



# DOD and HUD \$21 Trillion Missing Money: Report & Supporting Documentation



*"No money shall be drawn from the treasury, but in consequence of appropriations made by law; and a regular statement and account of receipts and expenditures of all public money shall be published from time to time." ~ Article I, Section 9, Clause 7, U.S. Constitution*

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## September 2017 Report

Solari Report: [Interview with Dr. Mark Skidmore, Thursday, September 28, 2017](#)

[Summary Report on "Unsupported Journal Voucher Adjustments" in the Financial Statements of the Office of the Inspector General for the Department of Defense and the Department of Housing and Urban Development.](#)

### Dr. Mark Skidmore

Mark is professor of economics and agricultural, food and resource economics at Michigan State University, where he holds the Morris Chair in State and Local Government Finance and Policy. He received his doctorate in economics from the

University of Colorado in 1994, and his bachelor's degree in economics from the University of Washington in 1987. Mark is Co-editor of the Journal of Urban Affairs. His website is Lighthouse Economics at <https://mark-skidmore.com/>

### **Catherine Austin Fitts**

Catherine is the president of Solari, Inc., publisher of the Solari Report, and managing member of Solari Investment Advisory Services, LLC. She served as managing director and member of the board of directors of the Wall Street investment bank Dillon, Read & Co. Inc., as Assistant Secretary of Housing and Federal Housing Commissioner at the US Department of Housing and Urban Development in the first Bush Administration, and was the president of Hamilton Securities Group, Inc. Her experience on Wall Street and Washington is described in her book [Dillon Read & Co. & the Aristocracy of Stock Profits](#). Catherine graduated from the University of Pennsylvania (BA), the Wharton School (MBA).

## **Update – October 5, 2017**

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.

## **Update – December 11, 2017**

On December 11, 2017, we learned that key documents had been reposted on the OIG website, but with different URLs. Documents now appear to be reposted on new URLs. As we find the new URLs we are adding them in the footnotes entitled “new link” next to the original link.

## **Update – December 12, 2017**

Subsequent to the publication of Dr. Skidmore's report, the Office of the Inspector General at the Department of Defense (DOD) and the Department of Housing and Urban Development (HUD) took reports off line, consequently our primary links in the table below are to the same documents posted on our website. We have preserved the original DOD and HUD links in the footnotes – if they result in a 404 error or not found message, this indicates they were taken down or moved subsequent to publication.

## Update – June 6, 2018

**Update on the \$21 Trillion in Unsupported Adjustments at the Department of Housing and Urban Development and the Department of Defense**

## Update – September 18, 2018

Early this year the Pentagon announced that it was conducting its first ever independent audit. However, several months after beginning the audit, the government accepted the recommendations of the Federal Accounting Standards Board: <https://fas.org/sgp/news/2018/07/fasab-review.pdf> (see page 3 for a summary). The statement allows government officials to misstate and move funds around to hide expenditures if it is deemed necessary for national security purposes, and the rule applies to all agencies, not just the black budget. Here is an excerpt from the report:

This Statement permits modifications that do not affect net results of operations or net position. In addition, this Statement allows a component reporting entity to be excluded from one reporting entity and consolidated into another reporting entity, and the effect of the modification may change the net results of operations and/or net position.

From this statement, it seems that only a few people with high level security clearances have the authority to determine what is a national security issue and these same people will now be allowed to restate financial reports to hide activity. No one but those few people would ever know that expenditures on activity A are hidden in completely different area of government. What good is an independent audit if authorities are allowed to move expenditures around with no transparency?

How can one conduct evaluation of the any portion of the federal budget under such an arrangement? How is this policy in compliance with financial reporting laws or Constitutional requirements for reporting on government spending to the citizens of the United States?

## **Update – December 12, 2018**

On October 4, 2018 federal government officials accepted the recommendation of the [Federal Accounting Standards Advisory Board \(FASAB\)](#) that the government be allowed to misstate and move funds in order to hide expenditures if it is deemed necessary for national security purposes. The new guidelines are to apply to all agencies, not just the black budget. See page 3 of the [July 2018 FASAB report](#) for a summary of the proposed recommendations and see [here](#) for more detail. See [here](#) for the final statement – *Statement of Federal Financial Accounting Standards 56*.

