

Massive Pentagon Waste, Fraud and Grand Theft

By [Stephen Lendman](#)

Global Research, November 20, 2013

Region: [USA](#)

Theme: [Global Economy](#)

Longstanding Pentagon operations reflect a black hole of unaccountability. Reuters published a two-part report. In July, it discussed the Defense Department's "[payroll quagmire](#)."

It's bureaucracy is stifling. It's "unyielding," said Reuters. Active duty and retired military personal are routinely cheated. Pay errors are widespread.

Correcting "or just explaining them can test even the most persistent soldiers." Weeks or months pass without resolution.

Some personnel are cheated on pay. Others are penalized for overpayments. Their earnings are "drastically cut" unfairly. Precise figures are impossible to calculate.

At issue is "the Defense Department's jury-rigged network of mostly incompatible computer systems for payroll and accounting, many of them decades old, long obsolete, and unable to communicate with each other," said Reuters.

"The Defense Finance and Accounting Services (DFAS) still uses a half-century-old computer language that is largely unable to communicate with the equally outmoded personnel management systems employed by each of the military services."

A December 2012 Government Accountability Office (GAO) report revealed unaccountable accounting. No way exists to assure correct amounts are paid. Errors can't be tracked.

Pentagon accounting reflects epic failure. Nothing is done "to keep track of its money," said Reuters.

US law requires annual audits of all federal agencies. The Pentagon alone never complied. It's accounting is in too disarray to do so. It remains unaccountable.

In May 2012, then Defense Secretary Leon Panetta said:

"DOD, I'm sorry to say, is the only major federal agency that cannot pass an audit today."

It bears repeating. It's a black hole of unaccountability. It literally wastes trillions of dollars.

It uses about 2,200 error-prone computer systems. Billions of dollars are spent operating them. They manage finances, human resources, logistics, property, and weapons acquisitions. According to former Deputy Defense Secretary Gordon England:

"There are thousands and thousands of systems. I'm not sure anybody knows how many

there are” or how many are in use.

The Pentagon is the world’s largest property owner. It has more than 5,000 sites in 41 countries.

It’s the world’s largest polluter. It’s exempt from environmental regulations and wildlife treaties.

It poisons the earth. Its desecration is virtually unreported. It’s responsible for genocide and ecocide.

It’s destroying the planet’s ability to sustain life. It spends trillions of dollars doing so.

On November 18, [Reuters headlined](#) “Behind the Pentagon’s doctored ledgers, a running tally of epic waste.”

Since 1996, DOD was never held accountable for \$8.5 trillion. On September 10, 2001, then Defense Secretary Rumsfeld said:

“According to some estimates, we cannot track \$2.3 trillion in transactions.” At issue is massive waste, fraud and abuse.

Sweetheart deals, bribes and kickbacks are commonplace. So is routine over-billing. Unaccountability is standard practice.

Jeff St. Clair’s book titled “[Grand Theft Pentagon: Tales of Corruption and Profiteering in the War on Terror](#)” exposed massive corruption and warprofiteering.

DOD has a virtual blank check. Lockheed Martin, Boeing, Bechtel, Halliburton, the Carlyle Group, Blackwater USA (now ACADEMI), and other Pentagon favorites cash in hugely.

They do it at taxpayers’ expense. They sacrifice peace, equity and justice in the process.

From White House and Pentagon war rooms to warprofiteer board rooms, “Grand Theft Pentagon” explains America’s out-of-control imperial agenda. War on humanity reflects it.

Trillions of dollars are spent waging it. According to Reuters, DFAS fudged accounts reflect standard practice.

“Former military service officials say record-keeping at the operational level throughout the services is rife with made-up numbers to cover lost or missing information.”

Warnings are systematically ignored. According to GOA’s December 2011 report:

Unaccountable accounting “without documentation (masks) much larger problems.”

DOD “chronic(ally) fail(s) to keep track of its money – how much it has, how much it pays out, and how much is wasted or stolen,” said Reuters.

It’s entire record keeping system is dysfunctional. Nothing effective is done to fix it.

Pay errors reflect a small portion of huge sums “annually disappear(ing) into (DOD’s) vast

bureaucracy.”

“(T)he Pentagon is largely incapable of keeping track of its vast stores of weapons, ammunition and other supplies.”

It spends huge amounts on more of what’s not needed. It amassed a half trillion dollar plus backlog of unaudited vendor contracts.

How much is spent for goods and services isn’t known. Operations are rife with waste and fraud. Abuses go undiscovered for years. Accountability is entirely lacking.

DOD can’t “tally its accounts,” said Reuters. Congressional 2009 legislation requires annual DOD audits by 2017. Reuters said DOD won’t meet its deadline.

“The main reason is rooted in the Pentagon’s continuing reliance on a tangle of thousands of disparate, obsolete, largely incompatible accounting and business-management systems.”

