



September 2013

PREPOSITIONED STOCKS

Inconsistencies in
DOD's Annual Report
Underscore the Need
for Overarching
Strategic Guidance
and Joint Oversight

GAO Highlights

Highlights of [GAO-13-790](#), a report to congressional committees

Why GAO Did This Study

DOD prepositions stocks such as combat vehicles and repair parts worth billions of dollars at strategic locations around the world. These assets are used to prepare forces quickly for conflicts when needed. Over the years, GAO has made recommendations for DOD to develop overarching strategic guidance and improve joint oversight of the military services' prepositioning programs. Section 2229a of Title 10 requires DOD to report annually on the status of its prepositioned stocks and for DOD's report to include 12 specific elements—for example, the material condition of the equipment. The law also mandates that GAO review DOD's report and provide any additional information to Congress that would be informative on issues relating to the status of prepositioned stocks. This is GAO's sixth report, and it assessed the extent to which (1) DOD's fiscal year 2012 prepositioning report addressed the 12 statutory reporting elements and (2) DOD has made progress in addressing GAO's prior recommendations on department-wide strategic guidance and a coordinated joint-military service approach for managing prepositioning. To conduct this work, GAO analyzed DOD's prepositioning report, reviewed DOD's guidance, and interviewed officials.

What GAO Recommends

GAO recommends that DOD develop guidance to ensure that it reports consistent information across the services and strengthens quality assurance procedures for its report. GAO also suggests that Congress require DOD to develop strategic guidance, including joint oversight, for its prepositioning programs. DOD concurred with the recommendations.

View [GAO-13-790](#). For more information, contact Cary Russell at (202) 512-5431 or russellc@gao.gov.

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PREPOSITIONED STOCKS

Inconsistencies in DOD's Annual Report Underscore the Need for Overarching Strategic Guidance and Joint Oversight

What GAO Found

The Department of Defense (DOD) provided information on all 12 required reporting elements in its fiscal year 2012 prepositioning report; however, 3 of these elements were only partially addressed. For example, DOD provided a list of non-standard items slated for inclusion in its prepositioned stocks but did not include a specific plan for funding those items as required by the law. Federal internal control standards state that decision makers need complete and relevant information to manage risks and achieve efficiency and effectiveness goals. However, GAO found that DOD's report contained some inconsistencies in information across the services as well as several inaccuracies and omissions. For example, DOD's report included funding information for 6 or 7 fiscal years for most of the services but only 2 fiscal years for the Navy's stocks. Service information was also presented in different formats in the report, which makes it difficult to compare data. Because the Joint Staff did not provide specific guidance to the services to ensure consistency when requesting data, the services adopted separate approaches to reporting information to the Joint Staff for compilation in the report. In addition, although an agency should monitor the quality of information provided to Congress, GAO found several inaccuracies in the report, such as incorrect calculations and information that had been inadvertently omitted. While officials from the Joint Staff and each of the services stated that they have their own review processes, the errors found in the report indicate weaknesses in DOD's quality assurance procedures. Until DOD addresses these issues and provides complete, consistent, and accurate information on its prepositioned stocks, its report will be of limited use to Congress in making informed decisions about DOD's prepositioning programs.

DOD has not made progress in addressing GAO's prior recommendations to develop department-wide strategic guidance and implement a coordinated joint-service approach for managing its prepositioning programs, nor has it set a timeline for doing so. As far back as 2005, GAO has reported that each of the military services was planning the future of its prepositioning programs without the benefit of an overall plan or joint doctrine to coordinate their efforts, which made it difficult to determine how the services' different programs would fit together to meet the evolving defense strategy. Recently, DOD issued a strategy for materiel response to support the full range of military activities and an implementation plan for directing, coordinating, and prioritizing DOD-wide development plans, initiatives, and activities for the period 2013-2020 to achieve the strategy. However, neither provides guidance for DOD's prepositioning programs, and the plan specifically excludes prepositioning. Hence, the services' individual prepositioning programs are still not linked to overarching strategic guidance. DOD has also not improved joint oversight of its prepositioning programs because a working group that was expected to provide such oversight has not been functioning as intended, and other joint activities do not specifically address prepositioned stocks. An increased emphasis on joint oversight would help unify DOD's prepositioning efforts in support of defense priorities, reduce potential unnecessary duplication, and achieve cost savings and efficiencies. Congress is currently considering legislation that would direct DOD to develop an overarching strategy for its prepositioning programs and establish joint oversight.

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Abbreviations

DOD	Department of Defense
IMRL	Individual Material Readiness List
MRAP	Mine-Resistant Ambush Protected (Vehicle)

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September 26, 2013

Congressional Committees

The Department of Defense (DOD) prepositions stocks worth billions of dollars—including items such as combat vehicles, rations, medical supplies, and repair parts—at strategic locations around the world. Both afloat and ashore, prepositioning enables DOD to field combat-ready forces in days, rather than the weeks it would take if stocks had to be moved from the United States to the locations of conflicts. Prepositioned stocks have played an important role in supporting operations in Iraq and Afghanistan and can also be used to support military activities related to security cooperation, deterrence, multilateral training exercises, humanitarian assistance, and disaster relief. Sustained operations have taken a toll on the condition and readiness of military equipment, and fiscal challenges require DOD to carefully balance its investment in prepositioned stocks to achieve military objectives and other DOD priorities. Moreover, DOD's new defense strategy issued in January 2012 discusses the drawdown in Afghanistan and a future emphasis on the Asia Pacific region, which are likely to have implications for prepositioning.¹

Section 2229a of Title 10 of the United States Code requires the Secretary of Defense to report annually to the congressional defense committees on the status of prepositioned stocks and requires DOD's report to include the following 12 elements:²

1. The level of fill for major end items of equipment and spare parts in each prepositioned set as of the end of the fiscal year covered by the report.³

¹Department of Defense, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense* (Washington, D.C.: Jan. 3, 2012).

²10 U.S.C. § 2229a, as established by Pub. L. No. 110-181, § 352 (2008) and amended by Pub. L. No. 112-81, § 341 (2011).

³While the statute does not define "major end items," DOD defines a major end item as a final combination of end products that is ready for its intended use. Department of Defense, Deputy Under Secretary of Defense (Logistics and Materiel Readiness), *DOD Supply Chain Materiel Management Regulation*, DOD 4140.1-R, AP1.1.11.7 (May 23, 2003).

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2. The material condition of equipment in the prepositioned stocks as of the end of such fiscal year, grouped by category or major end item.
 3. A list of major end items of equipment drawn from the prepositioned stocks during such fiscal year and a description of how that equipment was used and whether it was returned to the stocks after being used.
 4. A timeline for completely reconstituting any shortfall in the prepositioned stocks.
 5. An estimate of the amount of funds required to completely reconstitute any shortfall in the prepositioned stocks and a description of the Secretary's plan for carrying out such complete reconstitution.
 6. A list of any operations plan affected by any shortfall in the prepositioned stocks and a description of any action taken to mitigate any risk that such a shortfall may create.
 7. A list of any non-standard items slated for inclusion in the prepositioned stocks and a plan for funding the inclusion and sustainment of such items.
 8. A list of any equipment used in support of Operation Iraqi Freedom, Operation New Dawn, or Operation Enduring Freedom slated for retrograde and subsequent inclusion in the prepositioned stocks.⁴
 9. An efficiency strategy for limited shelf-life medical stock replacement.
 10. The status of efforts to develop a joint strategy, integrate service requirements, and eliminate redundancies.
 11. The operational planning assumptions used in the formulation of prepositioned stock levels and composition.
 12. A list of any strategic plans affected by changes to the levels, composition, or locations of the prepositioned stocks and a description of any action taken to mitigate any risk that such changes may create.

