

**Congress of the United States**  
**Washington, DC 20515**

May 27, 2021

The Honorable Thomas W. Harker  
Acting Secretary of the Navy  
1000 Navy Pentagon  
Washington, D.C. 20350

Dear Acting Secretary Harker:

We write to request additional information regarding the Navy's plans to reduce staffing and funding for the Naval Audit Service (NAS). According to public reports, during the next two fiscal years, the Navy intends to reduce the NAS budget by about 70%, while also downsizing its personnel strength from about 290 people to just 85.<sup>1</sup>

These cuts, which were first proposed during the Trump Administration, are expected to degrade independent oversight of Navy expenditures and operations, as fewer personnel and resources would be available to conduct the same amount of work. In fact, on September 19, 2020, Auditor General of the Navy Debra D. Pettitt wrote to former Secretary of the Navy Kenneth Braithwaite and warned that the proposed staff reductions would "destroy the Naval Audit Service's ability to fulfill its mission." She further stated that Department of Defense (DOD) Office of Inspector General (OIG) "officials have stated that they cannot absorb our oversight coverage."<sup>2</sup>

In its annual report for fiscal year 2020, NAS similarly cautioned that if the Navy were to implement the proposed cuts, NAS "will not be able to accomplish its mission to provide Department of the Navy senior leadership with independent and objective audit and investigative support services targeted to improve program and operational efficiency and effectiveness while mitigating risk." NAS also noted that during the prior five fiscal years, it had identified more than \$422 million in potential monetary benefits for the Navy, more than "1.5 times the amount necessary to operate" NAS during that timeframe.<sup>3</sup>

These proposed cuts to NAS would also come at a time when the Navy would greatly benefit from the robust oversight and audit services provided by NAS.

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<sup>1</sup> *Navy Looking to Slash the Budget of Its Internal Oversight Office*, Navy Times (Feb. 23, 2021) (online at [www.navytimes.com/news/your-navy/2021/02/23/navy-looking-to-slash-the-budget-of-its-internal-oversight-office/](http://www.navytimes.com/news/your-navy/2021/02/23/navy-looking-to-slash-the-budget-of-its-internal-oversight-office/)); *The Navy Wants to Throw Its Internal Auditor Overboard*, Project on Government Oversight (Mar. 31, 2021) (online at [www.pogo.org/investigation/2021/03/the-navy-wants-to-throw-its-internal-auditor-overboard/](http://www.pogo.org/investigation/2021/03/the-navy-wants-to-throw-its-internal-auditor-overboard/)).

<sup>2</sup> Department of the Navy, Memorandum from Auditor General of the Navy Debra D. Pettitt to Navy Secretary Kenneth Braithwaite (Sept. 19, 2020) (online at [https://assets.documentcloud.org/documents/20477652/navaudsvc-budget-cut\\_20200919.pdf](https://assets.documentcloud.org/documents/20477652/navaudsvc-budget-cut_20200919.pdf)).

<sup>3</sup> Department of the Navy, Naval Audit Services, *Fiscal Year 2020 Annual Report* (Nov. 9, 2020) (online at <https://assets.documentcloud.org/documents/20526520/navaud-annual-report-2020.pdf>).

According to DOD OIG, as of March 2020, the Navy had the most open OIG recommendations of any DOD component, surpassing the open recommendations of the Departments of the Air Force and Army. Further, OIG reported that the number of open recommendations for the Navy increased 42% from 2019.<sup>4</sup>

Compared to the Air Force and the Army, the Navy also has the most open recommendations outstanding from the Government Accountability Office (GAO). According to GAO, while the Army and the Air Force collectively have yet to close 84 recommendations, the Navy still has 78 outstanding.<sup>5</sup>

We are also concerned that the Navy has pursued these cuts without consulting with Congress and while simultaneously directing NAS to discontinue its audit and oversight work. You have reportedly ordered NAS to reduce its staff by more than half by October and informed the Auditor General to “not begin any new audits this year.”<sup>6</sup>

