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#### **PROJECT ON GOVERNMENT OVERSIGHT**

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#### LETTER FROM THE CDI DIRECTOR



Dear Friends of CDI,

I want to thank you for your continued support for the Center for Defense Information, an institution that has endeavored since 1971 to deliver the greatest amount of security at the minimum cost. And while this objective should be above politics, partisanship and parochial interests, we find ourselves ever more divided, struggling to agree on a shared understanding of the hard truths confronting us. As I begin my tenure as director of CDI, I do so with a deep commitment to objective, verifiable observations and impartial analysis.

The coming year will bring profound trials to all three branches of government, with a new president, a new Congress, and a Supreme Court confronting challenges to the boundaries between each branch's authority. All three branches can benefit from an informed, assertive electorate. The Center for Defense Information, together with the broader POGO team, stand ready to contribute to these efforts through thorough research, groundbreaking investigations, insightful analysis, and policy recommendations and testimony respected by our champions on Capitol Hill.

Our work goes on, fighting a long trend of reduced transparency at the **Defense Department.** CDI will continue to push back against the Pentagon's increasingly common use of classification and now "confidential unclassified information" (CUI) to hide information from the public.

This issue of the *Defense Monitor* offers excerpts from investigations into the human elements of our nation's defense, congressional testimony on important though complex defense spending regulations, and analysis of the latest operational testing and evaluation report on the F-35.

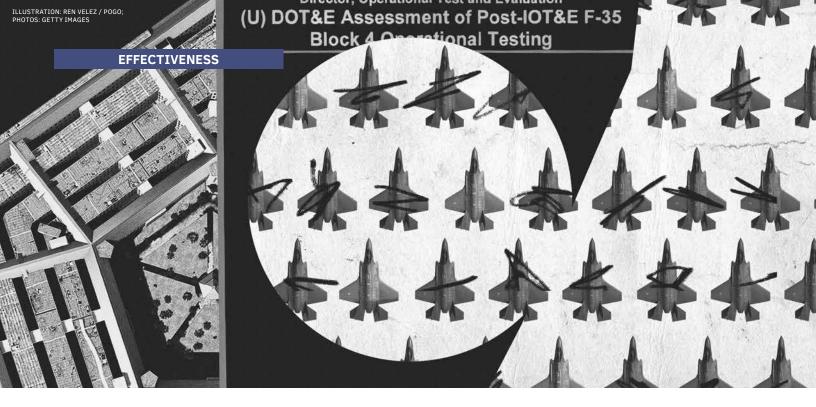
As we continue to spend hundreds of billions of dollars on overhauling our nuclear arsenal, it's critically important that we continue to insist that the Pentagon demonstrate that weapons work before we buy them in significant quantities. That will only happen if we continue to follow and strengthen the laws and regulations that guide our procurement processes. And acquiring the best weapons in the world will only matter if we have talented and inspired people to employ those weapons.

I am sincerely grateful for the support you've shown CDI over our half century of service and look forward to many more years of fighting for you and our people in uniform. We can't do it without you.

Sincerely,

Dry Williams

Greg Williams Director, Center for Defense Information



## F-35 Testing Report Reveals Problems with Production Decisions

The decision to enter full rate production on the flawed F-35 shows that current statutes do not support sufficient congressional oversight.

BY GREG WILLIAMS

recent Defense Department decision to approve full rate production of the troubled F-35 raises questions about whether Congress has the required access to the information they need to effectively oversee major defense acquisition programs and to challenge those that aren't ready for production. A highly classified report issued by the Director, Operational Test and Evaluation to assess the initial operational capabilities of the F-35 was made available only briefly to the Senate and House Armed Services Committees. Despite many deficiencies revealed in the report, DOD approved full rate

production about a month after its release. The deficiencies are apparent in even the heavily redacted version of the report obtained through the Freedom of Information Act by the Project On Government Oversight. These deficiencies include the following:

- Failure to meet key availability and reliability requirements
- Continued inaccuracy of the gun
- Excessive logistics footprint, especially for the Marine Corps variant
- Delays on promised improvements

The rapid approval despite serious unresolved issues highlights the need for more effective congressional oversight. Unfortunately, congressional staff seem to have had limited access to and very little time with the report in which to understand the state of the F-35 program. Further, the statutes don't explicitly provide Congress with a mechanism to object to a Pentagon decision to approve full rate production other than its power of the purse to decide how many to buy, and when.