On March 7, 2013, DOD submitted its fiscal year 2012 report on the status of its prepositioned stocks from October 2011 through September

⁴While the statute does not define "retrograde," DOD defines retrograde as the process for the movement of non-unit equipment and materiel from a forward location to a reset (replenishment, repair, or recapitalization) program or to another directed area of operations to replenish unit stocks, or to satisfy stock requirements.

2012.⁵ DOD's report includes an unclassified section that addresses reporting elements one through five, as well as seven through ten, and a classified annex to address reporting elements six, eleven, and twelve. Section 2229a of Title 10 of the United States Code requires us to review DOD's report and, as appropriate, to submit to the congressional defense committees any additional information that will further inform the committees on issues relating to the status of the materiel in the prepositioned stocks. We have issued several reports since 2005 addressing DOD's reporting and management of prepositioning, and this report is GAO's sixth report in response to our annual reporting requirement. In our prior reports, we have identified a number of ongoing and long-term challenges to DOD's prepositioned stocks related to strategic planning, joint service coordination, requirements determination, inventory management, and other issues. In particular, we have recommended that DOD develop a department-wide strategy on prepositioned materiel and equipment and strengthen joint oversight of its prepositioning programs to integrate and synchronize at a DOD-wide level the services' prepositioning programs to maximize efficiency in managing prepositioning across the department and reduce potential unnecessary duplication.⁶ DOD has generally agreed with these past recommendations. The objectives of this report are to assess: (1) the extent to which DOD has addressed the 12 statutory elements and (2) the progress DOD has made in addressing our prior recommendations to develop department-wide strategic guidance and a coordinated joint-military service approach for managing its prepositioning programs.

To evaluate the extent to which DOD's annual report addressed the 12 reporting elements set out in 10 U.S.C. § 2229a, regarding prepositioned

⁵Department of Defense, *Report on Status of Department of Defense Programs for Prepositioning of Materiel and Equipment: A Report to Congress as required by Section 352 of Public Law 110-181* (Mar. 1, 2013).

⁶GAO, *Prepositioned Materiel and Equipment: DOD Would Benefit from Developing Strategic Guidance and Improving Joint Oversight*, [GAO-12-916R](#) (Washington, D.C.: Sept. 20, 2012); *Follow-up on 2011 Report: Status of Actions Taken to Reduce Duplication, Overlap, and Fragmentation, Save Tax Dollars, and Enhance Revenue*, [GAO-12-453SP](#) (Washington, D.C.: Feb. 28, 2012); *Warfighter Support: Improved Joint Oversight and Reporting on DOD's Prepositioning Programs May Increase Efficiencies*, [GAO-11-647](#) (Washington, D.C.: May 16, 2011); *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, [GAO-11-318SP](#) (Washington, D.C.: Mar. 1, 2011); and *Defense Logistics: Better Management and Oversight of Prepositioning Programs Needed to Reduce Risk and Improve Future Programs*, [GAO-05-427](#) (Washington, D.C.: Sept. 6, 2005).

stocks, we analyzed DOD's report on the status of prepositioned materiel and equipment for fiscal year 2012. We performed a detailed content analysis in which we compared the prepositioned stocks information in DOD's fiscal year 2012 report with the 12 reporting requirements and assessed the extent to which DOD had addressed each required element. We assessed an element as addressed if DOD's report explicitly addressed all parts of the element. We assessed an element as partially addressed if at least one or more—but not all—parts of the required element were explicitly addressed. Finally, we assessed an element as not addressed if it did not explicitly address any part of the required element. We also included in our review analyses of DOD policies, prepositioning guidance from the services, and the prior year's (fiscal year 2011) annual report to Congress on prepositioned materiel and equipment to understand the variations of information reported by the services on the status of prepositioned stocks and the quality assurance processes used during the development of the fiscal year 2012 report. To obtain additional information for our review, we met with officials from the Office of the Secretary of Defense, the Joint Chiefs of Staff, the military service headquarters, and U.S. Pacific Command.⁷

To determine the extent to which DOD has made progress in addressing our prior recommendations to develop department-wide strategic guidance and a coordinated joint-service approach for managing its prepositioned stocks, we reviewed prior GAO reports, DOD and service guidance, and DOD's *Comprehensive Materiel Response Strategy* and associated plan.⁸ This strategy and plan focus on integrating and synchronizing DOD's global materiel response to support the full range of military activities. We discussed the extent to which department-wide guidance specific to prepositioned stocks and joint oversight have been developed with officials from the Office of the Secretary of Defense, the Joint Chiefs of Staff, U.S. Pacific Command, and all four of the military services. We also examined DOD guidance and actions on the Global Prepositioned Materiel Capabilities Working Group to review DOD's

⁷We visited U.S. Pacific Command because of the new national defense strategy's emphasis on the Asia Pacific region and to determine how prepositioning requirements and options for addressing the strategy are determined.

⁸Department of Defense, *Comprehensive Materiel Response Strategy* (Washington, D.C.: May 10, 2012) and Chairman of the Joint Chiefs of Staff, *Comprehensive Materiel Response Plan* (Washington, D.C.: Jan. 10, 2013).

progress in developing a coordinated approach for prepositioning.⁹ We did not independently assess the data DOD provided to Congress, but we assessed the reliability of the systems used to develop the data and determined that the data were sufficiently reliable to meet the objectives of this engagement. A more detailed discussion of our scope and methodology is included in appendix I.

We conducted this performance audit from October 2012 through September 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The military services preposition stocks ashore and afloat to provide DOD the ability to respond to multiple scenarios by providing assets to support U.S. forces during the initial phases of an operation until follow-on capabilities are available through strategic lift and the supply chain has been established. Each military service maintains different configurations and types of equipment and materiel to support its own prepositioning program. The Army stores equipment sets in its Army Prepositioned Stocks, which consist of sets of combat brigade equipment, supporting supplies, and other stocks located both ashore and afloat. The Marine Corps forward deploys and prepositions sets of materiel and equipment to support a Marine Expeditionary Brigade. These capability sets are stored aboard ships in two Maritime Prepositioning Squadrons and ashore in Norway. The Navy maintains materiel in the Maritime Prepositioning Squadrons in support of the Marine Corps. Its prepositioning program provides construction support, equipment for off-loading and transferring cargo from ships to shore, and expeditionary medical facilities. Prepositioned assets in the Air Force's war reserve materiel program are located at 43 sites worldwide as well as in munitions storage afloat. The war reserve materiel includes assets such as direct mission support

⁹DOD's Global Prepositioned Materiel Capabilities Working Group comprises officials from the services, the Defense Logistics Agency, joint organizations, and entities within the Office of the Secretary of Defense. The working group is responsible for, among other things, providing oversight and addressing joint-service issues concerning prepositioned stocks.

equipment for fighter and strategic aircraft as well as base operating support equipment to provide force, infrastructure, and flight line support during wartime and contingency operations.