With the change in accounting guidelines, which is a full departure from Generally Accepted Accounting Principles (GAAP), only a few people with high level security clearances have the authority to determine what is deemed a national security issue and these same people will now be allowed to restate financial reports in order to conceal actual expenditures without any disclosure. No one but those few people would know that such modifications were made, thus making evaluation of government financial statements impossible. From this point forward, the federal government will keep two sets of books, one modified book for the public and one true book that is hidden.

The FASAB recommendation effectively institutionalizes non-transparency in federal financial reporting. While many aspects of federal finances are non-transparent now because government has failed to comply with existing financial reporting laws, at least citizens had the laws working in their favor. Now citizens have no recourse; non-transparency is going to proceed as a matter of executive branch authority and policy.

Accounting rules are often thought of as boring and of secondary importance. However, this particular change has enormous implications and yet few citizens are aware. People should know about these changes so they have an opportunity to voice their concerns and reverse the decision.

## Update – February 8, 2019

Dr. Skidmore prepared a new report on the U.S. Federal debt with Catherine’s input—it includes updates and new information subsequent to the 2018 updates to the original report and so is linked here: [Should We Care about Secrecy in Financial Reporting?](#)

## Update – May 2020

For the May 2020 update see [here](#).

## Update – August 2020

For the August 2020 update see [here](#).

## Supporting DOD and HUD Documentation

Year	DOD	Government Source Document
2018	Unspecified	<a href="#">See Here</a>
2017	Unspecified	<a href="#">See All Pages (#'s 100% Redacted)</a>
2016	Unspecified	<a href="#">See Page #78<sup>[39]</sup></a>
2015	Unspecified	<a href="#">See Page #83<sup>[37]</sup></a> , <a href="#">See Page #59, 78<sup>[38]</sup></a>
2014	Unspecified	<a href="#">See Page #59, 79<sup>[2]</sup></a>
2013	Unspecified	<a href="#">See Page #81, #101<sup>[3]</sup></a>
2012	Unspecified	<a href="#">See Page #84, #104<sup>[4]</sup></a>
2011	Unspecified	<a href="#">See Page #73<sup>[5]</sup></a>
2010	Unspecified	<a href="#">See Page #8, #9<sup>[6]</sup></a>
2009	Unspecified	<a href="#">See Page #28<sup>[7]</sup></a>
2008	Unspecified	<a href="#">See Page #49<sup>[8]</sup></a>

2007	Unspecified	<a href="#">See Page #46</a> <sup>[9]</sup>
2006	Unspecified	<a href="#">See Page #178</a> <sup>[10]</sup>
2005	Unspecified	<a href="#">See Page #18, #50, #296</a> <sup>[11]</sup>
2004	Unspecified	<a href="#">See Page #19</a> <sup>[12]</sup>
2003	Unspecified	<a href="#">See Page #2</a> <sup>[13]</sup>
2002	Unspecified	<a href="#">See Page #2</a> <sup>[14]</sup>
2001	Unspecified	<a href="#">See Page #2</a> <sup>[15]</sup>
	\$1.1 trillion	
2000	(includes \$320.8 billion from Air Force)	<a href="#">See Page #1</a> <sup>[16]</sup> <a href="#">See Page #147</a> <sup>[36]</sup>
1999	\$2.3 trillion	<a href="#">See Page #9</a> <sup>[17]</sup>
1998	\$1.7 trillion	<a href="#">See Page #5</a> <sup>[18]</sup>

<b>Year</b>	<b>DOD Army</b>	<b>Government Source Document</b>
2015	\$6.5 trillion	<a href="#">See Page #1</a> <sup>[24]</sup>
2014		
2013		
2012	\$110.9 billion	<a href="#">See Page #91</a> <sup>[25]</sup>
2011	\$14.6 billion	<a href="#">See Page #100</a> <sup>[26]</sup>
2010	\$874.8 billion	<a href="#">See Page #4</a> <sup>[40]</sup>
2009	\$311.3 billion	<a href="#">See Page #88</a> <sup>[28]</sup>
2008	\$595.8 billion	<a href="#">See Page #91</a> <sup>[29]</sup>
2007	\$1.1 trillion	<a href="#">See Page #5</a> <sup>[41]</sup>
2006	\$270.1 billion	<a href="#">See Page #107</a> <sup>[30]</sup>

