



MESSAGE FROM THE SECRETARY OF DEFENSE

November 15, 2024

The Department of Defense has a duty to make the best use of taxpayer dollars. The United States Department of Defense Agency Financial Report Fiscal Year 2024 evaluates our management of these vital resources. While we have made real progress in our annual audit, there are several areas where we need to work harder and achieve better results. I am deeply committed to transparency and responsible stewardship of taxpayer funds, both central to our mission to defend our country.

The Department remains focused on three core priorities: defending the United States, taking care of our people, and succeeding through teamwork. Over the past year, we have supported our partners in Ukraine, Taiwan, and Israel; deterred aggression against the United States and our allies; invested in innovation and our defense industrial base; provided pay raises; and expanded support to our outstanding Service members and their families.

Our security at home and leadership around the world rely on the skill and the dedication of our men and women. I am proud to lead the best team in the business of defense, and we will continue to provide it with the resources and support our members need and deserve.

The Department is a global enterprise, operating across more than 4,000 sites in over 160 countries, employing approximately three million Service members and civilians. We are modernizing our financial systems for accounting and pushing hard to ensure we can stand up to a rigorous audit. We are committed to achieving an unmodified (clean) financial statement audit opinion by the end of 2028, as mandated by the National Defense Authorization Act for Fiscal Year 2024. We are determined to reach this milestone. I have zero tolerance for fraud, waste, and abuse — in the Pentagon or elsewhere in the Department.

This report identifies areas where we have fallen short and offers recommendations for improvement. The Independent Auditor's Report outlines the results of this year's audit and suggests ways to more swiftly achieve a clean audit, including documenting business processes and strengthening internal controls. We look forward to drawing on the audit's findings.

During fiscal year 2024, we made significant strides by committing to four key audit remediation priorities: reconciling our balances with the U.S. Treasury, strengthening our internal control environment, creating an authoritative database to capture all accounting system transactions, and optimizing asset valuation. In fiscal year 2025, we will build on this progress by further strengthening our systems control environment, enhancing efficiency, improving property valuation, boosting accountability, capturing all accounting system transactions, and modernizing our financial systems.

The Department is grateful to Congress for supporting our mission and strengthening America's defense. Yet, there is still much more to do. We must account for every taxpayer dollar and present a clean financial bill of health to the American people.

A handwritten signature in black ink, appearing to read "Lloyd J. Austin III". The signature is fluid and cursive.

Lloyd J. Austin III