

Uncontrollable—Pentagon and Corporate Contractors “Too Big to Audit”

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The Reuters report put this colossal dereliction simply: “A law in effect since 1992 requires annual audits of all federal agencies—and the Pentagon alone has never complied.”

All \$585 billion and more, e.g., for the Afghanistan and Iraq conflicts, of your money—not just unaudited, but, in the sober judgement of the Government Accountability Office (GAO) of the Congress, this vast military budget is year after year UNAUDITABLE. That means that the Congressional auditors cannot obtain the basic accounting data to do their job on your behalf.

Auditing the Department of Defense receives left/right support, from Senator Bernie Sanders (Dem. VT) to Senator Ted Cruz (Rep. TX).



Image: Ralph Nader

H.R. 942, the “Audit the Pentagon Act of 2014,” is supported by both Democrats and Republicans in the House of Representatives. In the statement announcing this legislation, the sponsors declared “The Treasury Department’s Financial Report of the US Government for fiscal year 2012 shows the DOD yet again has nothing to audit—its books are a mess. In the last dozen years, the Pentagon has broken every promise to Congress about when DOD would pass an audit. Meanwhile, Congress doubled Pentagon spending.”

Republican right-winger, Mike Conaway (Rep. TX) used to be a CPA in private life. At a Congressional hearing in 2011, he told Defense Secretary Robert Gates: “I go home to folks in West Texas, and when they find out the Department of Defense can’t be audited, they are stunned.” His constituents may be more stunned to learn that their Congressman also voted for all expanding defense budgets, which is why H.R. 942 is going nowhere unless the people rally to make auditing the Pentagon a presidential election issue.

Secretary Gates and his successor Secretary Panetta agree with Rep. Conway’s observations. Yet it has seemed that the military—this huge expanse of bureaucracy, which

owns 25 million acres (over seven times the size of Connecticut) and owns over 500,000 buildings in the U.S. and around the world—is beyond anybody’s control, including that of the Secretaries of Defense, their own internal auditors, the President, tons of GAO audits publically available, and the Congress. How can this be?

Enormous scandal after enormous scandal is reported by newspapers such as Reuters, the New York Times, the Washington Post and the Wall Street Journal and by news services such as Associated Press and ProPublica. Citizen groups from the left and Right excoriate this runaway budget, including the national Taxpayers Union, POGO, and Taxpayers for Common Sense. TO NO AVAIL!

Have you heard of the \$43 million natural gas station in Afghanistan that was supposed to cost \$500,000? Do you know about the \$150 million villas that were built for corporate contractors in Afghanistan so they could spend another \$600 million advising Afghans about starting private businesses in that war-torn country?

Or how about purchase of billions of dollars of spare parts because the Army or Air Force didn’t know the whereabouts of existing spare parts in forgotten warehouses here and there? What about the \$9 billion the Pentagon admitted could not be accounted for in Iraq during the first several months of the invasion?

The list goes on, together with massive cost over-runs by the private contractors that are rewarded with more contracts. Soldiers get dirty drinking water, bad food, inadequate equipment, and security breaches by these contractors. No matter.

President Eisenhower’s farewell warning about the “military-industrial complex” becomes ever more of an understatement as it devours over half of the entire federal government’s operating budget.

Mike McCord, the Pentagon’s chief financial officer, has some startling explanations for why the Department is not ready for an audit. It’s not the Department’s “primary mission,” he says, which is “to defend the nation, fight and win wars.” He continues: “We’re too big to just sort of blow up all our systems and go buy one new, gargantuan IT system that runs the entire Department.”

Where are the accounting standards groups when we need them to speak up?

Mr. McCord certainly knows how to enhance his job security. Why no Pentagon audit? Too big to audit? No. Just too many scandals, too much waste, gigantic weapon system redundancies, overlaps between military branches, and many sinecures in bloated, inflexible bureaucracies, so often condemned by commanding generals in the field.



McCord himself has pointed to the areas in which he prefers to cut costs in order to save money: Congressionally-opposed base closures, retiree costs, and consolidating “its Tricare health system.”

In the final analysis, the principal culprits, because they have so much to lose in profits and bonuses, are the giant defense companies like Lockheed Martin, Boeing, General Dynamics, Raytheon, Northrop Grumman and others that lobby Congress, Congressional District by Congressional District, for more, more, more military contracts, grants and subsidies. They routinely hire ex-Pentagon specialists and top brass who know how to negotiate the ways and means inside of the government.

President Eisenhower sure knew what he was talking about. Remember, [he warned](#) not just about taxpayer waste, but a Moloch eating away at our liberties and our critical domestic necessities.

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