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Has Our Government Spent \$21 Trillion Of Our Money Without Telling Us?



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Retirement

I am co-authoring this column with Mark Skidmore, a Professor of Economics at Michigan State University.

“No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.” ~ Article I, Section 9, Clause 7, The US Constitution

On July 26, 2016, the Office of the Inspector General (OIG) issued a report “Army General Fund Adjustments Not Adequately Documented or Supported”. The report indicates that for fiscal year 2015 the Army failed to provide adequate support for \$6.5 trillion in journal voucher adjustments. [According](#) to the GAO's Comptroller General, "Journal vouchers are summary-level accounting adjustments made when balances between systems cannot be reconciled. Often these journal vouchers are unsupported, meaning they lack supporting documentation to justify the adjustment or are not tied to specific accounting transactions.... For an auditor, journal vouchers are a red flag for transactions not being captured, reported, or summarized correctly."

(Note, after Mark Skidmore began inquiring about OIG-reported unsubstantiated adjustments, the OIG's webpage, which documented, albeit in a highly incomplete manner, these unsupported "accounting adjustments," was mysteriously taken down. Fortunately, Mark copied the July 2016 report and all

other relevant OIG-reports in advance and reposted them [here](#). Mark has repeatedly tried to contact Lorin Venable, Assistant Inspector General at the Office of the Inspector General. He has emailed, phoned, and used LinkedIn to ask Ms. Venable about OIG's disclosure of unsubstantiated adjustments, but she has not responded.)

Given that the entire Army budget in fiscal year 2015 was \$120 billion, unsupported adjustments were 54 times the level of spending authorized by Congress. The July 2016 report indicates that unsupported adjustments are the result of the Defense Department's "failure to correct system deficiencies." The result, according to the report, is that data used to prepare the year-end financial statements were unreliable and lacked an adequate audit trail. The report indicates that just 170 transactions accounted for \$2.1 trillion in year—end unsupported adjustments. No information is given about these 170 transactions. In addition many thousands of transactions with unsubstantiated adjustments were, according to the report, removed by the Army. There is no explanation concerning why they were removed nor their magnitude. The July 2016 report states, "In addition, DFAS (Defense Finance and Accounting Service) Indianapolis personnel did not document or support why DDFS (The Defense Department Reporting System) removed at least 16,513 of 1.3 million feeder file records during the Third Quarter."

An appendix to the July 2016 report shows \$2 trillion in changes to the Army General Fund balance sheet due to unsupported adjustments. On the asset side, there is \$794 billion increase in the Army's Fund Balance with the U.S. Treasury. There is also an increase of \$929 billion in the Army's Accounts Payable. This information raises additional major questions. First, what is the source of the additional \$794 billion in the Army's Fund Balance? This adjustment represents more than six times appropriated spending. Second, do these transfers represent a flow of funds to the Army beyond those authorized by Congress? Third, were these funds authorized and if so when and by whom? Fourth, what is the source of these funds? Finally, the \$929 billion in Accounts Payable appears to represent an amount owed for items or services purchased on credit. What entities have received or will receive payment?

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The July 2016 report is not the only such report of unsubstantiated adjustments. Mark Skidmore and Catherine Austin Fitts, former Assistant Secretary of Housing and Urban Development, conducted a search of government websites and found similar reports dating back to 1998. While the documents are incomplete, original government sources indicate **\$21 trillion** in unsupported adjustments have been reported for the Department of Defense and the Department of Housing and Urban Development for the years 1998-2015.

While government budgets can be complex, our government, like any business, can track receipts and payments and share this information in ways that can be understood by the public. The ongoing occurrence and gargantuan nature of unsupported, i.e., undocumented, U.S. federal government expenditures as well as sources of funding for these expenditures should be a great concern to all tax payers.

Taken together these reports point to a failure to comply with basic Constitutional and legislative requirements for spending and disclosure. We urge the House and Senate Budget Committee to initiate immediate investigations of unaccounted federal expenditures as well as the source of their payment.

PS, On December 11, 2017 we learned that the key documents had been reposted on the OIG website, but with different URLs. On October 5, 2017 we discovered that the link to the report “Army General Fund Adjustments Not Adequately Documented or Supported” had been disabled. Within a several days, the links to other OIG documents we identified in our search were also disabled. The sequential non-random nature of this disabling process suggests a purposeful decision on the part of OIG to make key documents unavailable to the public via the website, as opposed to website reorganization, etc. We also revisited the website intermittently to see whether the documents had been reposted under different URLs—until very recently they had not been reposted. The OIG link to

the most report “Army General Fund Adjustments Not Adequately Documented or Supported”, which indicates \$6.5 trillion in unsupported adjustments, can now be found [here](#): We are currently searching the OIG website for the other reports and will share the links [here](#) once we have completed the search.

I am a professor of economics at Boston University, a Fellow of the American Academy, a Research Associate of the NBER, and President of Economic Security Planning, Inc. -- a company that markets personal financial planning tools at [maxifiplanner.com](#), [maximizemysocialsecurit...](#) MORE

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Social Progress Requires Stronger Measurement & Collaboration

Deloitte.

David Cruickshank Brand Contributor

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As global economic growth continues unabated for another year, it warrants the question of why so many in societies around the world feel as if progress has not reached them. If global GDP per capita is rising, why is it that societal gains and social progress are not rising in parallel?

As the United Nations General Assembly gathers, driving faster social progress is expected to be a noteworthy aspect of the agenda. A new wave of CEO activism has demonstrated that increasingly business, alongside government and civil society have an active role to play to fuel collaborative solutions to address today's most pressing societal challenges.