I think goes directly to the question you are asking. Part of it is making sure that the results of the analysis of alternatives on the front end of an acquisition system where we look at a gap in capabilities and assess alternative ways of meeting that gap or fulfilling that gap are teed up to the senior levels of the Department in a way that brings the requirements and the resourcing and the acquisition communities together. So Having those three silos, if you will, historical silos of the overall big A acquisition system together, making that trade space early on, and trying to figure out what is affordable within the top line will help address the kind of gold-plated requirements that we have heard about through the years.

The second piece of that is the independent cost estimation process, since the Weapon Systems Acquisition Reform Act, WSARA, was implemented in 2009, has really been quite effective. We see that the cost estimates between CAPE and the Services have come much closer. We have seen a decline in the number of Nunn-McCurdy breaches. We have seen a decline in cost growth since WSARA on weapons programs. Continuing that good behavior is going to be instrumental.

The last thing I would say is more analysis and more consideration up front of the sustainment tails of the weapon systems must be part of the next step of what we do in the acquisition arena.

Senator REED. Let me just ask very quickly because my time is short of all three of you. Mr. Daigle alluded to it in his opening statement.

Big organizations, CVS, Amazon, have mastered or at least done much better with big data than DOD and using that, as Mr. Daigle suggested, to really fine tune their programs, their platforms, delivery systems, whatever. In fact, my sense—and you can correct me—is that unlike the good old days when DOD/Pentagon led the way on these things, they are very far behind in terms of harnessing big data.

Just quickly your comment on that point, Mr. Norquist, Mr. Daigle, and Ms. McCusker.

Mr. NORQUIST. I agree with you, Senator. I would point out that part of the use of data analytics, one, is to clean up the data, but once you have reliable data, there are more things you can do with it. There are more opportunities for reform and efficiency that start with everyone agreeing that these are the right numbers. I think it opens the door to make greater use of data analytics.

Senator REED. Thank you.

Mr. Daigle?

Mr. DAIGLE. I agree completely, Senator, and if confirmed, I would be quite eager to work on that.

Senator REED. To your knowledge, who is responsible for the big data effort now or anyone in the Department? Would that be the Comptroller, or is it something that the— Secretary Work or somebody?

Mr. DAIGLE. It is my understanding the leading person or the leading organization right now is the DCMO [Deputy Chief Management Officer].

Senator REED. Ms. McCusker?

Ms. MCCUSKER. Yes, I absolutely agree as well. I think that any opportunity we have to leverage the capabilities and technology, as you mentioned in terms of the big companies, the Department should look into that, and if confirmed, I would definitely do that.

Senator REED. Thank you.

Thank you very much, Mr. Chairman.

Chairman MCCAIN. Senator Perdue?

Senator PERDUE. Thank you, Chair.

Mr. Norquist, what reasons do you believe have been given so far that are credible in terms of not having the audit? I just have one quick point before I go to the other two questions real quick. Have size and complexity been used as a reason why an audit has not been successfully completed so far?

Mr. NORQUIST. That is one of the explanations, which is the size and the complexity. Part of it is since most people in the organization had not experienced an audit before, you did not have as much exposure to what it should look like, whereas at Homeland, we had a number of groups who came together from places that had at least had an audit, even if they had struggled, and therefore, they knew what to expect. It was easier to train or coach them on what was coming.

Senator PERDUE. That is a great point. If you look at the size and complexity issue, my point, coming from the business world, is the Department of Defense is only a little larger than Walmart. I cannot imagine Walmart calling the SEC [Securities and Exchange Commission] or any other agency and saying we are too large and complex to file our documents this quarter. I agree with your point.

Secondly, the spend it or lose it. You commented briefly on that. In 2015, we spent about \$275 billion under contracts. Yet, in the last week of the year, we spent 10 percent of the entire \$275 billion in the last week of the year. Can you comment on that and what you would do to look at that?

Mr. NORQUIST. Sure. I think there are two things that happened. One is an understandable hesitation, if you do not know exactly how much you are going to have, to move it until you are certain how you are going to go. So they save it up until the very end. Then they are like, okay, now I have to spend it. That is a consequence, a little bit, of unpredictability.

The other part is the use it or lose it effect of the legislation, which is—

Senator PERDUE. I am sorry. Can I just expand on that point? So Congress' lack of consistent budgeting and timeliness of that budget could actually contribute to that? Is that what you are saying?

Mr. NORQUIST. It could but it does not have to be Congress. It could also be the headquarters of your organization. Whoever is holding your money, if you do not know how much of it you are going to get, there is a temptation to make sure you can at least cover the essentials. Then when the additional comes down, you go like I can do more now. At any level where that occurs, you can have that challenge.

The other effect, of course, is that O&M [operations and maintenance] money expires, and this can create an incentive for people to use it or lose it. I think the point you were referencing is when Homeland Security was formed, they gave a provision in there that said if you do not spend it, we will give you 50 cents for every dollar at the beginning of the next fiscal year. I think the congressional intent on that was if you do not spend the dollar in exchange for 50 cents, it was probably not an exciting use of the dollar and we would like you not to do it. There are some pros and cons to that I would want to discuss before somebody did that because there are some challenges in implementing. But there has been a series of efforts I know from different people to look at that and say how do we discourage that sort of behavior.

Senator PERDUE. Mr. Daigle, today we acquire a lot of software, a lot of high-tech stuff, and yet the acquisition policies and regulatory schemes that govern those were developed in an era before the development of a lot of this technology. I mean, this iPhone, for example, has more computing power than NASA did when we put men on the moon.

The question I have is there are outside groups like the Defense Innovation Board. I do not know if you guys are familiar with their work. How would you interact with someone outside to help us close that gap to get back to the time when DOD was actually the leader in technology?

Mr. DAIGLE. Senator, I completely agree. Even in terms of CAPE's cost estimation processes, they are not really in line with the way the private sector thinks about cost estimation for software development. If confirmed, that is one of the things that I would look at.

The Defense Science Board, for example, is coming forward soon. I have spoken with them several times about a report that they have ongoing to look at the way the Department develops software, tests software, costs software, and deploys software to warfighters and whether or not we can speed up that entire process in the same way that updates to your iPhone apps come out sometimes without your knowledge.

I completely agree that software development is something that needs a look inside the Department, and if confirmed, I would absolutely do it.

Senator PERDUE. Ms. McCusker, quickly. Our acquisition processes in space. This is again a technology question. But the auditing of that—I know in business, the benefit of an audit is not necessarily just the financial issues. It is also comparing to best practices and that sort of thing. In a new area where there may not be best practices, how does an audit help us prepare for the next gin-up, if you will, in needs for our space defense?

Ms. MCCUSKER. I think the most immediate thing that comes to mind is it gives you a chance to do things right from the start. If you have an audit when you are beginning a new activity, you have the benefit of developing the reporting structure and the systems and the accountability that you would need for an audit.

I cannot speak specifically to the area that you are referencing, but I can look into that, if confirmed.

Senator PERDUE. Great. Thank you.

Thank you, Mr. Chair.

Chairman MCCAIN. Senator Ernst?

Senator ERNST. Thank you, Mr. Chair.

Thank you to our panelists today.

I appreciate what you are attempting to do or hope to attempt to do within DOD. I served as a county auditor for many years, and we understand that certainly to get a clean audit, you have to have an accounting system that actually works. That is my concern, is that we do not have an accounting system within the DOD that actually works.

Mr. Norquist, I would like your thoughts on what we can do to improve the accounting system that currently exists within DOD, and what other business practices would you implement that could help us achieve that clean audit of DOD?

Mr. NORQUIST. Sure. I think the first challenge, as you pointed out, is there are a large number of accounting systems in the Department of Defense. It is not essential to get down to one, but getting down to a small number would be a step in the right direction.

There are also a lot of feeder systems that are in accounting but are essential to provide data that were not built to talk to each other. There are techniques of ways of sharing data, or at least when a new system is implemented, that it is set up from the beginning to provide data correctly. Some of the programs when implemented, if they have a firm that tests that, not just from a performance perspective, from a compliance or an audit perspective, you can have greater confidence that when the systems are turned on, they are going to do what they are supposed to do.

You talked about other ways of looking at the reform. Under what we call A-123, you test entire processes and you look at what are called key controls. The idea is what is it that if it goes wrong creates the biggest risk to our organization. Do you know what those controls are and are you monitoring them?

The process of doing that often helps you uncover inefficiencies. There is a whole process of why is the person entering the data here and then it being reentered here, and then it is not being transferred when it goes to this third player who has to go look it up. It can come out of those processes where you can find ways to streamline it, and the best practice is load it once, load it at the beginning, and make sure it carries consistently through, and that tends to both reduce costs and improve efficiency.

Senator ERNST. That is very good. That is the type of attitude and foresight that we are looking for to tackle this problem in DOD. It has been years. We need to get this done.

The Chairman mentioned cost overruns with a number of programs, and you mentioned inefficiencies. We have seen that. The Chairman mentioned the F-35, which is great to develop these sys-

tems to compete with our near-peer competitors. However, there are times that I think we can use just as effective means that have cost us less. To that, I am going to go to Ms. McCusker.

Have you worked with the Combat Dragon program?

Ms. MCCUSKER. Yes, Senator. When I first arrived at CENTCOM, Combat Dragon was an idea of then General Mattis on doing an experiment to test the application of light attack air more closely attached to ground forces. Over the last 5 years, we conducted an experiment in CONUS [the Continental United States] and then we deployed a couple of aircraft to Iraq to test that concept and to test specifically the expeditionary nature of it and the cost. We kind of pushed the system to see what it can do.

The final report on that has been sent to the Department and they are looking at this as an option for the future, maybe a cheaper way to do things in certain environments.

Senator ERNST. We certainly do have the Combat Dragons in existence. Right? They were mothballed, put away in hangars. Is that correct?

Ms. MCCUSKER. Yes. We took a transfer of two OB-10's from NASA actually to do the experiment and did the weaponization on them, then de-milled them afterwards.

Senator ERNST. Exactly. I think that proves a point that there are useful things that we already have in our inventory that can be used in the right environment and situation. It does not always have to be the highest technology, the fastest plane, the most expensive plane that can get the job done. Sometimes it is just thinking back a little bit and what is the appropriate use of what we have in our inventory instead of investing in these high-tech, high-dollar programs, which again are essential if we need to compete with our near-peer adversaries. But sometimes programs like that are just as effective in a different type of environment.

Thank you, Mr. Chair.

Chairman MCCAIN. Senator Rounds?

Senator ROUNDS. Thank you, Mr. Chairman.

Mr. Norquist, in South Dakota during the time in which we had audits performed on different State agencies, there was an opportunity that we used both when I was in the legislature and then when I was Governor, and that was that the audits would be delivered to the appropriations committee and then the authorizing committees. When it came time to look at a program, the audit was also available to them. In doing so, the appropriators could ask specific questions about whether or not, with any discrepancies within the audit, that they could be rectified or at least the directions or the plan to rectify would be laid out before the operating committee.

Do you know of any such activity like that within the Federal Government today?

Mr. NORQUIST. Yes, Senator. When I was at the Department of Homeland Security, the audit was a pressing issue, and when witnesses would come up and testify, the Committee would ask about the status of the audit and the findings. As certain groups fixed their problems, the members would point out and congratulate them for success, and the few that were the stragglers discovered it far less comfortable to testify because they were standing out as

the reason that the whole Department was being held back. I know that there is language I think in the NDAA [National Defense Authorization Act] that requires that the audits at the Department of Defense go both, should I be confirmed, to the Comptroller's Office, but also to Congress.

Senator ROUNDS. DOD has been forced to operate under continuing resolutions for extended periods. Can you tell this Committee your view with regard to continuing resolutions and your role in assisting the Secretary with possible future CRs?

Mr. NORQUIST. The challenge with the CR tends to be their length, and if your organization looks the same in October as it does in January as it does in May, that may not be an issue. But at the Department of Defense things change. Programs move from R&D [research and development] to procurement. Acquisition numbers are either ramping up or they are ramping down. The steady state is sort of an unstable and unsatisfactory position.

I think one of the challenges is trying to avoid CRs, trying to get predictability over the next several years for the funding levels. There are things that, should I be confirmed, I would look to do to try and make them less disruptive. But even then you are sort of mitigating the damage. The ideal solution is a several-year plan where you know where you are going to be and can build budgets accordingly.

Senator ROUNDS. Mr. Daigle, sustainment costs are the long-term driver of the F-35 total cost of ownership. A 2014 GAO [Government Accountability Office] report estimated that DOD would incur an extra \$4 billion a year in operating and sustainment if the F-35 was fully fielded as planned. Do you believe there are any alternative contracting approaches that could lower these particular costs?

Mr. DAIGLE. I do not have any specifics right now, but if confirmed, that is definitely, given the size of the program, something that CAPE would have a strong hand in evaluating.

Senator ROUNDS. Ms. McCusker, you stated in the answers to your advance policy questions that it will be necessary for the OMB [Office of Management and Budget] to develop a resourcing strategy which will meet the Department's priorities for readiness, modernization, capacity, and lethality. How do you envision your role in this process?

Ms. MCCUSKER. I think in conjunction with Mr. Norquist and actually Mr. Daigle, we have a central role to perform in conducting the analysis to link the resources that we need to conduct a strategy that the President and the Secretary have outlined in a way that allows us to provide compelling information to OMB to support the Department's top line.

Senator ROUNDS. Mr. Daigle, perhaps I am just an optimist, but I am very hopeful that the new long-range strike bomber, the B-21, which is under development today, will come in at or below budget. I am an optimist.

But let us just assume that we have a major program that actually does come in at or under budget. If that were the case and in your review you look at it and you find unique planning or unique things, do you believe that your office is in a position to share those

techniques with other areas to perhaps see that those planning techniques and so forth be adopted elsewhere as well?

Mr. DAIGLE. Absolutely, Senator, more so if we find lessons learned that work. I would expect to share those in the next analysis of alternatives on the next program and force the system to evaluate those best practices. Absolutely.

Senator ROUNDS. Very good.

Thank you, Mr. Chairman.

Chairman MCCAIN. Senator King?

Senator KING. Thank you, Mr. Chairman.

Mr. Daigle, I would like to follow up on those questions. One of the real issues that has confronted the Defense Department over the not so recent past but continuously has been procurement and the escalation of costs and also time, that it takes so long to bring an idea to fruition. In fact, we had testimony before this Committee not long ago that companies in Silicon Valley do not even bid on contracts with the Pentagon because they find it so burdensome and over-regulated.

What are your thoughts on how we can get a hold of this procurement process?

One of the things I have observed, we have learned in these hearings is quite often we are trying to build devices while we are designing them. That is devices that means everything from a handgun to a destroyer. Give me your thoughts on how we get this procurement issue under control because it is hurting the country and it is hurting the Military Services.

Mr. DAIGLE. This could be a long answer because there is a lot to discuss in there.

Let me begin by saying that the work from the committees over the last couple years in terms of open systems architecture presents an opportunity, if you will, to restructure the acquisition system, to take what is typically considered a major defense acquisition system and break it into component parts, each of which should be developed and upgraded on its own technology cycle. Realistically, we are not going to be in a position where we can build an aircraft carrier quickly. That is going to take time. Building our next fighter aircraft will take time to design and test and to build. But it is the components that get strapped onto those platforms that really provide the capabilities to the warfighters.

Senator KING. Is one possible answer modularization so that we do not have to rebuild an entire weapon system, but we can plug and play the different sections?

Mr. DAIGLE. Absolutely, Senator. At the major defense acquisition program, that would be an approach that I think the Department should explore fully.

At the process level, we still have work to be done. If you think about a typical MDAP, a requirements process can take 2 or 3 years. So I have an idea. I have a gap. I have an idea of how to fill that gap. I need to specify the requirements for that. That can take 2 or 3 years. Once I have that done, then I can request funding in the POM.

Senator KING. Why does it have to take 2 or 3 years? Eisenhower retook Europe in 11 months.

Mr. DAIGLE. You are getting to the point at the end of the story, which is we need to figure out faster ways to do this. It should not take 2½ years to develop requirements documents. Within CAPE, typical timelines for an analysis of alternatives is a couple of years in and of itself. The planning for these systems needs to be done deliberately, but it should not take 7 to 9 years to get from I have a capability gap to somebody who is bending metal to build something to fill that capability gap.

The front end of that process needs to be evaluated. Part of that is the programming process and the budgeting process. Right now, even after we have the requirements done, the Services have to POM for it, and then it comes up to our organizations for review. Then it goes over to OMB for review. Then it comes over here for review, and then the money eventually ends out back at the program office. That in and of itself can be 2½ years.

The time on the front end before we actually start development of a weapon system in and of itself pushes our acquisition system far outside of the technology cycle.

Senator KING. The time on the front end is the final point I wanted to make. Abraham Lincoln was once asked what he would do if he was given an hour to split a cord of wood. His answer was I would spend the first 15 minutes sharpening his axe.

I hope that before you enter into the maelstrom of this job and the day-to-day pressures, that you will take some time to sharpen your axe to think about how to change this system in a broad and comprehensive way because it is not serving us well, but it is not going to be fixed if you have to do 16 other things. I would urge you, as a kind of beginning process, to go off-site somewhere with some smart people that know about this, people who work in the government, out of the government, Frank Kendall, others and say how can we restructure the system to do it faster, more dependably, and more economically. I think this is a crucial task as we are going into the B-21, the *Ohio* replacement, the missile upgrades, all of the significant expenditures that we have coming toward us. I hope you will take some quiet time, if you will, to think about this systematically rather than just tinkering with it while you are putting wallpaper up over there.

Thank you, Mr. Chairman.

Mr. DAIGLE. You have my commitment.

Senator KING. Thank you, sir.

Thank you, Mr. Chairman.

Chairman MCCAIN. Mr. Daigle, you might look at the way that Kelly Johnson of Skunk Works went into the desert of Nevada and developed an SR-71 in, I think it was, 15 months. What has changed today? That is what you ought to look at because what you just described to Senator King is exactly why, after grappling with this issue in this Committee, we have made so little progress. It is absolutely disgraceful. I hope you will start thinking outside the box.

I get a new one of these every week, year, whatever it is [holds up phone]. Whatever time it takes me to figure it out, it is time for a new one.

But the point is if they can do this, which is cutting edge of technology, why in the world would we have to go through what you just described to Senator King?

Mr. DAIGLE. I do not have a good answer for that, Senator.

Chairman MCCAIN. I guess we do not either.

Senator Tillis?

Senator TILLIS. Thank you, Mr. Chair.

First off, congratulations to all three of you. You should be very proud and your families as well for being nominated.

On the audit, first, Mr. Norquist, I want to thank you for the time that we have spent in the office. We were able to drill down on a number of subjects. I know that the audit has been covered several times here. I have full confidence that we will get the underlying systems right and some of the processes aligned so that they can perform an audit.

But I would encourage you and Ms. McCusker to not go in there with a mindset, once you get inside there, well, we not only got to do an audit but we got to be absolutely sure that we pass everything. The reason why audits exist is to find out where the vulnerabilities are to create after-audit reports so that you can act on them. Let us just not get perfect. Let us get the cycle going. I understand, coming from a firm that completed these for the private sector, there are some foundational things that need to be worked on, but we need to get past this audit-ready mentality which is not only be audit-ready but make sure we come out with shining colors to actually just start getting the job done to learn a lot from it.

Mr. Daigle, we were talking about sophisticated equipment. This is one of my favorite props. Sophisticated equipment, lengthy delays, and acquisitions. This is for a handgun, 10 years, 680 pages. When you talk to the people that put it together, they said there are only 39 pages that are technical specifications. Can I take that out and not have to deal with the rest? Ten years for a handgun? We are wondering why it takes 20 years for any sort of complex system. I am surprised it does not take 50 years if it takes this long to get a handgun done.

Program evaluation and assessment. To what extent do they get into assessing the total cost to make an acquisition decision? In other words, let us not get into what it is going to cost to field the capability once it has been specced, but come up with norms for how much it should cost because I am pretty sure it is not 10 years and 700 pages for a handgun. Is that within the lanes or possibly within the lanes of the job you will be assuming?

Mr. DAIGLE. Senator, that is not something I think CAPE does on a regular basis. Having said that —

Senator TILLIS. Well, who does?

Mr. DAIGLE. I would look to AT&L [acquisition, technology, and logistics] for the metrics and for the tracking of how long things take.