Many date from the 1970s. They use outmoded computer languages on old mainframes.

They use antiquated file systems. It’s nearly impossible to search for data. What’s gotten is “corrupted and erroneous.” According to a former defense official:

“It’s like if every electrical socket in the Pentagon had a different shape and voltage.”

Former Defense Secretary Robert Gates called DOD operations “an amalgam of fiefdoms without centralized mechanisms to allocate resources, track expenditures, and measure results.”

“My staff and I learned that it was nearly impossible to get accurate information and answers to questions such as ‘How much money did you spend’ and ‘How many people do you have?’ ”

Tens of billions of dollars were spent upgrading systems. Many new ones failed. They were scrapped altogether. Doing so compounded waste.

DOD’s mess is its own making. Unaccountability lets massive waste, fraud and abuse persist. According to Reuters:

“The secretary of defense’s office and the heads of the military and DFAS have for years knowingly signed off on false entries.”

Congress largely ignores abusive practices. A single DFAS Columbus, Ohio office “made at least \$1.59 trillion – yes, trillion – in errors in financial reports for the Air Force in 2009,” said Reuters.

“Those amounts far exceeded the Air Force’s total budget for that year” and then some.

Dysfunctional Pentagon accounting is reflected in Defense Logistics Agency (DLA) operations.

It buys, stores and ships Pentagon supplies. They range from aircraft parts to uniform zippers. “It has way too much stuff,” said Reuters.

It pays way too much for it. According to DLA process and planning directorate head Sonya Gish, no system tracks whether vast quantities of supplies received are put in correct bins.

Failure to do so makes inventorying them impossible. Nothing is done to track or estimate employee theft losses.

In 2004, the Pentagon was mandated to begin using a modern labeling system. Doing so would enable knowing what supplies are available in what amounts for what service branch.

“To date,” said Reuters, “DLA ignored the directive.” Deputy distribution director William Budden said doing so would exceed benefits. DLA’s existing systems are adequate, he claimed. Evidence shows otherwise.

Many obsolete weapons and munitions remain in inventory. Ammunition manager Keith Byers said they sit year after year because “it’s cheaper for the military to store (them).”

“What’s counterproductive is that what you’re looking at (are) stocks that are going to be destroyed eventually anyway.”

Older headline-grabbing reports focused on \$600 toilet seats and \$7,600 coffee makers, etc. They’re minor compared to countless billions wasted, stolen or otherwise disappeared.

Many billions more were wasted on dysfunctional computer systems. In the last decade alone, DOD spent trillions of dollars for goods and services. According to Reuters:

“How much of that money is wasted in overpayments to contractors, or was never spent and never remitted to the Treasury, is a mystery.”

“Spotty monitoring of contracts is one reason Pentagon personnel and contractors are able to siphon off taxpayer dollars through fraud and theft - amounting to billions of dollars in losses, according to numerous GAO reports.”

“In many cases, perpetrators were caught only after outside law-enforcement agencies stumbled onto them, or outsiders brought them to the attention of prosecutors.”

A footnote in the Navy’s 2012 financial report “acknowledge(d) that it has a material internal control weakness in that it does not reconcile its” numbers with the Treasury’s.

It claims it’s working to correct the problem. It’s longstanding. It persists.

Congressional budget debates largely ignore massive Pentagon waste, fraud and abuse. Lip service at most is paid to it.

Advancing America’s imperium matters most. Pedal-to-the-metal unaudited spending continues out-of-control.

Stephen Lendman lives in Chicago. He can be reached at lendmanstephen@sbcglobal.net.

His new book is titled “Banker Occupation: Waging Financial War on Humanity.”

<http://www.claritypress.com/LendmanII.html>

Visit his blog site at sjlendman.blogspot.com.

Listen to cutting-edge discussions with distinguished guests on the Progressive Radio News Hour on the Progressive Radio Network.

It airs Fridays at 10AM US Central time and Saturdays and Sundays at noon. All programs are archived for easy listening.

<http://www.progressiveradionetwork.com/the-progressive-news-hour>

<http://www.dailycensored.com/massive-pentagon-waste-fraud-grand-theft/>

The original source of this article is Global Research
Copyright © [Stephen Lendman](#), Global Research, 2013

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Stephen Lendman](#)

About the author:

Stephen Lendman lives in Chicago. He can be reached at lendmanstephen@sbcglobal.net. His new book as editor and contributor is titled "Flashpoint in Ukraine: US Drive for Hegemony Risks WW III." <http://www.claritypress.com/LendmanIII.html> Visit his blog site at sjlendman.blogspot.com. Listen to cutting-edge discussions with distinguished guests on the Progressive Radio News Hour on the Progressive Radio Network. It airs three times weekly: live on Sundays at 1PM Central time plus two prerecorded archived programs.

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca
www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca