

United States Senate

Senator Tom Coburn, MD

January 31, 2011

Admiral Gary Roughead
Chief of Naval Operations
United States Navy
2000 Navy Pentagon
Washington, DC 20350-2000

Dear Admiral Roughead,

Thank you for your decades of leadership and current service to our nation as the Chief of Naval Operations. Unlike many of your predecessors, you have spent a great portion of your career not just preparing for war, but leading sailors in long-term conflicts against an unconventional enemy. You have also ensured that our all-volunteer force recovers and retrains for multiple tours of duty in those same conflicts. Our nation owes you, and those who serve under you, tremendous gratitude.

From the collapse of our economy in 2008 to the massive expansion of the federal government in response, our nation is facing an extraordinary challenge regarding to its fiscal health. As I write this letter, the nation's debt is currently at over \$14 trillion and growing rapidly. The situation is such that Chairman of the Joint Chiefs of Staff Admiral Mullen noted last year, "the most significant threat to our national security is the debt."¹

I recently served on the National Commission on Fiscal Responsibility and Reform which was charged with addressing the fiscal threat facing the United States. After months of study, commissioners from across the political spectrum agreed that the Department of Defense's budget must be reduced in the coming years in order to deal with our debt. The Commission called for reductions in defense acquisition and investment accounts as well as reforms to operation and maintenance, health care, and personnel policies.

I fully expect that Congress will carefully consider your expert judgment on these recommendations. However, as that discussion begins in earnest, I would ask that you carefully consider the potential savings that could accrue from improvement in the Department of Defense's financial management. As you know, the Pentagon is one of the few agencies in the federal government that cannot produce auditable financial statements in accordance with the law. Military and civilian financial managers in the Defense Department cannot make informed decisions when it comes to identifying cost saving initiatives, conducting "buy-verses-lease" analyses, and other important financial decisions in an environment where valid and accurate financial data does not exist. As such, I will continue to push for a budget-freeze of all base

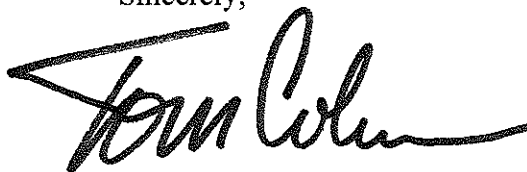
budget non-military personnel accounts at the Defense Department until it complies with the law regarding auditable financial statements.

For decades, the mission of the Department of Defense to comply with basic financial standards has been viewed as a waste of scarce resources, even more so during a time of war. However, this is not supported by the actual experiences of Department of Defense agencies. For example, the Marine Corps is already seeing impressive returns on their meager investments in the pursuit of financial improvement and audit readiness. The Defense Information Systems Agency has also identified tens of millions in net savings by improving their financial operations.

In light of these savings and the upcoming budget challenges, I ask you to aggressively pursue financial improvement and audit readiness in order to preserve the military's ability to take care of our troops today and to invest in the needed modernization of our weapon systems for the future. If done properly, this effort to improve your financial management will yield savings and prevent cuts to military personnel and programs which could occur otherwise. There is strong institutional resistance within your military services to these initiatives. Your active engagement on this financial improvement and audit readiness – not just tepid and temporary endorsement – is critical to its success and for resource savings.

Thank you again for your service to our nation and leadership of the millions of brave Americans who have put the long-term success of the nation above themselves. I have never been more worried about the long-term future of the United States than I am today. However, I am inspired from the selflessness embodied by the military and am confident that as a nation we can overcome these challenges.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Coburn". The signature is fluid and cursive, with a large initial "T" and "C".

Tom A. Coburn, M.D.
U.S. Senator

¹ CNN Wire Staff, "Mullen: Debt is top national security threat," August 27, 2010, http://articles.cnn.com/2010-08-27/us/debt.security.mullen_1_pentagon-budget-national-debt-michael-mullen?_s=PM:US.