Senator TILLIS. When you do program assessment, when you are finally going back and doing program assessment and an evaluation, do you go back and take a look at the fully burdened cost for that program, in other words, all the time leading up to the actual program initiation?

Mr. DAIGLE. I do not believe CAPE typically does that.

But having said that, acquisition planning is a program just like anything else. So CAPE could be tasked to assess how long that takes, how much it costs.

Senator TILLIS. I think it would be helpful. I think that if we go back and take a look—history could be very instructive in terms of how we stratify going back to some of the points that were made about how we can streamline or expedite acquisitions. I think we are, in some cases, putting a \$100 saddle on a \$10 horse. I do not necessarily think the acquisitions process for a handgun has to rise to the same level as the Joint Strike Fighter, but I do believe that we have systems and processes that do not stratify along the lines of complexity and mission focus. I think that that is an area that we have to go back, look at existing programs, and see how they ran off the rails to be instructive to future programs so that we stratify them appropriately. Does that make sense to you, how you all can play a role in that?

Mr. DAIGLE. It does.

Senator TILLIS. The last question I had was for either Ms. McCusker or Mr. Norquist. What do you think is left based—I know you are not confirmed, so you may have limited information. But if you take a look at the process leading up to getting the audit done, what big rocks still need to be turned over before we are prepared to actually get the audit completed and start acting on the audit recommendations? Mr. Norquist?

Mr. NORQUIST. There are a couple of steps. The first one is there is a letter the Secretary would sign that, should I be confirmed, I think is prepared out of the Comptroller's Office that says, yes, it is worth to go ahead and start the audit. Several of the contracts are already in place. The IG who owns all of the contracts for the audits would say go. There is one with the Navy that has been held up on an issue that needs to get resolved. Should that be resolved, and you get all of them underway starting next fiscal year, hopefully you would start to learn things from it along the way. But certainly at the end when they give the report, you would have detailed findings, and then you would have the corrective action plans executed against them. I think at this point it is making sure that you continue to have leadership support saying, yes, this is what we want to do. This is the direction we want to go. Let us get it started.

Senator TILLIS. Thank you, all three, for being here. Best of luck. I look forward to supporting your confirmations.

Mr. NORQUIST. Thank you, Senator.

Senator REED [presiding]. On behalf of the Chairman, Senator Warren, please.

Senator WARREN. Thank you, Mr. Chairman.

Mr. Daigle, thank you for meeting with me earlier today.

I want to talk a bit about your obligations to work with AT&L to oversee the DOD's major acquisition programs. As you know, DOD currently spends about \$180 billion every year on acquiring major weapon systems. While the Department has improved outcomes in recent years, some analysts have suggested that the reason they have improved outcomes has been more to do with budget

pressures limiting the number of new programs that were started and forcing more discipline into the few starts that did occur.

If you are confirmed, you are going to be responsible for making sure that every taxpayer dollar is spent both efficiently and wisely. The question I would like to ask, Mr. Daigle, is if the defense budget increases, as the President would like, how do you ensure a disciplined approach to what programs are started and what kind of shape they are in, not that we just shovel money in, but that we really are disciplined and are going to get an effective program out on the other end that is going to contribute significantly to our safety?

Mr. DAIGLE. Senator, I would say the answer to that is strong, independent, unbiased analysis of program requirements, program capabilities, and program costs, teeing those up to leadership and oversight bodies and making sure that the folks that are making the decisions have the best information available in terms of the pros and cons and the good and the bad and the ugly of acquisition programs.

Senator WARREN. Good. I take it, part of that too, is making sure that cost estimates are public. We spoke a bit about this earlier.

Mr. DAIGLE. Yes, ma'am.

Senator WARREN. Good, good.

Mr. Norquist, if I could ask you—again, thank you for taking the time to meet with me.

We had an interesting conversation about the Department's progress or maybe I should say delay in finally submitting to an audit. You know that there is tremendous frustration right now in Congress about DOD's lack of progress in this area. You and I talked about why the can keeps getting kicked down the road on that first audit and particularly about the impact of the fear of failure.

Let me ask you here in a public hearing. Do you think DOD can get a clean audit opinion on its first try? Do you think it matters?

Mr. NORQUIST. I do not think they can get a clean audit opinion on their first try, Senator. In fact, I think it would be unproductive for them to be focused on that. I would rather everyone be focused on disclosing and discovering as many of the issues as possible. You know, one of the things that helped at DHS was I told everyone you are going to fail the first year. Do not worry about it. Let us see how many of the problems we can find now because if we find them 3 years from now, we have lost 3 years worth of opportunity to remediate. My view is they should not focus on that part. They should focus on getting started, finding the problems, and fixing them.

Senator WARREN. All right, good.

You know, I feel like postponing the audit because you might not get a good result is kind of like not going to the doctor because you do not want to hear what the doctor say. It does not make problems any better.

Mr. NORQUIST. An excellent analogy, Senator.

Senator WARREN. All right, good. I am glad that means you are going to be a strong voice for pushing towards these audits.

Can you give us your perspective on the kinds of cultural changes that hinder progress toward a full audit and how you

think about changing the culture, using your experience from DHS in that?

Mr. NORQUIST. Absolutely. There is a cultural aspect to this. You have organizations that are not used to being audited. In fact, one of the things that will be a surprise is they are not used to getting audited on the same thing again. So the auditor comes through. He writes your recommendation. You say, okay, we made a mistake. Thank you and we promise to do better. Well, they come back. They come back every year. That is not a problem. That is actually a huge help because now when you fix something, a year later he will be saying, well done, it is fixed, or that is odd. It is not. You know, what are you doing —

Senator WARREN. I think what you are talking about is accountability?

Mr. NORQUIST. It is accountability, yes.

But there is an up side to that which is you know there will be someone who cares enough to come back and say you fixed it, well done, and so you will get to see that.

The other part is there is an exposure. There are people who have been auditors before. What I found at DHS when I showed up is there was one person in my organization who I knew had been an auditor before, and their reaction to every meeting was completely different. The staff would sort of get taken aback and a little bit offended by the exchange, and you would have the healthy body language when you are meeting with your auditor. This gentleman—he is an exceptionally good gentleman, Mike Weckler—would take me aside and say, boss, they have to do this. That is the audit structure. They are going to ask the same questions, and frankly they are going to ask you the same set of questions next year we should have the answers for when they show up.

We started hiring a couple people with audit experience, not a lot but just enough within the organization so that people would understand the auditors follow standards. They ask for certain things. There is an expectation. Also there is a way of dealing with them when there is an alternative solution. If you have been an auditor, you can go back to them and say I am going to do it this way instead. Oh, that is okay. That is acceptable under the audit standard.

There is training you need for professionalization, and there is a mix of bringing in folks with that other perspective that really helps shift the culture of the organization.

Senator WARREN. Thank you very much. I think this Committee stands ready to provide you with any additional tools you may need or incentivizes you may need to help move this along faster.

But I want to thank all three of you for your willingness to serve.

Thank you, Mr. Chairman.

Mr. NORQUIST. I appreciate that, Senator. We will need all of those.

Senator WARREN. Let us know.

Senator REED. On behalf of the Chairman, Senator Blumenthal.

Senator BLUMENTHAL. Thanks, Mr. Chairman.

I want to focus on some of the unseen costs or less visible costs of shipbuilding. As you know, the Navy's 2016 force structure as-

assessment reemphasized the priority of undersea warfare capabilities focusing especially on our attack submarines. One of the most common questions I am asked by the Pentagon is about the industrial base, whether we will have sufficient skilled and trained workers to build submarines at the rate of 2-a-year. The accelerated fleet plan supports three additional *Virginia* submarines, one more in fiscal year 2021, 2022, and 2023, respectively, to ensure that we move as quickly as possible toward the goal of 66 submarines from the present 48.

I would like to ask all of you in terms of assessing the costs and the capabilities of this country, do you agree that we need to assure a stable, healthy industrial base as we modernize our military and that the assessment of cost should include some kind of measure of whether the pace of work will maintain that industrial base? Because as you know, you cannot just let people go and call them back, turn the spigot on and off. People have lives. They are going to go do something else. We are talking about people who are very capable of doing other things with their lives, and they need to do other things with their lives if they are not going to be employed for a period of time. Training those people, maintaining the workforce is a major challenge for our military contractors, particularly Electric Boat and our submarine contractors and, equally so, our subcontractors, the supply chain throughout Connecticut and the country.

I am asking you this question because it is very much on my mind as Electric Boat is, just to give you one example, now working on maintenance of the *Montpelier*, an existing submarine. That work will end sometime in probably 2017, and then there will be a lag before the USS *Boise* potentially could be in for overhaul as it needs to do because it cannot submerge right now. That gap will be there on maintenance operations.

Should we not worry about accelerating work on the *Boise* on its maintenance and overhaul so that we move that workforce to the *Boise* rather than have the lag or gap in between and thereby potentially lose some of that workforce? I realize it is a longwinded question, but I would like your general thoughts about it.

Mr. DAIGLE. Senator, I agree that workforce implications should absolutely be part of both the Department's investment strategies and its cost estimates related to those programs.

Mr. NORQUIST. I think the point you made is essential, Senator. The amount of investment that it takes to be able to have the capacity to make a *Virginia*-class submarine is complex. If you were to decide to not buy them for 2 years, you cannot buy six the next year. You cannot buy any. One of the advantages I think of the Department's 6-year plan is you lay out how many of each capability—say submarines—you wanted to have at the end of a period of time, but then as you figure out the rate at which you are buying them, you can pay attention particularly to these types of industrial base issues and challenges. They will vary by technology, but it is an essential part of having a successful multiyear strategy.

Ms. MCCUSKER. Senator, I am familiar, to a degree, on the work that the Department has done to really look at the industrial base and to try to do a better job of predicting what our decision-making will do over time and give a little bit more predictability in there.

I think, if confirmed, I would really be looking at this from a resourcing perspective, and so working with AT&L and others, what are the resourcing implications that we need to take a look at in conjunction with the results of the strategy reviews that are going on now will have an impact potentially on those exact things in the future as well. I think that is where I would definitely be coming from if confirmed in this position.

Senator BLUMENTHAL. Thank you each for your answers. Thank you for your willingness to serve, and thank you to your families as well. I look forward to working with you, assuming that you are confirmed.

Thank you, Mr. Chairman.

Senator REED. Thank you.

On behalf of the Chairman, Senator McCaskill, please.

Senator MCCASKILL. Thank you.

Congratulations and condolences to all three of you. You have really hard jobs. I have worked closely with your predecessors on a number of items, and I look forward to that same working relationship with you.

One of my areas in the decade that I have served on this Committee has been contracting. I continue to remain frustrated over the lack of transparency on contracting especially as it relates to contract services.

GAO put out a report. They have put out several reports on this subject, but the latest one was—and I am a former auditor. So I read all those GAO reports. I am used to this body language. I got it a lot as an auditor. I get it a lot as a Senator too.

The 2016 February report showed that between 2010 and 2015, that no question DOD contracted for a lot more services than products. I think, unfortunately, people around here when they think of contracts, they think of us buying stuff instead of us buying people. In 2014 alone, there was over \$85 billion spent on just contract services.

Now, previous audits have talked about how many of those service contracts were for inherently governmental functions, which of course there is a whole process you need to go through if you are going to be hiring people to do inherently governmental functions in a contract capacity.

I have said many times on this Committee before my father peeled potatoes in World War II. I do not expect us to be using our very expensively trained military, point-of-the-spear personnel to be peeling potatoes ever again. I get that part. But I am talking about over there in that building. I am talking about layer upon layer of contract services.

The recommendations made by the GAO last year was essentially that we need to have some transparency and especially some kind of budget going forward. All of the services should revise their programming guidance to collect on how contracted services will be used to meet requirements beyond the budget year into the FYDP [Future Years Defense Plan]. DOD partially concurred with this, saying the volatility of requirements in each budget cycle constrained the Department's ability to accurately quantify service contract requirements. You know, that dog doesn't hunt because we have been spending billions of dollars on contract services every

year. We have a look back and the GAO says you have the data for a look forward. That is what I really want to focus on today.

How can the Department best estimate what kind of service contracts will be necessary in the future years? Why can we not get a system in place where we are doing a better job? Because if we do not know what that line item is, there is no way we can do oversight on that line item. I think it has remained kind of—you know, slide around because then we cannot say why did it jump so much in this year. You guys know how the FYDP works over there. It actually does have a constraining effect on DOD and the branches as they look into the FYDP and what is coming. If we had this number in the FYDP, I think it would have a really positive impact on the budgeting process and ultimately hopefully the auditing process.

Mr. Norquist?

Mr. NORQUIST. What I would say is I would start by looking at some of the largest service contracts, the ones where there is—either associated with maintenance of weapon systems or something where you can directly associate the volume of activity with the number of systems in inventory and its maintenance schedule. Those provide some of the best out-year predictions.

Other ones may be by capability. You may use services to maintain roads and facilities on a base. Then you are funding it by the function you are trying to perform. The actual vendor who wins the contract is irrelevant. It may be different ones at different points in time, but this is the amount of money we will want to spend on maintaining facilities and infrastructure. I think those allow you to look out multiple years and be more than guessing. You can say, well, this facility is expanding and therefore I will need additional support or it is contracting. But the ability to reliably project other than using inflation or some other generic dramatically improves the quality of your out-year projection, Senator.

Senator McCASKILL. Would you get back to me and let me know if this is something that you would be willing to prioritize going forward? Because I think not doing it—I mean, listen, I get a contingency, but we are not talking about contingencies here. We are talking about service contracts like you said from everything from repairing roads to providing jock air to fixing the copy machine. You know, sometimes it is security services. It is a variety of things.

I just think you all have been doing so much service contracting for so long that it is time for us to have a better look into the future so we can have a better handle on it. I would like a commitment today that when you all are confirmed, that this is something that will be discussed and talked about, along with having that first audit where it is going to be painful but it will be downhill from there.

Mr. NORQUIST. Senator, should I be confirmed, I commit to working with my colleagues here as part of looking at the planning and programming budget process to see how we can address the issue you brought up.

Senator McCASKILL. Thank you very much.

Thank you, Mr. Chairman.

Senator REED. Thank you.

On behalf of Chairman McCain, Senator Kaine.

Senator Kaine. Thank you, Mr. Chair, and thanks to our Committee Members.

Congratulations on your appointment.

When we got a budget deal last week, the President tweeted out the next morning there might be a need for a good shutdown of the Government in September. There has been an interesting discussion with comments by the OMB Director about what a good shutdown would be.

I want to ask you with respect to your own functions, should you be confirmed. With respect to either the Comptroller function or this cost assessment and program evaluation function, would you see any good to the work that needs to be done if the Government of the United States were to shut down in September?

Mr. NORQUIST. Senator, there is a cost and disruption to services whenever there is a shutdown. Absent a significant policy change as a result of it, that is a challenge. It depends on what the policy change is as to whether it is beneficial. But from the point of view of the Comptroller, a shutdown is disruptive.

Senator Kaine. The same on the cost assessment function?

Mr. DAIGLE. Agreed.

Senator Kaine. Let me broaden it beyond Comptroller and the cost assessment and program evaluation function. With respect to the national security and the defense of the United States, which is the overall mission of everybody who works for the SecDef [Secretary of Defense], can you see any good in a shutdown of the Government of the United States?

Mr. NORQUIST. The disruption that you have in the Comptroller function you would see similar things in all of the military organizations and units that are affected by it. The question would be what is the policy change that resulted from it because otherwise there is just pain.

Senator Kaine. Same on the cost assessment function?

Mr. DAIGLE. Agreed. I would just add—go back to David's point earlier. I think in particular the three people sitting here would very much prefer stability in resourcing over the next few years so that we can develop an investment strategy and an investment plan for the Secretary and for the Department of Defense.

Senator Kaine. Actually that is a very good point. I am a former mayor and governor. I am kind of a certainty freak. I am in a line of work where you do not necessarily always get certainty. My general assessment is our governmental professionals, as well as the outside private sector, can sort of adjust around a certain outcome. Even if they do not like the line item in the budget, they can kind of plan and adjust around it. That is an awful lot easier than trying to adjust around an asterisk where you do not know what the budget number is going to be, you do not know if there are going to be furloughs, you do not know if there is going to be a shutdown. I think particularly in sort of Comptroller, cost assessment and program evaluation, uncertainty has cost and our job should be to try to reduce that uncertainty if at all possible. Would you agree with that?

Mr. NORQUIST. Yes, absolutely. If you think about the process that the three of us go through in support of the Secretary, there

is a look at what the national military defense strategy needs to be, what the threats are, and what size force we need out several years, what size Navy, what size other things, and then you work back over 6 years paying attention to the concerns the Senator made about the industrial base and others. Am I increasing the size of the Army? How much? How many can I bring on board per year? If you have a 6-year idea of what your number is, you can do all sorts of decision-making and planning, but if you only know next year's number and then it may go back down again, well, you are not going to increase the size of the Army easily because you do not know if you can afford it the next year.

The benefits you get from multiyear planning depend on having some reasonable confidence. I understand the world changes and people are used to that. But the stability you get—and when we have had periods of time where you have had that stability, it has greatly facilitated acquisition. It has facilitated planning. It has facilitated the types of tradeoffs that you need.

Senator KAINE. Let me just follow up. Even just within a 1-year cycle—as an example, we got a budget deal last week. I believe that we easily could have gotten that exact deal in December. We got it last week, and through the rest of the year, we have that deal. But if we could have gotten that deal in December or something like it and people would have had not a full 12 months but at least 10 months to plan, that would have made people's jobs a little bit easier to have that degree of certainty and not have to wait till April to find out what the answer was. Would you agree with that?

Mr. NORQUIST. Absolutely.

Senator KAINE. Let me ask one last question. I very much support the CAPE office. I think it is a really important one to go in and look at program decisions and see whether the costs or the program evaluations were right or wrong. Program officers I think have a bias toward optimism because they want to get the program done, and sometimes that bias also is toward underselling what the costs might be or making at least favorable assumptions on cost. You guys come in and then you are going to give the straight story. They are kind of the accelerator and you are kind of the brake, and hopefully you would then your best practices and that would inform things.

Is there a way to build within the program office a little bit of a CAPE mentality or kind of a red team approach that while things are happening, there could be an effort to counter what I think would be almost a natural institutional bias toward optimism in a program office and put in some of the real tough kind of number crunching analysis that you guys do? It is not just after the fact.

Mr. DAIGLE. Senator, I think that is ongoing in the Department right now. Part of the implementation plan from the acquisition reforms from last year, the Department is going back and looking at how do we do requirements processes. How do we come up with our acquisition strategies? My understanding is part of that discussion is building cross-functional teams upfront in an acquisition program to bring the various points of view together, greater collaboration between, say, CAPE and the Services in the requirements generation process itself so that those multiple points of view come

forward much sooner rather than everybody operating in their own individual stovepipe.

Senator Kaine. Great, great. Thank you very much.

Thanks, Mr. Chair.

Chairman Reed. Thank you, Senator Kaine.

Thank you all for your very thoughtful answers and for your dedicated service in so many different ways. We thank your families for being here.

On behalf of Chairman McCain, let me adjourn the hearing. Thank you very much.

[Whereupon, at 3:54 p.m., the Committee adjourned.]

[Prepared questions submitted to Ms. Elaine A. McCusker by Chairman McCain prior to the hearing with answers supplied follow:]

QUESTIONS AND RESPONSES

DEPARTMENT OF DEFENSE REFORMS

Question. The National Defense Authorization Act for Fiscal Year 2017 included the most sweeping reforms since the Goldwater-Nichols Department of Defense Reorganization Act of 1986.

Do you support these reforms?

Answer. Yes.

Question. What other areas for defense reform do you believe might be appropriate for this Committee to address?

Answer. I have no specific recommendations at this time. If confirmed, I expect to actively participate in the Department's reform effort and will support any requests to Congress that result.

DUTIES

Question. What is your understanding of the duties and functions of the Principal Deputy Under Secretary of Defense (Comptroller)? How will you prioritize them?

Answer. My understanding is that the Under Secretary of Defense (Comptroller) is the senior advisor to, and action officer for, the Deputy Secretary and Secretary on financial, resourcing and budget matters. If confirmed, I would directly support the Comptroller, Deputy Secretary and Secretary in working across the Department to legally, responsibly and accountably resource and execute the Defense Strategy. Specifically, I would provide Principal Deputy level support for overseeing the financial management activities of the Department, developing and maintaining integrated agency accounting and financial management systems, supervising and directing preparation of DOD budget estimates, monitoring financial execution, overseeing preparation and submission of financial statements, and supporting the recruitment and training of the financial management workforce.