To date, the Navy has not provided sufficient justification for its proposed cuts to NAS. On February 24, 2021, Congresswoman Luria sent you a letter requesting information and documents related to your decision to reduce the number of NAS personnel, including the department’s rationale for doing so.<sup>7</sup> In your March 22, 2021, response, you did not provide any of the requested documents, and your stated rationale for implementing these cuts is the Department’s concern “about the size and cost of organizations that perform a variety of overlapping audits, inspections, and investigations,” such as NAS, DOD OIG, and the Naval Criminal Investigative Service.<sup>8</sup>

It is not evident to us that the cost savings created by your proposed cuts to NAS would outweigh the long-term benefits of the organization’s critical oversight work. In fact, for the past five years, NAS has had an average annual budget of \$45 million—less than 0.0003% of the Navy’s overall \$207.1 billion budget request for fiscal year 2021—making it unlikely that cuts to NAS would result in significant cost savings for the Department given the dividends the Navy receives as a direct result of NAS audits, evaluations, and reviews.<sup>9</sup>

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<sup>4</sup> Department of Defense, Office of Inspector General, *Compendium of Open Office of Inspector General Recommendations to the Department of Defense* (Jul. 23, 2020) (online at <https://media.defense.gov/2020/Jul/27/2002464523/-1/-1/1/2020%20COMPENDIUM.PDF>).

<sup>5</sup> Government Accountability Office, *Department of the Air Force* (online at [www.gao.gov/agencies/department-air-force](http://www.gao.gov/agencies/department-air-force)) (accessed on Apr. 20, 2021); Government Accountability Office, *Department of the Army* (online at [www.gao.gov/agencies/department-army](http://www.gao.gov/agencies/department-army)) (accessed on Apr. 20, 2021); Government Accountability Office, *Department of the Navy* (online at [www.gao.gov/agencies/department-navy](http://www.gao.gov/agencies/department-navy)) (accessed on Apr. 20, 2021).

<sup>6</sup> *The Navy Wants to Throw Its Internal Auditor Overboard*, Project on Government Oversight (Mar. 31, 2021) (online at [www.pogo.org/investigation/2021/03/the-navy-wants-to-throw-its-internal-auditor-overboard/](http://www.pogo.org/investigation/2021/03/the-navy-wants-to-throw-its-internal-auditor-overboard/)).

<sup>7</sup> Letter from Rep. Elaine G. Luria to Acting Secretary Thomas W. Harker, Department of the Navy (Feb. 24, 2021).

<sup>8</sup> Letter from Acting Secretary Thomas W. Harker, Department of the Navy, to Rep. Elaine G. Luria (Mar. 22, 2021).

<sup>9</sup> Department of the Navy, Naval Audit Services, *Fiscal Year 2020 Annual Report* (Nov. 9, 2020) (online at <https://assets.documentcloud.org/documents/20526520/navaud-annual-report-2020.pdf>); Department of Defense,

In addition, you are reportedly pursuing these cuts to redirect funds to the Navy's shipbuilding efforts.<sup>10</sup> Yet the Navy's checkered record in developing and acquiring new vessels exemplifies why more oversight is necessary, not less.

The Navy has repeatedly struggled to pursue new shipbuilding endeavors that deliver vessels on time, on budget, and within projected sustainment and maintenance expectations.<sup>11</sup> In March 2020, GAO reported that during the last decade, the Navy had repeatedly delivered ships "that require more effort to sustain than initially planned" and that the Navy had underestimated sustainment costs for six shipbuilding programs by at least \$130 billion.<sup>12</sup> In January 2021, GAO reported that the Navy's schedule for building new Columbia-class submarines—a \$128 billion program—is "threatened" because the lead shipbuilder is behind on its designs for the submarine and materials supplied in early construction were not up to snuff.<sup>13</sup>

As President Biden consults with Congress on a federal budget that "proposes executable and responsible investments in the U.S. Navy fleet," reductions in the Department's oversight capabilities would undercut this objective.<sup>14</sup> Instead, the Department needs all hands on deck to prevent waste, fraud, and abuse.

