

Congress of the United States
Washington, DC 20515

February 2, 2015

The Honorable John McCain
Chairman
Committee on Armed Services
United States Senate
Washington, D.C. 20510

The Honorable Jack Reed
Ranking Member
Committee on Armed Services
United States Senate
Washington, D.C. 20510

Dear Chairman McCain and Ranking Member Reed,

In the last year, the Department of Defense made significant gains toward achieving auditability. Continued dedication and leadership from the next Secretary of Defense is essential to maintaining momentum and ensuring these gains are built upon. Without strong leadership from Secretary Hagel and former Secretary Panetta, making audit readiness a top priority, it is unlikely the Department would have achieved this progress.

While the Department's headway has been choppy at times, the DoD is now following a plan to achieve a full audit, building one year at a time. Each year from now on, so long as the Department leadership can stay the course, the Department will continue to move closer to a full audit set for review in 2019. Recently, the USMC completed two successful, consecutive audits of their Schedule of Budgetary Activity (SBA). On January 1, based upon the USMC model, 91 percent of the Department began undergoing its first SBA audit. DoD is advancing in other ways, as well. The Department's Financial Management Certification Program, mandated by the FY2012 NDAA and implemented under Secretary Hagel, is building the institutional knowledge necessary to make Department auditability uniform and enduring.

It is important to remember that we do not audit just for the sake of auditing. We audit to ensure that limited resources are being used as intended. With the Department's audit progress, their efforts are beginning to bear monetary fruit. For example, on December 9, 2014, in a House Armed Services Committee Briefing, Ms. Karen Fenstermacher, Deputy Assistant Secretary of the Navy, reported several cost savings attributed to audit readiness and better business practices. These savings were an estimated reduction of \$68 million in USMC Permanent Change of

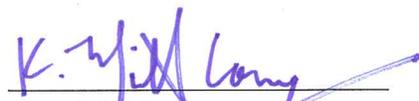
Station account and approximately \$5 million in the Naval Reserve Command. These numbers may appear relatively insignificant when compared to the rest of the Department's budget, however, every dollar matters when providing for our defense.

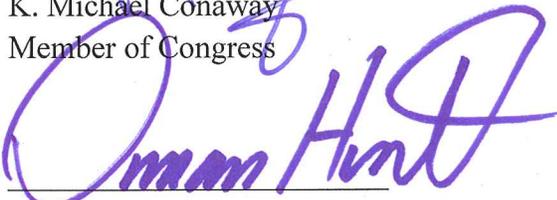
While the current audit progress is laudable and momentum is increasing, these gains are fragile. There is still a considerable amount of intensive work to be completed on an ever tightening timeline.

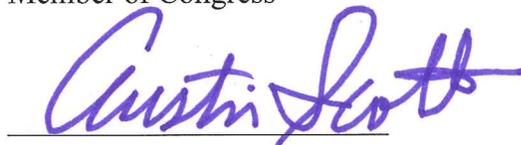
In order to ensure the Department's advances are not wasted, and to meet the 2017 audit readiness and 2019 audit deadlines, it is imperative that Dr. Ashton Carter commit to keeping auditability at the forefront of his efforts to lead the Department should he be confirmed. These final years will determine the Department's audit success or failure – it is important that Congress maintain a vigorous oversight role to ensure the next Secretary plays his part in reaching these statutory deadlines.

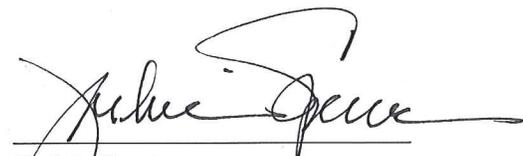
Most everyone can agree that DoD auditability and better financial management are in the best interest of the Department and the taxpayer. In order to stay the course and ensure Department audit efforts do not languish, it is our obligation to hold the leaders of the Department to account. With this in mind, we ask that you take this opportunity to establish Dr. Carter's commitment to better financial management, and reaching the 2017 and 2019 deadlines established by law.

