



Pentagon Audit Talking Points

- In 1990, Congress mandated all government agencies to produce audited financial statements. It took the Department of Defense (DoD) 29 years to comply.
- After decades of advocacy work and congressional pressure, the DoD finally conducted a full audit of its budget and operations in 2018--and failed. Only 5 out of 21 individual agency audits received a passing grade.
- A failure means that the Department of Defense was unable to account for all of the money it has received from the American people. Deputy Secretary of Defense Patrick Shanahan has been intentionally vague about how much money is unaccounted for. This lack of transparency is a cause for concern.
- According to an exposé by [Rolling Stone](#), auditors reported that the Pentagon lacked “policies and procedures to confirm the existence of government property in possession of contractors.” Keeping track of inventory--15,700 aircraft, 280 ships, 585,000 facilities at 4,700 sites worldwide--is one of the leading areas of financial mismanagement.
- According to [Defense News](#), “auditors have found that the Defense Logistics Agency misidentified \$465 million of construction projects, that the Army had failed to record 39 Black Hawk helicopters in its property system and that the Air Force failed to record 478 buildings and structures at 12 installations in its property system.”
- Pentagon leadership spun the failed audit as inconsequential, foregone conclusion. Acting Secretary of Defense Patrick Shanahan [claimed](#), “We never thought we were going to pass an audit, right? Everyone was betting against us, that we wouldn’t even do the audit.” While the first audit may have been destined to fail, that does not preclude the need for continued congressional oversight and accountability.
- A [U.S. Navy logistics officer](#) said that some programs have over “1,000 years” of inventory, calling into question the Pentagon’s ability to accurately estimate its own needs. But the 2020 budget fights still look like they’ll [result in high increases](#) for the Pentagon, showing that there are no penalties or consequences for misuse of resources.
- Funding levels north of \$700 billion a year represent a substantial investment of taxpayer dollars--especially when Americans [don’t believe](#) that the Pentagon needs more money. Public polling by Gallup suggests that 72 percent of Americans think the DoD receives either adequate funding or too much funding.
- Across the ideological spectrum, policymakers recognize the need for government accountability. Members of congress are exercising their oversight functions and pushing Pentagon officials to remain committed to conducting another audit in 2019 and every year after--with the eventual goal of reaching a clean opinion.



Additional Materials:

- [“2018 Agency Financial Report,”](#) United States Department of Defense.
- [“The Pentagon’s Bottomless Money Pit,”](#) Matt Taibbi for *Rolling Stone*.
- [“Here’s what the Pentagon’s first-ever audit found,”](#) Aaron Mehta for *Defense News*.
- [“Senators push Pentagon to keep the audits coming,”](#) Aaron Mehta and Joe Gould for *Defense News*.