For these reasons, please provide the following documents by June 17, 2021:

1. All communications and documents related to the Navy's decision to implement the NAS reductions, including all justifications or rationales for the reductions;
2. All assessments or reviews conducted by or for the Navy related to the effects of implementing these cuts, including:
  - a. assessments of the financial costs or benefits of these reductions and

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*Defense Budget Overview* (May 13, 2020) (online at [https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2021/fy2021\\_Budget\\_Request\\_Overview\\_Book.pdf](https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2021/fy2021_Budget_Request_Overview_Book.pdf)).

<sup>10</sup> *Navy Looking to Slash the Budget of Its Internal Oversight Office*, Navy Times (Feb. 23, 2021) (online at [www.navytimes.com/news/your-navy/2021/02/23/navy-looking-to-slash-the-budget-of-its-internal-oversight-office/](http://www.navytimes.com/news/your-navy/2021/02/23/navy-looking-to-slash-the-budget-of-its-internal-oversight-office/)).

<sup>11</sup> *Navy's Plans to Counter China May Be Doomed by Shipbuilding Disasters*, Project on Government Oversight (Jan. 12, 2021) (online at [www.pogo.org/analysis/2021/01/navys-plans-to-counter-china-may-be-doomed-by-shipbuilding-disasters/](http://www.pogo.org/analysis/2021/01/navys-plans-to-counter-china-may-be-doomed-by-shipbuilding-disasters/)).

<sup>12</sup> Government Accountability Office, *Increasing Focus on Sustainment Early in the Acquisition Process Could Save Billions* (Mar. 24, 2020) (GAO-20-2) (online at [www.gao.gov/assets/gao-20-2.pdf](http://www.gao.gov/assets/gao-20-2.pdf)).

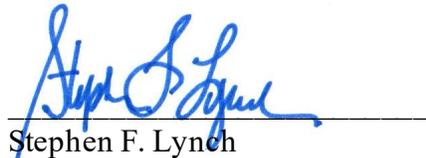
<sup>13</sup> Government Accountability Office, *Columbia Class Submarine: Delivery Hinges on Timely and Quality Materials from an Atrophied Supplier Base* (Jan. 14, 2021) (GAO-21-257) (online at [www.gao.gov/assets/gao-21-257.pdf](http://www.gao.gov/assets/gao-21-257.pdf)).

<sup>14</sup> Letter from President Joseph R. Biden, Jr., to Chairman Patrick Leahy, Senate Committee on Appropriations (Apr. 9, 2021) (online at [www.whitehouse.gov/wp-content/uploads/2021/04/FY2022-Discretionary-Request.pdf](http://www.whitehouse.gov/wp-content/uploads/2021/04/FY2022-Discretionary-Request.pdf)).

- b. assessments of the impacts these reductions would have on the oversight capabilities of NAS and the overall Department;
3. All documents related to the future organizational structure and jurisdictional scope of NAS; and
4. All documents related to efforts to assist NAS employees affected by the reductions or plans to re-assign these employees to other Navy components.

The Committee on Oversight and Reform is the principal oversight committee of the House of Representatives and has broad authority to investigate “any matter” at “any time” under House Rule X. An attachment to this letter provides additional instructions for responding to the Committee’s request. If you have any questions regarding this request, please contact Committee staff at (202) 225-5051.

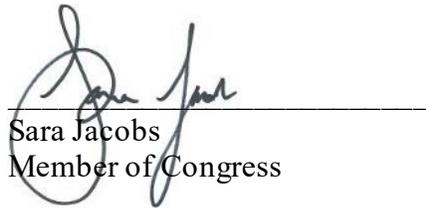
Sincerely,



Stephen F. Lynch  
Chairman  
Subcommittee on National Security  
Committee on Oversight and Reform



Elaine G. Luria  
Member of Congress



Sara Jacobs  
Member of Congress



Scott Peters  
Member of Congress

Enclosure

cc: The Honorable Glenn Grothman, Ranking Member  
Subcommittee on National Security  
Committee on Oversight and Reform

