ASMC PDI Session #135
National Defense Strategy

31 May 2019
1415-1530

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Agenda: Session #135

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Learning Objectives
- Better understand the 2018 National Defense Strategy (NDS) ... and how you contribute to it
- Gain insights as to how the USAF used the NDS as a resource allocation roadmap ... and how you might use it as one as well
- Understand how Audit processes support the NDS ... and how your audit efforts support NDS Objectives
William Jennings Bryan: "Our government, conceived in freedom and purchased with blood, can be preserved only by constant vigilance."

The National Defense Strategy provides the Department of Defense the strategic roadmap for effecting that vigilance, and preserving freedom.
Global Security Environment

• Re-emergence of long-term, strategic competition by “Revisionist Powers” that want to shape a world consistent with their authoritarian model—gaining veto authority over other nations’ economic, diplomatic and security decisions
  – China
  – Russia

• Resilient, but weakening, post-WWII international order—rogue regimes are destabilizing regions, creating an arc of influence / coercion and instability
  – North Korea
  – Iran

• Challenges to the US military advantage—today, every domain is contested

• Rapid technological advancements and the changing character of war
  – Lower barriers to entry
  – Faster / accelerating entry and advancement
  – Pursuit / possession of WMD

• Non-state actors threatening the security environment with sophisticated capabilities
  – Terrorists
  – Trans-nationalist criminal organizations
  – Cyber hackers

The homeland is no longer a sanctuary (but it’s better than the alternatives…)
National Defense Strategy – Background

• **Foundational Premise:** The U.S. was militarily uncontested in every way for a long time, but nothing is uncontested anymore. Long-term, strategic Cold War-style competition has re-emerged, and we’re being challenged in all domains: in the air, on the sea and land, in space and in cyberspace.

• The National Defense Strategy — the first new strategy in a decade — was released in 2018. It has two main goals:
  – To restore America’s competitive edge by blocking global rivals Russia and China from challenging the U.S. and our allies.
  – To keep those rivals from throwing the current international order out of balance.

• So, how do we prepare for and prevent war?
  – By modernizing the force, thinking ahead, being more flexible with our capabilities, and by having the best and brightest personnel on our side.
  – **Making sure every tax dollar is spent wisely and in keeping with the National Defense Strategy’s three priorities:**
    - Build a more lethal force
    - Strengthen alliances and find new partners
    - Reform business practices

Financial Manager’s Challenge: balancing the urgency of the NDS priorities with the necessary discipline of resource decision-making processes.

NDS Lines of Effort
National Defense Strategy

**LETHALITY**
Build a More Lethal Force
- Modernized and maintained a secure, effective and resilient nuclear deterrent
- Better integrated the joint forces globally
- Elevated U.S. Cyber Command to full combatant command status

**PARTNERSHIPS**
Strengthen Alliances and Attract New Partners
- Increased burden sharing amongst NATO allies for common defense
- Addressed terrorist threats alongside Indo-Pacific partners in places like the Philippines
- Diminished ISIS Held Territory by 98%

**REFORM**
Change The Way We Do Business
- Consolidated four healthcare enterprises into one, saving more than $2.5 billion annually by FY23
- Achieved $767 million in real benefits by taking a more rigorous approach to goods and services contracts
- Saved $253 million through commercial IT solutions, DOD-wide network management, and optimized data centers

Defense.gov
National Defense Strategy – Objectives

• Defense objectives include:
  – **Defending the homeland from attack**;
  – Sustaining Joint Force military advantages, both globally and in key regions;
  – Deterring adversaries from aggression against our vital interests;
  – Enabling U.S. interagency counterparts to advance U.S. influence and interests;
  – Maintaining favorable regional balances of power in the Indo-Pacific, Europe, the Middle East, and the Western Hemisphere;
  – Defending allies from military aggression and bolstering partners against coercion, and fairly sharing responsibilities for common defense;
  – Dissuading, preventing, or deterring state adversaries and non-state actors from acquiring, proliferating, or using weapons of mass destruction;
  – Preventing terrorists from directing or supporting external operations against the United States homeland and our citizens, allies, and partners overseas;
  – **Ensuring common domains remain open and free**;
  – Continuously delivering performance with affordability and speed as we change Departmental mindset, culture, and management systems; and
  – Establishing an unmatched twenty-first century National Security Innovation Base that effectively supports Department operations and sustains security and solvency.

