

Congress of the United States
Washington, DC 20515

January 30, 2013

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

The Honorable James M. Inhofe
Ranking Member
Committee on Armed Services
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman and Ranking Member,

The Department of Defense's financial management system is of common interest to many of those serving in the House of Representatives and the Senate. In the 1990s, Congress passed a series of laws establishing modern financial management standards and requiring all federal agencies, including the DoD, to produce annual auditable financial statements. The DoD has been listed on the Government Accountability Office's "High Risk" list for waste, fraud, abuse, and mismanagement since 1995, and it has failed to produce a clean audit opinion.

As Members of the House and Senate have agreed, the inability to audit the DoD is no longer acceptable. In this time of reduced budgets, the DoD must be capable of issuing auditable financial statements to ensure every dollar spent is adequately accounted for and used to its maximum potential. Under the focused leadership of Secretary Panetta, the Department made substantial strides toward auditing one of the largest organizations in the world, and it is imperative that the next Secretary demonstrate a personal commitment to this issue.

The importance of the Secretary of Defense's leadership on this issue cannot be overstated. The Department's advances toward audit readiness have reached a decisive point, and continued progress will require leadership from the top.

We believe that Senator Chuck Hagel's coming confirmation hearing before the Senate Armed Services Committee presents an opportunity to address shared concerns and to fully explore Senator Hagel's commitment to modernizing the Department's financial management systems. Specifically, while on record, Senator Hagel should be asked if he would emphasize financial management improvement and audit readiness as top priorities, and whether he would provide the personal leadership necessary to complete necessary reforms.

Members of the House Armed Services Committee have worked closely with Secretary Panetta and DoD leadership on the Department's efforts to become audit ready and to produce a clean audit opinion. We hope to continue this positive working relationship with the next secretary.

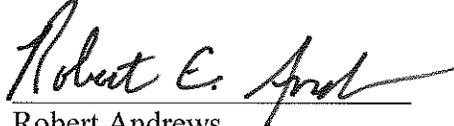
Chairman and Ranking Member
January 30, 2013
Page 2 of 2

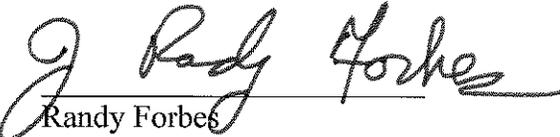
In this era of shrinking budgets and growing commitments, our men and women in uniform and the American taxpayers deserve to know how every dime appropriated for the Department of Defense is spent.

Please, take this opportunity to establish Senator Hagel's personal commitment to financial management improvement and audit readiness.

Sincerely,

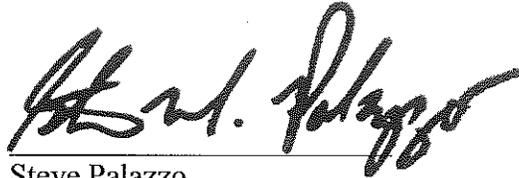

K. Michael Conaway
Member of Congress


Robert Andrews
Member of Congress


Randy Forbes
Member of Congress


Joe Courtney
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Member of Congress


Steve Palazzo
Member of Congress


Scott Rigell
Member of Congress

cc:

Hon. Howard "Buck" McKeon, Chairman House Armed Services Committee
Hon. Adam Smith, Ranking Member House Armed Services Committee