I would prioritize my duties and functions in close collaboration with the Comptroller to respond to urgent requirements, prepare and justify the budget to maintain adequate and uninterrupted resources in support of the Department's mission, support financial statement audits and associated improvements, and participate in analysis and reviews to inform discussions on the Department's future budgets.

Question. What recommendations, if any, do you have for changes in the duties and functions of the Principal Deputy Under Secretary of Defense (Comptroller)?

Answer. None at this time.

Question. How do you believe your role and tasks as Principal Deputy Under Secretary of Defense (Comptroller) will differ from the Under Secretary of Defense (Comptroller)? How will they overlap?

Answer. The Principal Deputy Under Secretary of Defense (Comptroller) is the primary advisor to the Under Secretary of Defense (Comptroller). If confirmed, I will work closely with the Comptroller on the most appropriate division of tasks and will apply my skills and experience to back up and represent the Comptroller in all duties and responsibilities.

QUALIFICATIONS

Question. Section 137a of title 10 describes the Principal Deputy Under Secretaries of Defense as first assistants to the Under Secretaries of Defense and will assist Under Secretaries in the performance of their duties. The duties of the Under Secretary of Defense (Comptroller) are set forth in section 135 of title 10, United States Code, and in DOD Directive 5118.03. Among the duties prescribed are advising and assisting the Secretary of Defense in the preparation of budget estimates, establishing and supervising the execution of policies as it pertains to budget preparation, budget execution, and accounting, and reporting of Department of Defense funds.

What background and experience do you possess that qualify you to perform each of these individual responsibilities?

Answer. I have more than 20 years of experience and a diverse skill set that, if confirmed, I will apply to the fundamental, routine, episodic and emergent duties and responsibilities of the Comptroller to ensure legal, ethical, accountable fiscal policy, financial management, budget development and justification, execution and reporting of the tax payer resources entrusted to the Department of Defense.

In each of my last four positions I have worked in direct support of our national security from various perspectives that have increasingly built my knowledge of the Department's budget and fiscal management processes. My experience includes the outside-in perspective as a Professional Staff Member (PSM) on the Senate Armed Services Committee and the inside-out perspective from leadership positions within the Department.

As a PSM on the Senate Armed Services Committee I acquired invaluable insight into the annual authorization and appropriations processes, a keen appreciation for the critical relationship between the Department and its oversight committees, and a quality of experience in the intricacies of the legislative process and Departmental reporting requirements.

As a special assistant to the Assistant Secretary of the Navy for Research, Development and Acquisition, I synchronized one of the largest DOD acquisition programs at the time – the Joint Mine Resistant Ambush Protected Vehicle program – where I gained critical experience and contacts on the budgeting, execution, reporting and management of a large, joint contingency program and also the intangible, yet critical, relationships and organizational education to fully and effectively utilize the Department's processes.

As Deputy Director for Operations in the OSD Program/Budget Directorate, I was afforded the opportunity to really hone my knowledge and experience of the Department's budget development and supervision of execution policies while also gaining substantial experience in the contingency funding aspect of the Department's business. I developed an initial understanding of the other Comptroller divisions and, if confirmed, will augment my ability to support the full array of the duties performed by the CFO.

My current role, as Director of Resources and Analysis at U.S. Central Command, solidified my professional experience in preparation for the Deputy Comptroller role as I led detailed analysis and assessments in support of resourcing discussions, developed and executed the annual headquarters budget, participated in the Department's annual Program/Budget Review, prepared contingency budget assumptions for costing by the Services, and partnered with components and Services on policies and reporting for special contingency fund activities executed by CENTCOM components and task forces. I am the senior advisor to the Commander on all matters related to programming, budget, financial management, campaign assessments, modeling and simulation, wargaming, decision support analysis, requirements and capability gaps definition, resourcing, and science and technology.

If confirmed I will bring my program and financial management experience, analytical and leadership skills and aggressive diligence to performing the full array of Deputy Comptroller duties, attacking the Department's resource challenges and pursuing legal, ethical and accountable funds execution and reporting.

Question. Have you participated in the audit of a large, complex public or private sector institution?

Answer. I have been involved in numerous performance audits associated with contingency operations and programs and perform the annual statement of assurance for U.S. Central Command under the Managers Internal Control Program. While I have an appreciation of the challenges and complexity, I have not participated in a large, complex financial audit of a public or private sector institution.

Question. What formal education have you had in financial management or auditing?

Answer. I have substantial informal and on-the-job training in Planning, Programming, Budgeting and Execution (PPBE), managing the functions and activities of a financial management workforce, and developing guidance for contingency program execution and reporting. I have applied financial management principles in a number of program and organizational management positions including, most recently, with a particular emphasis on contingency funds. In my current capacity, I directly oversee the CENTCOM Comptroller and financial management division, providing guidance, leadership and counsel in the practical application of accounting standards as they apply to my duties as the senior advisor to the Commander on all matters related to financial management.

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

Answer. If confirmed, I will further target my continual education and training to ramp up my expertise in the interface, capabilities and challenges of the Department's financial systems, operations and reporting.

Question. If confirmed, which of these roles and duties do you believe will be particularly challenging to you based on your own professional experience?

My focus in the financial management domain has been on Comptroller functions and program/budget processes to date and while, if confirmed, I expect an initial learning curve on the audit, I think my diverse and broad professional experience will allow me to effectively add increasing value to this challenge as well.

RELATIONS WITH CONGRESS

Question. What are your views on the state of the relationship between the Principal Deputy Under Secretary of Defense (Comptroller) and the Senate Armed Services Committee in particular, and with the Congress in general?

Answer. I don't have specific information on the relationship between the Principal Deputy Comptroller and the Committee and Congress, but I think there is always room for improvement. If confirmed, I would work to improve the relationship.

Question. If confirmed, what actions would you take to sustain a productive and mutually beneficial relationship between the Congress and the Office of the Under Secretary of Defense (Comptroller)?

Answer. If confirmed, I will approach the Congress as a partner. I would promote frequent, open collaboration and information exchanges both formal and informal.

AUDIT AND FINANCIAL MANAGEMENT

Question. The Department of Defense is the only federal agency unable to complete a financial audit in accordance with the law, despite having invested billions over the past 16 years to do so. The persistent lack of accountability by Department leadership for results leads to concerns within the Congress and in the public over the stewardship of Department funds and the qualifications of the people entrusted to lead the Department in its audit efforts. It is not simply an abstract statutory requirement that the Department produce auditable financial statements showing where and how it spends its annual budget—the accuracy of the financial information underlying the financial statements is critical to the Department's ability to develop an adequate defense budget and make important financial decisions in an environment where every defense dollar counts.

Do you commit to meeting the upcoming statutory audit deadlines requiring that the Department's financial statements be ready for audit by September 30, 2017, and that the audit of the fiscal year 2018 financial statements be completed by March 31, 2019?

Answer. If confirmed, I commit to doing everything within my authority to facilitate starting the audit as soon as possible and to supporting the Department in achieving the referenced deadlines and completion of the fiscal year 2018 financial statement audit by March 31, 2019.

Question. When will the Department achieve a clean audit opinion?

Answer. From what I understand, currently we have insufficient information to predict achievement of a clean audit opinion. We will need to use audit findings to develop and implement corrective action plans and pursue an enterprise-wide strategy of consistent progress to the goal of achieving and maintaining a clean audit.

Question. Will you be prepared to meet with Members of this Committee every quarter until this happens?

Answer. Yes. If confirmed, I will support regular engagements and will appreciate the Committee's attention and assistance.

Question. Describe your knowledge of accounting and financial management principles, give specific examples of how you have applied this knowledge in previous

positions, and explain how your experience qualifies you to be the Principal Deputy Under Secretary of Defense (Comptroller).

Answer. I have applied financial management principles in a number of oversight, program and organizational management positions with a focus on: analytical support to resource discussions and decisions; participation in the Planning, Programming, Budgeting and Execution (PPBE) process; annual execution of the Manager's Internal Control Program (MICP); and flexible, accountable, contingency funds policies, processes, and management.

Question. As Deputy Director, Operations in the Program/Budget Directorate of the Office of the Under Secretary of Defense (Comptroller) I partnered closely with CAPE to conduct the annual Program/Budget Review (PBR). This review included real-world use of critical PPBE principles including: application of national interest criteria, transparent analysis of alternatives, objective evaluation of requirements, assessment of cost estimates, and feasibility of execution. I interacted with fiscal lawyers on the practical application of financial management principles to address year of execution emerging requirements and authority questions. I also worked closely with the Comptroller accounting personnel during my time in OSD on the establishment of new contingency funds and processes to facilitate accountability and audits.

Answer. In my current capacity as Director, Resources and Analysis, I am the senior advisor to the commander on all matters related to financial management. I operationalized the PBR and PPBE principles by employing a robust filter process for development of our annual capability gap, POM and PBR submissions. I also directly oversee the CENTCOM Comptroller and financial management division. I provide guidance, leadership and counsel in the practical application of accounting standards in the headquarters.

I believe my knowledge and experience provides a useful set of qualifications for the current and future roles, responsibilities, duties and challenges facing the Principal Deputy Under Secretary of Defense (Comptroller).

Describe your previous experience leading large-scale change initiatives in complex organizations.

When I joined the Mine Resistance Ambush Protected (MRAP) Vehicle program, it was in the initial stages of embarking on an effort that would become one of the Department's largest joint acquisition programs. It was charged with developing, building, testing, equipping, transporting and sustaining a new design of explosive protected vehicle in an Active combat zone. Two of the key duties I performed for the program can be summed up as aggressive, creative trouble-shooting and constant, tailored communications – functions that I believe are critical to large scale positive change in any sizable and complex organization.

In partnership with a core group of senior military and civilian officials, I planned, facilitated and managed weekly synchronization forums which were designed to bring acquisition, resourcing and legal decision-makers together to discuss and mitigate challenges and barriers to program success. I established strong, open communications with all elements of the team and developed a standard set of updates for senior leaders to quickly convey key program data and decision points. The result was a rapid mobilization of the industrial base, innovative use of a flexible acquisition system, a successful resourcing strategy, and deploying 1500 vehicles to the field in the first 15 months of the program.

I have used the same skills and similar approaches in subsequent large scale initiatives, including development and utilization of modeling and simulation to improve campaign planning and leadership of a complex organization through a difficult and uncertain financial environment. Leading up to the civilian furlough that resulted from Sequestration, I conducted frequent forums, including two command-wide civilian town hall meetings, to mitigate personal and professional impacts. Due to our open approach and informed by technical expertise we continued uninterrupted support of many response and planning activities.

I believe these same principles of open communication, leveraging technical expertise and creativity, and collaboration in identifying and addressing challenges directly apply to the priorities and tasks currently facing the Under Secretary of Defense (Comptroller) and the Principal Deputy.

Question. What is your assessment of the Department's efforts to achieve a clean financial statement audit to date? What specific changes will you make to its approach?

Answer. My understanding of the progress to date includes several agencies that are under full audit with clean opinions and preparation activities by the Military Services to begin the audit. The Department also now has a strong leadership emphasis on the audit and a clearer sense of systemic challenges and barriers that

must be overcome. If confirmed, I will support efforts to start the full audit and further assess changes to the approach.

Question. What actions will you take to link financial information to performance measurement and monitoring mechanisms to enable improved decision making about the Department's investments?

Answer. As the Department receives audit findings and pursues remediation actions, I believe we will have a better sense of the links and gaps in financial and performance systems. The Department may also have a clearer view of the current capability of its systems to generate analytical reports to better inform decision-making. The ability of data systems to link and generate useful analytical reports is a particular interest and, if confirmed, I will examine the linkages available in our systems to determine what improvements are required.

Question. Will you commit to a review of the Department of Defense's financial operations structure, to include an independent assessment of finance and auditing practices and organizations in the Department of Defense and how other federal agencies, which maintain clean audit opinions, successfully use modern financial systems of the Department of Treasury for non-military-unique financial transactions, accounting, and reporting?

Answer. I believe it is good practice to understand and leverage best practices of other agencies and I understand the current Comptroller team regularly consults with Treasury. However, prior to making a commitment to an independent assessment, I would need to better understand how such an assessment could be structured to yield findings not currently expected from the financial statement audit or from ongoing consultations. If confirmed, I will look into this further.

Question. The Defense Contract Audit Agency (DCAA) performs a variety of audit services that support the Department in awarding, administering, and overseeing contracts, to include auditing costs incurred under government contracts. DCAA also provides these services to other federal agencies and departments. In response to increased demand for such services, an intergovernmental working group conducted market research on these services, which found that private sector companies offer pricing for these services that competes with DCAA's in some cases.

What are your views on whether and under what conditions the private sector might perform these services?

Answer. I am not familiar with the intergovernmental working group market research but generally hold the view that competition to provide services is beneficial. If confirmed, I would like to review the findings to determine what audit process would best serve the Department and tax payer prior to providing any specific views in response to this question.

Question. Which auditing services may be inappropriate for outsourcing to for-profit industry concerns, and why?

Answer. If confirmed, I would examine this question further. I would work with DCAA, the Services and Industry to determine the best approach and the correct balance between inherently governmental roles and responsibilities and potential out-sourcing opportunities.

Question. What is the appropriate role for DCAA?

Answer. My understanding is that DCAA is the Department's expert in cost accounting and applying the Federal Acquisition Regulations for auditing contractor data and records and payments to ensure they are allowable, allocable, and reasonable. DCAA advises contracting officers and provides assistance to achieve fair and reasonable contract prices.

Question. What have been some of the successes (especially in terms of savings to the Defense Department and the taxpayer) from the work of DCAA?

Answer. I understand DCAA has returned substantial savings to the Department and taxpayer due to its role in advising contracting officers through audits of forward pricing proposals and assisting contracting officers during negotiations.

Question. Do you believe that Defense Finance and Accounting Services and DCAA need to report to the Comptroller to operate effectively or could they be moved elsewhere within the Department?

Answer. If confirmed, I would examine this issue further. However, I do not believe DCAA has to report to the Comptroller to maintain its independence. But, an assessment should be performed to ensure that a different placement would result in desired benefits and not introduce organizational or management barriers that impair DCAA's key functions.

I believe the DFAS should continue to report to the Comptroller to work effectively. DFAS is the Secretary of Defense's operational arm of Finance and Accounting which supports the core DOD missions. Moving DFAS from the Comptroller would separate the financial management role right at the time the Department needs a single, direct report to the Secretary charged with carrying out these func-

tions. Specific negative impacts could include: disrupting operational command and control, particularly important during emergency and disaster responses and in providing the end-to-end financial process for the Department and Military Services when operating under regular appropriations or during continuing resolutions, and introducing jurisdictional obstacles that could disrupt and delay the operational response in executing critical DOD programs that DFAS leads. DFAS is also a critical element of the Department's audit readiness strategy. Finally, moving DFAS could sever critical links between DFAS and the CFO in the management and attainment of that goal.

MAJOR CHALLENGES AND PRIORITIES

Question. In your view, what are the major challenges confronting the Office of the Under Secretary of Defense (Comptroller)?

Answer. I see three major challenges facing the USD (Comptroller), and Principal Deputy, that are immediate and ongoing.

First, the Comptroller leadership must support the Secretary in obtaining the resources necessary to rebuild the military. The DOD Comptroller, working with the entire enterprise and the Office of Management and Budget, is faced with developing a resourcing strategy which will meet Department priorities for readiness, modernization, capacity and lethality. The Department's requests must be accompanied by credible, justified budget documentation that are responsive to Congress and that effectively connect strategy to resourcing in support of current challenges and in preparing to prevail in the future.

Second, the audit. The USD (Comptroller) and Principal Deputy both have critical leadership roles in solving any remaining barriers to meeting the audit timeline and in aggressively pursuing an enterprise-wide strategy to obtain and maintain a clean audit opinion.

Finally, the Comptroller and Principal Deputy must look ahead and shape the Department's financial management workforce of the future. I understand a lot of effort is ongoing on this challenge and, if confirmed, I will work to support this very important element of the Department's ability to maintain and improve trust and credibility in the use of its resources while supporting the reform agenda.

Question. If confirmed, what plans do you have for addressing these challenges?

Answer. If confirmed, my first action will be to get fully up to speed on these challenges through immediate consultation with the USDC staff experts and all relevant stakeholders. I would then work closely with the DOD Comptroller to develop and implement a strategy and apply our leadership and skills to address each one. Finally, I would employ open collaboration with the Military Departments, Defense Agencies, Office of Management and Budget and Congress to pursue solutions.

OVERSEAS CONTINGENCY OPERATIONS ACCOUNT

Question. The use of the Overseas Contingency Operations (OCO) account has been hotly debated for several years. A primary reason for this is the fact that OCO dollars are exempt from the caps of the Budget Control Act (BCA).

What are your views about the use of the OCO account in the Department of Defense's annual budgeting?

Answer. I believe submitting the OCO request on the same timeline as the annual budget poses some challenges in projecting what are inherently emerging operational requirements. But, it has also generally worked well to provide more timely funding and increased transparency, while reducing the consequences and risk associated with covering contingency costs with base funding until supplemental appropriations are available. I believe that the reduced defense funding provided under the BCA caps has complicated the use of OCO, but the Department is executing contingency operations and requires such funding over the base budget to support ongoing and emergent activities.

Question. OMB Director Mick Mulvaney has made public statements on his desire to transfer all funding residing in the OCO account into the base accounts. In a recent press article referring to OCO, he was quoted as saying, "It's past time to do away with the slush fund entirely."

Do you concur with Director Mulvaney's views on OCO?

Answer. Do you believe that the existing criteria governing OCO, written by the OMB Director in 2010, and used to formulate the Defense Department's budget request should be updated or amended? If so, how?

Question. Do you believe that some activities, like the European Deterrence Initiative, which do not meet the existing OMB OCO criteria, should remain in OCO?

Answer. I believe any transition of enduring requirements currently funded in OCO will need a dollar for dollar increase in the base budget. The OCO budget is

developed under a set of criteria that is flexible enough to support annual discussions, such as the one that resulted in inclusion of the European Reassurance Initiative in the OCO request. Though the Department does at times need to make changes as it executes the OCO budget, I believe those changes also receive an appropriate level of Congressional oversight. The OCO budget remains critical to the execution of the Department's contingency operations. The nature of the threat requires criteria unbound by geography and more conducive to projected requirements. If confirmed, I look forward to working with the Department leadership to support discussions with OMB on the OCO criteria.

Question. The Bipartisan Budget Agreement of 2015 included some base funding in OCO for fiscal years 2016 and 2017. Consequently, the Defense Department's budget request for fiscal year 2017 included approximately \$5 billion in base funding in OCO.

Do you believe it is more important to get funding at your requested levels, even if it is in OCO?

Answer. Yes, though funding base budget requirements in OCO inhibits effective planning and reduces transparency on the real cost of the defense strategy.

Question. Or would you prefer a more stringent adherence to the OCO criteria, even at the cost of not securing additional money?

Answer. I believe it is necessary to provide the Department with requested funding levels and a sufficient top line to carry out the defense strategy and to provide the predictability necessary for the most effective planning and execution. Given a sufficient top line for the base budget, OCO criteria could be adjusted to respond to the nature of emerging contingency operations.

Question. The BCA remains in place until 2021. Both the Secretary of Defense and the President have stated the need to repeal the "defense sequester."

What are your views on how the BCA impacts the military? Should the BCA be amended or repealed?

Answer. As Secretary of Defense Mattis noted in testimony, the BCA caps have hurt military readiness and long-term capability to defend the country. I support the position of the President and the Secretary that the BCA caps should be repealed.

Question. If you believe the BCA should be amended or repealed, how will you prioritize that effort with your other duties, if confirmed?

Answer. I will support the leadership of the Department and Administration in continuing to convey the immediate, near, mid and long term consequences of the BCA and that its caps should be repealed.

PERSONNEL COSTS

Question. The growing cost of military personnel hampers the Department of Defense's ability to confront future worldwide threats. A large portion of the military compensation package consists of in-kind benefits—health care, housing, tax-free shopping in military exchanges, and taxpayer subsidized commissaries. The total costs to provide these benefits are rapidly growing, even as personnel end strengths have been reduced. In fiscal year 2016, the military health system consumed about \$1 of every \$12 in the defense budget.

Should the Defense Department's personnel costs grow at the rate of inflation? Or should the topline defense budget adjust to match the growth in personnel compensation and in-kind benefit costs?

Answer. The Department's top line budget should reflect the resources necessary to defend the nation, maintain a technological edge, preserve the health of the joint force and provide options.

BASE REALIGNMENT AND CLOSURE (BRAC)

Question. Do you believe another BRAC round is necessary? If so, why?

Answer. I understand previous BRAC rounds have resulted in cost savings and that the Department may have additional excess capacity, but I would need to investigate the details, informed by the Department's strategy review, prior to stating an opinion on the necessity of another round. If confirmed, I will work with the Department leadership to support analysis and a recommendation on this matter.

Question. It has been noted that the 2005 BRAC round resulted in major and unanticipated implementation costs and saved far less money than originally estimated.

What is your understanding of why such cost growth and lower realized savings have occurred?

How do you believe such issues could be addressed in a future BRAC round?

Answer. It is my understanding that the 2005 BRAC round attempted both efficiency and transformational efforts simultaneously which resulted in lower overall savings. If confirmed, and if Congress authorizes another BRAC round, I will work with the appropriate organizations within DOD on improvements to cost and savings estimates.

INTERNAL BUDGETING PRACTICES

Question. Many accuse the federal agencies of executing budgets with a “spend it or lose it” mentality when it comes to obligating funds. Do you believe that is a problem in the Department of Defense? If so, how would you address it?

Answer. Spending should be based on validated requirements. I believe a perception of rushed execution may result from the late appropriation of funds and the acceleration of spend plans to compensate for low and incremental funding during continuing resolutions. I am not currently aware of any actual practice of imprudent spending. But, if I am confirmed, I will look into it. I believe any mentality toward such spending could be easily addressed through leadership guidance and mechanisms to reward common sense and diligent execution.

Question. Do you believe the Department should have some level of a carryover authority, particularly given the frequency by which the Department operates under a continuing resolution?

Answer. Such authority could be a useful mechanism to apply carry-over resources to the first quarter which might also mitigate the disruption and inefficiency caused by continuing resolutions.

Question. What are your opinions on the reprogramming process? What do you believe should be the considerations that govern how the Department uses this process?

Answer. It has been my experience that the Department’s reprogramming process employs a fairly rigorous, multi-tiered review to identify sources for emerging priorities and unexpected changes to program execution and requirements. The Department does not execute requested changes until congressional approvals are obtained. If confirmed, I will examine the process further, but it appears that the Department already uses appropriate governing considerations.

The Department of Defense is requesting growth in the budget to improve critical capabilities to deal with growing threats around the world. In years past, the Department included items in the budget request that were not as critical to supporting the mission of the military, while leaving high priority items unfunded.

Question. How will you manage the budget process to ensure that funding is going to the highest set of priorities throughout the entire budget? And that each of the services are funding the highest set of priorities and that risk is evenly distributed amongst the services?

Answer. It is my observation that the Department’s budget process, conducted in partnership with the program review, is designed to support sufficient analysis and enterprise-wide discussion of strategy, priorities and resourcing to implement the Secretary’s guidance and inform decision-making. If confirmed, I will work with my counterparts across the Department to ensure the highest priorities are funded and to highlight to senior leadership areas that may be out of compliance with the Secretary’s priorities.

Question. Do you believe the Department’s Planning, Programming, Budgeting, and Execution process needs to be reformed? If so, how?

Answer. I believe the Department’s Planning, Programming, Budgeting and Execution process works well. However, if I am confirmed, I will examine if any changes are warranted.

Question. Do you believe there should be an independent assessment of the efficiency and effectiveness of these processes?

Answer. At this point, I think the Department experts are in the best position to evaluate the efficiency and effectiveness of the process and advise the Deputy and Secretary of any improvements.

Question. What flexibility needs to be incorporated into Defense Department policies and regulations to allow for more agile programming and budgeting to help the Department take advantage of emerging technologies or deal with emerging threats?

Answer. I am not currently aware of additional flexibility required to increase agility to leverage emerging technologies or address emerging threats. If confirmed, I would be happy to look into this issue further.

Question. What new authorities or legislative changes would allow the Defense Department to more effectively execute needed acquisition and management reform initiatives?

Answer. I understand the Department is currently studying the legislative changes in the Fiscal Year 2017 NDAA and is embarking on a reform effort in support of the government-wide comprehensive plan. I am not aware of additional legislative changes currently required.

COMPTROLLER PERSONNEL AND BUSINESS PROCESSES

Question. What steps will you take to improve the quality of the Defense Department's comptroller, auditing, and financial management workforce?

Answer. I understand the Department embarked on an effort to improve the quality of the comptroller, audit and financial management workforce as part of the Financial Improvement and Audit Readiness effort. Prior to being able to outline specific steps to improve this ongoing effort, if confirmed, I would need to examine current enterprise-wide progress and any gaps or acceleration options.

Question. What new business processes will you implement to improve the effectiveness and efficiency of comptroller functions and execution of comptroller missions?

Answer. As I have been away from the Office of the Under Secretary of Defense (Comptroller) for nearly 6 years, if confirmed, I would need to study the current state of its business processes to provide an informed response to this question.

Question. What steps will you take to ensure a continuous review of these business processes for their efficacy and consistency with best practices?

Answer. If confirmed, I will first review the current assessment process for measuring the efficacy of the business processes. Then, I will determine if changes to the frequency, scope or tracking of action on recommendations is required.

CONGRESSIONAL OVERSIGHT

Question. 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 position, to appear before this Committee and other appropriate committees of the Congress?

Answer. 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 Principal Deputy Under Secretary of Defense (Comptroller)?

Answer. 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 in a timely manner?

Answer. Yes.

Question. 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.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR DAVID PERDUE

THE DEMONSTRATED NEED FOR IMPROVED FINANCIAL MANAGEMENT

1. Senator PERDUE. Ms. McCusker, the Marine Corps demonstrated that for every \$1 it spent on audit, it realized \$3 in value from improved financial controls. By the Marine Corps' account, their audit freed up enough money in their budget to buy an additional cobra attack helicopter, three M1A1 Abrams tanks, or 70 million additional rounds of ammunition. Will you commit to leveraging the work the Marine Corps already did to quantify the value of the audit efforts and apply lessons learned across the Department?

Ms. MCCUSKER. While I don't have specific familiarity at this point on the value from improved financial controls demonstrated by the Marine Corps, if confirmed, I will definitely work to apply lessons learned across the Department.

2. Senator PERDUE. Ms. McCusker, would you commit to updating Congress on how much you're able to find by the time you come up to talk about next year's budget request?

Ms. MCCUSKER. If confirmed, I would be happy to research this issue and provide an update to Congress.

DEFENSE CONTRACT AUDIT AGENCY—IMPLEMENTATION OF COST AUDITS (BY LAW)

3. Senator PERDUE. Ms. McCusker, in the Fiscal Year 2017 National Defense Authorization Act (NDAA), Congress told the Defense Contract Audit Agency (DCAA) that in certain circumstances the organization is to accept, without performing additional audits, the audit findings prepared by a private sector auditor, so long as the audit followed generally accepted accounting principles and relevant auditing standards. Congress also authorized public accounting firms to assess contractor business systems and to submit certified documentation that relevant requirements are being followed. However, DCAA has not implemented these new authorities, and has in fact pushed back against them. Can you please commit that, if you are confirmed, you would implement these and other statutory requirements?

Ms. MCCUSKER. While I am familiar with requirements established by Section 820 of the Fiscal Year 2017 National Defense Authorization Act with regard to cost accounting standards and by Section 893 with regard to business systems, I also know it can sometimes take time to develop plans and guidance to implement such new statutory requirements. I am not currently up to speed on DCAA concerns regarding implementation of these new authorities. If confirmed, I will research this issue to provide a thoughtful response. I will implement and adhere to the laws passed by Congress. If there are concerns regarding implementation of a provision of the law, I will work with relevant stakeholders and Congress to address them appropriately.

QUESTIONS SUBMITTED BY SENATOR DAN SULLIVAN

SHIFTING THE ALASKA COST VS LOCATION NARRATIVE

4. Senator SULLIVAN. Ms. McCusker, Alaska is traditionally viewed as the most expensive CONUS [Continental United States] and least forward OCONUS [Outside the Continental United States] location. This “glass half-empty” vantage point prevents the Department of Defense (DOD) from capitalizing on the strategic location and resources in Alaska. What is your opinion on this issue, and can I get your commitment to approach Alaska with a “glass half-full” perspective as the furthest CONUS and least-expensive OCONUS location?

Ms. MCCUSKER. While I don't have enough information for a specific opinion on this issue, I recognize Alaska's role in support of our military strategy. If confirmed, I commit to taking into consideration the perspective you have described.

FISCAL YEAR 2017 NDAA ACQUISITION CHANGES IMPACT

5. Senator SULLIVAN. Ms. McCusker, considerable changes were made to the acquisition process in the Fiscal Year 2017 NDAA. What effect will this have on acquisition reform in respect to the office of the Comptroller?

Ms. MCCUSKER. While I am familiar with the changes to the acquisition process that were made by the Fiscal Year 2017 NDAA, my understanding is that the Department of Defense is developing implementation plans for the changes. If confirmed, I will study this issue further, particularly aspects related to the Comptroller's roles and responsibilities, and would be happy to discuss this with you further at a later date.

6. Senator SULLIVAN. Ms. McCusker, can you describe how these changes will help or hinder your role?

Ms. MCCUSKER. I am not currently privy to the specifics of the Department's plans for implementing these changes, so I will need some time, pending confirmation, to assess their impact. If confirmed, I will study these changes and would be happy to discuss this with you at a later date.

[The nomination reference of Ms. Elaine A. McCusker follows:]

NOMINATION REFERENCE AND REPORT

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
April 24, 2017.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Elaine A. McCusker, of Virginia, to be a Principal Deputy Under Secretary of Defense, vice John Conger.

[The biographical sketch of Ms. Elaine A. McCusker, which was transmitted to the Committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF MS. ELAINE A. MCCUSKER

Education:

- University of Dallas
 - September 1987 to December 1989
 - Bachelor of Arts, Political Philosophy

Employment Record:

- U.S. Central Command
 - Director, Resources and Analysis
 - June 2011 to Present
- Office of the Under Secretary of Defense, Comptroller
 - Deputy Director, Operations
 - January 2010 to May 2011
- Office of the Under Secretary of Defense, Comptroller
 - Associate Director, International Programs
 - May 2008 to January 2010
- Assistant Secretary of the Navy, Research, Development and Acquisition
 - Special Assistant
 - January 2007 to May 2008
- Senate Armed Services Committee
 - Professional Staff Member
 - January 2004 to January 2007
- University of Washington
 - Assistant Director, Federal Relations
 - January 2000 to January 2004
- Argonne National Laboratory
 - Congressional/Federal Relations Liaison
 - July 1994 to January 2000
- Hesten Design Studio
 - Office Manager
 - August 1993 to July 1994
- Foreign Policy Center/DeWeese Company
 - Executive Director
 - July 1990 to August 1993

Honors and Awards:

- Department of Defense Medal for Distinguished Civilian Service Award
- Office of the Secretary of Defense Exceptional Civilian Service Medal
- Navy Superior Civilian Service Award
- National Association of State Universities and Land Grant Colleges Outstanding Achievement Award

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate to complete a form that details the biographical, financial, and other information of the nominee.

The form executed by Ms. Elaine A. McCusker in connection with her nomination follows:]

[The nominee responded and the information is contained in the Committee's executive files.]

[The nominee responded to Parts B–F of the Committee questionnaire. The text of the questionnaire is set forth in the Appendix to this volume. The nominee's answers to Parts B–F are contained in the Committee's executive files.]

[The nomination of Ms. Elaine A. McCusker was reported to the Senate by Chairman McCain on May 23, 2017, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on August 1, 2017.]

[Prepared questions submitted to Mr. Robert B. Daigle by Chairman McCain prior to the hearing with answers supplied follow:

QUESTIONS AND RESPONSES

DEPARTMENT OF DEFENSE REFORMS

Question. The National Defense Authorization Act for Fiscal Year 2017 included the most sweeping reforms since the Goldwater-Nichols Department of Defense Reorganization Act of 1986.

Do you support these reforms?

Answer. Yes. I am familiar with these reforms from my time as a member of the House Armed Services Committee staff and believe they will encourage innovation and agility in DOD's acquisition system.

Question. What other areas for defense reform do you believe might be appropriate for this Committee to address?

Answer. During the past 2 years, Congress has provided new authorities for rapid prototyping and maturation of technology outside of acquisition programs of record. I believe these reforms will help DOD more quickly address emerging threats and take advantage of new technological opportunities, while improving adherence to program cost and schedule estimates.

DUTIES

Question. What is your understanding of the duties and functions of the Director of Cost Assessment and Program Evaluation?

Answer. I understand CAPE is responsible for providing unbiased Independent Cost Estimates for all major acquisition programs; ensuring that program cost and schedule estimates are properly prepared and considered in DOD's deliberations on major acquisition programs; providing guidance and oversight for Analyses of Alternatives (AoA) to ensure that DOD considers the full range of program and non-material solutions; and leading or participating in various other analyses to inform DOD decisions. Additionally, the Director of CAPE is responsible for leading the development of improved analytical skills and competencies within the cost assessment and program evaluation workforce of DOD. The Director also serves as a key advisor to the Secretary and Deputy Secretary of Defense, especially for programmatic development of DOD's Future Years Defense Program.

Question. What recommendations, if any, do you have for changes in the duties and functions of the Director of Cost Assessment and Program Evaluation, as set forth in section 139a of title 10, United States Code, or in Department of Defense regulations pertaining to functions of the Director of Cost Assessment and Program Evaluation?

Answer. At this time, I have no recommendations for changes in the duties of the Director of CAPE. If confirmed, I would evaluate and recommend to the Committee any modifications to such duties and responsibilities that may be appropriate.

QUALIFICATIONS

Question. The Director of Cost Assessment and Program Evaluation is the principal advisor to the Secretary of Defense and other senior officials of the Department of Defense to provide independent analysis and advice, ensure the cost estimation and cost analysis processes of the Department of Defense provide accurate information and realistic estimates of cost for the acquisition programs of the Department of Defense, and execute other duties as directed by the Secretary of Defense.

What background and experience do you have that you believe qualify you for this position?

Answer. My career has been devoted to quantitative analysis, including almost 10 years evaluating defense programs, budgets, and costs. I worked for almost 6 years in CAPE, starting in the Cost Assessment team evaluating manpower requirements, personnel costs, and cost estimates of information technology programs. I served as the Director's special assistant, conducting special projects and helping manage the agenda for the Deputy Secretary of Defense's senior advisory group. I then led CAPE's Program Resources and Information Systems Management Division, which supports CAPE-wide data services, manages the programming phase of the PPBE process, and produces the Future Years Defense Program.

Currently, I lead Chairman Thornberry's defense reform team on the House Armed Services Committee (HASC). I have worked collaboratively with the Senate Armed Services Committee staff, Department of Defense leadership, and other key stakeholders on the major acquisition reforms that Congress has passed during the past 2 years. I joined HASC after 2 years as the Executive Director of the Military Compensation and Retirement Modernization Commission, which in 2015 completed the most thorough independent assessment of military compensation, retirement, and quality of life programs in over 40 years. The Commission was deemed to be highly successful, with Congress wholly or partially adopting 13 of the Commission's 15 recommendations.

When not working for the Federal Government, I have conducted quantitative analysis in the financial sector, primarily on performance and risk measurement in support of state and local pension systems. I have a Master of Arts in Security Studies from Georgetown University's School of Foreign Service, a Masters of Business Administration from Columbia Business School, and Bachelor of Arts degrees in Economics and Mathematics from the University of Vermont. I served for 2 years in the U.S. Army and was discharged honorably as an E-4 (a set of experiences that continues to shape my policy work today).

MAJOR CHALLENGES AND PRIORITIES

Question. If confirmed, what broad priorities will you establish?

Answer. If confirmed, my first priority as the Director of CAPE would be to continue the tenet of providing independent and objective analysis to support decision making by the Secretary and Deputy Secretary of Defense.

If confirmed, my second priority would be to explore ways to improve CAPE's process of developing cost estimates through information technology and data management. For example, I understand that one challenge to developing better estimates of operating and support costs is availability of detailed maintenance cost data on legacy systems. In support of these efforts, my third priority would be to strengthen relationships throughout the Office of the Secretary of Defense (OSD), the Joint Staff, the military departments, and Congressional oversight committees. Last, but not least, CAPE comprises a team of highly talented and experienced professionals. Supporting and maintaining this talent must be a priority for the next CAPE Director.

Question. In your view, what are the major challenges, if any, you would confront if confirmed as Director of Cost Assessment and Program Evaluation?

Answer. DOD faces major challenges for increasing the lethality of our force while recovering readiness strained during the last decade-and-a-half of conflict. Meanwhile, nuclear modernization, missile defense, space capabilities, cyber capabilities, and science and technology investments represent competing demands for funds. The primary challenge for the Director of CAPE will be to ensure the Secretary and Deputy Secretary of Defense have a comprehensive set of options for programs, investment profiles, and force structures that are informed by independent, thorough, and insightful analysis.

Question. If confirmed, what management actions and timelines would you establish to address these challenges?

Answer. Timelines to address these challenges will be compressed because of the timelines related to the Fiscal Year 2018 President's Budget and the fiscal year

2019 to 2023 programming cycle. If confirmed, I would immediately review the results of the 60-day readiness review directed by the President, and would participate in the development of the new National Defense Strategy. Based on the review and strategy, I would recommend changes to the fiscal year 2019 to 23 programming guidance, as necessary. I would then manage the programming phase of the PPBE process to independently analyze Service POM submissions to support Secretary of Defense resource decisions to improve the capacity and lethality of the force.

RELATIONS WITH CONGRESS

Question. What are your views on the state of the relationship between the Director of Cost Assessment and Program Evaluation and the Senate Armed Services Committee in particular, and with the Congress in general?

Answer. I believe the relationship between the Director of CAPE and Congress in general and the Senate Armed Services Committee in particular is good. Based on my experience at HASC, CAPE has productive interactions with Congress and consistently provides insightful, objective analysis. I would welcome the opportunity to continue to strengthen these relationships should I be confirmed.

Question. Should the Director of Cost Assessment and Program Evaluation be authorized to have more direct and independent communications with the Congress, similar to the Director of Operational Test and Evaluation?

Answer. Based on my experience, CAPE already has the authority to have direct and frank communications with Congress, within appropriate bounds of pre-decisional, proprietary, or otherwise classified information. Mandating additional direct communications with Congress may reduce the organization's overall effectiveness as a trusted, independent advisor to the Secretary of Defense.

Question. If confirmed, what actions would you take to sustain a productive and mutually beneficial relationship between the Congress and the Director of Cost Assessment and Program Evaluation?

Answer. If confirmed, I would actively work to ensure a strong relationship between CAPE and Congressional oversight committees. I would ensure CAPE's staff responds to Congressional requests completely and promptly, again within the bounds of pre-decisional, proprietary, or otherwise classified information, and I would make the tracking of these requests and responses a priority for the CAPE leadership and front office staff.

DEFENSE FUNDING AND FORCE SUFFICIENCY

Question. What specific recommendations would you provide the Secretary of Defense to review and potentially reduce the size and scope of the defense-wide and service accounts to maximize available resources for the fielding of combat power?

Answer. I do not have any recommendations at this time. I understand that CAPE has been actively involved with DOD's past several rounds of efficiencies, but I have not had the opportunity to review that work myself. If confirmed, I would review the processes and methodologies used to date and make recommendations for improvements, as appropriate.

STRATEGY-BASED DEFENSE RESOURCE ALLOCATION

Question. Throughout the decade of the 1950s, and early into the 1960s, the Department of the Air Force received a disproportionately higher share of the defense budget as compared to the other services due to the development and fielding of expensive nuclear forces such as ICBMs, bombers, fighters, and tankers, and the associated nuclear command and control infrastructure. However, for the last several decades, and notably since the 1986 Goldwater-Nichols Department of Defense Reorganization Act, the services' annual base budgets remained roughly proportional independent of significant changes in defense strategy.

Do you believe the services should continue to receive proportionate shares of the total defense budget irrespective of changes in defense strategy?

Answer. Available resources should be allocated to the highest strategic priorities, and the Service shares of the total defense budget should be consistent with the defense strategy. If confirmed, I would work to ensure DOD's resources are programmed accordingly.