DOD's prepositioned stocks are intended to support national military objectives, which are described in strategic and operational documents. High-level military strategic guidance includes the National Defense Strategy and the National Military Strategy,¹⁰ which the Office of the Secretary of Defense and the Joint Staff use to develop guidance that instructs the geographic combatant commanders¹¹ on what operation plans they must develop to meet operational objectives that address certain scenarios.¹² Joint operation planning is a coordinated process used by commanders, including the geographic combatant commanders, to determine the best method of accomplishing a mission. Combatant commands develop plans with varying levels of detail, and the most detailed plans contain, among other things, time-phased force and deployment data, which include the specific units to be deployed in support of the plan and the timeline for when those forces are needed.¹³ The services then determine how best to meet the needs of the combatant commanders, which may include the use of prepositioned stocks or other types of equipment to support the commanders' goals and ensure timely support of deployed forces during the initial phases of an operation until follow-on capabilities have been established. Combatant commanders periodically review their plans, assess the risk to those plans, and report the results to the Chairman of the Joint Chiefs of Staff.

¹⁰The National Defense Strategy, signed by the Secretary of Defense, is strategic guidance to DOD that articulates the department's priorities and reflects the President's strategic direction for DOD. The National Military Strategy, signed by the Chairman of the Joint Chiefs of Staff, provides strategic direction for the armed forces.

¹¹A geographic combatant commander is a commander of one of the unified or specified combatant commands established by the President under 10 U.S.C. § 161. The six geographic combatant commands are U.S. Africa Command, U.S. Central Command, U.S. European Command, U.S. Northern Command, U.S. Pacific Command, and U.S. Southern Command.

¹²The Office of the Secretary of Defense planning guidance to the combatant commands is provided in the form of the *Guidance for Employment of the Force*, and the Chairman of the Joint Chiefs of Staff planning guidance is the *Joint Strategic Capabilities Plan*.

¹³DOD plans with the highest level of detail are called operation plans, or OPLANs, which are defined as complete and detailed joint plans that contain a full description of the concept of operations, all annexes applicable to the plan, and time-phased force and deployment data.

By providing needed prepositioned materiel and equipment, the military services can reduce the risks associated with a plan.

Prepositioned stocks are employed by the geographic combatant commanders, who have the authority to, among other things, organize commands and forces and employ forces as they consider necessary to accomplish assigned missions.¹⁴ DOD apportions the services' prepositioned materiel among the geographic combatant commands according to the joint guidance, and the afloat prepositioned stocks may be apportioned to more than one geographic combatant command.¹⁵ Requirements for prepositioning are developed based on an approved operation plan. The approval of the Secretary of Defense is generally required to use the prepositioned capabilities.

The Global Prepositioned Materiel Capabilities Working Group, including representatives from the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Joint Staff, has responsibility for, among other things, addressing joint issues concerning prepositioned stocks. The Chairman of the Joint Chiefs of Staff has provided the annual report on prepositioned stocks on behalf of the Secretary of Defense since the report's inception.

DOD Provided Information on All 12 Required Elements, but Some Shortcomings Limit the Report's Usefulness

DOD's fiscal year 2012 report on prepositioned stocks provided information on all 12 statutorily required elements; however, it only partially addressed three of those elements. Also, the report contains some inconsistencies among the services' prepositioning data as well as some inaccuracies and omissions, which limit its usefulness to congressional decision makers.

¹⁴10 U.S.C. § 164.

¹⁵DOD defines apportionment to be the distribution of forces and capabilities as the starting point for planning.

DOD's Report Included Information on Each Required Element but Only Partially Addressed Some Elements

DOD provided some information on the each of the 12 reporting elements enumerated in section 2229a in its fiscal year 2012 annual report on prepositioned stocks. Specifically, we assessed that DOD addressed nine of the elements because the information provided in the report was responsive to the reporting requirements. However, we assessed that DOD partially addressed three of the elements—elements seven, ten, and twelve—because it did not provide all of the required information. Table 1 summarizes our assessment of the extent to which DOD's report included the required elements.

Table 1: Summary of GAO's Assessment of the DOD Fiscal Year 2012 Report's Responses to the 12 Reporting Elements Required by 10 U.S.C. § 2229a

Reporting elements	Our assessment of DOD's report ^a	Comments
(1) The level of fill for major end items of equipment and spare parts in each prepositioned set as of the end of the fiscal year covered by the report.	Addressed	DOD's report contains information on each service pertaining to the amount of assets on hand in relationship to its requirements.
(2) The material condition of equipment in the prepositioned stocks as of the end of such fiscal year, grouped by category or major end item.	Addressed	DOD's report contains information on each service pertaining to the serviceability of those assets identified for element one.
(3) A list of major end items of equipment drawn from the prepositioned stocks during such fiscal year and a description of how that equipment was used and whether it was returned to the stocks after being used.	Addressed	DOD's report contains information from each service pertaining to its prepositioned equipment, including the reason for its use and whether it was returned to the stocks after use. ^b
(4) A timeline for completely reconstituting any shortfall in the prepositioned stocks.	Addressed	DOD's report contains information on each service's anticipated timelines for reconstituting its prepositioned stocks.
(5) An estimate of the amount of funds required to completely reconstitute any shortfall in the prepositioned stocks and a description of the Secretary's plan for carrying out such complete reconstitution.	Addressed	DOD's report provides an estimate of each service's funding requirements in various funding information categories.
(6) A list of any operations plan affected by any shortfall in the prepositioned stocks and a description of any action taken to mitigate any risk that such a shortfall may create.	Addressed	In the classified annex, DOD's report contains information on whether shortfalls have affected combatant command plans and the status of mitigation efforts.
(7) A list of any non-standard items slated for inclusion in the prepositioned stocks and a plan for funding the inclusion and sustainment of such items.	Partially addressed	DOD's report provides a list of non-standard items for the Marine Corps but not a corresponding funding plan. Moreover, the report states that the Army, Air Force, and Navy have not identified non-standard equipment for inclusion in their prepositioned stocks. However, elsewhere in the DOD report, the Army provided information on non-standard equipment that will be included in its prepositioned stocks.

