

The logo for Defense One, featuring the words "Defense" and "One" stacked vertically in a bold, black, sans-serif font, centered on a bright yellow rectangular background.

# Defense One

## What to Expect from the Pentagon's First-Ever Audit

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Last month, many budget wonks received glad tidings from the Pentagon—the announcement of an agency-wide financial audit. Defense Department Comptroller David Norquist **announced** the start of the DOD's first-ever audit amid concerns of an impending government shutdown.

Beyond the obvious accounting of assets—an estimated \$2.4 trillion worth, including everything from infrastructure to personnel to weapon systems—an audit will create opportunities for careful consideration about the best use of military dollars. Even if the accounts show that every single penny that goes into the DOD is spent mindfully, wisely, and efficiently, there's still cause to debate the ends that those pennies enable. The audit doesn't obviate the need to have these discussions—it should spark them.

Hopefully its findings will also expose some of the waste, fraud, and abuse that Congress cites as problematic. The Department of Defense is a government agency and bureaucracy—a highly respected and exalted institution—but prone to the same inefficiencies that plague the EPA and Department of Interior, for example. Until now, the DOD successfully evaded opening its books, with critics citing concerns that such scrutiny could expose national-security secrets. Others warn that an audit could undermine our troops by compelling them to divert attention away from core missions.

The first argument—that an audit could expose sensitive material—is weak. Congress already publicly debates the defense budget down to the line item level on a near-constant basis. Those of us outside of the bureaucracy are also invited to critique and contribute to that debate. What none of us currently know, however, is the other half of the equation. When taxpayer dollars are appropriated for a particular program, how are those dollars actually spent, and what is our return on investment? These answers should help policymakers increase national security, not compromise it.

The second argument assumes that soldiers and civil servants shouldn't bear the burden of fiscal responsibility because they're too busy safeguarding our liberties. Granted, most people working

in government don't think they should be exempted from oversight in that way—they try to go about their jobs in the most efficient way possible. It is telling that Comptroller Norquist is treating the audit as an opportunity to show that, by and large, the billions the DOD spends every year is spent wisely. The only way you get that assurance is with a comprehensive audit of the accounts.

It's worth bearing in mind, however, that auditors won't likely uncover new inefficiencies of a great magnitude. Some of the Pentagon's worst examples of wastefulness are already common knowledge. A \$125 billion bureaucratic waste **report** (albeit with questionable methodology) made headlines this time last year. The General Accounting Office regularly reports on the Pentagon's struggle to produce weapons systems in a timely fashion. One of the largest single line items in the budget, the F-35 Joint Strike Fighter program, has been plagued by everything from software struggles to production delays to cost overruns. Some muse that the entire enterprise might be **a \$1 trillion mistake**. Similarly, the Littoral Combat Ship program has **long been associated** with inefficiency. Its new acquisition strategy **doesn't seem to be making things better**. The worst of the worst in the DOD's gargantuan budget will likely be the things that policymakers and the public already know about.

An important and novel contribution will be the counting and consideration of assets like infrastructure, basing, and force structure. Consumables like salaries will change year to year with the ebb and flow of service personnel. Funding for operational tempo and readiness may also be policy-relevant, but on a yearly basis. A careful examination of U.S. basing and infrastructure could be useful in supporting another round of Base Realignment and Closure. Five successive Secretaries of Defense have requested authority to eliminate excess overhead, and realign unneeded facilities, but Congress has repeatedly deferred. An audit could help break the logjam.

To truly measure the audit's impact, we'll have to wait patiently until November 2018 for the inaugural report. But while the Pentagon turns its attention to complying with their mandate, as opposed to dodging it, the rest of us should think about the important question of what kind of resources our armed forces truly need to further national security.

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