

Recent Deficiencies

MATERIAL WEAKNESS	DESCRIPTION	FY 2025 STATUS
Financial Management Systems Modernization	The DoW maintained financial management systems that did not comply with applicable accounting standards. Therefore, the DoW did not maintain compliant systems or produce a complete and accurate list of financial management systems in accordance with the FFMIA.	Repeat
Configuration Management	The DoW lacked necessary configuration management internal controls within financial management systems. This lack of controls contributed to the risk of unauthorized or inappropriate changes to financial management systems.	Repeat
Security Management	The DoW lacked proper security management controls over financial management systems. This lack of controls contributed to increased risk that the confidentiality, integrity, and availability of systems data will not be maintained.	Repeat
Access Controls	The DoW lacked sufficient access controls over financial management systems to ensure proper user access and timely access removal. Insufficient policies, procedures, and processes escalated the likelihood of unauthorized, excessive, or inappropriate system access.	Repeat
Segregation of Duties	The DoW had an absence of proper segregation of duties internal controls over financial management systems. Therefore, this lack of controls could result in unauthorized access to financial data and affect the confidentiality and integrity of financial management systems.	Repeat
Interface Controls	The DoW lacked sufficient interface controls to ensure the timely reconciliation of data and correction of errors. Therefore, the risk exists that financial system data are incomplete or inaccurate.	Repeat
Universe of Transactions	The DoW was unable to provide a full transaction-level population to support line items, and it lacked the necessary documentation required to reconcile trial balance data. As a result, the DoW could not verify the completeness and accuracy of financial statement data, increasing the risk of misstated financial statement amounts.	Repeat
Fund Balance with Treasury	The DoW did not perform a complete and accurate Fund Balance with Treasury reconciliation resulting in an increased risk the financial statements may be materially misstated.	Repeat
Inventory and Stockpile Materials	The DoW did not account for or value Inventory and Stockpile Materials in accordance with accounting standards. Therefore, the DoW could not substantiate the existence, completeness, and valuation of Inventory and Stockpile Material accounts on the DoW's Consolidated Balance Sheet.	Repeat
Operating Materials and Supplies	The DoW did not follow applicable guidance when accounting for, valuing, or substantiating Operating Materials and Supplies. Therefore, the DoW could not support the existence and completeness of Operating Materials and Supplies reported on the financial statements.	Repeat

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General Property, Plant, and Equipment	The DoW did not follow applicable guidance when reporting, valuing, or developing procedures for General Property, Plant, and Equipment. Therefore, the DoW could not substantiate the existence and completeness of General Property, Plant, and Equipment reported on the financial statements.	Repeat
Real Property	The DoW lacked proper internal controls to substantiate the existence, completeness, and valuation of real property. As a result, real property assets were unsupported, and the real property balance reported within General Property, Plant, and Equipment may have been materially misstated.	Repeat
Government Property in the Possession of Contractors	The DoW was unable to reconcile GPIPC amounts to the appropriate accountable property system of record or substantiate the existence, completeness, valuation, presentation, or disclosure of GPIPC reported, which led to the potential misstatement of GPIPC.	Repeat
Joint Strike Fighter Program	The DoW omitted JSF Program assets from its FY 2025 financial statements due to the DoW's inability to obtain accurate and reliable data surrounding JSF Program government property. Due to the omission of this information, the financial statements were materially misstated and incomplete.	Repeat
Accounts Payable	The DoW did not maintain supporting documentation for or ensure the accurate reporting of Accounts Payable liabilities in accordance with applicable accounting standards, which contributed to the increased risk of material misstatement of Accounts Payable reported in the financial statements.	Repeat
Environmental and Disposal Liabilities	The DoW did not follow applicable guidance available on the estimation of Environmental and Disposal Liabilities, including not reporting or documenting present and future costs within Environmental and Disposal Liabilities or sufficiently supporting assessments of environmental sites. Therefore, Environmental and Disposal Liabilities and related balances may have been incompletely or inaccurately reported on the financial statements.	Repeat
Leases	The DoW did not implement policies or procedures or identify or disclose all leases in accordance with standards. As a result of the lack of recognition and disclosure, the financial statements may be materially misstated.	Repeat
Unsupported Accounting Adjustments	The DoW lacked internal controls to ensure that accounting adjustments were valid, complete, and accurately recorded in its accounting systems or that they were properly reviewed, approved, and supported. Therefore, the financial statements were at risk of being materially misstated.	Repeat
Intragovernmental Transactions and Intradepartmental Eliminations	The DoW did not have effective internal controls to capture all trading partner information necessary for reconciling transactions and elimination entries. Therefore, intragovernmental adjustments and eliminations were incomplete, inaccurate, and unsupported, risking materially misstated balances.	Repeat

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Gross Costs	The DoW did not have appropriate procedures or internal controls in place to ensure the accurate recording, reconciliation, or validation of Gross Costs, nor did its financial systems adequately track Gross Costs in accordance with standards. As a result, the DoW did not have reliable financial information, increasing the risk of material misstatement.	Repeat
Earned Revenue	The DoW did not have adequate procedures or internal controls to accurately record Earned Revenue in accordance with standards. As a result, the DoW did not have reliable financial information to properly report earned revenue, possibly misstating the financial statements.	Repeat
Reconciliation of Net Cost of Operations to Outlays	The DoW lacked policies and procedures necessary to reconcile differences between budgetary and proprietary data. As a result, the DoW financial statements may not accurately reflect the DoW's financial position and may be materially misstated.	Repeat
Budgetary Resources	The DoW lacked effective controls to ensure that DoW Components prepared, accounted for, and reconciled their budgetary resources in accordance with standards. The DoW's inability to monitor the status of budgetary resources created potential for Antideficiency Act violations and increased risk that the financial statements may be misstated.	Repeat
Service Organizations	The DoW did not adequately monitor the use of service organizations or implement and assess complementary user entity controls. These control deficiencies increased the risk that the DoW financial statements were misstated.	Repeat
Component Entity-Level Controls	The DoW Components lacked effectively designed and implemented internal controls at the entity level to prevent or detect identified material misstatements, which increased the risk that the financial statements were misstated.	Repeat
DoW-Wide Oversight and Monitoring	The DoW lacked adequate oversight of financial management activities for amounts reported within the DoW Component Level Accounts and misreported \$18.9 billion in unspent funds as spent. As a result of the lack of internal controls over financial reporting, there was an increased risk that the DoW financial statements were materially misstated.	Repeat