

SUBCOMMITTEE ON NATIONAL SECURITY, EMERGING THREATS,
AND INTERNATIONAL RELATIONS

Christopher Shays, Connecticut
Chairman
Room B-372 Rayburn Building
Washington, D.C. 20515
Tel: 202 225-2548
Fax: 202 225-2382
E-mail: hr.groc@mail.house.gov

Statement of Rep. Christopher Shays March 31, 2003

Central elements of the President's Management Agenda call for improved financial performance, more effective use of information technology (IT) and closer integration of budget and performance data by federal departments and agencies. Today, the General Accounting Office (GAO) concludes the Department of Defense (DOD) has made little progress imposing that agenda on a sprawling, inefficient, reform-resistant financial management system.

Last June, DOD witnesses promised a sustained, far-reaching effort to reform and transform Pentagon financial management into a precision tool of program formulation, program execution and detailed accountability. To measure the depth of that commitment, we asked GAO to follow the fate of four specific business systems under development at DOD, focusing on IT investment management and oversight.

The results of their investigation, released this morning, describe ambitious plans but limited progress at DOD toward effective business system modernization. An area designated by GAO as posing a high risk of fraud, waste and abuse since 1995, DOD financial systems still fail to yield certifiable audit results or useful management information. Reform efforts threaten to compound the problem by adding yet more complexity to an already preposterous matrix of incompatible systems.

This year, the Department requested \$18 billion to maintain, operate and improve business data systems. But GAO finds that investment at risk of being misspent feeding a dysfunctional *status quo*. Hundreds of millions of dollars have already been committed to projects without the economic justification and close management oversight required by law, administrative guidance and commercial best practices. One of the systems GAO studied was terminated early this year after seven years of development. That failed effort cost \$126 million.

The business of the Department of Defense is to train, equip and deploy military forces to secure vital national interests. That critical enterprise cannot be planned or executed successfully on paper-based, error-prone management systems. The citizen-soldiers we call upon today, and in the future, to conduct the nation's most dangerous business deserve to be supported by 21st century business systems as smart as the weapons they wield.

We appreciate the continued assistance, and the persistence, of the GAO in our ongoing oversight of DOD business system modernization. We welcome all our witnesses today and look forward to their testimony.