Reporting elements	Our assessment of DOD's report ^a	Comments
(8) A list of any equipment used in support of Operation Iraqi Freedom, Operation New Dawn, or Operation Enduring Freedom slated for retrograde and subsequent inclusion in the prepositioned stocks.	Addressed	DOD's report describes retrograde plans for the Army and Air Force. The report also lists Marine Corps equipment that the service plans to include in its prepositioned stocks. The report noted that the Navy has no retrograde plans.
(9) An efficiency strategy for limited shelf-life medical stock replacement.	Addressed	DOD's report identifies its prepositioning strategy for limited shelf-life medical stocks, including initiatives to minimize costs that involve the services and the Defense Logistics Agency.
(10) The status of efforts to develop a joint strategy, integrate service requirements, and eliminate redundancies.	Partially addressed	DOD's report provides information on DOD's strategic guidance process and broad logistics governance, but it does not identify specific efforts that are under way to develop a joint prepositioning strategy that would integrate service requirements and eliminate redundancies.
(11) The operational planning assumptions used in the formulation of prepositioned stock levels and composition.	Addressed	DOD's report lists combatant command prepositioning assumptions used when developing plans. The report also contains information from the Army, Marine Corps, and Air Force that identifies a mix of operation plans, contingency plans, and other priority plans, and describes for each service how the service's supporting prepositioned stocks are aligned with those plans.
(12) A list of any strategic plans affected by changes to the levels, composition, or locations of the prepositioned stocks and a description of any action taken to mitigate any risk that such changes may create.	Partially addressed	DOD's report contains a list of plans that DOD identifies as being affected by changes to the levels, composition, or locations of the prepositioned stocks. However, the report does not provide, along with the list of plans, a description of any action taken to mitigate risks resulting from any changes to the prepositioned stocks.

Source: GAO analysis of DOD data.

^aWe assessed an element as addressed if DOD's report explicitly addressed all parts of the element. We assessed an element as partially addressed if at least one—but not all—parts of the required element were explicitly addressed.

^bAs discussed in the section that follows, the Navy's table did not originally include a column identifying the date the equipment was returned to the prepositioned stocks; however, Navy officials later provided a revised table with this information.

We assessed three of the elements as being partially addressed because DOD's report did not provide all of the required information:

- Element seven requires DOD to provide a list of non-standard items slated for inclusion in the prepositioned stocks as well as a plan for funding the inclusion and sustainment of those items. DOD's report contained a table with Marine Corps non-standard equipment slated for inclusion in that service's prepositioned stocks that included the quantities and purpose of each item, but it did not identify a specific plan for funding the inclusion and sustainment of those items as

required. Further, in this section of the report, the Army, Air Force, and Navy stated that they had not identified any non-standard equipment for inclusion in prepositioned stocks as of the time of the report. However, in responding to element one of DOD's report, the Army had provided a table with the level of fill of non-standard items, in which it provided data on some non-standard equipment that it would be placing in its Army Prepositioned Stocks operational projects. DOD's report also did not fully describe how those additional Army assets would be funded and sustained, instead indicating that the Army will assess enduring requirements for non-standard items being retrograded from Southwest Asia and program required funding for storage and maintenance in future budget submissions. Because the information provided did not address both required parts of element seven, we assessed that DOD's report only partially addressed the element.

- Element ten requires DOD to report on the status of efforts to develop a joint strategy, integrate service requirements, and eliminate redundancies. While the report contains a paragraph describing DOD's strategic guidance process and framework in response to this element, it does not identify specific efforts that are under way to develop a joint strategy for its prepositioning programs and to integrate service requirements and eliminate redundancies to produce greater efficiency and effectiveness in those programs. Because the information provided did not address all of the required parts of element ten, we assessed that DOD's report only partially addressed the element.
- Element twelve requires DOD to list any strategic plans affected by changes to the levels, composition, or locations of the prepositioned stocks and to describe any action taken to mitigate any risks resulting from those changes. In addressing this element, DOD's report provided a list of strategic plans from the combatant commands that have prepositioning requirements. However, the report did not provide, along with the list of plans, a description of any action taken to mitigate risks resulting from any changes to the prepositioned stocks. The Joint Staff official overseeing the development and submission of DOD's prepositioning report said that the information describing actions to mitigate risks could be found elsewhere in other sections of the report. However, that information pertained to mitigating shortfalls affecting operation plans, as required by element six, and did not fully address actions taken to mitigate changes to the levels, composition, or locations of prepositioned stocks affecting strategic plans, as required by element twelve. While some of those

mitigation actions relate to the operation plans identified as part of DOD's response to element twelve, it is unclear the extent to which those actions will mitigate the risks to some of the other strategic plans identified in the list provided as part of element twelve. Because DOD's report did not fully address the second part of the required element regarding changes to prepositioned stocks and actions taken to mitigate any resulting risks, we assessed this element as being only partially addressed.

Inconsistent Information Among the Military Services Limits Usefulness of DOD's Report

Inconsistencies in some of the information provided by the military services limit the usefulness of the data presented in DOD's report. Federal internal control standards state that decision makers need complete and relevant information to manage risks and achieve efficiency and effectiveness goals.¹⁶ Such information can be used to compare and assess different sets of data so that agencies can analyze relationships and take appropriate actions. However, we found inconsistencies in the amount and types of data presented on each of the services in DOD's report.

In particular, DOD's report inconsistently reported information on the services' future funding requirements, providing decision makers with an incomplete picture of DOD's future funding needs for prepositioning (see table 2). First, the Marine Corps reported its procurement requirements as "to be determined" rather than giving projected funding amounts, whereas that information was provided for the other services in DOD's report.¹⁷ Second, the Marine Corps and the Air Force provided information that could be used to identify funding shortfalls in their prepositioning programs for each fiscal year across the five year defense plan whereas the Army and Navy did not provide this information. Third, three of the

¹⁶GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

¹⁷DOD's fiscal year 2012 report stated that the Marine Corps procurement requirements had not been included because those requirements are tracked at the enterprise level and not at the program level. Marine Corps officials also said that they did not report procurement requirements for fiscal years 2011 and 2012 because those requirements had not been finalized given the ongoing decommissioning process of a maritime prepositioning ship squadron. They expect to provide data in the fiscal year 2013 report as they had done for DOD's fiscal year 2010 prepositioning report. However, Marine Corps officials said that they could provide an estimate on the cost of covering the gap between equipment on-hand and the desired quantity of equipment for its prepositioning program, but had not done so for the fiscal year 2012 report.

services reported working capital funds requirements or indicated that they had no working capital funds requirements.¹⁸ The Navy, however, did not report whether or not it had working capital funding requirements. Lastly, each of the services reported its current funding requirements, as of fiscal year 2012, and its projected funding requirements, but they did not all use the same time frame for these estimates. The Navy, as shown in table 2, reported its actual operation and maintenance and procurement funding for fiscal year 2012 and its estimated funding requirements for fiscal year 2013. In contrast, the other services provided funding requirements information for fiscal years 2012 to 2018: a difference of five fiscal years. As a result, it is not possible for users of DOD’s report to compare procurement requirements, funding requirements, actual funding, or anticipated shortfalls across the services and assess trends over time.