2005	\$248.5 billion	<a href="#">See Page #140, #141</a> <sup>[11]</sup>
2004	\$258.1 billion	<a href="#">See Page #125</a> <sup>[32]</sup>
2003	\$268.3 billion	<a href="#">See Page #191</a> <sup>[33]</sup>
2002	\$500.1 billion	<a href="#">See Page #232</a> <sup>[34]</sup>
2001		
2000	\$361.5 billion	<a href="#">See Page #168</a> <sup>[35]</sup>
1999		
1998		

<b>Year</b>	<b>DOD Navy</b>	<b>Government Source Document</b>
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- 2015
- 2014
- 2013
- 2012
- 2011
- 2010
- 2009
- 2008
- 2007
- 2006
- 2005
- 2004
- 2003
- 2002

2001

2000      \$161.6 billion      [See Page #4<sup>\[42\]</sup>](#)

1999

1998      \$880 billion      [See Page #1<sup>\[43\]</sup>](#)

<b>Year</b>	<b>DOD Air Force</b>	<b>Government Source Document</b>
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2015	\$90.2 billion	<a href="#">See Page #8<sup>[44]</sup></a>
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2014

2013

2012	\$1.6 trillion	<a href="#">See Page #4<sup>[44]</sup></a>
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2011

2010

2009	\$1.4 trillion	<a href="#">See Page #8<sup>[45]</sup></a>
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2008

2007

2006

2005

2004

2003	Unspecified	<a href="#">See Page #41<sup>[46]</sup></a>
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2002	Unspecified	<a href="#">See Page #150<sup>[47]</sup></a>
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2001	Unspecified	<a href="#">See Page #70<sup>[48]</sup></a>
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2000	\$320 billion	<a href="#">See Page #147<sup>[36]</sup></a>
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1999

1998

<b>Year</b>	<b>HUD</b>	<b>Government Source Document</b>
2015	\$278.5 billion	<a href="#">See Page #4<sup>[19]</sup></a>
2014	\$1.9 billion	<a href="#">See Page #5<sup>[20]</sup></a>
2013		
2012		
2011		
2010		
2009		
2008		
2007		
2006		
2005		
2004		
2003		
2002		
2001		
2000		
1999	\$59.6 billion	<a href="#">See Page #4<sup>[22]</sup></a>
1998	\$17.6 billion	<a href="#">See Page #4<sup>[22]</sup></a>

### **Related Reading:**

- [\\$4 Trillion + Missing Money: What's the Action?](#)
- [The Financial Coup d'État & Missing Money: Links](#)
- [The Financial Coup & Missing Money: Quotes](#)
- [DOD Inspector General SemiAnnual Report to Congress: 10/1/16-3/31/17](#)

## FOIA Request

[FOIA Request](#)

[Response to FOIA Request](#)

### Original Sources:

Note: 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. Documents now appear to be reposted on new URLs. As we find the new URLs we are adding them in the footnotes below.

Old Link: 1. [2015 Semiannual Report to Congress, DOD](#) Click here for [\(New Link\)](#)

Old Link: 2. [2014 Agency Financial Report, DOD](#) Click here for [\(New Link\)](#)

Old Link: 3. [2013 Agency Financial Report, DOD](#) Click here for [\(New Link\)](#)

Old Link: 4. [2012 Agency Financial Report, DOD](#) Click here for [\(New Link\)](#)

Old Link: 5. [2011 Agency Financial Report, DOD](#) Click here for [\(New Link\)](#)

Old Link: 6. [2010 Testimony of the Deputy Inspector General, DOD](#) Click here for [\(New Link\)](#)

Old Link: 7. [2009 Agency Financial Report, DOD](#) Click here for [\(New Link\)](#)

Old Link: 8. [2008 Agency Financial Report, DOD](#) Click here for [\(New Link\)](#)

