

STATEMENT BY

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ON BEHALF OF THE DEPARTMENT OF DEFENSE

**BEFORE THE
HOUSE OVERSIGHT AND GOVERNMENT REFORM COMMITTEE
SUBCOMMITTEES ON
INFORMATION TECHNOLOGY AND GOVERNMENT OPERATIONS**

ON

“DEPARTMENT OF DEFENSE IMPLEMENTATION OF FITARA AND MGT ACT”

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Introduction

Good morning Mr. Chairman, Ranking Member, and distinguished Members of both Subcommittees. Thank you for this opportunity to testify before the Subcommittees today on the Department's implementation of information technology (IT) statutes, focusing on the Federal Information Technology and Acquisition Reform Act (FITARA) and the Modernizing Government Technology (MGT) Act. I am Dana Deasy, the Department of Defense (DoD) Chief Information Officer (CIO). I am the principal advisor to the Secretary of Defense for information management, IT, cybersecurity, communications, positioning, navigation, and timing (PNT), spectrum management, and senior leadership and nuclear command, control, and communications (NC3) matters. These latter responsibilities are clearly unique to the DoD, and my imperative as the CIO in managing this broad and diverse set of functions, is to ensure that the Department has the information and communications technology capabilities needed to support the broad set of Department missions. This includes supporting our deployed forces, cyber mission forces, as well as those providing mission and business support functions.

While I have been on the job for about two weeks, I have been briefed on these statutes and believe that I understand the overall goals of FITARA and the MGT Act. I also appreciate the Committee's assistance in ensuring that taxpayer dollars are effectively and efficiently utilized within the Department's IT systems.

FITARA Overview and DoD Implementation

It is my understanding that FITARA scoring is released by the Government Accountability Office (GAO) twice each year, at the request of the House Oversight and Government Reform (HOGR) Committee, and that it is based upon a review of Department information that is submitted in five distinct areas.

The first area that is reviewed is the Department CIO Authority Enhancements (Incremental Development). The law requires that CIOs certify that Department IT investments are adequately implementing incremental development. Coming to my current position from a life spent outside of Government, I agree that broadly-scoped projects that are scheduled to be delivered years down the road are often not the most effective. I look forward to working with the Office of Management and Budget (OMB) to further review DoD's current incremental development processes to ensure alignment with FITARA's requirements.

Second, Departments are scored on Enhanced Transparency and Improved Risk Management via OMB's IT Dashboard. The IT Dashboard is a public website managed by OMB that allows citizens to locate and track specific IT investment information across the Executive Branch. My staff is having discussions with OMB and GAO to help ensure that GAO has a complete set of risk data for their analysis. This should result in a more accurate score for DoD in this area.

OMB developed the PortfolioStat process to assist Departments in managing existing IT systems. This process within DoD addresses our defense business IT systems (per statute) and is done via an annual review that examines how Department business IT system investments align with overall Department strategy and mission. The Office of the DoD CIO continues to work

closely with the Chief Management Officer, Component CIO and CMO offices, and OMB to address this requirement.

The fourth area scored is Department compliance with the Federal Data Center Optimization Initiative (DCOI). Despite DoD's traditionally poor scores in this area, data center optimization and consolidation is a major effort that the Department has undertaken. At the direction of my CIO predecessors, the Department has actively sought to achieve cost savings through data center efficiency and improved systems performance. With current efforts that are underway, I would expect to see improved DoD scores in this area in the near future.

The fifth and final scoring element pertains to software licensing and the use of software license agreements. Specifically, Departments are required to establish and regularly update a Department-wide software license inventory. In my very limited time to date in the Pentagon, I cannot help but notice the massive scale of the building and the institution that it represents. Establishing a single inventory for software licensing in an organization of this size has historically proved to be a challenge. However, we are actively pursuing the development of such an inventory.

Additionally, I am pleased to note that I report directly to the Secretary of Defense, which is also reflected in FITARA scoring.

MGT Act Overview and DoD Implementation

During my preparations for this hearing, I learned of the passage of the MGT Act as part of the FY18 NDAA this past December. I understand that through the MGT Act, Congress granted Departments, to include the Defense Department, the authority to establish a Department-wide working capital fund for IT modernization that would be managed by the Office of the DoD CIO. I believe that the authority to establish such a fund at certain Departments and under certain conditions would be extremely important and helpful for overall federal IT modernization. I am currently engaged in discussions with the CMO and Comptroller at the Department to evaluate the feasibility of establishing this fund.

Conclusion

Finally, I would like to briefly highlight the roles that each member of the panel plays with regard to Department of Defense IT. As I alluded to above, my role as the DoD CIO is to serve as the Principal Staff Assistant to the Secretary of Defense, responsible for the oversight of all IT matters. The Comptroller ensures that IT requirements are included in the Department's portion of the President's Budget Request, as well as general Department budget auditability. The Undersecretary for Acquisition and Sustainment oversees the Department's overall acquisition policy, to include the acquisition policy of IT systems and services.

I want to emphasize the importance of our partnerships with Congress, the Federal CIO and OMB in these areas. I anticipate making the key components of FITARA an important focal point during my tenure as the DoD CIO. As I move forward in this position, I also look forward

to working with Congress in these critical areas. Thank you for the opportunity to testify this morning, and I look forward to your questions.

Dana Deasy

Chief Information Officer



Mr. Dana Deasy is the Department of Defense Chief Information Officer (DoD CIO). He is the primary advisor to the Secretary of Defense for matters of information management, information technology, and information assurance, as well as non-intelligence space systems, critical satellite communications, navigation and timing programs, spectrum, and telecommunications.

Mr. Deasy previously held several private sector senior leadership positions, most recently as Global Chief Information Officer (CIO) of JPMorgan Chase. There, he was responsible for the firm's technology systems and infrastructure across all of the firm's businesses worldwide. Mr. Deasy managed a budget of more than \$9 billion and over 40,000 technologists supporting JPMorgan Chase's Retail, Wholesale and Asset Management businesses. He has more than 35 years of experience leading and delivering large scale IT strategies and projects, to include Chief Information Officer and Group Vice President at BP.

Earlier in his career, Mr. Deasy served as CIO for General Motors North America, Tyco International, and Siemens Americas. He also held several senior leadership positions at Rockwell Space Systems Division, including as Director of Information Management for Rockwell's space shuttle program. He was inducted into the CIO Hall of Fame in 2012 and the International Association of Outsourcing Professionals Hall of Fame in 2013 and also named Transformational CIO in 2017.

Office of the Under Secretary of Defense (Comptroller)

MARK E. EASTON

Deputy Chief Financial Officer



Mr. Mark Easton has served as the Deputy Chief Financial Officer (DCFO), in the Office of the Under Secretary of Defense (Comptroller) since May 2009. He is the principal advisor to the Under Secretary of Defense (Comptroller)/ Chief Financial Officer (CFO), as well as to Defense senior leaders, on all issues involving the amended CFO Act of 1990 and related financial management reforms. He is responsible for creating a financial framework inclusive of policy, systems, audit, and reporting, compliant with government accounting and auditing standards, federal regulations and laws, and best business practices. To do this, he ensures DoD complies with legislative and executive financial management mandates leading to the effective, efficient, and legal use of DoD resources. His portfolio includes leading the Financial Improvement and Audit Readiness campaign, a Defense enterprise-wide effort to achieve auditability of DoD's full set of financial statements by Fiscal Year 2017, and a distinct part of the Department's Reform Agenda. As well, Mr. Easton has oversight of the Department's Manager's Internal Control Program; improper payment reduction program; implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act); cost accounting initiatives; and various other business process reforms to streamline, simplify and make financial management more efficient.