Table 2: Comparison of the Military Services’ Funding Requirements Information Presented in DOD’s Fiscal Year 2012 Prepositioning Report

Funding information categories	Army	Marine Corps	Air Force ^a	Navy
Operation and maintenance	✓	✓	✓	✓
Procurement	✓		✓	✓
Funding shortfalls		✓	✓	
Working capital fund	✓	✓	✓	
Reporting time frame in fiscal years	2012 – 2018	2012 – 2018	2012 – 2018	2012 – 2013

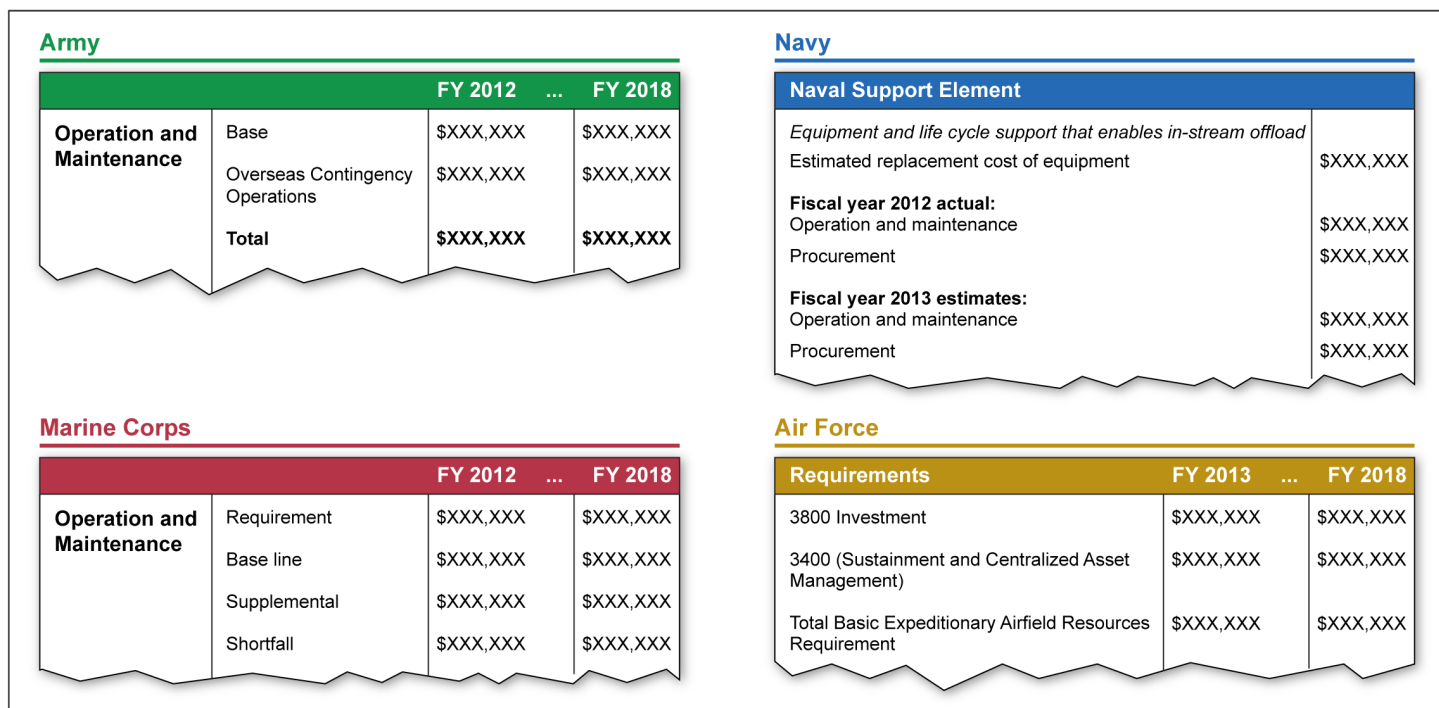
Source: GAO analysis of DOD data.
^aThe Air Force provided two separate funding tables that describe various funding information under different time frames ranging from fiscal years 2012 to 2018.

Furthermore, DOD’s report presented the services’ funding requirements in different formats (see figure 1). Three of the services provided numerical tables to display their funding information, but the Navy used text to report its funding requirements. The lack of a standard reporting format makes it difficult for users of DOD’s report to accurately combine

¹⁸DOD defines a working capital fund as a revolving fund established to finance inventories of supplies and other stores. A service uses its working capital fund to provide goods and services, on a reimbursable basis, to other activities within DOD and to non-DOD activities when authorized.

and assess the data from the services to identify funding trends across DOD's prepositioning programs and perform other analyses.

Figure 1: Examples of the Different Formats Used in Reporting Military Services' Funding Requirements in DOD's Fiscal Year 2012 Prepositioning Report



Source: GAO analysis of DOD data.

Moreover, we found inconsistent reporting among the services concerning the levels of fill and material condition of their prepositioned stocks. DOD's report included information on the overall status of each service's prepositioned stocks, but the amount of detail for specific items or categories of items within the prepositioned stocks varied among the services. For example, the Army reported the levels of fill and material condition of individual major end items and categories of prepositioned stocks, but it also provided information on the levels of fill for its prepositioned equipment sets, which are located in selected sites across

the world.¹⁹ However, the Marine Corps and Navy did not provide similar information on the levels of fill for on-hand prepositioned equipment sets for their respective locations in the fiscal year 2012 report.²⁰ Decision makers could find this information useful in monitoring the fill levels of prepositioned stocks in various parts of the world for oversight and funding purposes, such as assessing the prepositioning needs in a given combatant commander's area of responsibility and having greater assurance that required assets would be available when and where they are needed to meet combatant command requirements.

According to service officials, the reason for the inconsistent reporting in funding requirements and major end items was that without specific guidance from the Joint Staff, each of the services had adopted its own reporting approach, independent of each other. The Joint Staff did provide the services with a tasking document instructing them to update their fiscal year 2011 prepositioning data and take into account recommendations from our prior report when submitting their data.²¹ This tasking document to the services also included a copy of the 12 reporting elements. However, the Joint Staff did not direct the services to coordinate their information with each other or provide more consistent reporting instructions. In the absence of detailed guidance to provide data in specific formats, the services reported their funding requirements and major end item information for the fiscal year 2012 report based on the previous year's submission and their own reporting preferences. Each of the services did make some changes in its reporting based on changes within its respective programs and added new information per GAO's prior recommendations, but the type of information and formatting were consistent with how the services had provided the information in the previous fiscal year, thus yielding inconsistencies in DOD's final report.

¹⁹These equipment sets refer to groups of equipment that have been configured to meet the operational needs of specific Army units, such as an infantry brigade combat team or sustainment brigade, and prepositioned in select forward locations throughout the world. Similarly, the Marine Corps prepositions equipment sets configured to provide capabilities for a Marine Expeditionary Brigade onboard maritime prepositioning ships and other locations. The Navy supports the Marine Corps' prepositioning program, so it has its prepositioned stocks collocated onboard the maritime prepositioning ships.

²⁰In the fiscal year 2012 report, the Air Force reported detailed information on the types of equipment in its War Reserve Materiel program, which are prepositioned throughout the world at 43 locations and onboard several ships.

²¹[GAO-12-916R](#).

Inaccuracies and Omissions in Data Reporting Affect Report's Quality

According to GAO's internal control management and evaluation tool, which is based on federal internal control standards,²² to effectively communicate information to the Congress, an agency should monitor the quality of the information being captured, maintained, and communicated as measured by accuracy, among other things.²³ However, we found some inaccuracies and omissions in DOD's prepositioning report, which affect the quality of the information provided to Congress by DOD. We reviewed the information in DOD's report on each service and found examples of inaccurate information, such as incorrect calculations within data tables and reporting that seemed to conflict with data presented elsewhere in the report. For instance, the Air Force, in one table, reported the level of fill of equipment, such as fuel pumps and storage bladders, that it uses for fuel operations at austere forward locations; however, the Air Force had incorrectly calculated the change in operationally available levels of equipment from fiscal years 2011 to 2012 for many of the items in the table. Furthermore, we found some discrepancies between fiscal year 2011 data that were reported in both the fiscal year 2011 and the 2012 reports and instances where information provided in the tables did not match the report's text. Air Force officials provided us updated tables addressing these inaccuracies as well as explanations for the discrepancies we found, but this information was not available in DOD's report itself.

