**DOD FINANCIAL MANAGEMENT**

**Actions Under Way Need to Be Successfully Completed to Address Long-standing Funds Control Weaknesses**

**Why GAO Did This Study**

GAO, the DOD Inspector General (IG), and others have reported on DOD’s inability to provide effective control over the use of public funds (i.e., funds control). Funds control requires obligations and expenditures to comply with applicable law. Funds control weaknesses have prevented DOD from reporting reliable financial information, including information on the use of public funds, results of operations, and financial statements, and put DOD at risk of overobligating and overexpending its appropriations in violation of the Antideficiency Act (ADA).

GAO was asked to review the status of DOD’s efforts to address its funds control weaknesses. GAO’s objectives were to determine the (1) extent of reported weaknesses in DOD’s funds control and their effect and (2) status of DOD’s corrective actions to address known weaknesses. GAO analyzed 333 GAO, DOD IG, and military department audit reports; DOD reports of ADA violations; and selected DOD financial reports. GAO also examined DOD actions to address audit findings and ADA violations, including actions under DOD’s FIAR Plan, and discussed corrective actions on funds control weaknesses with DOD and military department auditors and financial managers.

**What GAO Found**

GAO’s analysis of 333 reports related to Department of Defense (DOD) funds control, issued in fiscal years 2007 through 2013, identified over 1,000 funds control weaknesses related to (1) training, supervision, and management oversight; (2) proper authorization, recording, documentation, and reporting of transactions; and (3) business system compliance with federal laws and accounting standards. Many of the reports GAO reviewed included multiple findings.

**Reported DOD Funds Control Weaknesses by Major Category**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training, supervision, and oversight</td>
<td>282</td>
</tr>
<tr>
<td>Transaction controls</td>
<td>658</td>
</tr>
<tr>
<td>Business system controls</td>
<td>66</td>
</tr>
</tbody>
</table>

**What GAO Recommends**

GAO is not making recommendations in this report because DOD already has numerous actions under way to address funds control weaknesses. DOD stated that it appreciates GAO’s review and that past deficiencies have informed actions it has under way to address its funds control weaknesses.

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**Sustained leadership commitment will be critical to achieving success.**