Question. If the new administration replaces a new National Security Strategy and new National Defense Strategy that indicate a need for disproportionate allocation of defense resources to one service over another to successfully implement the strategy, will you advocate for such disproportionality despite strong parochial service views?

Answer. CAPE's role has always been to provide the Secretary of Defense with a balanced defense budget that is aligned with strategy, taking into consideration,

but not captured by, Service views. If confirmed, I would remain committed to this tradition.

Question. If confirmed, would you support a comprehensive review to effectively and efficiently provide appropriate combat capability to our combatant commanders, while limiting redundant capabilities to that required for military necessity?

Answer. Yes. If confirmed, I would support any review the Secretary of Defense or the Congress directs.

DEPARTMENT OF DEFENSE PLANNING, PROGRAMMING, BUDGETING, AND EXECUTION SYSTEM

Question. The Department of Defense's Planning, Programming, Budgeting, and Execution (PPBE) process was created in the 1960s by Secretary of Defense Robert McNamara. While the process has undergone some changes in the intervening decades, it remains essentially intact.

Do you believe the PPBE process needs to be reformed? If so, how?

Answer. I do not have any recommendations to reform the PPBE process at this time. If confirmed, I would work with other stakeholders to ensure that the PPBE process best supports the efficient and effective allocation of taxpayer dollars to the highest national security priorities of DOD.

Question. What flexibility needs to be incorporated into Defense Department policies and regulations to allow for more agile programming and budgeting to help the Department take advantage of emerging technologies or deal with emerging threats?

Answer. I believe the acquisition reforms passed by Congress during the past 2 years will help DOD take advantage of emerging technologies. If confirmed, I would welcome the opportunity to help the Secretary of Defense develop implementation guidance for those reforms.

Question. Prior to 2009, the PPBE system prescribed an alternate year process for developing the Department's annual Program Objective Memorandum (POM) that details the 5-year Future Years Defense Plan (FYDP). This alternate year process mandated that only new start programs and major resource allocation shifts be implemented in even years of the POM, where odd years could only make limited changes to the plan as an amended POM (APOM).

What are your views on the pros and cons of returning to a 2-year alternating POM development process in the PPBE system?

Answer. In theory, a 2-year alternating POM development process allows leadership to institutionalize decisions more fully by preventing a zero-based reworking every year. However, it also constrains opportunities to adapt to new situations and emergent threats, concepts, and priorities, which is at odds with the need for DOD acquisition to be more agile. In practice, based on my previous experience at CAPE, the two-year alternating process is complicated to implement and difficult to enforce.

Question. What changes should be made to the Congressional authorization and appropriations process to create a system agile and responsive enough to account for the fast-pace changes we are experiencing in the global threat environment, as well as the rapid pace of technological change?

Answer. I have no recommendations at this time. If confirmed I would be happy to analyze this issue further and work with Congressional defense committees to consider if changes would be helpful.

COST ASSESSMENT PRACTICES

Question. When formulating the independent cost estimate for the Air Force's Ground Based Strategic Deterrent (GBSD) program to replace the aging Minuteman III intercontinental ballistic missile fleet, the Office of Cost Assessment and Program Evaluation (CAPE) provided a cost estimate that was tens of billions of dollars higher than the Air Force's service cost position. CAPE then modified its cost estimate to reflect a range of total costs, ranging from a "low" estimate to a "high" estimate. The Under Secretary of Defense for Acquisitions, Technology, and Logistics at the time, Frank Kendall, then directed the acquisition program baseline to be funded at the CAPE "low" estimate, rather than the higher independent cost estimate amount.

In your opinion, what factors caused the extreme difference in the cost estimates calculated by CAPE, and the non-advocate cost assessment reflected in the Air Force's service cost position?

Answer. I am not intimately familiar with this independent cost estimate report. It is my understanding that differences between the CAPE and Service cost estimates were primarily due to different assumptions used by each office and a lack

of comparable historical data. This underscores the importance of collecting data, since future cost estimates will be based on cost data collected today.

Question. Do you believe the decision to set the GBSA acquisition program baseline, and therefore program funding, at the CAPE “low” estimate meets the spirit and intent of the 2009 Weapons System Acquisition Reform Act requirement for major defense acquisition programs to be funded at the higher of the independent cost estimate or the service cost position?

Answer. It is my understanding the estimates in this unique case were not bounds for potential costs for the program, but rather illustrated the cost variance that resulted from changing key assumptions. It is my understanding that the technical baseline for the program to be acquired were not well known at the time of this particular estimate, that comparability of historical cost data therefore was difficult to determine, and that updated cost estimates are expected after DOD has more refined technical details. I believe that conducting objective cost estimates with the best available information, then updating those cost estimates as data improves, is consistent with the intent of WSARA.

Question. Would you recommend continuing the practice of calculating cost estimate “ranges” as opposed to a set cost estimate amount?

Answer. If confirmed, I would promote CAPE’s standard practice of calculating expected costs for a program and explaining risk factors within that cost estimate.

Question. What actions would you take to increase the fidelity of independent cost estimates for major defense acquisition programs?

Answer. CAPE policy should enforce consistent methodologies, enhance risk analysis, identify roles and responsibilities, and improve education and training for cost estimating across the weapon system life cycle. Consistent cost estimating methods across departments, coupled with a trained work force employing those methods, reduces review time, reconciliation, and associated rework which can save schedule time for acquisition programs and reduce costs. Furthermore, up-front focus on data access, quality, and consistency improves both the fidelity and timeliness of cost estimates. If confirmed, I would also assess the potential for data standardization to enable development and use of more automated cost estimating tools.

Question. Do you see any negative repercussions of requiring program funding to be set at the higher of the independent cost estimate or the service cost position?

Answer. Requiring program funding to be set at the higher of the independent cost estimate or the service cost position can have opportunity costs. While such a practice can in some cases reduce risk for a given program, it also reduces funds available to other procurement programs. This is a difficult tradeoff that is best left to the judgement of the acquisition executive on a case-by-case basis.

PROGRAM EVALUATION

Question. Section 139a(d)(5) of title 10, United States Code, makes the Director of Cost Assessment and Program Evaluation responsible for the “Review, analysis, and evaluation of programs for executing approved strategies and policies, ensuring that information on programs is presented accurately and completely, and assessing the effect of spending by the Department of Defense on the United States economy.” Section 139a(d)(7) also makes the Director responsible for “Assessments of alternative plans, programs, and policies with respect to the acquisition programs of the Department of Defense.”

What is your view of the significance of independent review, analysis, and evaluation of programs, and assessments of alternative programs, to the effective management of the Department of Defense?

Answer. Independent analyses and evaluation of programs are critical in identifying underlying risk in programs sometimes not seen in the Service position—whether cost, schedule or performance risk. I believe that identifying these risks and offering the means to mitigate them best supports DOD leadership in making informed acquisition and resourcing decisions.

Question. Do you see the need for any changes or improvements to the organization, process, or methodology used by the Department for such review, analysis, and assessments?

Answer. I am not aware of the need to make any changes or improvements to the process or methodology at this time. It is possible that additional decision support will be necessary, either via new staff or a reorganization of missions within existing staff. If confirmed, I would review the process and methodology and make recommendations for improvements, as appropriate.

Question. In your view, does the Director of Cost Assessment and Program Evaluation have the staffing, authority, access to information, and resources needed to carry out this function?

Answer. If confirmed, I plan to evaluate the need for changes to CAPE's staffing, authority, access to information, and resources in order to fully comply with CAPE's statutory responsibilities.

Question. How do you believe that the Director of Cost Assessment and Program Evaluation should interact with service acquisition executives, program executive officers, program managers, and other program officials in preparing independent evaluations of major defense acquisition programs?

Answer. If confirmed, I would welcome the opportunity to build strong, mutually-beneficial relationships with acquisition executives, program managers, and other program officials. While it is important for CAPE analyses to remain firmly independent and objective, collaboration between CAPE and the military departments is the best means of ensuring access to data and a broad understanding of methodologies, assumptions, and alternatives.

Question. What role should the Director of Cost Assessment and Program Evaluation play in assessing and evaluating management, business, and organizational functions, initiatives, and activities within the Defense Department?

Answer. Management, business, and organizational functions within DOD are programs like any other, and it is the Director of CAPE's role to assess whether those programs are funded consistent with the best available information and the Secretary of Defense's guidance. In addition, through CAPE's role as an independent analyst for the Secretary of Defense, CAPE has in the past conducted analyses of cross-cutting initiatives such as headquarters drawdowns and IT efficiencies – and will likely be called on to do so again.

ACQUISITION ISSUES

Question. The National Defense Authorization Acts for Fiscal Years 2016 and 2017 made many changes to defense acquisition processes, including reinserting service chief influence and accountability into acquisition processes.

Do you support the acquisition reform provisions in these National Defense Authorization Acts?

Answer. Yes. I believe they will foster innovation and agility in DOD's acquisition system.

Question. What roles do you see for developmental planning, prototyping, and experimentation for fielding of future defense capabilities?

Answer. Prototyping can be an important mechanism to experiment with new technologies before committing to long-term acquisition programs of record. Such activities can also mature technologies outside of programs of record, which in turn makes programs of record more likely to meet cost, schedule, and performance goals. Coupled with open systems architecture and developmental planning, prototyping provides an engine of innovation to deploy capabilities to warfighters quickly and to ensure that DOD weapon systems retain their technological edge. If confirmed, I would look forward to working with stakeholders across DOD to implement the innovation-supporting reforms in the recent NDAA's.

Question. Do you agree the services should exploit non-developmental or commercial off-the-shelf solutions to meet defense requirements? Would this help put capabilities into the hands of our warfighters more quickly?

Answer. Yes, when such COTS products meet military requirements, they can quickly and cost-effectively put capabilities into the hands of our warfighters.

Question. How can the Department better access and integrate commercial and military technology to remain ahead of its potential adversaries?

Answer. The new authorities for experimentation and rapid prototyping that Congress has passed in the last 2 years will help DOD better access and evaluate the military utility of commercial technologies. Furthermore, non-traditional approaches like the Strategic Capabilities Office, the Services' rapid capabilities offices, and DIUx are highlighting the potential to rapidly integrate new sources of commercial and military technology into defense systems. If confirmed, I look forward to helping implement the new authorities, as well as working with the non-traditional organizations and the new Under Secretary for Research and Engineering, to identify additional opportunities.

Question. What major shortfalls do you see in the Department's ability to estimate program, development, procurement, and life-cycle costs? What steps will you take to address these shortfalls?

Answer. I understand that the most significant shortfall in DOD's ability to estimate costs is the availability of data on actual costs incurred for programs as a basis for developing cost estimates. I understand this to be particularly true as it relates to detailed actual costs for operating and support of legacy systems. While CAPE has consistently worked to improve the quality and timeliness of the cost

data, I understand there is still much to be accomplished. If confirmed, I would continue to seek improvements in this area.

Question. What additional acquisition-related reforms do you believe the Committee should consider?

Answer. I believe that Congress and DOD should consistently strive to streamline processes, which includes periodic reviews of the effectiveness of statutes, policies, and regulations. Establishment of the Section 809 Panel on Streamlining and Codifying Acquisition is a good first step, and I look forward to their recommendations.

ACQUISITION PROCESS

Question. What is your understanding of the role of the Director of Cost Assessment and Program Evaluation in the acquisition process?

Answer. It is my understanding that the Director of CAPE plays multiple key roles in the acquisition process. The Director is responsible for providing guidance and oversight for Analyses of Alternatives to ensure that DOD considers the full range of program and non-materiel alternatives that could provide the needed military capabilities, as quickly as possible, at the lowest possible cost. The Director is also responsible, throughout the entire acquisition process, for ensuring that program cost and schedule estimates are properly prepared and considered in DOD's deliberations on major acquisition programs.

Question. What is your view of the significance of sound, unbiased cost estimating throughout the acquisition process?

Answer. Independent, rigorous, unbiased cost and schedule estimates, paired with thorough risk assessments, are essential for effective acquisition decision making and oversight. Achieving the goal of reducing cost and schedule growth in DOD's portfolio of acquisition programs requires that good cost estimates be available and considered throughout the acquisition process.

Question. What is your understanding of the role of the Director of Cost Assessment and Program Evaluation in the requirements and resource-allocation processes?

Answer. The Director is an advisor to the Joint Requirements Oversight Council for assessing the resource requirements and programmatic risk of a desired capability. The Director is the principle advisor to the Secretary and Deputy Secretary of Defense for the programming phase of the PPBE process and provides objective cost, schedule, and performance analyses to inform resource tradeoff decisions.

Question. Do you see the need for any additional processes or mechanisms to ensure coordination between the budget, acquisition, and requirements systems of the Department of Defense and ensure that appropriate trade-offs are made between cost, schedule, and performance requirements early in the acquisition process?

Answer. In the Fiscal Year 2017 NDAA, Congress passed legislation requiring a new process to be co-chaired by the Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff to establish affordability goals and fielding targets for major defense acquisition programs. If confirmed, I would welcome the opportunity to help implement that provision, which will improve coordination early in the acquisition process. Furthermore, the Director of CAPE currently works closely with the DOD Comptroller, the Joint Staff, and the Under Secretary of Defense for Acquisition, Technology, and Logistics to ensure coordination between the budget, acquisition, and requirements systems of DOD. If confirmed, I would continue to foster these relationships.

Question. What role do you see for the Director of Cost Assessment and Program Evaluation in controlling cost growth on the Department's major defense acquisition programs?

Answer. From evaluating the sufficiency of Analyses of Alternatives to conducting Independent Cost Estimates at major milestones or Nunn-McCurdy breaches, the Director of CAPE is responsible for ensuring that major defense acquisition programs are subject to rigorous independent analysis. In addition, if confirmed, I would support a more continuous involvement of CAPE in following and tracking program performance, updating cost and schedule estimates, and evaluating new program risks as they are identified.

FINANCIAL MANAGEMENT AND AUDITABILITY

Question. The Department of Defense and the services remain unable to achieve a clean financial statement audit. The Department also remains on the Government Accountability Office's list of high risk agencies and management systems for financial management and weapon system acquisition. Although audit-readiness has been a goal of the Department for decades, it has repeatedly failed to meet numerous congressionally directed audit-readiness deadlines.

What is your understanding and assessment of the Department of Defense's efforts to achieve a clean financial statement audit?

Answer. While there is clearly more to accomplish, I am encouraged by what I have observed in my role on the HASC. Recent efforts by Comptroller have substantially enhanced emphasis and progress towards this important requirement. Financial system modernization and integration, as well as improved processes and procedures, have gone a long way to moving closer to achieving this requirement.

Question. Especially for the purposes of cost control and program evaluation, what benefits will accrue to the Department of Defense once it is able to achieve and maintain a clean financial audit statement?

Answer. I understand that the primary goal of a clean audit is improved financial management through better internal controls and improvements to financial systems. However, audit readiness will benefit DOD by providing more reliable and assured information on whether programs are achieving objectives and outcomes and the cost for achieving them. Further, it will support the goal of the PPBE process by more tightly coupling or integrating accounting information into an effective feedback loop for the next programming and budgeting cycle.

Question. If the Department of Defense improves its internal controls and achieves a clean audit, do you expect it will help improve the ability to control acquisition costs and estimate costs of development, procurement, and sustainment of systems and services? Why?

Answer. Accurate and timely cost data are essential for the development of thorough and timely cost estimates. Through improved quality and visibility of program cost data, a clean audit therefore will further DOD's ability to control acquisition costs.

Question. What impediments may hinder the Department's ability to achieve a clean audit and how would CAPE help to address them?

Answer. Based on my experience, both in the public and private sectors, I understand that the variety of data structures and systems being used across DOD can be a potential impediment to achieving a clean audit. If confirmed as the Director of CAPE, I would work to implement and enforce enterprise-wide data structures to support an audit, especially in cost reporting where CAPE has statutory authority.

Question. How can CAPE efforts to improve data collection and analysis contribute to broader efforts to improve financial management in the Department of Defense?

Answer. By improving availability and transparency of data, CAPE can provide relevant stakeholders baseline facts, enabling the assessment of long-term costs and performance of programs from a common, consistent, agreed-upon basis. CAPE can also provide common data structures to support analytic processes, which would help integrate data from multiple DOD financial management systems.

DATA

Question. What is your assessment of the Defense Department's ability to efficiently collect data on its systems and processes to inform analysis and decision making?

Answer. It is my understanding that DOD's ability to collect data on its systems and processes has been improving, although there is certainly room for more work to be done.

Question. What initiatives will you undertake to improve the Department's use of data in its processes?

Answer. If confirmed, I would work with the Deputy Chief Management Officer (DCMO), Comptroller, and other stakeholders to develop, maintain, and enforce enterprise-wide common data structures and systems to enable better DOD-wide data analysis and reporting.

Question. What are the barriers that prevent the Department from collecting the data it needs to analyze and improve its processes and programs? How will you work to overcome those barriers?

Answer. DOD faces challenges with legacy data systems, inconsistent data coding and tagging, and limited analytics resources. In some cases, cultural barriers further restrict the free flow of data throughout DOD. I understand that CAPE has had some success addressing these challenges in cost reporting data, although there is still more to be done. If confirmed, I would welcome the opportunity to work with stakeholders across DOD to identify additional opportunities for improvement in data transparency and consistency, as a building block to development of more automated decision-making tools.

Question. In what areas do you feel that better use of data will significantly improve the Department's mission execution or management processes?

Answer. Better use of data can substantially improve almost any of DOD's mission execution or management processes. For example, improved collection and structuring of operating and support cost data would improve CAPE's ability to produce quality and timely cost estimates. It would also inform engineering tradeoff decisions early in the acquisition process, as well as provide a feedback loop into DOD's supply chain management processes. If confirmed, I would seek areas that could quickly deliver results to DOD's mission execution or management processes.

F-35 JOINT STRIKE FIGHTER

Question. The F-35 Joint Strike Fighter Program, the largest and most expensive acquisition program in Department of Defense history, was formally initiated as a program of record in 2001, and subsequently adjusted to a total planned buy of 2,443 aircraft for the United States. The program has not yet completed the System Development and Demonstration (SDD) phase, now projected for an additional 7-month delay and up to an additional \$1 billion in cost overruns. The full rate production decision is not due at least until 2019, 18 years after its inception. At currently projected annual procurement rates, the last delivery of F-35 variants is now planned for after 2040.

The Senate Armed Services Committee report accompanying S. 1376, the National Defense Authorization Act for Fiscal Year 2016, required the Secretary of Defense to assess the current requirement for the F-35 Joint Strike Fighter total program of record quantity, and then revalidate that quantity or identify a new requirement for the total number of F-35 aircraft the Department would ultimately procure. The Department provided an interim response that stated a reassessment of the total procurement quantity would be provided at a later date.

If confirmed, what will be your role in the reassessment of the F-35 total program procurement quantity, currently established at 2,443 aircraft?

Answer. I understand that the Director of CAPE has been tasked to lead the reassessment. If confirmed, I would ensure that the work is completed in a timely manner.

B-21 LONG RANGE STRIKE BOMBER

Question. On October 27, 2015, the Air Force announced the award of the engineering and manufacturing development (EMD) contract for the new B-21 bomber, a program estimated to cost as much as \$80 billion for development and procurement. The National Defense Authorization Act for Fiscal Year 2017 directed enhanced reporting of B-21 program cost, schedule, and performance data to the Government Accountability Office for more frequent assessments and focused oversight.

If confirmed as Director of Cost Assessment and Program Evaluation, what will be your role in the B-21 bomber program to ensure cost, schedule, and performance remain on track?

Answer. As with any major acquisition program, CAPE will continue to produce Independent Cost Estimates for the B-21 program. If confirmed, I would also help ensure through the programming phase of the PPBE process that the B-21 program is fully funded to DOD's latest cost estimate. As Director of CAPE, I would ensure that the Air Force and my office continuously assess the program's performance to ensure that DOD's leadership can proactively address any challenges that occur during program execution.

MUNITIONS

Question. Department of Defense munitions inventories, particularly those of precision-guided munitions, have declined significantly due to high operational usage, insufficient procurement, and a requirements system that does not adequately account for the ongoing need to transfer munitions to our allies and operations short of major combat, such as in the current operations in Afghanistan, Iraq, and Syria.

If confirmed, what assessments would you make to support prioritizing munitions funding to ensure the Department has sufficient inventories of munitions to meet combatant commanders' needs?