In addition, we found examples of information that had been inadvertently omitted from DOD's report; in some cases, this information could have shed light on reporting that appeared to be inaccurate. For example, in the Marine Corps' table on the level of fill and material condition of its major end items and repair parts, we found that the change in on-hand totals from fiscal year 2011 to fiscal year 2012 seemed to be inaccurate for nearly two-thirds of the listed items. For those items, the Marine Corps provided on-hand totals for fiscal years 2011 and 2012, but reported no change between the two fiscal years even though the data seemed to indicate changes had occurred. According to Marine Corps officials, they reported "no change" for the items because those items were newly added to the fiscal year 2012 report. Since these items were not reported in fiscal year 2011, there would be no changes to report in the fiscal year

²²[GAO/AIMD-00-21.3.1](#).

²³GAO, *Internal Control Standards: Internal Control Management and Evaluation Tool*, [GAO-01-1008G](#) (Washington, D.C.: August 2001).

2012 report, according to Marine Corps officials. However, the fiscal year 2012 report did not provide an explanation for the differences in the data or why the Marine Corps considered there to be no change. Table 3 highlights some examples of inaccuracies and omissions that we found in DOD's fiscal year 2012 prepositioning report.

Table 3: Examples of Inaccuracies and Omissions in Information Reported by the Military Services in DOD's Fiscal Year 2012 Prepositioning Report

Service	Inaccuracies/Omissions
Army	<ul style="list-style-type: none"> Mine-resistant ambush protected (MRAP) vehicle discrepancy: The Army reported two different objective levels for MRAPs in two different tables, one describing major end items and the other for non-standard items. Army officials informed us that the Army was conducting a study on the disposition of MRAPs during the development of the report, which led to changing numbers, but this explanation was not provided in the report. Mortar carrier discrepancy: DOD's fiscal year 2012 prepositioning report included a mortar carrier that has fiscal year 2011 data, but the item was not included in the fiscal year 2011 report. No information was included to provide context for this discrepancy.
Marine Corps	<ul style="list-style-type: none"> Changes from previous on-hand levels seemingly inaccurate: In one table, the Marine Corps reported no changes in the on-hand levels of certain major end items from the previous fiscal year to the current fiscal year, although the data provided in the table would suggest otherwise. Marine Corps officials explained the reason for this discrepancy but they did not provide this explanation in the report itself. Lack of explanation of new items in table: The Marine Corps did not provide information detailing the major end items that were added to the fiscal year 2012 report. For example, it included data on "non-IRML" items but did not explain in the table or text what these items are or what the acronym stood for. Marine Corps officials later informed us that the correct acronym is IMRL, or Individual Material Readiness List, and not IRML. More specifically, IMRL refers to a consolidated allowance list of aviation support equipment required to maintain and repair certain types of aircraft.
Air Force	<ul style="list-style-type: none"> Some fiscal year 2011 information inconsistent with prior year's report: In some places, the information for fiscal year 2011 changed between DOD's fiscal year 2011 and 2012 prepositioning reports. Air Force officials explained that there were many changes in the service's reporting between late fiscal year 2011 and early fiscal year 2012, including switching from reporting on individual end items to reporting on packages of capabilities, or unit type codes. However, this information was not included in DOD's fiscal year 2012 report. Changes from previous on-hand levels seemingly inaccurate: In several of its tables of information in DOD's report, the Air Force reported changes in operationally available levels from the previous fiscal year for several major end items that were incorrect. Air Force officials provided updated tables to us that corrected most of these issues.
Navy	<ul style="list-style-type: none"> Missing column in table: The Navy's table for equipment drawn did not include a column indicating when the equipment had been returned, which the other services had provided. Navy officials said that this column had been inadvertently omitted and provided us an updated table with this information.

Source: GAO analysis of DOD data.

While officials from each of the services and the Joint Staff stated that they employed their own internal controls to review their respective reporting for quality assurance, the inaccuracies and omissions we found in the services' reporting indicate weaknesses in DOD's overall quality assurance procedures for its annual prepositioning report. In 2011, we reported that it was important for DOD to provide context in its annual

prepositioning reports to enable decision makers to determine whether there have been significant changes in DOD's prepositioning programs from the prior year and the reasons for those changes.²⁴ Although DOD provided additional information in fiscal year 2012 in response to our 2011 report, without more consistency and accuracy in reporting from the services, DOD's annual prepositioning report will continue to present incomplete information to decision makers on the status of DOD's prepositioning programs. Also, greater consistency would improve the usefulness of the report by facilitating analyses of data across the services and across reports from different fiscal years, making it easier for decision makers to assess DOD's progress in meeting prepositioning goals and track changes in DOD's prepositioning programs over time. Until DOD provides complete, consistent, and accurate information on its prepositioned stocks, its report will be of limited use to Congress's ability to oversee and make informed decisions about DOD's use of its equipment and resources in this constrained fiscal environment.

DOD Has Not Developed Strategic Guidance or a Coordinated Joint-Service Approach for Managing Prepositioning Programs

Since we last reported on this issue in September 2012, DOD has not made progress in addressing our prior recommendations to develop department-wide strategic guidance and implement a coordinated joint-service approach for managing its prepositioning programs, nor has it set a timeline for doing so.²⁵ Without department-wide guidance and joint oversight, DOD may not be able to fully recognize potential efficiencies that could be gained by synchronizing the services' prepositioning programs with each other and the new defense strategy.

²⁴GAO, *Defense Logistics: Department of Defense Has Enhanced Prepositioned Stock Management but Should Provide More Detailed Status Reports*, [GAO-11-852R](#) (Washington, D.C.: Sept. 30, 2011).

²⁵[GAO-12-916R](#).

DOD Has Not Made Progress in Developing Overarching Strategic Guidance for Prepositioning Programs

In response to recommendations we have made in reports on DOD's annual prepositioning programs, DOD has stated that it planned to develop department-wide strategic guidance for its prepositioning programs; however, DOD has made no progress in developing such guidance, nor has it set a timeline for doing so. Key principles of results-oriented management emphasize the importance of strategic planning as the starting point and foundation for defining what an agency seeks to accomplish, identifying the strategies it will use to achieve desired results, and then determining how well it succeeds in reaching results-oriented goals and achieving objectives. Strategic planning can help clarify priorities and unify an agency in pursuit of shared goals.²⁶

As far back as 2005, we have reported that each of the military services and the Defense Logistics Agency were planning the future of their prepositioning programs without the benefit of an overall plan or joint doctrine to coordinate their efforts, which made it difficult to determine how the services' different programs would fit together to meet the evolving defense strategy.²⁷ DOD officials from the Joint Staff and the services agreed with our assessment and said that they shared our concerns. In June 2008, DOD issued an instruction directing the Under Secretary of Defense for Policy to develop and coordinate for approval by the Secretary of Defense guidance that identifies an overall war reserve materiel strategy, which includes prepositioned stocks, to achieve desired capabilities and responsiveness in support of the National Defense Strategy.²⁸

We reported in May 2011 that at that time DOD still had limited department-wide guidance that would help ensure that its prepositioning programs accurately reflect national military objectives such as those included in the National Defense Strategy and the National Military Strategy.²⁹ We recommended that DOD develop appropriately detailed authoritative strategic guidance for prepositioned stocks and that the

²⁶GAO, *Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review (Version 1)*, [GAO/GGD-10.1.16](#) (Washington, D.C.: May 1, 1997).

²⁷[GAO-05-427](#).

²⁸Department of Defense Instruction 3110.06, *War Reserve Materiel (WRM) Policy* (June 23, 2008).

²⁹[GAO-11-647](#).

guidance include planning and resource priorities linking the department's current and future needs for prepositioned stocks to evolving national defense objectives. Our report stated that such strategic guidance would provide the services with information on the medium- and long-term department-wide priorities they need to effectively plan and apply their resources to meet future contingencies, thus linking DOD's prepositioning programs with its overall national defense strategies.

In response to our May 2011 report, DOD stated that it would develop strategic direction concerning prepositioned stocks. In the fall of 2011, DOD program officials stated that the department was in the process of conducting a department-wide review, which would result in enhanced joint oversight, increased program efficiencies, and expanded guidance to link prepositioning programs with national military objectives. The result of that review was DOD's *Comprehensive Materiel Response Strategy*, issued in May 2012, which describes DOD's strategy for integrating and synchronizing materiel response to support a full range of military activities globally in an increasingly constrained resource environment. Also, in January 2013, DOD issued a *Comprehensive Materiel Response Plan*, which provides guidance for directing, coordinating, and prioritizing DOD-wide development plans, initiatives, and activities for the period 2013-2020 in order to achieve the *Comprehensive Materiel Response Strategy* end state.³⁰

However, neither the *Comprehensive Materiel Response Strategy* nor the *Comprehensive Materiel Response Plan* provides guidance for DOD's prepositioning programs, and the plan specifically states that the services' prepositioned programs are outside the scope of the plan. During our review for our September 2012 report, Joint Staff officials developing the strategy told us that prepositioning programs were excluded because the planners received new direction for this effort in spring 2012, re-focusing the strategy and plan on integrating and synchronizing materiel response to support the full range of military activities, which is much broader than prepositioned materiel and equipment. Accordingly, in September 2012, we reported that DOD still had not made progress in implementing overarching DOD-wide strategic guidance for its prepositioning programs. Because DOD had planned to develop department-wide strategic

³⁰Department of Defense, *Comprehensive Materiel Response Strategy* (Washington, D.C.: May 10, 2012) and Chairman of the Joint Chiefs of Staff, *Comprehensive Materiel Response Plan* (Washington, D.C.: Jan. 10, 2013).

guidance for its prepositioning programs and these efforts had not materialized because of other departmental priorities, our September 2012 report recommended that DOD set a timeline for implementing our prior recommendation.³¹ In commenting on a draft of that report, DOD concurred with the recommendation but said the department will continue to focus on ensuring that combatant commanders' equipment requirements identified in operation and contingency plans are satisfied by the services.

In conducting our current review, we found that DOD had still not made progress in developing an overarching strategy for its prepositioning programs. Hence, the services' individual prepositioning programs are still not linked to overarching strategic guidance, which could lead to inconsistencies and potential overlap and duplication among the services' prepositioning strategies and between the service strategies and the new national defense strategy. Further, without a set timeline for the development and implementation of department-wide strategic guidance that aligns DOD's prepositioning programs with national defense strategic guidance and new departmental priorities, DOD could face difficulties in effectively planning and implementing its prepositioning programs and risks the potential for duplicative or unaligned efforts among the services.

DOD Has Not Improved Joint Oversight of its Prepositioning Programs

DOD has also not improved its joint oversight of its prepositioning programs because a working group that was expected to provide joint oversight has not been functioning as intended and other joint activities do not specifically address prepositioned stocks. We have previously reported that an increased emphasis on joint program management and oversight of prepositioned stocks is needed to reduce potential unnecessary duplication and achieve cost savings and efficiencies. We also identified the need to strengthen joint oversight and synchronize prepositioning programs at a department-wide level in our first annual report to Congress on potential duplication, overlap, and fragmentation in the federal government.³² Without joint-service oversight, DOD may not be able to fully recognize potential efficiencies among prepositioned stocks across the department.

³¹[GAO-12-916R](#).

³²[GAO-11-318SP](#).

DOD's instruction on war reserve materiel directed establishment of the Global Prepositioned Materiel Capabilities Working Group, which is to comprise officials from the services, the Defense Logistics Agency, joint organizations, and entities within the Office of the Secretary of Defense.³³ In particular, according to DOD officials involved with the group since its inception, the intent of the working group is to provide an overall view of DOD's prepositioning programs and ensure that the services' programs are synchronized. Based on its charter, the working group's joint prepositioning activities are to include, among other things, providing oversight of DOD's prepositioning programs through reviewing risk assessments, addressing joint issues concerning requirements and positioning of prepositioned stocks, and making recommendations that balance limited resources against operational risk for use during budget and program reviews. However, the working group has not carried out all of the responsibilities specified in the instruction or the objectives in its own charter related to prepositioned stocks. Rather, officials said that the main function of the working group has been to consolidate the services' individual submissions on their prepositioning programs into DOD's annual report for Congress. According to DOD officials, the working group has met only sporadically and has not yet addressed many of the duties specified in its charter. Further, officials from the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Joint Staff told us that they are considering revising the DOD instruction on war reserve materiel policy to eliminate the working group. Without strategic guidance from the Secretary of Defense that emphasizes the importance of joint oversight of prepositioned stocks, the working group may in fact be abolished, or it may continue to operate as it has been, with little impact on enhancing jointness or efficiency across the services' prepositioning programs.

DOD has developed some joint activities related to the supply chain, but many of these efforts are either in very early stages or do not specifically address prepositioned stocks and focus instead on more broadly supporting the full range of military activities. For example, DOD's *Comprehensive Materiel Response Plan* calls for increasing sharing, standardization, and synchronized planning across the services. However, this plan does not contain details on where to position or how to manage prepositioned stocks.

³³DOD Instruction 3110.06, *War Reserve Materiel (WRM) Policy* (June 23, 2008).