The Honorable Adam Smith, Chairman  
Committee on Armed Services

The Honorable Lloyd J. Austin III, Secretary  
Department of Defense

## Responding to Oversight Committee Document Requests

1. In complying with this request, produce all responsive documents that are in your possession, custody, or control, whether held by you or your past or present agents, employees, and representatives acting on your behalf. Produce all documents that you have a legal right to obtain, that you have a right to copy, or to which you have access, as well as documents that you have placed in the temporary possession, custody, or control of any third party.
2. Requested documents, and all documents reasonably related to the requested documents, should not be destroyed, altered, removed, transferred, or otherwise made inaccessible to the Committee.
3. In the event that any entity, organization, or individual denoted in this request is or has been known by any name other than that herein denoted, the request shall be read also to include that alternative identification.
4. The Committee's preference is to receive documents in electronic form (i.e., CD, memory stick, thumb drive, or secure file transfer) in lieu of paper productions.
5. Documents produced in electronic format should be organized, identified, and indexed electronically.
6. Electronic document productions should be prepared according to the following standards:
  - a. The production should consist of single page Tagged Image File ("TIF"), files accompanied by a Concordance-format load file, an Opticon reference file, and a file defining the fields and character lengths of the load file.
  - b. Document numbers in the load file should match document Bates numbers and TIF file names.
  - c. If the production is completed through a series of multiple partial productions, field names and file order in all load files should match.
  - d. All electronic documents produced to the Committee should include the following fields of metadata specific to each document, and no modifications should be made to the original metadata:  
  
BEGDOC, ENDDOC, TEXT, BEGATTACH, ENDATTACH, PAGECOUNT, CUSTODIAN, RECORDTYPE, DATE, TIME, SENTDATE, SENTTIME, BEGINDATE, BEGINTIME, ENDDATE, ENDTIME, AUTHOR, FROM, CC, TO, BCC, SUBJECT, TITLE, FILENAME, FILEEXT, FILESIZE, DATECREATED, TIMECREATED, DATELASTMOD, TIMELASTMOD,

INTMSGID, INTMSGHEADER, NATIVELINK, INTFILPATH, EXCEPTION,  
BEGATTACH.

7. Documents produced to the Committee should include an index describing the contents of the production. To the extent more than one CD, hard drive, memory stick, thumb drive, zip file, box, or folder is produced, each should contain an index describing its contents.
8. Documents produced in response to this request shall be produced together with copies of file labels, dividers, or identifying markers with which they were associated when the request was served.
9. When you produce documents, you should identify the paragraph(s) or request(s) in the Committee's letter to which the documents respond.
10. The fact that any other person or entity also possesses non-identical or identical copies of the same documents shall not be a basis to withhold any information.
11. The pendency of or potential for litigation shall not be a basis to withhold any information.
12. In accordance with 5 U.S.C. § 552(d), the Freedom of Information Act (FOIA) and any statutory exemptions to FOIA shall not be a basis for withholding any information.
13. Pursuant to 5 U.S.C. § 552a(b)(9), the Privacy Act shall not be a basis for withholding information.
14. If compliance with the request cannot be made in full by the specified return date, compliance shall be made to the extent possible by that date. An explanation of why full compliance is not possible shall be provided along with any partial production.
15. In the event that a document is withheld on the basis of privilege, provide a privilege log containing the following information concerning any such document: (a) every privilege asserted; (b) the type of document; (c) the general subject matter; (d) the date, author, addressee, and any other recipient(s); (e) the relationship of the author and addressee to each other; and (f) the basis for the privilege(s) asserted.
16. If any document responsive to this request was, but no longer is, in your possession, custody, or control, identify the document (by date, author, subject, and recipients), and explain the circumstances under which the document ceased to be in your possession, custody, or control.
17. If a date or other descriptive detail set forth in this request referring to a document is inaccurate, but the actual date or other descriptive detail is known to you or is otherwise apparent from the context of the request, produce all documents that would be responsive as if the date or other descriptive detail were correct.

