

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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Ranking Member Kweisi Mfume
Subcommittee on Government Operations
“Safeguarding Procurement: Examining Fraud Risk Management in the Department of Defense”
June 4, 2025

Thank you, Mr. Chairman. Good morning to our witnesses, Mr. Bagdoyan and Mr. Mayo, and to everyone joining us.

Oversight of the public purse is not a partisan talking point; it is a constitutional promise we make to every taxpayer and to every servicemember who wears the uniform.

No federal agency spends more on contracts than the Department of Defense (DoD). In Fiscal Year 2023, it obligated roughly \$456 billion—well over half of all federal contract dollars— and the current continuing resolution boosts defense discretionary spending to \$892.5 billion this year.

When a balance sheet is that large, even a one percent error drains nearly \$9 billion from troops, readiness, and modernization.

Yet the Government Accountability Office still places DoD’s business systems and fraud risk management on its “High Risk” list, confirming at least \$10.8 billion in fraudulent payments since 2017—and warning that the full extent is likely far higher.

GAO’s message is blunt: until senior leadership shows sustained commitment, every defense dollar remains at risk.

That leadership gap should concern this Committee. Contracting officers across the services do heroic work, but they need clear direction from the top—and right now they do not always get it.

Congress must therefore hold both DoD and its contractors accountable when fraud erodes readiness, squeezes small businesses, and undermines public trust.

Disturbingly, the Trump Administration has moved us in the wrong direction. Within days of taking office, it fired the DoD Inspector General, the Department’s chief watchdog, and has since proposed rolling back key acquisition safeguards.

Speed has its virtues, but dismantling guardrails or silencing oversight is not efficient; it is an engraved invitation to fraud.

As we examine DoD's progress today, our focus should be threefold:

1. **Drive leadership commitment.** Fraud risk management cannot be relegated to the back office. Secretary Hegseth and Service Secretaries must own it, resource it, and insist on measurable results.
2. **Modernize prevention tools.** GAO found that DoD still lacks the real-time analytics needed to expose phantom vendors and collusive bidding. Data must talk to itself before the money walks out the door.
3. **Enforce accountability—with consequences.** When fraud occurs, suspension, debarment, and criminal action must be swift, public, and proportional. Anything less rewards bad actors and punishes honest ones.

Colleagues, every fraudulent invoice paid is a weapons system delayed, a housing unit deferred, or a veteran's clinic understaffed.

When we achieve and maintain the strongest military on Earth, we maintain an obligation to ensure every defense dollar works as hard as the men and women it is meant to serve.

I look forward to the testimony of our witnesses and to working with Chairman Sessions and colleagues on both sides of the aisle to translate their insights into concrete reform.

With genuine leadership commitment—and vigilant congressional oversight—we can safeguard procurement, protect the taxpayers' investment, and strengthen our national defense.

Thank you. I yield back.

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