About the Author: Greg Williams is the director of CDI at POGO.

 READ THE FULL ARTICLE ON OUR WEBSITE AT: pogo.org/ production-decisions

## It's Time for Congress to Challenge Years of Failed Pentagon Audits

Since our last issue, POGO has been invited to submit testimony to Congress three times. In September, CDI director Greg Williams called on Congress to strengthen its oversight of Pentagon spending and require a successful audit from the Department of Defense.

#### BY GREG WILLIAMS

ur organization has a long history of advocating for more transparent and accountable spending from the Pentagon. When we were founded in 1981, we were the Project on Military Procurement. We worked with Defense Department whistleblowers to expose some of the shocking wastefulness of past Pentagon budgets.

In the more than 40 years since, POGO has continued our work bringing accountability, transparency, and reason to Pentagon spending. We've partnered with members of Congress and administrations from both parties on reforms to improve how the Defense Department budget is determined, apportioned, and executed. And we've long recognized how Congress — as appropriator of the Pentagon budget and provider of critical oversight — plays a crucial role in enacting rational defense policy.

One important point of consensus between Democrats and Republicans and between Congress and the Pentagon is that the Department of Defense must be able to track its expenditures and assets in such a way that its effectiveness and efficiency can be measured by both the executive and legislative branches. This kind of quantitative, objective information is the necessary foundation for any serious debate on policy. Announcing the first Pentagon-wide audit in 2017, then-Comptroller of the Defense Department David L. Norquist got it right when he said, "It is important that the Congress and the American people have confidence in DoD's management of every taxpayer dollar."

At the time of that announcement, Norquist also committed to annual Pentagon audits starting in 2018, to be issued on November 15 of each year, which would allow the public to see where their Defense Department funding actually goes. Unfortunately, the Pentagon has never been able to make good on this commitment.

In FY 2023, it failed its sixth audit in a row. When asked to account for their share of nearly \$4 trillion in assets, 18 of 29 Pentagon components could not do so. Indeed, the problem has gotten marginally worse instead of better, with 62.1% of Pentagon components receiving a disclaimer of opinion on their FY 2023 audits (issued "when auditors were unable to obtain sufficient, appropriate evidence to provide an opinion on the financial statements") versus 61.5% in FY 2022. The problem is longstanding: DOD Financial Management has remained on the Government Accountability Office's High Risk list for 28 years.

This cannot continue. At POGO, we've long argued that to pit fiscal responsibility against national security is to offer a false choice. We can have a more effective military at a lower cost, but to do so will require an intentional effort from both the Pentagon and Congress. A closer look at a few concerning Pentagon programs offers a clear example of where we're going wrong and highlights the pressing need for acquisition reform.

- The Sentinel intercontinental ballistic missile (ICBM) program: This \$141 billion program, designed to replace our current ICBMs, has seen costs soar over 81% through its program cycle. Yet even absent reliable financial data, Congress's support for this program seems unwavering.
- The Constellation frigate program: This \$22 billion program is running three years behind schedule, a delay the Government

Accountability Office (GAO) attributes at least in part to "the Navy's decision to begin construction before the design was complete." As my colleague Dylan Hedtler-Gaudette recently testified, "Agreeing to a contract for a critical program like Constellation without first having a design for that program seems like, at best, acquisition and procurement malpractice."