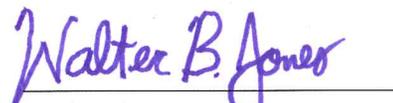
Sincerely,


K. Michael Conaway
Member of Congress

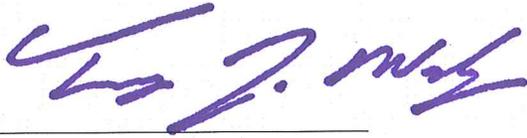

Duncan Hunter
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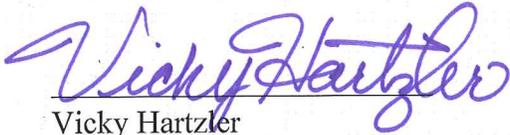

Tulsi Gabbard
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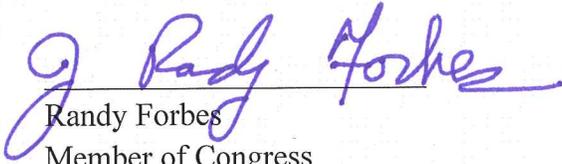
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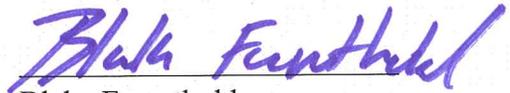
Vicky Hartzler
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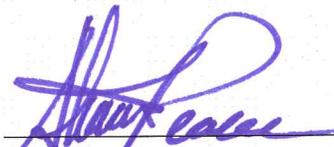
Randy Forbes
Member of Congress



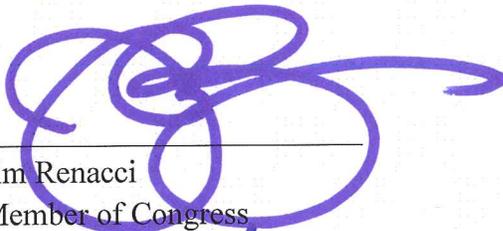
Blake Farenthold
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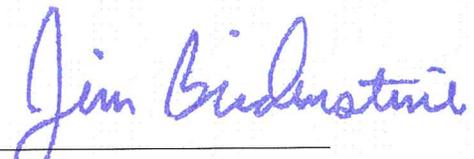
French Hill
Member of Congress



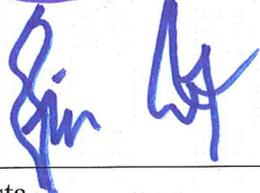
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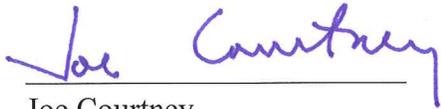
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Patrick E. Murphy
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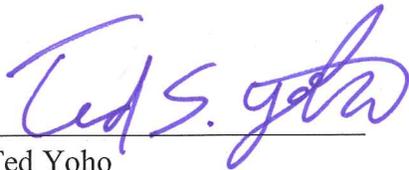
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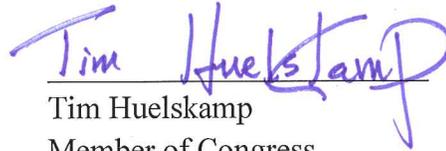
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Member of Congress



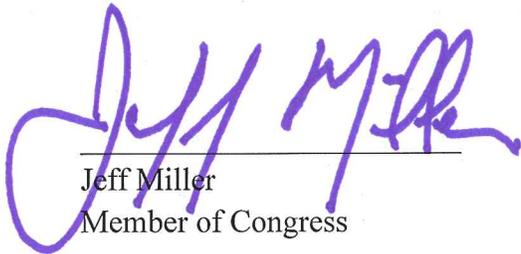
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Ted Yoho
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Tim Huelskamp
Member of Congress



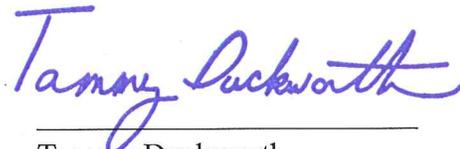
Jeff Miller
Member of Congress



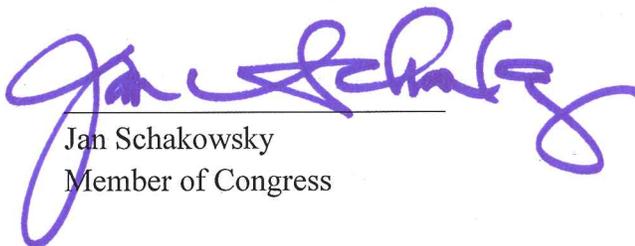
Bill Flores
Member of Congress



Jackie Walorski
Member of Congress



Tammy Duckworth
Member of Congress



Jan Schakowsky
Member of Congress

cc:

Hon. Mac Thornberry, Chairman, House Armed Services Committee
Hon. Adam Smith, Ranking Member, House Armed Services Committee
Members of the Senate Committee on Armed Services