

## DoD Audits Results of \$2.4 Trillion in Assets Due 15 NOV

The results of the Pentagon's first-ever audit could generate public backlash against boosting defense spending, according to Comptroller David Norquist. After years of congressional and public criticism, the Defense Department is conducting an audit of its more than \$2.4 trillion in assets. The audit findings will be released on Nov. 15 or Nov. 16, Norquist said. The audit is widely expected to find significant problems. Defense Secretary Jim Mattis earlier this year dared investigators to find problems and said Pentagon officials are committed to fixing them.

Still, Norquist said there's a "legitimate concern" that the publicized problems could generate an uproar akin to the mid-1980s \$435 claw hammer that became a symbol for runaway, bloated defense spending during President Ronald Reagan's first-term military buildup. Annual national security spending, the vast majority of which is comprised of Pentagon outlays, has more than doubled since the September 2001 attacks on New York and Washington. "The way to prevent a \$435 claw hammer in the first place is the knowledge that something like that will be revealed to public scrutiny," Steve Ellis, Vice President of Taxpayers for Common Sense, said in an e-mail. "Costs to get the Pentagon to a more fiscally transparent and accountable place will reap savings down the road."

"I hope people understand, when you're the team that said 'hey, we're going to go look, it's because of our commitment to being good stewards,'" Norquist said 29 OCT at the Professional Services Council federal budget outlook conference. While Norquist said worry about public reaction may have been an argument to forgo an audit, he also said, from the taxpayers' point of view, "it's a very dangerous way to look at the world, which is — 'they might find something that is sufficiently of a problem that it would look bad to show it.'" "The answer is 'if they found it, we need to fix it,'" he said. Norquist said the audit will include "a laundry list of problems we are trying to solve." But he said people should distinguish between accounting questions that may be raised and other types of issues. Accounting errors that relate to the production of financial statements, "which is different from our operations," could produce numbers "that sound very dramatic but have zero effect on operations," he said. The Pentagon Inspector General will summarize the overall findings in a single audit, Norquist said, but the department will be broken down into 24 pieces, with each getting a stand-alone audit. "So if you work with Defense Logistics Agency, they actually have three audits," he said. The Defense Department has failed for decades to conduct a full audit. One of the Pentagon's most outspoken critics on the topic, Sen. Chuck Grassley (R-IA), has called the agency's failure of 26 years of hard-core foot-dragging illustrates that internal resistance to auditing the books runs deep.

The Pentagon was expected to spend close to \$1 billion to carry out its first expansive audit and start fixing problems the auditors identify, Norquist told the House Armed Services Committee in January. The Pentagon's negative audit findings, and ensuing criticism, can be mitigated "to a certain extent by pointing out that the job of an audit is to find problems so they can be fixed," Todd Harrison, a budget expert at the Center for Strategic and International Studies, said in an email. "The alternative would be to continue blindly and allow problems to persist."