

## National Security War Plan

Intelligence Brief: Pentagon Audit Failures, Cost Overruns & Duplicative Systems

### EXECUTIVE SUMMARY

This report examines defense spending data from DOD financial reports, contract databases, and GAO audits to document the Pentagon's persistent inability to account for trillions in assets, systematic weapons program cost overruns, and hundreds of billions in duplicative capability investments.

### Pentagon Audit Failures

DOD financial data confirms the Pentagon has failed its annual audit every year since mandatory audits began in 2018. The most recent audit covered \$3.8 trillion in assets and \$886 billion in budget authority — auditors issued a disclaimer of opinion on the department-wide financial statements, meaning they could not determine whether the numbers were accurate. Of 28 DOD reporting entities, only 7 received clean audit opinions. The department cannot fully account for \$1.9 trillion in end-of-year asset balances. DOD has spent over \$36 billion on financial system modernization since 2005, yet maintains 250+ separate financial systems that cannot reliably share data. The department's own Financial Improvement and Audit Remediation (FIAR) plan originally targeted a clean audit opinion by 2017 — a goal now deferred indefinitely.

## Weapons Program Cost Overruns

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Defense contract records compiled through SAR (Selected Acquisition Reports) reveal \$1.7 trillion in cumulative cost overruns across the top 20 major weapons programs. The F-35 Joint Strike Fighter alone accounts for \$165 billion in cost growth — a 78% increase over original estimates. The Nunn-McCurdy Act requires congressional notification when programs exceed cost baselines by 25%, yet 8 of the top 20 programs have breached this threshold and continued without restructuring. Average schedule delays across major defense acquisitions exceed 27 months. DOD's own Cost Assessment and Program Evaluation (CAPE) office has found that initial cost estimates for major programs are low by an average of 46%, suggesting systematic optimism bias in program justification.

## Duplicative Defense Systems

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GAO reports identify \$238 billion in duplicative defense systems with overlapping capabilities across service branches. These include 7 different close air support platforms, 4 parallel counter-drone programs, and 3 separate long-range strike programs being developed simultaneously. The National Defense Authorization Act requires joint capability assessments before new program starts, but GAO found 52% of new programs initiated without the required cross-service review. The Joint Requirements Oversight Council — designed to prevent duplication — approved 94% of service requests without modification. Budget data shows the cost of maintaining duplicative legacy systems while developing replacements consumes 23% of the procurement budget, crowding out modernization investments.

## Recommended Citizen Actions

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1. Search DOD contract data at [USAspending.gov](https://www.usaspending.gov) by weapon system or contractor.
2. Review Selected Acquisition Reports at [acq.osd.mil](https://acq.osd.mil) for cost growth on major programs.
3. Read GAO's annual 'Weapon Systems Annual Assessment' report at [gao.gov](https://www.gao.gov).
4. Track your congressional representatives' votes on defense authorization and appropriations.
5. Demand your representatives support the Audit the Pentagon Act requiring consequences for audit failures.
6. Follow the DOD Inspector General's reports at [dodig.mil](https://www.dodig.mil) for fraud and waste investigations.

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