Congress of the United States
Washington, DC 20515

July 1, 2011

The Honorable Leon Panetta
Secretary
U.S. Department of Defense
1300 Defense Pentagon
Washington, DC 20301-1300

Dear Secretary Panetta:

We write today to congratulate you on your recent appointment to serve as the Secretary of Defense and to express our concerns regarding the inadequate accounting of federal funds for the Department of Defense (DoD). Your distinguished service to our nation, including your work on the House Budget Committee and at the Office of Management and Budget, gives us great hope that you will correct these deficiencies during your term as Secretary.

Our country is in a debt crisis that continues to have negative effects on our economy and, if not properly dealt with, could have devastating consequences. DoD represents nearly 20 percent of our entire federal budget, and their reliance on an outdated and cumbersome system to manage financial records could put at risk future investment in DoD programs. We have an obligation to limit wasteful spending to get our nation's fiscal house in order, and without a clean financial audit of DoD's basic functions, we are unable to assure the American taxpayers that their dollars are being spent wisely.

Over the past two decades, DoD has attempted broad reforms to improve their financial management; however, the Government Accountability Office stated that efforts have not resulted in any resolution to long-standing financial management weaknesses. There continue to be numerous federal programs and operations within DoD that are at a high-risk of vulnerability to waste, fraud, abuse, and mismanagement. Currently, more than 60 percent of the financial community at the Pentagon exists outside the auditing, accounting, and financial management job classifications. It is imperative that DoD leadership makes it a priority to ensure that this 60 percent is also integrated into the financial management system to ensure DoD reaches its clean audit goals by 2017.

In recent Congressional hearings, members of DoD leadership have testified that they are committed to having fully auditable financial statements by 2017, the deadline established by Congress in the National Defense Authorization Act of 2010. We worked with our colleagues on the House Armed Services Committee to include provisions in the National Defense Authorization Act for Fiscal Year 2012 that require increased oversight and reporting requirements of DoD's Financial Improvement and Audit Readiness plan. It is essential DoD continue to adhere to this timeline and prioritize their progress towards obtaining auditable financial statements by 2017.

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We solicit your thoughts on how you plan to ensure auditable financial statements by this deadline. Our men and women in uniform and the American taxpayers deserve a Department of Defense that exercises fiscal responsibility. We urge you to make financial auditability a top priority within the Pentagon now and for the future.

Congratulations again, and we look forward to your response by July 29, 2011.

Sincerely,

Tim Griffin
Member of Congress

K. Michael Conaway
Member of Congress

Robert Andrews
Member of Congress

Joe Courtney
Member of Congress

J. Randy Forbes
Member of Congress

Steven Palazzo
Member of Congress

Loretta Sanchez
Member of Congress