

**STATEMENT OF SENATOR SCOTT BROWN, RANKING MEMBER**

SENATE SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT  
INFORMATION, FEDERAL SERVICES AND INTERNATIONAL SECURITY

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

JOINT HEARING w/ HOUSE SUBCOMMITTEE ON GOVERNMENT ORGANIZATION,  
EFFICIENCY AND FINANCIAL MANAGEMENT

**“New Audit Finds Problems In Army Military Pay”**

**March 22, 2012**

First, I would like to thank Chairman Platts and Ranking Member Towns for hosting Chairman Carper and I today.

For some time now, our respective subcommittees have tracked the efforts of the Department of Defense to improve its bookkeeping, reach a point where it can produce auditable financial statements, and finally be in compliance with statutory requirements it has failed to meet for twenty years.

But for decades, DoD has suffered from significant financial system weaknesses, problems with fundamental recordkeeping, incomplete documentation and weak internal controls. Efforts to fix these problems, such as modernizing key business systems, have themselves been plagued by mismanagement -- going years over schedule and billions over budget.

As Mr. Khan from GAO will point out today, many challenges remain that in my view put the Army's ability to meet current deadlines recently set by Secretary Panetta for just the first stage of audit readiness in serious doubt.

The concerns raised in GAO's recent audit of Army pay systems are eye opening. It seems the Army or the Defense Finance and Accounting Service unable to produce common documentation used to reconcile data from its payroll systems within a reasonable schedule set by GAO. Producing backup documentation in a timely manner is an essential part of any audit

These weaknesses are further alarming because they can have a direct effect on our servicemembers and reservists. They certainly have enough to worry about risking their lives overseas without having to worry about the possibility that their families back home might receive paychecks that contain errors or missing funds. No system is completely error-free, but our servicemembers deserve some confidence that the Army can get their pay right.

There are some encouraging signs, however, that show the persistence of this subcommittee and others is paying off and senior leadership at DoD are giving this the priority it deserves.

I am pleased that Secretary Panetta has shared in our concern that it is “unacceptable” that the Department cannot produce an auditable financial statement and has pushed the services for swifter progress on this front.

Yet, as we are all well aware, promises have been made before, deadlines have been set, and “new and improved” plans have been presented. Yet time and again, deadlines are pushed, plans are scrapped, and we are left with limited success to show for the effort.

There is no doubt that the complexity, size, and institutional resistance that must be overcome with these efforts pose unique challenges. I applaud the dedication and service of our witnesses. However, consistent, tangible results must be shown to provide Congress with confidence that the Army can pay our servicemembers without error and progress is truly being made.

In this budget environment, when significant cuts are being considered across the federal government, improving financial management is no longer simply good practice, but critical to managing diminished resources in the future. The ultimate goal is to ensure our military has the resources it needs to achieve its mission and support the warfighter and their families. They deserve nothing less. I thank the witnesses for their attendance today and for their testimony. Thank you.