

Just a Little Sloppy Record-Keeping? The Pentagon's \$35 Trillion 'Accounting Black Hole'

By [Zero Hedge](#)

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Over the past two weeks of coronavirus headlines and heightened global anxiety, along with impeachment coverage and after over the Super Bowl weekend Americans huddled in living rooms in blissful oblivion, a story which in more normal times would be front and center has gone largely unnoticed. To be sure, the Pentagon couldn't be happier that this bombshell has taken a [back burner in global headlines](#):

The Pentagon made \$35 trillion in accounting adjustments last year alone — a total that's larger than the entire U.S. economy and underscores the Defense Department's continuing difficulty in balancing its books.

The latest estimate is up from \$30.7 trillion in 2018 and \$29 trillion in 2017, the first year adjustments were tracked in a concerted way, according to Pentagon figures and a lawmaker who's pursued the accounting morass.

It sounds more appropriately news out of *The Onion* or *Babylon Bee* given this is *Trillions* and not just billions — though that itself would have been remarkable enough. Naturally, the first and only question we should start with is: how is this even possible?

After all, \$35 trillion is about one-and-a-half times the size of the entire US economy. Not to mention that the figure easily dwarfs the GDP of the entire combined nations of the European continent. Consider too that the current actual US budge for defense-related funding is \$738 billion.

"Within that \$30 trillion is a lot of double, triple, and quadruple counting of the same money as it got moved between accounts," Todd Harrison, a Pentagon budget expert with the Center for Strategic and International Studies, told Bloomberg in a recent report.

But are we really to believe that mere "combined errors, shorthand, and sloppy record-keeping by DoD accountants" — as another analyst was quoted as saying — can explain a [\\$35 Trillion accounting black hole](#)?

According to the DoD, there's [nothing to see here](#)...

The Defense Department acknowledged that it failed its first-ever audit in 2018 and then again last year, when it reviewed \$2.7 trillion in assets and \$2.6 trillion in liabilities. While auditors found no evidence of fraud in the review of finances that Congress required, they flagged a laundry list of problems,

including accounting adjustments.

With tax season now fast approaching, it's not too comforting to know the Pentagon enjoys over half of all discretionary domestic spending for its global war machine in maintenance of ~~our humble Republic~~ Empire.

Bloomberg attempted to get a handle on it further in explaining, "The military services make adjustments, some automatic and some manual, on a monthly and quarterly basis, and those actions are consolidated by the Pentagon's primary finance and accounting service and submitted to the Treasury."

"There were 546,433 adjustments in fiscal 2017 and 562,568 in 2018, according to figures provided by Representative Jackie Speier, who asked the Government Accountability Office to investigate," the report added.

Spokeswoman for the Pentagon's inspector general, Dwrena Allen, downplayed what to most Americans will sound like the makings of an explosive scandal. "In layman's terms, this means that the DoD made adjustments to accounting records without having documentation to support the need or amount for the adjustment," [she said](#).

And for further perspective on the DoD's "defense" of [the beggars belief figure](#):

"It means money that DoD moved from one part of the budget to another," Clark explained to Task & Purpose. "So, like in your household budget: It would be like moving money from checking, to savings, to your 401K, to your credit card, and then back."

However, \$35 trillion is close to 50-times the size of the Pentagon's 2019 budget, so that means every dollar the Defense Department received from Congress was moved up to 50 times before it was actually spent, Clark said.

"Trillions" explained away by a little benign neglect of simple documentation?

Of course, in the real world outside the halls of government and of largely unchecked power, a mere single trillion would be enough send people to jail. Here we're talking \$30+ trillion and it appears this gaping accounting black hole bigger than most of the world's past and future economies will itself be memory holed and explained away as being but the minor errors of some DoD pencil-pushers, apparently.

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