Answer. If confirmed, I would ensure CAPE continues to conduct independent analyses of munitions issues and provides the Secretary of Defense with resourcing options that balance munitions requirements within the total defense program. I also would ensure that these independent analyses include an assessment of munition transfers to allies.

Question. How will you assess how the Department of Defense will adapt to self-imposed Department restrictions on area attack and denial munitions in accordance with the Oslo Process and the Convention on Cluster Munitions?

Answer. If confirmed, I would review existing work on the performance of munitions replacement programs and would work with other stakeholders to examine DOD's policy and recommend alternatives as needed.

SPACE ACQUISITION

Question. According to a recent study by the Government Accountability Office (GAO), fragmented leadership has undermined the Department of Defense's ability to deliver space capabilities to the warfighter on time and on budget. One repeated cause for concern has been fractured decision-making and many layers of bureaucracy.

Do you believe the existing space acquisition structure is sufficient? If not, what changes do you believe are appropriate?

Answer. I do not have any recommendations at this time. Space acquisition, like all DOD acquisition, is undergoing review and changes associated with the acquisition reforms in the Fiscal Year 2017 NDAA. If confirmed, I would evaluate the impact of these changes and recommend adjustments, as needed, to improve space acquisition across DOD.

Question. How would CAPE studies and assessments support more competition in the launch of Department of Defense payloads?

Answer. I understand that CAPE conducts independent assessments of the launch services market in general, as well as specific acquisition approaches for DOD providers, to support the goals of mission assurance and reasonable prices. Furthermore, CAPE conducts cost estimates and performance assessment on DOD's Evolved Expendable Launch Vehicle program, which is designed to provide reliable launch services for national security space payloads.

Question. The National Defense Authorization Act for Fiscal Year 2017 prohibits the use of Russian rocket engines after December 31, 2022. How would CAPE studies and assessments support the ending of U.S. dependence on the use of Russian rocket engines as soon as possible, perhaps even before December 31, 2022?

CAPE analyses provide independent, objective assessments of alternatives of launch services to inform leadership decisions. If confirmed as the Director of CAPE, I would ensure that CAPE continues to work with the Air Force on this issue both through the acquisition process and through CAPE's role as an independent analyst for DOD.

DEPARTMENT OF DEFENSE INFORMATION TECHNOLOGY PROGRAMS

Question. The Department of Defense's record in successfully developing and deploying information technology systems, according to a 2015 GAO report, "too frequently fail or incur cost overruns and schedule slippages while contributing little to mission-related outcomes" whether for business or operational use. The Defense Integrated Military Human Resources System, the Air Force's Financial Information Resource System (FIRST) and Air Operations Center 10.2 upgrade program, and the Defense Enterprise Accounting and Management System (DEAMS) are but a few examples of failures that represent years of schedule delays and billions of dollars in cost overruns.

What studies and assessments would you conduct to support changes in Department of Defense efforts to improve development and deployment of major information technology systems?

Answer. If confirmed as the Director of CAPE, I would ensure that CAPE continues to work with the stakeholders across DOD to improve development and deployment of major information technology systems. I would also promote studies of commercial IT business models, such as cloud computing, software-as-a-service, and shared services as alternatives to traditional DOD IT acquisition efforts. Business IT programs suffer from similar forces that cause cost and schedule overruns in other major defense acquisition programs, but they also exist within an environment that is rapidly changing in the commercial marketplace. I would look to lessons learned from commercial experiences and recommendations from organization like GAO to inform alternatives for leadership.

Question. How will you study and assess that appropriate business process re-engineering is undertaken and accomplished before initiating new business systems, IT program development, and deployment?

Answer. If confirmed as the Director of CAPE, I would work closely with the DCMO to provide supporting analysis of business process reengineering when necessary. I also would explore with DCMO ways to track customization of IT products

that is pursued in lieu of business process reengineering, as well as the potential for shared services to encourage business process reengineering as an alternative to acquiring new IT products.

Question. What role will CAPE play in assessing the development and deployment of defense business IT systems?

Answer. It is my understanding that the Office of the Secretary of Defense, including CAPE, is currently pursuing efforts to redefine how major IT systems are developed and deployed. If confirmed, I would use CAPE's role as a direct report to the Secretary and lead for Analyses of Alternatives to empower stakeholders to consider alternate approaches.

Question. What role will CAPE play to assess the business processes that these business IT systems support and whether they are sufficiently aligned with best commercial business practices?

Answer. If confirmed, I would ensure that CAPE analyzes current business IT approaches relative to commercial practices, such as cloud computing, software-as-a-service, and shared services. I would also explore the potential to speed software acquisition and deployment to weapon systems through commercial software development, testing, and deployment practices. I understand that DOD is evolving its acquisition processes to increase the use of leading commercial strategies like business process reengineering, configuration over customization, and when necessary, agile software development. If confirmed, I would ensure that CAPE supports these efforts.

INDUSTRIAL BASE

Question. How should CAPE consider the health and viability of the industrial base when developing cost estimates?

Answer. It is critical for CAPE to incorporate the realities of our industry partners' businesses and the overall health of the industrial base into DOD's cost estimates and investment strategies. We always should encourage industry to be more efficient, but we must also take business base considerations, such as workforce forecasts, into account to ensure our acquisition programs are properly costed and fully funded. It is also important to recognize that the industrial base is changing as DOD engages with non-traditional contractors for access to emerging technologies. In turn, this shifting of the industrial base has implications for competitiveness, price comparisons, and cost estimates.

SCIENCE AND TECHNOLOGY

Question. What is your understanding and assessment of the role that Department of Defense science and technology programs and organizations have played and will play in developing capabilities for current and future defense systems?

Answer. S&T organizations lead the DOD through fundamental technology shifts by anticipating and driving emerging and future requirements and missions. The S&T enterprise provides a sustainable, disruptive advantage for U.S. forces by developing leap-ahead science and making current weapons systems more effective and affordable.

Question. What metrics would you use to judge the value and the investment level in Department of Defense science and technology programs?

Answer. Judging the value of S&T investments is a critical and challenging task. Traditional metrics such as numbers of patents and journal publications are important indicators of productivity for those labs that perform basic research, but they do not address Defense-specific concerns such as transferring technology to the warfighter. If confirmed, I would be open to pursuing novel, non-traditional ways to evaluate and balance DOD's research enterprise.

Question. What role can science and technology activities in areas like cost analysis, data analytics, operations research, and others play in developing new tools, techniques, and processes that can be used for the Director of Cost Assessment and Program Evaluation?

Answer. Recent advanced computing and mathematical techniques have enabled new approaches in data analytics and operations research that were previously computationally prohibitive. It is my understanding that CAPE has been an early adopter of many of these data analytic techniques, and I believe continued application of these techniques provide the government with better decision-making tools.

Question. How can advanced commercial- and government-developed data collection, management, and analytics techniques and systems be used to support the activities of the Director of Cost Assessment and Program Evaluation?

Answer. As the independent advisor to the Secretary of Defense, CAPE's mission is critically dependent on data collection, management and analytics. Advanced com-

mercial and government software systems are key in supporting CAPE's data handling ability. CAPE is continuously assessing new data sources, management techniques, and analytic approaches to better support its key roles in DOD.

CONGRESSIONAL OVERSIGHT

Question. 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 position, to appear before this Committee and other appropriate committees of the Congress?

Answer. 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 Director of Cost Assessment and Program Evaluation?

Answer. 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 in a timely manner?

Answer. Yes

Question. 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

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR DAVID PERDUE

SOFTWARE ACQUISITION PROCESS USING THE DEFENSE INNOVATION ADVISORY BOARD

1. Senator PERDUE. Mr. Daigle, at the hearing, we briefly discussed the need to modernize software acquisition processes at DOD and the value that outside expert groups could bring to this challenge. You stated that you would be open to working with outside groups on this front. The Defense Innovation Board is group of top innovators, scholars, and business leaders with a blend of technological and regulatory experience and their status as a Secretarial discretionary board. Do you think this expertise makes them well positioned to partner with Cost Assessment and Program Evaluation (CAPE) on this issue?

Mr. DAIGLE. Yes, and if confirmed, I would seek to work with the Defense Innovation Board to identify improvements to the software acquisition process.

COMMERCIAL OFF-THE-SHELF OPTIONS FOR CAPE ASSESSMENTS

2. Senator PERDUE. Mr. Daigle, although acquisition reform has remained a priority for DOD acquisition officials, many procurements are delayed by administrative constraints, staffing concerns, and inflexible requirements processes. Readily available Commercial-Off-The-Shelf (COTS) solutions provide a significant increase in contracting efficiency and ensure servicemembers receive gear and equipment when needed most. The Army's Rapid Equipping Force (REF) and Soldier Enhancement Program (SEP) are models for broader COTS product acquisition. Do you believe DOD can streamline acquisition without unnecessary delays through procurement of COTS solutions like Personal Protective Equipment (PPE) and Organizational Clothing and Individual Equipment (OCIE) products?

Mr. DAIGLE. Yes, COTS solutions enable the Department to incorporate technological advances, achieve cost savings, and reduce development timelines, when they suitably meet military requirements. It is my understanding that the Department seeks to leverage commercially mature technology and material solutions, and if confirmed I would include considerations of COTS solutions as appropriate in my duties as the Director of Cost Assessment and Program Evaluation.

QUESTIONS SUBMITTED BY SENATOR MARTIN HEINRICH

DIRECTED ENERGY WEAPON SYSTEMS: FUTURE PROGRAMS OF RECORD

3. Senator HEINRICH. Mr. Daigle, I have long been concerned about the fact that capable-and-proven weapon systems like high-energy lasers and high-powered microwaves have languished in what has seemed like perpetual research and development (R&D). A major roadblock that has prevented these weapon systems from crossing the threshold into the field is the requirements-setting process, where the prevailing belief is that sufficient kinetic capabilities already exist, so an alternative is not needed, and therefore not required. This mentality, however, ignores the potential added value of directed energy systems in terms of cost effectiveness, sustainability, endless magazine, and precise targeting. As the next potential Director of Cost Assessment and Program Evaluation (CAPE), one of your responsibilities will be advising the Joint Requirements Oversight Council and conducting Analyses of Alternatives (AOA) of weapon systems.

Given your 6 years of prior experience at CAPE, as well as additional experiences, to what extent has CAPE advised the Joint Requirements Oversight Council in the consideration of directed energy weapon systems for a needed capability?

Mr. DAIGLE. CAPE is a regular participant in the Joint Capabilities Integration and Development System (JCIDS), including the Joint Requirements Oversight Council (JROC). CAPE provides input regarding technical, operational, and programmatic implications that should be considered as requirements are developed. It is my understanding that CAPE is helping to identify mission sets and lay the groundwork necessary to establish appropriate requirements for directed energy systems for the Department's new Laser Roadmap. If confirmed, I would continue CAPE's participation in JCIDS, the JROC, and the Laser Roadmap.

4. Senator HEINRICH. Mr. Daigle, how does CAPE factor in the added-value of prototypes and weapon systems that are not already-established Programs-of-Record when conducting AOAs?

Mr. DAIGLE. The purpose of an AoA is to identify and evaluate the trade space available to mitigate or close capability gaps with a materiel solution. As such, the added value that any alternative, including prototype systems, could provide is evaluated based on available information. Technical, programmatic, operational, and policy risks, as well as a life-cycle cost estimate, are also considered for each alternative, including prototype systems, and incorporated into a comprehensive assessment relative to the capability gap.

In addition, the Fiscal Year 2017 NDAA requires CAPE to ensure that AOAs include consideration of evolutionary acquisition, prototyping, and a modular open system approaches. If confirmed, I would ensure these new statutory requirements are fully integrated into CAPE's processes.

5. Senator HEINRICH. Mr. Daigle, given your 6 years of prior experience at CAPE and additional experiences, what specific warfighting scenarios has CAPE considered directed energy weapon system capabilities?

Mr. DAIGLE. It is my understanding that CAPE has conducted extensive analysis of directed energy weapon capability relating to missions in multiple operational theaters involving missile defense, counter-rocket, artillery, and mortar, as well as counter-unmanned aircraft systems.

6. Senator HEINRICH. Mr. Daigle, is CAPE recommending directed energy weapon system capabilities for counter-rocket, artillery, and mortar scenarios and counter-UAS [unmanned aircraft systems] scenarios?

Mr. DAIGLE. I am not aware of whether CAPE has made any specific recommendations in this area, but it is my understanding that CAPE includes directed energy weapon systems when exploring alternatives to these scenarios. CAPE presents the trade space on technical and operational capability, technical risk, and cost-effectiveness for Department consideration.

17. Senator HEINRICH. Mr. Daigle, as Director, where added-value exists, will you and your staff recommend next generation weapon systems of high-energy lasers and high-powered microwaves when advising the Joint Requirements Oversight Council and conducting AOAs?

Mr. DAIGLE. If confirmed, I will ensure CAPE includes directed energy systems, as appropriate, when conducting AOAs, such as the Indirect Fire Protection Capability, Global Ballistic Missile Defense Sensor AoA, and the Defense Against Hypersonic Weapons AoA. If confirmed, I would also ensure that all value-added al-

ternatives, including high-energy lasers and high-powered microwaves, are provide to the JROC.

QUESTIONS SUBMITTED BY SENATOR DAN SULLIVAN

SHIFTING THE ALASKA COST VS LOCATION NARRATIVE

8. Senator SULLIVAN. Mr. Daigle, Alaska is traditionally viewed as the most expensive CONUS [Continental United States] and least forward OCONUS [Outside the Continental United States] location. This “glass half-empty” vantage point prevents the Department of Defense (DOD) from capitalizing on the strategic location and resources in Alaska. What is your opinion on this issue, and can I get your commitment to approach Alaska with a “glass half-full” perspective as the furthest CONUS and least-expensive OCONUS location?

Mr. DAIGLE. If confirmed, I will ensure CAPE continues to provide objective, independent analyses of all programs and issues. As such, I commit to giving Alaska fair consideration in any resourcing decisions.

FISCAL YEAR 2017 NDAA ACQUISITION CHANGES IMPACT

9. Senator SULLIVAN. Mr. Daigle, considerable changes were made to the acquisition process in the Fiscal Year 2017 National Defense Authorization Act (NDAA). What effect will this have on Cost Assessment and Program Evaluation (CAPE) modeling for future weapons systems?

Mr. DAIGLE. The Fiscal Year 2017 NDAA increases the range of programs for which CAPE conducts or approves independent cost estimates (ICEs); requires discussion of programs risks, alternatives, and sustainment costs be included in ICEs; and provides additional statutory authorities for the collection of acquisition cost data.

10. Senator SULLIVAN. Mr. Daigle, can you describe how these changes will help or hinder your role?

Mr. DAIGLE. These changes will help CAPE fulfill its role as the Department’s independent cost and program analysis organization. In particular, the new statutory requirements on data collection will improve the quality of data that CAPE and the Department use to evaluate cost and risk in major acquisition programs, helping to resolve problems CAPE has experienced in the past related to incomplete and out-of-date program data.

[The nomination reference of Mr. Robert B. Daigle follows:]

NOMINATION REFERENCE AND REPORT

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
April 25, 2017.

Ordered. That the following nomination be referred to the Committee on Armed Services:

Robert Daigle, of Virginia, to be Director of Cost Assessment and Program Evaluation, Department of Defense, vice Jamie Michael Morin.

[The biographical sketch of Mr. Robert B. Daigle, which was transmitted to the Committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF ROBERT B. DAIGLE

Education:

- University of Vermont
 - 8/1989 to 5/1997
 - B.A., Economics and B.A., Mathematics
- Columbia Business School
 - 1/2002 to 5/2003
 - M.B.A., Finance

- Georgetown University
 - 7/2004 to 5/2006
 - M.A., Security Studies

Employment record:

- ASTEC Consulting
 - Director of Analytics
 - 4/1996 to 12/2001
- Office of the Secretary of Defense (Cost Assessment and Program Evaluation)
 - Director, Program Resources and Information Systems Management Division
 - 11/2003 to 7/2009
- Center for the Study of Financial Market Evolution
 - Executive Vice President
 - 7/2009 to 12/2011
- Advanced Securities Consulting
 - Executive Vice President
 - 1/2012 to 9/2013
- Military Compensation and Retirement Modernization Commission
 - Executive Director
 - 9/2013 to 1/2016
- House Armed Services Committee
 - Professional Staff Member
 - 1/2016 to Present

Honors and Awards:

- Military Awards:
 - Expert Infantry Badge
 - Army Achievement Medal (with one oak cluster)
 - Good Conduct Medal
 - National Defense Service Medal
- Academic Awards:
 - University of Vermont
 - Freeman Saltus Award
 - Amato Scholarship
 - Milton J. Nadworny Scholarship for economics
 - Outstanding Senior Award for mathematics

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate to complete a form that details the biographical, financial, and other information of the nominee. The form executed by Mr. Robert B. Daigle in connection with his nomination follows:]

[The nominee responded and the information is contained in the Committee's executive files.]

[The nominee responded to Parts B–F of the Committee questionnaire. The text of the questionnaire is set forth in the Appendix to this volume. The nominee's answers to Parts B–F are contained in the Committee's executive files.]

[The nomination of Mr. Robert B. Daigle was reported to the Senate by Chairman McCain on May 23, 2017, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on August 1, 2017.]

[Prepared questions submitted to The Honorable David L. Norquist by Chairman McCain prior to the hearing with answers supplied follow:]

QUESTIONS AND RESPONSES

DEFENSE REFORMS

Question. Do you support these reforms?

Answer. Yes, based on my understanding of their purpose.

Question. What other areas for defense reform do you believe might be appropriate for this Committee to address?

Answer. I have no recommendations at this time, but I understand that both the Secretary of Defense and the Director of the Office of Management and Budget (OMB) have issued guidance for DOD to undertake studies of opportunities for reform. Should I be confirmed I would fully support those efforts.

DUTIES

Question. What is your understanding of the duties and functions of the Under Secretary of Defense (Comptroller)? How will you prioritize them?

Answer. The duties and functions of the Under Secretary of Defense (Comptroller) are described in Section 135 of title 10 and in Section 902 of the Chief Financial Officer (CFO) Act. It includes supporting the Secretary of Defense by advising on all financial management matters; overseeing the financial management activities of the Department to include establishing and supervising the execution of policies; developing and maintaining integrated agency accounting and financial management systems; supervising and directing the preparation of budget estimates of the Department of Defense; monitoring the financial execution of the budget; overseeing the preparation and submission of financial statements and supporting the recruitment and training of the financial management workforce.

My two highest priorities would be preparing the budget to ensure the Department has the resources to accomplish its mission and using the financial statement audits to drive improvements in the Department's financial management activities, systems and reports.

Question. What recommendations, if any, do you have for changes in the duties and functions of the Under Secretary of Defense (Comptroller)?

Answer. None at this time.

Question. Section 135 of title 10, United States Code, designates the Under Secretary of Defense (Comptroller) as the Chief Financial Officer of the Department of Defense.

What do you believe would be your major responsibilities as Chief Financial Officer?

Answer. By designating the USD (Comptroller) as the CFO of the Department of Defense this specifically incorporates the responsibilities identified in the CFO Act. I included those responsibilities in my description of the duties and functions of the Comptroller because they are interconnected.

Question. However, to the extent that some see the term Comptroller as primarily relating to the budget, the addition of the title CFO highlights and emphasizes the responsibilities for accounting, financial systems, and internal controls. I believe that a major responsibility of the CFO over the next several years is to support the audits of the services and defense agencies and to develop, implement and oversee an effective process of fixing issues identified during the audit.

QUALIFICATIONS

Question. The duties of the Comptroller of the Department of Defense (DOD) are set forth in section 135 of title 10, United States Code, and in DOD Directive 5118.03. Among the duties prescribed are advising and assisting the Secretary of Defense in the preparation of budget estimates, establishing and supervising the execution of policies as it pertains to budget preparation, budget execution, and accounting, and reporting of Department of Defense funds.

What background and experience do you possess that qualify you to perform the duties of the Comptroller?

Answer. I have over 25 years of experience in Federal financial management to include assignments at a field site, a major command, a service headquarters, the Office of the USD (Comptroller), another CFO Act agency (DHS), a Certified Public Accounting firm and for the Congress. These assignments provide a breadth and

depth of experience that is directly relevant to the position of USD (Comptroller) / CFO.

