

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY

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December 11, 2024

The Honorable Gene L. Dodaro
Comptroller General
Government Accountability Office
441 G Street, N.W.
Washington, D.C 20548

Dear Comptroller General Dodaro:

We request that the U.S. Government Accountability Office (GAO) continue to support the Committee with our oversight of the Department of Defense's (DOD) failure to prevent waste, fraud, and abuse. DOD spending comprises nearly half of the federal government's discretionary spending and its physical assets make up over 70 percent of the government's physical assets.¹ In September 2024 the Subcommittee on Government Operations and the Federal Workforce held a hearing to examine DOD's financial management practices and progress towards achieving an unmodified (clean) audit opinion.² During that hearing, we released a DOD Financial Management Scorecard (scorecard) with DOD earning mostly failing grades across the board. The Committee was significantly informed by the scorecard developed with GAO's support.

In fiscal year 2024, DOD underwent its seventh financial statement audit, and again received a disclaimer of opinion. For the seventh time consecutively, auditors were unable to "obtain sufficient, appropriate audit evidence to support an opinion."³ Even with these results, these reports will provide important information on DOD and its components ability to complete the financial audit as well as their progress in remediating auditor identified findings and downgrading material weaknesses.

GAO continues to designate DOD's financial management and business systems modernization efforts as high risk because of pervasive deficiencies in the department's business processes, internal controls, financial reporting, and financial management systems.⁴ DOD's

¹ U.S. Gov't Accountability Office, GAO-23-104539, *DOD Financial Management: DOD Needs to Improve System Oversight*, (Mar. 7, 2023).

² Tracking Progress: Examining the Department of Defense's Financial Management Practices: *Hearing Before Subcomm. on Government Operations and the Federal Workforce, H. Comm. On Oversight & Accountability*, 118th Cong. (Sep. 24, 2024).

³ U.S. Dep't of Defense Off. Of Inspector Gen., Press Release: DOD FY2024 Agency Financial Report, including the FY2024 and FY2023 Agency-Wide Financial Statements (Nov. 15, 2024), available at <https://www.dodig.mil/In-the-Spotlight/Article/3965841/press-release-dod-fy-2024-agency-financial-report-including-the-fy-2024-and-fy/>

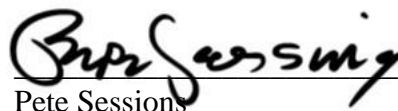
⁴ U.S. Gov't Accountability Office, GAO-23-106203, *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas*, (Apr. 20, 2023).

capacity for improving its financial management efforts and modernizing its business systems has improved over time and continued improvements can lead to financial or operational outcomes resulting from those efforts.⁵ Currently, significant challenges remain and DOD remains the only major agency that has never been able to achieve a clean audit opinion.⁶

To continue informing this Committee’s oversight of DOD financial management, and given GAO’s extensive work in this area, we are requesting GAO’s ongoing assistance in analyzing the results of DOD’s Fiscal Year 2024 audits. This will allow us to track DOD’s progress toward achieving a clean audit opinion as well as progress in key areas that support a clean audit—the status of DOD financial management system modernization efforts and compliance with relevant legislative requirements. This analysis and the updated scorecard will provide the Committee with a valuable monitoring tool to effectively inform the DOD oversight work of this Committee.⁷

To ask any follow-up or related questions, please contact the Committee on Oversight and Accountability majority staff at (202) 225-5074. The Committee on Oversight and Accountability is the principal oversight committee of the U.S. House of Representatives and has broad authority to investigate “any matter” at “any time” under House Rule X. Thank you in advance for cooperating with this inquiry.

Sincerely,



Pete Sessions
Chairman
Subcommittee on Government Operations
and the Federal Workforce

cc: The Honorable Kweisi Mfume, Ranking Member
Subcommittee on Government Operations and the Federal Workforce

⁵ U.S. Gov’t Accountability Office, GAO-24-106890, *DOD Financial Management: DOD Has Identified Benefits of Financial Statement Audits and Could Expand Its Monitoring* (Sept. 24, 2024).

⁶ U.S. Gov’t Accountability Office, GAO-23-106941, *DOD Financial Management: Efforts to Address Auditability and Systems Challenges Need to Continue* (July 13, 2023); U.S. Gov’t Accountability Office, GAO-23-105784, *DOD Financial Management: Additional Actions Needed to Achieve a Clean Audit Opinion on DOD’s Financial Statements* (May 15, 2023); U.S. Gov’t Accountability Office, GAO-23-106203, *High Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas* (Apr. 20, 2023); U.S. Gov’t Accountability Office, GAO-23-105784, *DOD Financial Management: Continued Efforts Needed to Correct Material Weaknesses Identified in Financial Statement Audits*, (Oct. 13, 2020).

⁷ Title X, Section 1005 of the National Defense Authorization Act (NDAA) for Fiscal Year 2024; Department of Defense, Office of Inspector General, DODIG-2024-047, *Audit of the DOD’s Plans to Address Longstanding Issues with Outdated Financial Management Systems* (Jan. 19, 2024); Pub. L. No. 104-208, div. A, §101(f), title VIII, 110 Stat. 3009, 3009-389, reprinted as amended in 31 U.S.C. § 3512 note.