August 6, 2021

The Honorable Elaine Luria
Vice Chair
U.S. House of Representatives Armed Services Committee
412 Cannon House Office Building
Washington, D.C. 20515

Dear Representative Luria:

On behalf of The Institute of Internal Auditors and our more than 60,000 members in the United States, I want to thank you and your colleagues for your work in protecting our nation and preserving the integrity of our military through your efforts to defend the Navy Audit Service (NAS).

The proposed 70% reduction in audit oversight capabilities would have set a dangerous precedent, exposing the Navy to unknown but very real risks. Such a drastic reduction in funding would have effectively demolished the Navy’s internal audit services, depleting a highly competent staff of 290 to only 85. Incredulously, that would have left barely one internal auditor per naval base and essentially ended any effective assurance over the massive agency, whose budget was nearly $206 billion in 2020.

While we appreciate Washington’s efforts to be good stewards of taxpayer dollars, slashing internal audit runs counter to this ideal. As you noted in your letter to acting Navy Secretary Thomas W. Harker, “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.” Even basic risk assessments and engagements conducted by NAS would be severely hindered by the originally proposed budget reduction, leaving the Navy and, indeed, our country unnecessarily vulnerable.

To be sure, the courageous individuals who serve on the front lines of our national defense also serve on the front lines of some of the most pressing risks facing our government institutions, including cybersecurity and the COVID-19 pandemic. They, and our country, deserve the support provided by strong oversight and governance.
The current limitations on reorganization and workforce reduction included in the FY22 National Defense Authorization bill are a good start and provide an immediate stopgap. Additionally, I look forward to the Comptroller General’s report and Secretary of the Navy’s response and offer our assistance to shed further light on the crucial role served by internal audit and the entire NAS staff.

Thank you for your continued support of our country during this challenging time. If you have any questions regarding this issue, please contact me or Brad Jones, The IIA’s Director of Government Relations, at brad.jones@theiia.org or 202-434-9230.

Sincerely,

Anthony J. Pugliese, CPA, CGMA, CITP
President and Chief Executive Officer
The Institute of Internal Auditors, Global Headquarters

cc: President Joe Biden
The Honorable Lloyd Austin, Secretary of Defense
The Honorable Thomas W. Harker, Secretary of the Navy
The Honorable Jack Reed, Chairman, Senate Committee on Armed Services
The Honorable James Inhofe, Ranking Member, Senate Committee on Armed Services
The Honorable Patrick Leahy, Chairman, Senate Committee on Appropriations
The Honorable Richard Shelby, Vice Chairman, Senate Committee on Appropriations
The Honorable Adam Smith, Chairman, House Armed Services Committee
The Honorable Mike Rogers, Ranking Member, House Armed Services Committee
The Honorable Rosa DeLauro, Chairwoman, House Committee on Appropriations
The Honorable Kay Granger, Ranking Member, House Committee on Appropriations