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The Pentagon's Accountability Problem

Speaking of welfare abuse—and who isn't—have you heard about the \$13 billion the government handed out over the past decade but doesn't know where it went or to whom? Then there's the \$6 billion spent in excess of what Congress authorized.

The welfare recipients who have taken this money and run—or lazed about or bought Cadillacs, as it is derisively said of poor people—are in a category of their own. They are military contractors. Their welfare agency is the largest of them all, the Department of Defense, which has a defense against enemies great and small except the one within: fiscal stupidity and indifference.

Some of the details of this welfare abuse were revealed May 16 before the Senate Armed Services subcommittee on readiness. It wasn't much of a hearing: just a half-day of testimony from a Pentagon undersecretary and the head of the General Accounting Office, a few senators and not much in the national media that evening or the next day.

If \$19 billion in lost or untracked tax money had been dispensed by the Department of Education on mismanaged reading programs or if this were \$19 billion that vaporized in the Medicare or food stamp bureaucracy, no hearing room would have been large enough to hold the media and outraged public, no time limit on hearings would have been imposed and no senator's publicist would have passed up the chance to paper Washington with the boss's deplorings of bureaucrats, welfare cheats and, for sure, liberals.

But this was the Pentagon—the Department of Giveaways—and its dollar-mates, military contractors and their rent-a-general execs. Both givers and takers are on permanent dispensations from standards of competence, accountability and honesty that apply elsewhere.

At the hearings, Charles A. Bowsher of the GAO ran through what he called the Pentagon's "serious problem of not being able to properly match disbursements with obligations." Pentagon overpayments, flawed contracts, duplicative business practices, shoddy or no record-keeping and multiple payroll systems have meant that the money might as well have been thrown out of airplanes for all anyone knew where it went.

On such a routine matter as travel, Bowsher reported that the Pentagon has "over 700 processing centers, 1,300 pages of regulations and . . . some 40

steps to get travel approval and reimbursement. The result: DOD spent over 30 percent of each travel dollar on administrative cost. By contrast, companies with the best travel processes have one disbursing center . . . and 10 or fewer process steps. These companies spend as little as 1 percent of their travel dollar on administrative costs."

According to John Hamre, the Pentagon undersecretary and comptroller, each month the Pentagon deals with 2.5 million invoices and 10 million paychecks. He spun: "It isn't that we have wicked people trying to screw up, it's that we have a system that's so error-prone that good people working hard are going to make mistakes."

In the past 18 months, the hard-working good folk at the Pentagon have miscalculated Hamre's paycheck six times.

Because no wicked people are involved in the missing billions, no mention was made of firings, much less possible indictments. On the issue of "problem disbursements," Hamre was the model of managerial thoughtfulness. It is too late or too burdensome to go back and see what or who went awry: "I decided to suspend, on a one-time basis, the requirement to research old transactions." To DOD's contractor buddies, the message, unlike the money, was not lost: Relax, we're good people, you're good people. It was "the system."

Hamre reassured Congress that the era of reform is here: "The department has refined and advanced its blueprint to eliminate its long-standing financial management problems."

Sure. In his 1989 book "The Pentagonists: An Insider's View of Waste, Mismanagement, and Fraud in Defense Spending," A. Ernest Fitzgerald wrote that the military's rote reaction to scandal is to promise reform, pledge self-policing and spout Caspar Weinberger's favorite cliché about the "few bad apples in any barrel." And then go back to writing checks.

Down the hall on the same day from the hearing on the missing billions was another Senate Armed Services panel reaching for its appropriations pen—debating a \$60 billion contract to build 30 attack submarines for the Navy. To attack who? Russia.

It was a day of symmetry: one Senate committee looking for phantom money and another pondering a phantom enemy.