Prior to becoming the DCFO, Mr. Easton was the Deputy Assistant Secretary of the Navy and Director for Financial Operations. In this position, he was responsible for Department of the Navy financial improvement initiatives that involved systems and processes employed by 9,000 Navy-Marine Corps financial managers. Earlier, he was appointed to the Senior Executive Service in January 2003, initially serving as Director, Defense Finance and Accounting Service (DFAS) Cleveland, and the Senior Navy Client Executive for DFAS.

Mr. Easton retired from the Navy at the rank of captain in September 2002, following a 29-year career in the Navy Supply Corps, serving in assignments both afloat and ashore, as a logistician and financial manager. A native of Kansas City, Missouri, Mark Easton holds a Bachelor of Science degree in economics from Miami University (Ohio) and a Master of Business Administration degree from the University of Michigan. He has completed the Executive Development Program at the Northwestern University Kellogg Graduate School of Business and is a graduate of the National Defense University's Industrial College of the Armed Forces. He is a Certified Defense Financial Manager with Acquisition Specialty and has also earned the Defense Financial Management Certification. He is the recipient of various personal awards, including the Presidential Rank Award, the DoD Medal for Distinguished Civilian Service, the Defense Superior Service Medal, and two Navy Civilian Superior Service Awards.



Kevin M. Fahey

Assistant Secretary of Defense for Acquisition

HON Fahey currently serves as the Assistant Secretary of Defense for Acquisition (ASD(A)). In this position, he advises the Under Secretary of Defense for Acquisition and Sustainment (USD(A&S)), the Deputy Secretary of Defense, and the Secretary of Defense on matters relating to the Department of Defense Acquisition System, acquisition program management, and the development of strategic, space, intelligence, tactical warfare, command and control, and business systems.

Before assuming his position as ASD(A), Mr. Fahey was employed with Cypress International, Inc. in Alexandria, Virginia as Vice President, Combat Vehicles and Armaments following a 34-year civil service career culminating with his retirement on December 1, 2015 from the Senior Executive Service.

Mr. Fahey was selected for the Senior Executive Service in February 2000. Effective June 1, 2014, Mr. Fahey assumed the duties as the Executive Director, System of Systems Engineering and Integration Directorate, Office of the Assistant Secretary of the Army (Acquisition, Logistics, and Technology).

Mr. Fahey previously served as the Program Executive Officer for Combat Support and Combat Service Support, Program Executive Officer Ground Combat Systems at Warren, MI, as well as the Deputy Program Executive Officer Ammunition, Senior Technical Executive for Close Combat Armament Systems, Armament Research, Development and Engineering Center, at Picatinny Arsenal, NJ. Mr. Fahey also served as the Deputy Project Manager, Crusader and the Chief of the Systems Engineering and International Division for the Crusader Program, the Future Armored Resupply Vehicle (FARV) Program Development Project Officer and Chief of Systems Engineering, the U.S. delegate to the international 155mm Joint Ballistic Working Group and the M119 Development Project Officer.

Mr. Fahey, a native of Massachusetts, entered civil service in 1981 following graduation from the University of Massachusetts with a Bachelor of Science Degree in Industrial Engineering/Operations Research. Upon graduation from college, Mr. Fahey attended the Quality and Reliability intern program at the DARCOM Intern Training Center, Red River Army Depot, Texarkana, Texas.

Mr. Fahey has been the recipient of multiple awards and honors to include the Presidential Distinguished Rank Award, Exceptional Civilian Service Award (2nd award), Meritorious Civilian Service Award, and Superior Civilian Service Award. He has been inducted into the Honorable Order of Saint Barbara, Ancient Order of Saint Christopher, Honorable Order of Samuel Sharpe, Honorable Order of Saint Maurice, Honorable Order of Saint George, Distinguished Order of Saint Martin, and Bronze Order of the Fleury Medal. He currently resides in Alexandria, Virginia with his wife, Judy. He has two sons, Keegan and Mackenzie, and a grandson, Declan.