 The F-35 Lightning II fighter program: At an investment of nearly \$2 trillion, the F-35 program has been so plagued by cost overruns, delays, and performance problems that there is not space to list them all here. At the same time, the Department of Defense inspector general identified the Joint Strike Fighter Program (the F-35) as one of 10 "weaknesses" in the FY 2022 audit:

The [Joint Strike Fighter, or] JSF Program Office was unable to verify the completeness and value of the JSF Program assets, and the assets were not in an accountable property system of record. Not only were the auditors unable to perform the necessary procedures to conclude on the JSF property balances, but they also could not quantify the extent of the misstatement.

If the Pentagon can't or won't track new, high-profile programs like the F-35, what hope is there for older, less scrutinized programs?

In this written testimony, I propose reforms that will increase accountability and transparency in Pentagon acquisition and procurement. POGO has advocated for these reforms before, most recently before the Subcommittee on National Security, the Border, and Foreign Affairs, and we see them as a first step toward more effective defense spending. We believe that each of these reforms has merit, and taken together they would constitute significant progress toward our goal of a strong, effective military at a significantly lower cost.

We encourage Congress and the Biden administration to take the following steps:

#### **Recommendations:**

- Enact legislation that requires a successful Defense Department audit and imposes penalties for failure to do so. An audit is not the end-all-be-all in terms of fiscal responsibility and budgetary best practice, but it is a necessary element of a broader reform effort. The fact that the Pentagon has failed audits for successive vears is emblematic of deeper. svstemic financial pain points. All DOD components finally passing audits could be the catalyst that gets the Department back on solid and sustainable financial footing while spotlighting key acquisition and procurement problems.
- Congress should more frequently and more assertively conduct oversight of Pentagon spending and programming, paying particular attention to which Pentagon components have clean audits. While acquisition and procurement problems plague the Pentagon itself, Congress has a vital role to play in monitoring how defense spending and policy are being implemented on the ground. In our view, Congress has not fulfilled this role sufficiently over the years. It is time to begin more regularly asking hard

questions and making hard choices through congressional oversight activities, especially for those DOD components without clean audits.

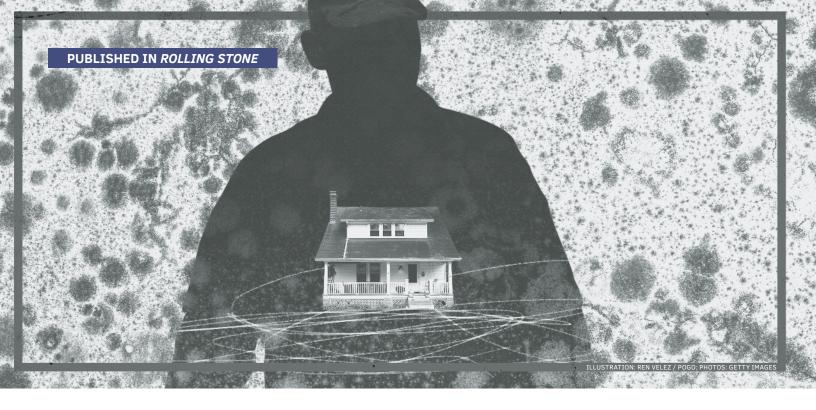
Congress should use the "power of the purse" to operationalize necessary changes. In addition to conducting rigorous, real-time oversight, Congress has a potent tool at its disposal: funding. This tool should be used more effectively and more often to compel cooperation and change behavior when it comes to the Pentagon's acquisition and procurement decision-making and execution, especially when major acquisitions and platforms fail to meet deadlines, exceed cost parameters, and generally over-promise and under-deliver.

It's clear that the Defense Department is not yet equipped to pass an audit on its own — it's time for Congress to step in and force the issue. The good news is that today, both the House and the Senate are considering bipartisan bills that would require a clean audit from the Pentagon.

The reforms suggested above are sensible, achievable steps that Congress can take to hold the Defense Department accountable and ensure that the tax dollars we dedicate to national security are actually working to keep us safe.

About the Author: Greg Williams is the director of CDI at POGO.