For example, as the CFO of the Department of Homeland Security (DHS) I was responsible for preparing, justifying and executing a \$50 billion agency budget. In addition, I managed and provided policy guidance and oversight of DHS financial management activities, operations and over 1,500 financial management personnel. This included directly managing a staff of 120 with responsibility for programming, budgeting, executing funds, preparing financial statements, strengthening internal controls, consolidating financial systems and coordinating with external auditors.

I have also seen how financial management processes are executed in the field. As Director of Resource Management at Menwith Hill Station, a military field site in England, I managed a budget of \$20 million and a diverse staff of 28 United States and United Kingdom personnel. I was responsible for planning, programming, budgeting, accounting, disbursing, military and civilian pay, manpower documentation and internal management controls. This assignment provided me exposure to how these functions are executed at the lowest level in an agency and gives an important perspective to consider when preparing financial management policy at the Department level.

Specific to the budget, I have extensive experience working the DOD budget process at a number of levels which provides me useful insights on how the budget is built, reviewed and executed. For example at Menwith Hill Station I led the development and execution of the budget for a field site. When I worked for U.S. Army Intelligence and Security Command, I supported budget development for an Army Major Command supporting a defense agency. As a Program/Budget analyst for the Army's Deputy Chief of Staff for Intelligence I prepared and defended the Army's National Foreign Intelligence Program (NFIP) budget and integrated the Intelligence Community and the Army/Department of Defense budget processes. Later I worked for the House Appropriations Committee, Subcommittee on Defense where I analyzed and evaluated over \$30 billion of the defense budget, including funding for Air Force aircraft and munitions, ballistic missile defense, chemical and biological warfare defense, information technology and information assurance. This experience has allowed me to see the budget formulation and execution from multiple levels inside the Department as well as from the Congressional perspective.

As a Partner with a Certified Public Accounting firm, I provided advice and solutions to Federal executives related to accounting, programming, budgeting and internal controls and financial systems. This gave me exposure to a wide range of financial management issues as well as an understanding of federal contracting from the vendor's perspective.

Finally, and perhaps most relevant. I served as a Deputy Under Secretary of Defense to two DOD Comptrollers, the Honorable Dov Zakheim and the Honorable Tina Jonas. I supported them across their range of responsibilities, including as DUSD for Budget and Appropriation Affairs (BAA) where I worked closely with both the House and Senate authorization and appropriations committee staff on defense funding and key defense authorities. This experience gave me a valuable understanding of the structure and function of the Comptroller's office as well as with a sound working relationship with many of the senior civil servants who currently work there.

Question. Have you participated in the audit of a large, complex public or private sector institution?

Answer. Yes. As the Chief Financial Officer of the Department of Homeland Security I participated in the annual financial statement audits. I attended kickoff meetings, status meetings and close out meetings with the auditors. I led the establishment of a formal process to eliminate pervasive weaknesses in DHS's financial statement. As part of executing that plan I held regular meetings to review the development, status and execution of corrective action plans. From fiscal year 2006 to fiscal year 2008, DHS reduced the number of material weaknesses by 40 percent and the number of department-wide audit disclaimer conditions by 70 percent. My successors continued the process and today DHS has achieved four consecutive clean opinions. In addition, as a Partner at a CPA firm I advised federal executives and provided teams of accountants to support clients as their agency underwent financial statement audits.

Question. What formal education have you had in financial management or auditing?

Answer. I have a Master's in Public Administration and I am a Certified Government Financial Manager (CGFM), the professional certification issued by the Association of Government Accountants (AGA). During my federal service I attended numerous training programs on topics ranging from Planning, Programming, Budgeting and Execution (PPBE) to the Anti-Deficiency Act. As part of my position as

a Partner with Kearney and Company I dedicate approximately 40 hours a year to continuing professional education in financial management or auditing.

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

Answer. Should I be confirmed the most important step would be to review the “as-is” of current DOD processes to see how they are consistent with or different from best practices.

Question. If confirmed, which of these roles and duties do you believe will be particularly challenging to you based on your own professional experience?

Answer. Although I have significant experience at DHS and Kearney with financial statement audits, given the complexity of DOD’s situation I still expect the audit to be particularly challenging.

RELATIONS WITH CONGRESS

Question. What are your views on the state of the relationship between the Under Secretary of Defense (Comptroller) and the Senate Armed Services Committee in particular, and with the Congress in general?

Answer. My understanding is that over the last few years the relationship has not been as good as it should be but that there is a strong desire on both sides to improve the relationship.

Question. If confirmed, what actions would you take to sustain a productive and mutually beneficial relationship between the Congress and the Office of the Under Secretary of Defense (Comptroller)?

Answer. I believe that a productive and mutually beneficial relationship requires regular communications both formal and informal. Should I be confirmed, this would include both empowering and directing the staff to maintain regular communications as well as personally meeting with the Committee staff and/or members on a regular basis.

AUDIT AND FINANCIAL MANAGEMENT

Question. The Department of Defense is the only federal agency unable to complete a financial audit in accordance with the law, despite having invested billions over the past 16 years to do so. The persistent lack of accountability by Department leadership for results leads to concerns within the Congress and in the public over the stewardship of Department funds and the qualifications of the people entrusted to lead the Department in its audit efforts. It is not simply an abstract statutory requirement that the Department produce auditable financial statements showing where and how it spends its annual budget—the accuracy of the financial information underlying the financial statements is critical to the Department’s ability to develop an adequate defense budget and make important financial decisions in an environment where every defense dollar counts.

Do you commit to meeting the upcoming statutory audit deadlines requiring that the Department’s financial statements be ready for audit by September 30, 2017, and that the audit of the fiscal year 2018 financial statements be completed by March 31, 2019?

Answer. I believe that the audits should begin as soon as possible. Should I be confirmed I will do everything within my authority to achieve those deadlines and to see that the audits are completed by March 31, 2019.

Question. Under your leadership, when will the Department achieve a clean audit opinion?

Answer. There is not enough information to know. It depends on what the auditors find once the audits start and how difficult it is to implement the appropriate corrective action plans.

Question. Will you be prepared to meet with Members of this Committee every quarter until this happens?

Answer. Yes, and I appreciate the Committee’s willingness to have a regular meeting. The support of the Committee will be essential to the success of this effort.

Question. Describe your knowledge of accounting and financial management principles, give specific examples of how you have applied this knowledge in previous positions, and explain how your experience qualifies you to be the Under Secretary of Defense (Comptroller).

Answer. I would group these principles under four topics.

First, in budget execution the key principle comes from Article 1 Section 9 of the Constitution. “No money shall be drawn from the treasury, but in consequence of appropriations made by law.” This is Congress’ power of the purse. To comply with this in each of my assignments that involved executing funds we paid careful attention to fiscal law and specifically time, purpose and amount. This prepares me for

the role of USD (Comptroller) both in ensuring DOD policy is consistent with this principle but also in understanding and investigating potential Anti-Deficiency Act violations.

The second set of principles relate to the Planning, Programming, Budgeting, and Execution System (PPBES). There are six core principles here that relate to ensuring the leadership is provided the right information to make informed and effective decisions:

- Decisions should be based on explicit criteria of national interest.
- A multi-year financial plan should be used to focus decisions on desired end-states, and project the consequences of present decisions into the future.
- Needs and costs should be considered simultaneously.
- Major decisions should be made by choices among balanced, feasible alternatives.
- The Department should have an active analytical staff to provide it with relevant data and objective perspectives.
- Open and explicit analysis, available to all parties, should form the basis for major decisions.

This was part of the DOD process when we built the Future Years Defense Program (FYDP) and we used a similar approach at DHS when we supported the Secretary in building the Future Years Homeland Security Program (FYHSP). Understanding these principles is important as the USD (Comptroller) and the Director of CAPE are jointly responsible for supporting the Secretary and Deputy Secretary in this process.

With regard to internal controls, GAO's Standards for Internal Control in the Federal Government (also called the Green Book) includes 17 Principles of Effective Internal Control. To focus on just two examples: one is to identify, analyze and respond to risk, another is to perform monitoring activities. In each of my assignments I have looked at the mission of my organization to identify the risk and implement effective internal controls. For example, I would ensure segregation of duties to mitigate against fraud by dividing key tasks among several employees so no single employee can process a payment to themselves. Similarly, at DHS we would routinely review key controls to ensure they were still operating effectively as part of our monitoring process. This is relevant to the USD (Comptroller) because they are responsible for establishing and maintaining the DOD Manager's Internal Control Program (MICP).

In accounting the Federal Accounting Standards Advisory Board (FASAB) issues accounting standards consistent with overarching accounting concepts. For example, in SFFAC 1, Objectives of Federal Financial Reporting one concept is Budgetary Integrity "Federal financial reporting should assist in fulfilling the government's duty to be publicly accountable for monies". This broad principle would include ensuring the accuracy of the status of budgetary resources. At DHS we examined areas where a component had set aside or "obligated" federal funds for a specific purpose. That purpose had been achieved without using all the obligated funds and so to ensure the accuracy of the status of those funds they were deobligated and were available for future use.

I believe my experience working with and following these key federal financial management principles across the range of a CFO's responsibilities provides a solid foundation to serve as USD (Comptroller) and to address new situations as they arise.

Question. Describe your previous experience leading large-scale change initiatives in complex organizations.

Answer. When DHS was established it was the largest Federal re-organization since the creation of DOD. The organizations that formed DHS brought with them different policies and numerous audit weaknesses. The Office of the DHS CFO was newly formed and a work in progress. The Office of the DHS CFO also contributed directly to at least three audit weaknesses including a lack of trained staff and an absence of financial management policies. As the first Senate confirmed CFO, I adopted a multi stage process that included:

- Recruiting individuals with audit backgrounds and strong accounting skills.
- Providing our staff training and encouraging certifications.
- Creating an online financial management policy manual based on best practices.
- Executing an internal control playbook that had corrective action plans for each of the material weaknesses identified by the auditor and provided accountability.
- Establishing a risk management and assurance office that conducted internal control testing in areas where the auditors hadn't yet tested.

- Conducting annual reviews that identified where we had succeeded, where we had fallen short and what legislative and policy changes were on the horizon. As a result, we reduced the number of Audit Disclaimer conditions from ten to three and the number of material weaknesses from ten to six. Most importantly the process we put in place continued after my departure and under the quality leadership of the next two CFO's DHS has now achieved four clean audit opinions.

Question. What is your assessment of the Department's efforts to achieve a clean financial statement audit to date? What specific changes will you make to its approach?

Answer. Where the Department has started routine financial statement audits there has been success. Multiple DOD entities include the Defense Finance and Accounting Service (DFAS) and the U.S. Army Corps of Engineers, have achieved and sustained clean opinions.

However, for the Army, Navy and Air Force the Department has spent approximately 7 years getting "audit ready". I believe that correcting problems without the benefit of an audit has diminishing returns. Should I be confirmed I would work to ensure all the services were under a financial statement audit as this is the most efficient path to success.

Question. Based on your experience at the Department of Homeland Security, what incentives need to be in place to ensure senior leaders in the military services and defense components—not just the financial management community—are fully invested and engaged in the process of achieving a clean audit opinion? Are those incentives currently in place in the Department? What disincentives or structural impediments currently exist?

Specifically, what measures should be used to hold senior leaders accountable if they do not meet statutory deadlines for the Department of Defense auditability?

Answer. It would be very valuable to have a range of tools and incentives in place to build and sustain senior leadership support and accountability for achieving a clean audit opinion. I am not aware of all the tools currently available to the Department or how effective they are. Should I be confirmed, I would make it a priority to examine these options and provide my recommendations to the Committee.

Question. Based on your experience at the Department of Homeland Security, what is the merit of asset valuation to the Department of Defense?

Answer. There is very little merit in valuing old assets for which the relevant documentation is no longer available and the cost of valuation would be high. In addition, these items depreciate and become less material over time so valuing them is less important. If the process can be implemented in a cost efficient manner there is benefit in knowing the value of new assets as it provides the foundation for Capital Budgeting or other related reforms.

Question. What actions will you take to link financial information to performance measurement and monitoring mechanisms to enable improved decision making about the Department's investments?

Answer. The annual audits will highlight and validate areas for improvement in DOD's internal controls and information. As the DOD remediates audit findings and improves its overall financial management processes and information, decision makers will have better access to reliable and timely information. If confirmed, I will work with senior leaders in the DOD to use one source of financial data for both financial statement preparation and investment decision making. This will emphasize the importance of reliable financial information and will directly link performance and financial management.

Question. Will you commit to a review of the Department of Defense's financial operations structure, to include an independent assessment of finance and auditing practices and organizations in the Department of Defense and how other federal agencies, which maintain clean audit opinions, successfully use modern financial systems of the Department of Treasury for non-military-unique financial transactions, accounting, and reporting?

Answer. If confirmed, I will review DOD's financial operations structure. Before committing to contract for an independent assessment of our finance practices I would need to understand how this would differ from a financial statement audit. Should I be confirmed I would also be open to examining the financial systems used by the Department of Treasury and how that might benefit DOD.

The Defense Contract Audit Agency (DCAA) performs a variety of audit services that support the Department in awarding, administering, and overseeing contracts, to include auditing costs incurred under government contracts. DCAA also provides these services to other federal agencies and departments. In response to increased demand for such services, an intergovernmental working group conducted market research on these services, which found that private sector companies offer pricing for these services that competes with DCAA's in some cases.

Question. What are your views on whether and under what conditions the private sector might perform these services?

Answer. I would like an opportunity to review the data obtained and the results from the intergovernmental working group and evaluate their cost/benefit analysis. Should I be confirmed I will review the research as well as the purpose and standards for the audit to determine the path forward that will best serve the warfighter and the taxpayer.

Question. Which auditing services may be inappropriate for outsourcing to for-profit industry concerns, and why?

Answer. While I am generally familiar with the auditing services provided by DCAA I would need to look into the issue further to determine which functions might be inappropriate for outsourcing. There is work that DCAA performs that may include some inherently governmental aspects that should not be outsourced. Should I be confirmed, I would look forward to working with DCAA, the Services and Industry to determine the best use of independent public accounting firms for auditing contracts.

Question. What is the appropriate role for DCAA?

Answer. DCAA serves as an advisory role to contracting officers as experts in cost accounting and applying the Federal Acquisition Regulations for auditing contractor data and records. DCAA has the oversight over several billion dollars of contract payments to ensure they are allowable and reasonable. DCAA provides contract audits and negotiation assistance to contracting officers to achieve fair and reasonable contract prices.

Question. What have been some of the successes (especially in terms of savings to Defense Department and the taxpayer) from the work of DCAA?

Answer. I understand that for the past 6 years, DCAA has returned over \$3 billion in savings annually to the Department and taxpayers. These are actual savings based on contract actions taken by Government contracting officers as either reductions in contract prices or dollars returned to the Department by the contractors.

MAJOR CHALLENGES AND PRIORITIES

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

Answer. The USD (Comptroller) faces a number of ongoing challenges. The first is developing defense budgets that are consistent with the Department's mission of protecting the vital interests of the United States. The current defense caps and repeated, lengthy continuing resolutions have made it challenging to build and execute a properly sized defense budget.

The second challenge is the audit. The Department must start the audit as required by law and then use the audit to drive effective corrective action plans. The audit will provide a baseline of the current financial management status, and it will take time and consistent attention to implement the corrective actions necessary to achieve a clean opinion.

The third challenge is to continue to improve the effectiveness and efficiency of the Department. As directed by OMB, the Department has started a process for identifying reforms. The USD (Comptroller) must help identify critical reforms and then develop plans for implementing reforms and achieving efficiencies.

The fourth challenge is to continue workforce development. The Department's success with the budget, the audit and implementing reforms depends in large part on the skill set and experience of the DOD financial management workforce.

Question. If confirmed, what plans do you have for addressing these challenges?

Answer. If confirmed, I will work closely with Secretary and Deputy Secretary and other leaders across the Department and within USD (Comptroller) to tackle these challenges head on.

For the budget process I would use the PPBES process described before as a means to develop and justify a defense budget that supports the President's and the Secretary's vision. For the audit I would begin by reviewing the status of existing DOD initiatives and then seeing how the lessons learned from DHS could be used to accelerate the process.

On defense reform, I would begin by joining the current process initiated by the Deputy Secretary and then look for ways to continue and expand the reform effort through the Comptroller organization.

Developing and sustain a professional financial management workforce is the foundation for meeting each of these challenges. DOD has a strong program already in place and I would look to build on that existing program, to include continuing to implement the course-based certification program for Defense financial managers that was authorized by Congress in the fiscal year 2012 defense authorization bill.

OVERSEAS CONTINGENCY OPERATIONS ACCOUNT

Question. The use of the Overseas Contingency Operations (OCO) account has been hotly debated for several years. A primary reason for this is the fact that OCO dollars are exempt from the caps of the Budget Control Act (BCA).

What are your views about the use of the OCO account in the Department of Defense's annual budgeting?

Answer. The Overseas Contingency Operations (OCO) account was intended to provide budget transparency and a funding mechanism appropriate for the mission. While the BCA caps have complicated OCO, I believe the issue is a result of the caps and not OCO and the solution depends on repealing the defense caps.

Question. OMB Director Mick Mulvaney has made public statements on his desire to transfer all funding residing in the OCO account into the base accounts. In a recent press article referring to OCO, he was quoted as saying, "It's past time to do away with the slush fund entirely."

Do you concur with Director Mulvaney's views on OCO?

Answer. I have not spoken with Director Mulvaney regarding his views on OCO. I do know that OMB did include OCO funding in the Request for Additional Appropriations and has indicated in the Budget Blueprint that it will request \$65 billion in 2018 for Overseas Contingency Operations. I believe that this is appropriate.

Question. Do you believe that the existing criteria governing OCO, written by the OMB Director in 2010, and used to formulate the Defense Department's budget request should be updated or amended? If so, how?

Answer. I believe that it is always useful to review the criteria to ensure that it is appropriate to the nation's current requirements. I do not have any specific recommendations for changes at this time.

Question. Do you believe that some activities, like the European Deterrence Initiative, which do not meet the existing OMB OCO criteria, should remain in OCO?

Answer. It is my understanding that the Office of Management and Budget made an exception to the OCO rules for the European Reassurance Initiative (ERI). As I understand it, the purpose of the ERI is to reassure our NATO allies and European partners that the United States is prepared to address any threat or destabilizing action against their national security to include those by Russia's aggressive actions. I believe that any discussion about moving a program out of OCO depends on resolving the issue of the defense caps.

The Bipartisan Budget Agreement of 2015 included some base funding in OCO for fiscal years 2016 and 2017. Consequently, the Defense Department's budget request for fiscal year 2017 included approximately \$5 billion in base funding in OCO.

Question. Do you believe it is more important to get funding at your requested levels, even if it is in OCO?

Or would you prefer a more stringent adherence to the OCO criteria, even at the cost of not securing additional money?

Answer. I believe it is important to provide DOD the requested funding levels. While I support adherence to the OCO criteria I believe that this depends on repealing or adjusting the BCA caps.

The BCA remains in place until 2021. Both the Secretary of Defense and the President have stated the need to repeal the "defense sequester."

Question. What are your views on how the BCA impacts the military? Should the BCA be amended or repealed?

Answer. My understanding from the testimony of the Secretary and of the Service chiefs is that the defense sequester has been harmful to our military's readiness. President Trump campaigned on repealing the defense caps and I support that position.

Question. If you believe the BCA should be amended or repealed, how will you prioritize that effort with other duties as the Comptroller?

Answer. The President has stated his desire to repeal the BCA defense caps. I support that and although the Comptroller does not have the authority to make that change, should I be confirmed I would provide the Secretary and the Administration my full support. Achieving the proper level of funding for the Department is always a high priority for the Comptroller.

PERSONNEL COSTS

Question. The growing cost of military personnel hampers the Department of Defense's ability to confront future worldwide threats. A large portion of the military compensation package consists of in-kind benefits—health care, housing, tax-free shopping in military exchanges, and taxpayer subsidized commissaries. The total costs to provide these benefits are rapidly growing, even as personnel end strengths

have been reduced. In fiscal year 2016, the military health system consumed about \$1 of every \$12 in the defense budget.

Should the Defense Department's personnel costs grow at the rate of inflation? Or should the topline defense budget adjust to match the growth in personnel compensation and in-kind benefit costs?

Answer. The topline for the defense budget should depend on the Department's mission, the appropriate force structure to achieve that mission and the compensation required to recruit and retain a quality force.

