

Sanders-Grassley Audit the Pentagon Act

Fact Sheet

The Pentagon is the only federal department in America that hasn't been able to pass an independent audit – decades after Congress required it to do so. The Audit the Pentagon Act would require each component in the Pentagon to pass an independent audit. Any component that fails to do so would have two percent of its budget returned to the Treasury for deficit reduction.

Pentagon Spending:

- According to the Stockholm International Peace Research Institute, the U.S. spent \$954 billion on defense in 2025, more than the combined \$905 billion spent by the next six highest-spending countries. Now, the Pentagon is asking Congress to consider a defense budget bill that would authorize roughly \$1.15 trillion in national defense spending, the Pentagon's largest budget request in history. Defense spending accounts for more than half of discretionary spending and about two-thirds of all federal contracting activity. The Pentagon obligates more money every year than all civilian federal agencies combined – it should be held to the same level of accountability as the rest of the government.

Failure to Pass an Audit:

- Since the early 1990s, federal law has required audits for all government agencies. Since 2018, when the Pentagon underwent its first full agency-wide audit, every other major federal agency has been able to meet that requirement. DOD has now failed eight consecutive audits. In its most recent audit, covering fiscal year 2025, DOD was unable to fully account for \$4.65 trillion in assets and \$4.7 trillion in liabilities, and auditors identified 26 material weaknesses and two significant deficiencies in the department's financial controls.
- The Pentagon has not made sufficient progress or shown proper urgency to address these problems. GAO has made 17 recommendations across three Pentagon fraud risk management reports since 2019, 13 of which remained unimplemented as of May 2025. The Pentagon has set a goal of achieving a clean audit by fiscal year 2028, but its own acting comptroller has said reaching that goal will require a significant acceleration of current reform efforts.

Examples of Waste, Fraud, and Abuse:

- The need for this audit is clear. In April 2025, the Government Accountability Office (GAO) added fraud risk management at the Pentagon to its High-Risk List, finding that the department had confirmed \$10.8 billion in fraud between fiscal years 2017 and 2024 alone – an amount GAO warned reflects only a small fraction of the Pentagon's actual fraud exposure. Defense contractors continue to routinely overcharge the Pentagon – and the American taxpayer – by nearly 40-50 percent, sometimes as high as 4,451 percent, according to CBS News reporting. Of the five military service branches, only the Marine Corps has ever passed a clean audit, doing so in 2023 and 2024.
- The audit process is beneficial for taxpayers. Each year, auditors find billions of dollars in the Pentagon's proverbial couch cushions. Over the last two fiscal years, Navy audits identified \$4.3 billion in previously untracked equipment and supplies, making those items available for requisition and operational use, while the Air Force used machine learning to identify \$653 million in obligations that could be applied to preserve future buying power.

It is time to hold the Pentagon to the same level of accountability as the rest of the government. If Pentagon agencies can't pass a clean audit in a reasonable amount of time, they won't get all of their appropriations. This is the only way to ensure results and hold the Pentagon accountable for decades of financial mismanagement.