READ THE FULL
TESTIMONY AND ITS
SOURCES AT: pogo.org/
challenge-failed-audits



## "Operation Counter-Mold": The Hidden Battle in Military Homes

While CDI has long focused on procurement of military weapons systems and other equipment, our security depends on the well-being and readiness of the people in uniform employing those systems. POGO's recent investigation of mold in military housing, co-published with Rolling Stone, exposes the scale of the problem, and led to families featured in the investigation being contacted by officials to discuss new housing options on Fort Campbell.

#### BY RENÉ KLADZYK

n the weekends, Aubrey Metzler lets out her frustration with military housing by screaming at strangers in the haunted house where she works, playing the part of "lunatic." The 23-year-old mother of two has good reason to feel a little unhinged.

Metzler says her whole family has been sick ever since they moved into privatized military housing last spring on Fort Campbell, an Army base straddling the edge of Kentucky and Tennessee. Her 17-month-old son is so congested that he has trouble breathing. Her 2-year-old daughter often complains of headaches and stomach pain, and both kids can't use the tub in the upstairs bathroom without breaking out in hives. Her husband, an Army Private First Class, has recently been hospitalized for cluster migraines. Metzler herself throws up "every single day," and describes the family's housing challenges in a gravelly voice that's punctuated by coughs and sniffles. On top of all that, the stress over housing has taken a toll on Aubrey and her husband's mental health, she says, comparing her time working at the haunted house to "therapy."

Metzler thinks the cause of her family's health problems is mold, but she says it's been an uphill battle getting taken seriously. Military family housing at Fort Campbell is run by Campbell Crossing LLC, a development of the global real estate conglomerate Lendlease.

"Every time they tell me there's no mold, I find mold. Every time without fail," Metzler says.

About the Author: René Kladzyk is an investigator at POGO. This article was originally co-published with *Rolling Stone* on October 24, 2024.

> READ THE FULL
> INVESTIGATION AT: pogo.org/ operation-counter-mold



## **Thousands of Army Domestic Abuse Incidents Uncounted, Audit Shows**

In addition to mold, too many American soldiers and their loved ones are unsafe at home due to domestic abuse. Our June investigation found that thousands of incidents went uncounted in a review of just 10 of the Army's roughly 60 installations. The readiness and retention of our soldiers depend on our insistence that they and their families are safe in their own homes.

#### BY RENÉ KLADZYK

housands of domestic abuse cases involving soldiers are falling through the cracks, according to an Army audit report obtained by the Project On Government Oversight (POGO) through a Freedom of Information Act request. The report detailed Army failures in reporting domestic abuse incidents through required channels, significant inconsistencies in the data collected by the Army's tracking systems, and spotty enforcement of measures designed to prevent repeat offenses involving soldiers.

These failures are "outrageous," according to Josh Connolly, senior

vice president of Protect Our Defenders, a national advocacy organization that works to end sexual violence in the military. Connolly emphasized how hard it is for survivors to report domestic violence in the first place. "It's really galling when someone bravely comes forward to report this and then the appropriate measures and response doesn't happen," he said.

The Army's July 2023 audit report found that 1,962 domestic abuse incidents between fiscal years 2019 and 2021 weren't counted in one of the Army's two different information systems for tracking incidents of domestic abuse involving soldiers. Meanwhile, the report found that 2,294 domestic abuse incidents weren't recorded in the second tracking system used by the Army.

The findings represent just a fraction of the true potential scale of undercounting: Auditors limited their analysis of such incidents to a sample of 10 Army installations around the country. There are roughly 60 Army installations where soldiers live and work, according to an Army spokesperson.

#### READ THE FULL INVESTIGATION AT: pogo.org/ incidents-uncounted



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The Project On Government Oversight (POGO) is a nonpartisan independent watchdog that investigates and exposes waste, corruption, abuse of power, and when the government fails to serve the public or silences those who report wrongdoing. We champion reforms to achieve a more effective, ethical, and accountable federal government that safeguards constitutional principles.

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