The way war is waged has drastically changed over the decades. Technological breakthroughs are coming faster than ever, and our great-power competitors – namely Russia and China – are all over them.
National Defense Strategy – Conclusions

- Pursuit of urgent change at significant scale
- Use of creative approaches, sustained investment and disciplined execution
  - Deliver performance at the speed of relevance
  - Organize for innovation
  - A diverse and skilled workforce keeps the military engine moving
  - Drive budget discipline and affordability to achieve solvency
  - Streamline rapid, iterative approaches from development to fielding
  - Harness and protect the National Security Innovation Base
  - Strategically predictable, operationally unpredictable – that’s the art of Deterrence

To be efficient on the battlefield, we have to be efficient with our money
Financial Manager’s Mandate: Increasingly more critical to make disciplined resource allocation decisions as the security environment becomes increasingly more complex in any budget environment.
NDS and Budget Formulation

Maj Gen John Pletcher
SAF/FMB
31 May 19
FY18 - FY20 Common Themes

• Readiness Focus
• End-strength Growth
  - Aircrew Shortage
• Aircraft Modernization
  - B-21
  - F-35
  - KC-46
• Nuclear Modernization

FY19 - FY20 NDS Refocus

• Space Superiority
• Multi-Domain Command/Control
• Science and Technology
• TACAIR Mix – Light Attack
• Hypersonics
• Space Force
• Installation Investment Strategy
• Munitions Shift
• Reduce Counter-VEO

Integrity - Service - Excellence

Dr. Lola Fawole, Director, Financial Improvement and Audit Remediation (FIAR), SAF/FMFA
1. Build a More Lethal Force
2. Strengthen Alliances and Attract New Partners
3. Reform the Department for Greater Performance and Affordability
Air Force financial managers and budget officers support NDS objectives through effective resource management activities.

**NDS: DoD-Wide Transformation**

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<th>Nine Strategic Objectives</th>
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**Air Force BOP: Adapt NDS to Impactful Activities**

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<th>Twenty Air Force Objectives</th>
<th>Supporting Activities (Examples)</th>
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<td>1 11</td>
<td>Fund flying hours accounts to maximum executable levels</td>
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<td>2 12</td>
<td>Resolve intragovernmental eliminations that impact the presentation of the Air Force’s financial statements</td>
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<td>Improve Real Property accountability by establishing a reliable baseline</td>
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<td>Rationalize the number of legacy IT systems and interfaces and identify and implement enterprise-wide solutions to support IT controls</td>
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Financial Management Specific Activities

SAF/FMFA actions specifically align to NDS Objective 3.3.1: Prioritize achieving financial improvement and audit remediation requirements.

**NDS-Aligned Air Force FMFA Actions to Date**

- **FY 2018**: The Air Force underwent its first full financial statement audit
- **Results**: The audit resulted in a “disclaimer of opinion” and the identification of 326 Notices of Findings and Recommendations (NFRs)
- **FY 2019**: The Air Force is currently completing corrective actions while simultaneously supporting the current year’s full financial statement audit.

**Key Activities: FY 2019-2021**

- Resolve NFRs and Corrective Action Plans (CAPs) for findings from audits in order to achieve and maintain unqualified audit opinions
- Improve transparency and simplify future audits by providing authoritative data on budget and finance to the Department of Defense for future audit simplification
Job duties include:

- Coordinates cost-analysis programs and activities
- Designs and develops cost and economic analysis methods, processes and techniques
- Plan and conduct research projects to improve effectiveness
Logistics Readiness Officer

Job duties include:

- Determines base readiness requirements
- Direct contingency, fuel management, aerial port and vehicle management operations
- Formulate logistics management and fiscal policy for weapons systems
Questions for the Panel Members
Questions from the Audience
Closing Comments