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Congress of the United States
House of Representatives
Washington, DC 20515-3003

February 17, 2012

The Honorable John McHugh
Secretary
Department of the Army
The Office of the Secretary
101 Army Pentagon
Washington, D.C. 20310

Dear Secretary McHugh:

I am writing to express my concerns regarding reports that the Department of the Army has failed to pay many of its contractor invoices in a timely manner, under the new General Fund Enterprise Business System (GFEBS) financial system. This issue has been brought to my attention by several small businesses in my district and their employees. These companies informed my office that they are owed thousands of dollars in back payments.

It is my understanding that one such company had not been paid for several months, for various Army contracts at several different installations--including Joint Base Lewis-McChord and Schofield Barracks/Fort Shafter. For one of these contracts, this small business had not been paid for over five months of past due invoices totaling \$104,000, with their overall past due invoices now totaling over \$150,000.

When I began looking into this situation on behalf of several companies in my district, I learned that the problem was not limited to these particular contracts. Rather, the challenges faced by these companies appear to be an Army-wide failure to effectively execute the Defense Finance Accounting Service's General Fund Enterprise Business System.

It is completely unreasonable for the Department of the Army, or any Federal government entity, to expect small businesses to absorb that lack of cash flow, while still expecting them to honor their contractual obligations. Through no fault of their own, these companies have been placed in the unfortunate position of having to make tough choices in already difficult economic times. This includes possibly having to lay off workers, file for bankruptcy, close their doors altogether, or simply renege on their contractual obligations.

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According to the Department of the Army GFEBs website, the system began implementation with a single organization at a single location in 2008. Since then, additional and larger-scale implementations have occurred.. In April 2011, the Army added more than 7,600 new users in locations throughout the United States, Europe, and Korea followed by another 10,800 users in July 2011. This means that the GFEBs financial management system has now been deployed in all 50 states and four territories.

This GFEBs invoice payment backlog has negatively impacted constituents and small businesses in my district, and others throughout the country. I would greatly appreciate your staff providing my office with the Department's specific plans to address the backlog and resolving issues within the GFEBs system. American small businesses that do business with the Department of the Army do so in good faith. I am sure that you share my appreciation for their work and want to ensure that they are compensated for their contractual obligations in a timely manner.

Thank you for your time, service, and careful consideration of this important request. Should you need any additional information, your staff may contact my Director of Military Affairs at 202.225.4765 or Jennifer.Shirley@mail.house.gov.

Sincerely,



Jon Runyan
Member of Congress