Old Link: 9. [2007 Agency Financial Report, DOD](#) Click here for ([New Link](#))

Old Link: 10. [2006 Performance and Accountability Report, DOD](#) Click here for ([New Link](#))

Old Link: 11. [2005 Performance and Accountability Report, DOD](#) Click here for ([New Link](#))

Old Link: 12. [2004 Performance and Accountability Report, DOD](#) Click here for ([New Link](#))

Old Link: 13. [2003 Performance and Accountability Report, DOD](#) Click here for ([New Link](#))

14. [2002 Testimony from the Office of the Inspector General, DOD](#)

15. [2001 Agency Financial Report, DOD](#)

Old Link: 16. [2000 Testimony of the Inspector General, DOD](#) Click here for ([New Link](#))

Old Link: 17. [1999 Testimony of the Inspector General, DOD](#) Click here for ([New Link](#))

Old Link: 18. [1998 Testimony of the Inspector General, DOD](#) Click here for ([New Link](#))

Old Link: 19. [2017 Testimony of David A. Montoya, Inspector General, HUD](#) Click here for ([New Link](#))

Old Link: 20. [2016 Testimony of David A. Montoya, Inspector General, HUD](#) Click here for ([New Link](#))

21. [2002 Statement of Kenneth M. Donohue, Inspector General, HUD](#)

22. [1999 Statement of Susan Gaffney, Inspector General, HUD](#)

23. <http://www.gao.gov/assets/670/668739.pdf>

Old Link: 24. [Army General Fund Adjustments Not Adequately Documented or Supported](#) Click here for ([New Link](#))

25. [2012 United States Army Annual Financial Statement, DOD](#)

26. [2011 United States Army Annual Financial Statement, DOD](#)

27. [2010 United States Army Annual Financial Statement, DOD](#)

28. [2009 United States Army Annual Financial Statement, DOD](#)

29. [2008 United States Army Annual Financial Statement, DOD](#)

30. [2006 United States Army Annual Financial Statement, DOD](#)

31. [2005 United States Army Annual Financial Statement, DOD](#)

32. [2004 United States Army Annual Financial Statement, DOD](#)

33. [2003 United States Army Annual Financial Statement, DOD](#)

34. [2002 United States Army Annual Financial Statement, DOD](#)

35. [2000 United States Army Annual Financial Statement, DOD](#)

36. [2000 United States Air Force Annual Financial Statements, Secretary of Defense](#)

Old Link: 37. [2015 Semiannual Report to Congress, Office of the Inspector General, DOD](#) Click here for ([New Link](#))

38. [2015 Agency Financial Report, Financial Section, DOD](#)

39. [Agency Financial Report, Financial Section, DOD](#)

Old Link: 40. [Defense Departmental Reporting System-Budgetary Was Not Effectively Implemented for the Army General Fund, DOD](#) Click here for ([New Link](#))

Old Link: 41. [Internal Controls over FY 2007 Army Adjusting Journal Vouchers, Office of Inspector General, DOD](#) Click here for ([New Link](#))

Old Link: 42. [Navy General Fund Audit Report, Office of Inspector General, DOD](#) Click here for ([New Link](#))

Old Link: 43. [Navy General Fund Financial Statements](#) Click here for ([New Link](#))

Old Link: 44. [Followup Audit: Additional Actions Needed to Effectively Provide Complete Audit Trails for Air Force Journal Vouchers](#) ([New Link](#))

Old Link: 45. [Deficiencies in Journal Vouchers That Affected the FY 2009 Air Force General Fund Statement of Budgetary Resources, Office of Inspector General, DOD](#) Click here for ([New Link](#))

46. [FY 2003 United States Air Force Annual Financial Statements, Secretary of Defense](#)

47. [FY 2002 United States Air Force Annual Financial Statements, Secretary of Defense](#)

48. [FY 2001 United States Air Force Annual Financial Statements, Secretary of Defense](#)

# CASE #861

Playwright Render

## SOURCE URL

<https://missingmoney.solari.com/dod-and-hud-missing-money-supporting-documentation/>

## DOMAIN

missingmoney.solari.com

## CASE ID

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## CONTEXT FROM ORIGINAL DOCUMENT

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