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# Congress of the United States

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## Opening Statement Representative Todd R. Platts July 7, 2004

I would like to thank our witnesses for appearing before the Subcommittees to discuss business processes at the Department of Defense. Today we will review the status of the overall modernization effort. My Subcommittee will conduct a follow-up hearing on July 20<sup>th</sup> to review problems with Army Reservist pay.

The Department of Defense is the largest and most unique entity in the entire world, with over \$1 trillion in assets, a workforce of 3.3 million, and disbursements of over \$400 billion. DoD has a worldwide presence of nearly 500,000 military and civilian personnel deployed across the globe. To support its operations, the Department relies on more than 2,000 business systems – everything from accounting and logistics to procurement and personnel. Nearly \$19 billion was requested in 2004 to maintain and modernize these systems. The inherent challenge is that these systems are not integrated, and regardless of the amount of the investment, the fact remains that until these systems are integrated, they will not function effectively.

The Business Management Modernization Program, launched in 2001, is an aggressive, bold attempt to achieve this important goal. This hearing will discuss the progress made in implementing the BMMP and the remaining challenges that need to be overcome before DoD will have integrated systems in place that produce timely, reliable data.

While we continue to hope that DoD will achieve a clean audit opinion in 2007 as they have projected, there is much more at stake here. Problems with business systems are starting to have an impact on the Department's mission. Over the past two years we have heard from the General Accounting Office about serious problems relating to financial management and business systems: chem-bio suits unaccounted for, soldiers not receiving the right compensation, vehicles cannibalized for parts because of inadequate supply systems. These instances are troubling because they hinder operational effectiveness. Congress has a responsibility to see that these problems are addressed, and that is the reason my Subcommittee has scheduled a follow-up hearing to look at the military pay issue in greater detail.

While it is important to fix these problems as soon as possible, we need a solution – the right solution – for the long term. These are the concerns that must be balanced as the Department moves forward with the broad-based reforms envisioned in the BMMP.

Today we will hear from **Mr. Lawrence Lanzilotta**, Acting Under Secretary of Defense and Comptroller, Department of Defense and **Mr. Greg Kutz**, Director of Financial Management and Assurance, General Accounting Office. Mr. Kutz will be by **Mr. Keith Rhodes** from GAO for the Q&A portion of the hearing. Thank you for being with us today.