BASE REALIGNMENT AND CLOSURE (BRAC)

Question. Do you believe another BRAC round is necessary? If so, why?

Answer. Before making a recommendation on another BRAC round I would need to understand both the existing capacity as well as the Secretary's vision for the future force. BRAC is a significant undertaking and a decision to request that authority should receive careful consideration. If confirmed, I will work with the Secretary to carefully consider the matter.

It has been noted that the 2005 BRAC round resulted in major and unanticipated implementation costs and saved far less money than originally estimated.

Question. What is your understanding of why such cost growth and lower realized savings have occurred?

Answer. I am not familiar with the specifics of the cost growth. If confirmed and if Congress authorizes another round of BRAC, I will work with the appropriate organizations within DOD to seek ways to improve the cost and saving estimating process; drawing on lessons learned from prior BRAC rounds.

Question. How do you believe such issues could be addressed in a future BRAC round?

Answer. If confirmed, I will work with the various organizations within DOD to ensure that cost estimates are improved.

INTERNAL BUDGETING PRACTICES

Question. Many accuse the federal agencies of executing budgets with a "spend it or lose it" mentality when it comes to obligating funds. Do you believe that is a problem in the Department of Defense? If so, how would you address it?

Answer. A perspective of "spend it or lose it" is not in the interest of the taxpayer. I believe this is a risk that could be addressed. For example, at DHS, Congress included authority that any organization that did not spend all its money at year end could keep 50 percent of it to use in the next fiscal year.

Question. Do you believe the Department should have some level of a carryover authority, particularly given the frequency by which the Department operates under a continuing resolution?

Answer. That may make sense given the length and frequency of the recent continuing resolutions. If confirmed, I will look into it.

Question. What are your opinions on the reprogramming process? What do you believe should be the considerations that govern how the Department uses this process?

Answer. From my previous time working for the Department and for Congress, I know that the Department uses reprogramming actions to address the highest priority of emerging requirements. It is my understanding that the Department does not implement any prior approval reprogramming action until all of the congressional defense committees approve the request. As far as I know, this process is working well.

The Department of Defense is requesting growth in the budget to improve critical capabilities to deal with growing threats around the world. In years past, the Department included items in the budget request that were not as critical to supporting the mission of the military, while leaving high priority items unfunded.

Question. How will you manage the budget process to ensure that funding is going to the highest set of priorities throughout the entire budget? And that each of the services are funding the highest set of priorities and that risk is evenly distributed amongst the services?

Answer. It is important to establish a budget process that brings the key information to the attention of decision makers. During both the budget build process and during budget execution, the Comptroller's office continually reviews service budget requests to identify gaps and proposes changes to those requests to ensure that funding is consistent with the Secretary's priorities. Should I be confirmed I would ensure that when issues are identified they are brought to the appropriate level for decision and that the relative merits and mission priorities are properly considered.

Question. Do you believe the Department's Planning, Programming, Budgeting, and Execution process needs to be reformed? If so, how?

Answer. As far as I know, in a normal year the Department's Planning, Programming, Budgeting, and Execution process works well and other organizations are now using it to build their budgets. When the schedule is compressed, however, this creates significant challenges for the Department. If confirmed, I will look into it to determine if any modifications need to be made and will make any such recommendations to the Secretary of Defense.

Question. Do you believe there should be an independent assessment of the efficiency and effectiveness of these processes?

Answer. It is hard to know from outside the Department. Should I be confirmed, I would be in a better position to determine the value of an independent assessment.

Question. What flexibility needs to be incorporated into Defense Department policies and regulations to allow for more agile programming and budgeting to help the Department take advantage of emerging technologies or deal with emerging threats?

Answer. I am not aware where additional flexibility is needed in the current process. Normally taking advantage of emerging technologies or addressing emerging threats is something that occurs during execution. If confirmed, I will discuss with the congressional defense committees how changes in policy or in the program/budget process could improve our ability to address such emerging technologies and threats.

Question. What new authorities or legislative changes would allow the Defense Department to more effectively execute needed acquisition and management reform initiatives?

Answer. I am not aware of any changes needed. If confirmed, I will work with the Congress to make any changes necessary to allow the Department to more effectively execute acquisition and management reform initiatives.

Question. Comptroller Personnel and Business Processes What steps will you take to improve the quality of the Defense Department's comptroller, auditing, and financial management workforce?

Answer. First I would need to review the existing program to determine its strengths and weaknesses and if it provides the right approach to recruit, train and mentor quality staff to include those with accounting and auditing experience. If there are any gaps I would adjust accordingly.

Question. What new business processes will you implement to improve the effectiveness and efficiency of comptroller functions and execution of comptroller missions?

Answer. It is hard to know from outside the organization. Should I be confirmed, I would be in a better position to identify ways to improve the effectiveness and efficiency of the Comptroller functions.

Question. What steps will you take to ensure a continuous review of these business processes for their efficacy and consistency with best practices?

Answer. I would need to see what tools are available to the Comptroller, should I be confirmed. One option is to use the A-123 process which is designed to review end-to end processes.

CONGRESSIONAL OVERSIGHT

Question. 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 position, to appear before this Committee and other appropriate committees of the Congress?

Answer. 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)?

Answer. 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 in a timely manner?

Answer. Yes.

Question. 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.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR DAVID PERDUE

WASTE AND TRAVEL OVERPAYMENTS AT DOD

1. Senator PERDUE. Mr. Norquist, we briefly discussed waste and travel overpayments as an example of how the Department of Defense (DOD) currently lacks a culture of financial accountability. As we touched on during the hearing DOD spent nearly \$6 billion on travel in fiscal year 2014, \$458 million of which, according to the DOD Inspector General (IG), was improperly paid out because Department officials simply failed to follow existing policies and procedures. Though the DOD IG has found these poor financial practices to be pervasive throughout the Military Services, the Defense Finance and Accounting Service (DFAS) has yet to implement the sampling recommendations from the Government Accountability Office (GAO) on this issue, which were also echoed in a 2016 DOD IG report, for the travel payment program. How and why does waste of this scale continue to happen, especially when it is so well documented?

Mr. NORQUIST. At this time I have limited information about what actions were or should have been taken in this particular case. If confirmed, I will look into this issue further and will work to ensure best practices are in place to prevent improper payments.

2. Senator PERDUE. Mr. Norquist, what do you plan to do to stop this kind of senseless waste?

Mr. NORQUIST. There are two steps to fighting this type of waste. First is to evaluate where the Department or Service is at risk of making improper payments and to use a statistically valid method to determine the actual error rate. This lets you know where to focus your effort. The second step is once a problem area is identified, determine the root cause of the error so that the Department or Service can implement an effective corrective action plan.

3. Senator PERDUE. Mr. Norquist, do you know who, if anyone, got fired for this?

Mr. NORQUIST. I currently do not have access to any information on DOD personnel actions.

4. Senator PERDUE. Mr. Norquist, would you fire someone for this?

Mr. NORQUIST. Because I do not currently have access to the relevant information, I am not in a position to comment on any proposed disciplinary actions I may have recommended in this particular situation.

5. Senator PERDUE. Mr. Norquist, would you have fired someone over this report?

Mr. NORQUIST. Because I do not currently have access to the relevant information, I am not in a position to comment on any proposed disciplinary actions I may have recommended in this particular situation.

6. Senator PERDUE. Mr. Norquist, we talk about needing more money for defense—what could the Department have bought it if wasn't wasting half a billion-plus a year on improper payments?

Mr. NORQUIST. It is not clear to me from the report what amount would have been saved if the payments had been made properly. If a reviewer approves a travel payment without properly checking the invoices, then the total payment is deemed "improper". This is a serious issue from an internal control perspective. But, further investigation would be required to determine if a proper review would have resulted in a different payment. Should I be confirmed, I would look into the level of waste that occurs with improper payments and take the necessary corrective actions.

THE DEMONSTRATED NEED FOR IMPROVED FINANCIAL MANAGEMENT

7. Senator PERDUE. Mr. Norquist, the Marine Corps demonstrated that for every \$1 it spent on audit, it realized \$3 in value from improved financial controls. By the Marine Corps' account, their audit freed up enough money in their budget to buy an additional cobra attack helicopter, three M1A1 Abrams tanks, or 70 million additional rounds of ammunition. Will you commit to leveraging the work the Marine Corps already did to quantify the value of the audit efforts and apply lessons learned across the Department?

Mr. NORQUIST. I am not aware of the savings the Marine Corps has realized from implementing the audit. Should I be confirmed, I would be very interested in learning more and sharing these best practices across the Department.

8. Senator PERDUE. Mr. Norquist, would you commit to updating Congress on how much you're able to find by the time you come up to talk about next year's budget request?

Mr. NORQUIST. Should I be confirmed, I would be happy to provide updates to Congress on the progress of the audit and what improvements or savings the services are seeing as a result of their efforts.

ASSET VALUATION IN THE AUDIT PROCESS

9. Senator PERDUE. Mr. Norquist, in your prepared statements to the Committee, you state that there is "very little merit" in valuing old assets for which the relevant documentation is no longer available and the cost of valuation would be so high; rather, that the practice of valuing assets should begin with new assets so the data is most accurate, and then the value of older assets can be estimated in comparison. How would this approach save time and taxpayer dollars?

Mr. NORQUIST. This approach protects taxpayer money by focusing the spending on where it will make the greatest difference. For example, it would be very expensive to try and locate or recreate the cost records for old equipment. In addition, the value of an asset must be depreciated for every year it is in service, which means it has only a fraction of the impact on the financial statement of a piece of new equipment. Finally, over the first several years of the audit, some of that equipment will be retired and any effort spent valuing it would have been wasted. In contrast, new equipment will be in the inventory the longest, has the highest value, and also the most accessible records for calculating its valuation. By starting here and establishing a cost effective and sustainable process for valuing these assets, you have created a solution that will be used on into the future.

QUESTIONS SUBMITTED BY SENATOR DAN SULLIVAN

SHIFTING THE ALASKA COST VS LOCATION NARRATIVE

10. Senator SULLIVAN. Mr. Norquist, Alaska is traditionally viewed as the most expensive CONUS [Continental United States] and least forward OCONUS [Outside the Continental United States] location. This "glass half-empty" vantage point prevents the Department of Defense (DOD) from capitalizing on the strategic location and resources in Alaska. What is your opinion on this issue, and can I get your commitment to approach Alaska with a "glass half-full" perspective as the furthest CONUS and least-expensive OCONUS location?

Mr. NORQUIST. Given its importance to our national security, I do not view Alaska as a "glass half-empty." Alaska's location and resources play a unique and essential role in U.S. military strategy.

FISCAL YEAR 2017 NDAA ACQUISITION CHANGES IMPACT

11. Senator SULLIVAN. Mr. Norquist, considerable changes were made to the acquisition process in the Fiscal Year 2017 NDAA. What effect will this have on acquisition reform in respect to the office of the Comptroller?

Mr. NORQUIST. I understand the Department is still working through its approach to implementing the acquisition provisions of the Fiscal Year 2017 NDAA, so I do not know the implications for the Office of the Comptroller at this time.

12. Senator SULLIVAN. Mr. Norquist, can you describe how these changes will help or hinder your role?

Mr. NORQUIST. I do not have enough information on the Department's implementation plan to determine if these changes will help or hinder the role of the Comptroller. Should I be confirmed, I would be glad to look into this and would be willing to discuss this with you at an appropriate time.

[The nomination reference of The Honorable David L. Norquist follows:]

NOMINATION REFERENCE AND REPORT

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
April 6, 2017.

Ordered, That the following nomination be referred to the Committee on Armed Services:

David L. Norquist, of Virginia, to be Under Secretary of Defense (Comptroller), vice Michael J. McCord.

[The biographical sketch of The Honorable David L. Norquist, which was transmitted to the Committee at the time the nomination was referred, follows:]

BIOGRAPHICAL SKETCH OF THE HONORABLE DAVID L. NORQUIST

Education:

- The University of Michigan, College of Literature, Science and the Arts
 - Attended: September 1984 to April 1989
 - Degree: B.A. in Political Science
- The University of Michigan, Gerald R. Ford School of Public Policy
 - Attended: September 1987 to April 1989
 - Degree: Master of Public Policy
- Georgetown University
 - Attended: September 1991 to February 1995
 - Degree: Master of Arts (National Security Studies Program)

Employment Record:

- Kearney and Company
 - Partner
 - Alexandria, VA
 - December 2008 to Present
- Department of Homeland Security (DHS)
 - Chief Financial Officer
 - Washington, DC
 - June 2006 to December 2008
- Department of Defense, Office of the Under Secretary of Defense (Comptroller)
 - Deputy Under Secretary of Defense
 - Washington, DC (Pentagon)
 - December 2002 to June 2006
- U.S. House of Representatives. House Appropriations Committee, Subcommittee on Defense
 - Professional Staff
 - Washington, DC
 - January 1997 to December 2002
- U.S. Army Intelligence and Security Command (INSCOM)
 - Director, Resource Management, Meriwith Hill Station
 - Harrogate, UK
 - December 1995 to January 1997
- U.S. Army Intelligence and Security Command
 - Senior Consolidated Cryptologic Program (CCP) Program/Budget Analyst
 - Fort Meade, MD
 - June (est.) 1993 to December 1995
- Department of the Army, Deputy Chief of Staff for Intelligence
 - National Foreign Intelligence Program (NFIP) Program/Budget Analyst
 - Washington, DC (Pentagon)
 - August 1989 to June (est.) 1993

Honors and Awards:

- Federal Civilian Awards
 - Presidential Management Intern, 1989 to 1991 (Now called Fellows or PMF)
 - Distinguished Academic Graduate, Military Intelligence Officer Basic Course, 1990 (Attended as a civilian)

- Army Commander's Award for Civilian Service Medal, 1996
- Joint Meritorious Unit Award to the Office of the Secretary of Defense, 2003
- Department of State Superior Honor Award (Group), 2003 and 2004
- Secretary of Defense Medal For Exceptional Public Service, 2004
- Secretary of Defense Medal for Outstanding Public Service, 2006
- United States Coast Guard Distinguished Public Service Award, 2008
- Secretary of Homeland Security Outstanding Service Medal, 2008
- Academic Awards
 - Graduated from University of Michigan with "High Distinction", 1989
- Other Awards
 - Certified Government Financial Manager (CGFM), 2014

[The Committee on Armed Services requires all individuals nominated from civilian life by the President to positions requiring the advice and consent of the Senate to complete a form that details the biographical, financial, and other information of the nominee. The form executed by The Honorable David L. Norquist in connection with his nomination follows:]

UNITED STATES SENATE
COMMITTEE ON ARMED SERVICES

ROOM SR-228

WASHINGTON, DC 20510-6050

(202) 224-3871

COMMITTEE ON ARMED SERVICES FORM

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF
NOMINEES

INSTRUCTIONS TO THE NOMINEE: Complete all requested information. If more space is needed, use an additional sheet and cite the part of the form and the question number (i.e. A-9, B-4) to which the continuation of your answer applies.

PART A—BIOGRAPHICAL INFORMATION

INSTRUCTIONS TO THE NOMINEE: Biographical information furnished in this part of the form will be made available in Committee offices for public inspection prior to the hearing and will also be published in any hearing record as well as made available to the public.

1. **Name:** (Include any former names used.)

David Lutz Norquist

2. **Position to which nominated:**

Under Secretary of Defense (Comptroller) and Chief Financial Officer

3. **Date of nomination:**

April 6, 2017.

4. **Address:** (List current place of residence and office addresses.)

[The nominee responded and the information is contained in the Committee's executive files.]

5. **Date and place of birth:**

1966, Concord, MA.

6. **Marital status:** (Include maiden name of wife or husband's name.)

Married to Stephanie Rae Norquist (Formerly Stephanie Kristich).

7. **Names and ages of children:**

Three children all under 18.

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

- The University of Michigan, College of Literature, Science and the Arts
 - Attended: September 1984 to April 1989
 - Awarded B.A. in Political Science, April 1989
- The University of Michigan, Gerald R. Ford School of Public Policy
 - Attended: September 1987 to April 1989
 - Awarded Master of Public Policy, April 1989
- Georgetown University
 - Attended: September 1991 to February 1995
 - Awarded Master of Arts, February 1995 (National Security Studies Program)

9. **Employment record:** List all jobs held since college or in the last 10 years, whichever is less, including the title or description of job, name of employer, location of work, and dates of employment.

- Department of Homeland Security (DHS)
 - Chief Financial Officer
 - Washington, DC
 - June 2006 to December 2008
- Kearney and Company
 - Partner
 - Alexandria, VA
 - December 2008 to Present

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

Participated as an uncompensated, advisory panel member providing support to the DHS National Protection and Programs Directorate. The study was led by the Institute for Defense Analysis.

11. **Business relationships:** List all positions currently held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

Not Applicable.

12. **Memberships:** List all memberships and offices currently held in professional, fraternal, scholarly, civic, business, charitable and other organizations.

- Member of the American Society of Military Comptrollers
- Member of the Association of Government Accountants
- Journal Editorial Board, Association of Government Accountants
- Rivendell School Scholarship Committee (K through 8)
- Member of the National Rifle Association
- Member of the Falls Church Anglican

In the past, I have been a member of the Association of the U.S. Army, the Alumni Association of the University of Michigan and the National Defense Industrial Association, but I do not know if any of these memberships are still current.

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

No.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 5 years.

Member of the National and Virginia Republican Party.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$100 or more for the past 5 years.

- Republican National Committee 2/29/2012 \$330
- Republican National Committee 5/11/2012 \$300

- Republican National Committee 10/08/2014 \$300
- Romney for President 5/21/2012 \$250
- Romney for President 9/10/2012 \$500
- Scott Walker 3/16/2012 \$100
- Scott Walker 6/4/2012 \$100
- Scott Walker 10/10/2014 \$250
- David McIntosh 2/29/2012 \$250
- Marco Rubio 2/26/2016 \$100

(To the best of my knowledge this is complete. I used online donor search tools to identify my contributions.)

14. **Honors and Awards:** List all scholarships, fellowships, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

- Graduated from University of Michigan with “High Distinction”, 1989
- Presidential Management Intern, 1989 to 1991 (Now called Fellows or PMF)
- Army Commander’s Award for Civilian Service Medal, 1996
- Joint Meritorious Unit Award to the Office of the Secretary of Defense, 2003
- Department of State Superior Honor Award (Group), 2003 and 2004
- Secretary of Defense Medal For Exceptional Public Service, 2004
- Secretary of Defense Medal for Outstanding Public Service, 2006
- United States Coast Guard Distinguished Public Service Award, 2008
- Secretary of Homeland Security Outstanding Service Medal, 2008
- Certified Government Financial Manager (CGFM), 2014

While I have received additional recognition in my career, those listed above are the most relevant and significant.

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

- DHS: The Road to a ‘Clean’ Opinion. Journal of Government Financial Management, Summer 2014.
- The Defense Budget: Is it Transformational? Joint Force Quarterly, Summer 2002.

16. **Speeches:** Provide the Committee with two copies of any formal speeches you have delivered during the last 5 years of which you have copies and are on topics relevant to the position for which you have been nominated.

I have given several talks related to Federal financial management. Typically the audience is members of the American Society of Military Comptrollers (ASMC) or the Association of Government Accountants (AGA). I do not use formal written speeches, so instead I have provided two copies of the slides that I used. Where I have given the same presentation several times. I have included only one version of the slides.

17. **Commitments regarding nomination, confirmation, and service:**

(a) Have you adhered to applicable laws and regulations governing conflicts of interest?

Yes.

(b) Have you assumed any duties or undertaken any actions which would appear to presume the outcome of the confirmation process?

No.

(c) If confirmed, will you ensure your staff complies with deadlines established for requested communications, including questions for the record in hearings?

Yes.

(d) Will you cooperate in providing witnesses and briefers in response to congressional requests?

Yes.

(e) Will those witnesses be protected from reprisal for their testimony or briefings?

Yes.

(f) Do you agree, if confirmed, to appear and testify upon request before this Committee?

Yes.

(g) 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?

Yes.

[The nominee responded to Parts B–F of the Committee questionnaire. The text of the questionnaire is set forth in the Appendix to this volume. The nominee’s answers to Parts B–F are contained in the Committee’s executive files.]

SIGNATURE AND DATE

I hereby state that I have read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

DAVID LUTZ NORQUIST

This 8th day of April, 2017

[The nomination of The Honorable David L. Norquist was reported to the Senate by Chairman McCain on May 23, 2017, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on May 25, 2017.]