18. This request is continuing in nature and applies to any newly-discovered information. Any record, document, compilation of data, or information not produced because it has not been located or discovered by the return date shall be produced immediately upon subsequent location or discovery.
19. All documents shall be Bates-stamped sequentially and produced sequentially.
20. Two sets of each production shall be delivered, one set to the Majority Staff and one set to the Minority Staff. When documents are produced to the Committee, production sets shall be delivered to the Majority Staff in Room 2157 of the Rayburn House Office Building and the Minority Staff in Room 2105 of the Rayburn House Office Building.
21. Upon completion of the production, submit a written certification, signed by you or your counsel, stating that: (1) a diligent search has been completed of all documents in your possession, custody, or control that reasonably could contain responsive documents; and (2) all documents located during the search that are responsive have been produced to the Committee.

### **Definitions**

1. The term “document” means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded, and whether original or copy, including, but not limited to, the following: memoranda, reports, expense reports, books, manuals, instructions, financial reports, data, working papers, records, notes, letters, notices, confirmations, telegrams, receipts, appraisals, pamphlets, magazines, newspapers, prospectuses, communications, electronic mail (email), contracts, cables, notations of any type of conversation, telephone call, meeting or other inter-office or intra-office communication, bulletins, printed matter, computer printouts, teletypes, invoices, transcripts, diaries, analyses, returns, summaries, minutes, bills, accounts, estimates, projections, comparisons, messages, correspondence, press releases, circulars, financial statements, reviews, opinions, offers, studies and investigations, questionnaires and surveys, and work sheets (and all drafts, preliminary versions, alterations, modifications, revisions, changes, and amendments of any of the foregoing, as well as any attachments or appendices thereto), and graphic or oral records or representations of any kind (including without limitation, photographs, charts, graphs, microfiche, microfilm, videotape, recordings and motion pictures), and electronic, mechanical, and electric records or representations of any kind (including, without limitation, tapes, cassettes, disks, and recordings) and other written, printed, typed, or other graphic or recorded matter of any kind or nature, however produced or reproduced, and whether preserved in writing, film, tape, disk, videotape, or otherwise. A document bearing any notation not a part of the original text is to be considered a separate document. A draft or non-identical copy is a separate document within the meaning of this term.
2. The term “communication” means each manner or means of disclosure or exchange of information, regardless of means utilized, whether oral, electronic, by document or otherwise, and whether in a meeting, by telephone, facsimile, mail, releases, electronic

message including email (desktop or mobile device), text message, instant message, MMS or SMS message, message application, or otherwise.

3. The terms “and” and “or” shall be construed broadly and either conjunctively or disjunctively to bring within the scope of this request any information that might otherwise be construed to be outside its scope. The singular includes plural number, and vice versa. The masculine includes the feminine and neutral genders.
4. The term “including” shall be construed broadly to mean “including, but not limited to.”
5. The term “Company” means the named legal entity as well as any units, firms, partnerships, associations, corporations, limited liability companies, trusts, subsidiaries, affiliates, divisions, departments, branches, joint ventures, proprietorships, syndicates, or other legal, business or government entities over which the named legal entity exercises control or in which the named entity has any ownership whatsoever.
6. The term “identify,” when used in a question about individuals, means to provide the following information: (a) the individual’s complete name and title; (b) the individual’s business or personal address and phone number; and (c) any and all known aliases.
7. The term “related to” or “referring or relating to,” with respect to any given subject, means anything that constitutes, contains, embodies, reflects, identifies, states, refers to, deals with, or is pertinent to that subject in any manner whatsoever.
8. The term “employee” means any past or present agent, borrowed employee, casual employee, consultant, contractor, de facto employee, detailee, fellow, independent contractor, intern, joint adventurer, loaned employee, officer, part-time employee, permanent employee, provisional employee, special government employee, subcontractor, or any other type of service provider.
9. The term “individual” means all natural persons and all persons or entities acting on their behalf.