An example of where joint oversight could highlight areas for potential efficiencies is in the services' prepositioned medical stocks. Currently, each service determines its requirements for prepositioned stocks in support of a geographic combatant commander's operation plan. For instance, each service has determined its requirements for the number of prepositioned field hospitals—the Army has 8; the Navy, in support of the Marine Corps, has 10; and the Air Force has 3. Also, the size of these hospitals varies across the services, with costs ranging from about \$10 million for the smaller ones to about \$33 million for the larger ones. According to Joint Staff medical logistics officials, DOD has not conducted a coordinated department-wide analysis of the services' requirements and the preferred options for meeting those requirements and supporting each other. Further, they said coordinating this type of analysis is difficult because of the individual ways the services identify requirements, configure hospitals, and package medical equipment. The officials pointed out, for example, that while the services are providing essentially similar medical services in their field hospitals, they individually identify requirements and develop capabilities and design processes to address them. Prepositioned hospitals are the end results of such processes; therefore, the officials said opportunities exist to assess theater hospitalization as a joint-service capability and still recognize potentially minimal unique aspects of requirements that each service has. According to the Joint Staff medical logistics officials, DOD has recognized that there are challenges associated with the coordination of medical logistics among the services, including prepositioned stocks to support theater hospitalization. To address these challenges, the officials said that they are taking a number of actions. For example, DOD plans to establish a new agency—the Defense Health Agency—in October 2013. This agency will interface with the combatant commanders and focus on improved coordination between the services and shared services, including medical logistics. However, until these challenges are met, the military services' fragmented approach to planning and prioritizing the need for prepositioned resources, such as medical equipment, absent specific strategic guidance, increases the potential for overlap and duplication at a time when the services are seeking ways to reduce budgets and achieve efficiencies in virtually all areas.

Congress has expressed concerns that DOD has not implemented an overarching strategy and joint-service oversight framework for its prepositioning programs. In a proposed bill for the National Defense Authorization Act for Fiscal Year 2014, the Senate Armed Services Committee recommended a provision that would require the Secretary of Defense to develop an overarching strategic policy, along with an

implementation plan, to integrate and synchronize at a department-wide level, the services' prepositioning programs, among other things.³⁴ In the committee report accompanying the bill, the committee said that developing such a strategy and implementation plan would help ensure that DOD's prepositioning programs, both ground and afloat, align with national defense strategies and DOD priorities and emphasize joint oversight to maximize effectiveness and efficiencies in prepositioned materiel and equipment across DOD.³⁵ The legislation is currently pending. The House also passed a bill for the National Defense Authorization Act for Fiscal Year 2014, which does not include a similar provision, thus it is unclear whether the final National Defense Authorization Act, when passed, will address these issues.

Conclusions

DOD's annual report on prepositioning programs—with three partially-addressed elements, data inconsistencies among the services, inaccuracies, and omissions—is illustrative of long-standing problems stemming from the lack of overarching DOD strategic guidance and oversight. The resulting product is, for the most part, a separate report by each of the services on its prepositioning efforts, rather than a coordinated joint-service picture of DOD's prepositioning programs. Strategic guidance and enhanced joint departmental oversight could strengthen the coordination and quality assurance procedures that DOD uses to compile its annual prepositioning reports for Congress. Importantly, a more complete, consistent, and accurate report would aid Congress in its ability to oversee and make informed decisions about DOD's prepositioning programs. Further, an increased emphasis on joint program management and oversight of prepositioned materiel and equipment would serve to unify DOD's prepositioning efforts in support of defense priorities, identify and reduce any unnecessary overlap or duplication, and achieve cost savings and efficiencies. Because we have made recommendations for strategic guidance and oversight for several years without meaningful actions by DOD, and in response to continued congressional concern and proposed legislation related to this issue, we are elevating this issue as a matter for congressional consideration.

³⁴S. 1197, § 312, 113th Cong. (2013).

³⁵S. Rep. No. 113-44, at 71-72 (2013).

Recommendations for Executive Action

To improve DOD's annual prepositioning report and more fully inform the congressional defense committees on the status of prepositioned materiel and equipment, we recommend that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology, and Logistics, in coordination with the Chairman of the Joint Chiefs of Staff, to

1. develop guidance that clearly articulates the type and format of information the services should provide for the report to ensure consistency across DOD's prepositioning programs, and
2. identify and correct weaknesses in DOD's quality assurance procedures to minimize inaccuracies and omissions in the report.

Matter for Congressional Consideration

Congress may wish to require the Secretary of Defense to develop overarching strategic guidance, along with an implementation plan, to integrate and synchronize the services' prepositioning programs department-wide. The strategic guidance and implementation plan, which should be developed within a specified time frame, should ensure that DOD's prepositioning programs align with national defense strategies and new departmental priorities and emphasize joint oversight to maximize efficiencies and reduce the potential for unnecessary overlap or duplication in prepositioned materiel and equipment across the department.

Agency Comments and Our Evaluation

We provided a draft of this report to DOD for comment. In its written comments, reproduced in appendix II, DOD concurred with our recommendations. Regarding our first recommendation that DOD develop guidance that clearly articulates the type and format of information the services should provide for the report to ensure consistency across DOD's prepositioning programs, DOD said it will review previous annual reports and related reference material and develop a reporting template to solicit service information and standardize respondent data format. The agency said this standardized format will be implemented in the next report cycle. Regarding our second recommendation that DOD identify and correct weaknesses in its quality assurance procedures to minimize inaccuracies and omissions in the report, DOD said it will insert a review step in the process to validate components' inputs for data accuracy and completeness. If implemented, these actions will help improve the consistency and quality of information contained in DOD's annual report, which will better assist Congress in overseeing and making informed decisions about DOD's prepositioning programs.

We are sending copies of this report to the appropriate congressional committees; the Secretary of Defense; the Under Secretary of Defense for Acquisition, Technology, and Logistics; the Chairman of the Joint Chiefs of Staff; the Secretaries of the Army, the Navy, and the Air Force; and the Commandant of the Marine Corps. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-5431 or russellc@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff members who made key contributions to this report are listed in appendix III.

A handwritten signature in black ink, reading "Cary Russell". The signature is fluid and cursive, with the first name "Cary" and last name "Russell" clearly distinguishable.

Cary Russell
Director
Defense Capabilities and Management

List of Committees

The Honorable Carl Levin
Chairman
The Honorable James M. Inhofe
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Dick Durbin
Chairman
The Honorable Thad Cochran
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Howard P. McKeon
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable C.W. Bill Young
Chairman
The Honorable Pete Visclosky
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Appendix I: Scope and Methodology

To evaluate the extent to which the Department of Defense's (DOD) annual report addressed the 12 reporting elements set out in 10 U.S.C. § 2229a, regarding prepositioned stocks, we analyzed DOD's report on the status of prepositioned materiel and equipment for fiscal year 2012. We performed a content analysis in which we compared the prepositioned stocks information in DOD's fiscal year 2012 report with the 12 reporting elements and assessed the extent to which DOD had addressed each required element. One GAO analyst conducted this analysis, coding the information and entering it into a spreadsheet, and a different GAO analyst checked the information for accuracy. Any initial disagreements in the coding were discussed and reconciled by the analysts. The analysts then tallied the responses to determine the extent to which the reporting elements were addressed. We assessed an element as addressed if DOD's report explicitly addressed all parts of the element. We assessed an element as partially addressed if at least one—but not all—parts of the required element were explicitly addressed. Finally, we assessed an element as not addressed if it did not explicitly address any part of the required element. We also analyzed each of the tables in the fiscal year 2012 report to identify any inconsistencies in the reporting of data among the services, as well as any inaccuracies or omissions in the data. Additionally, we compared the data in the fiscal year 2012 report with data presented in the fiscal year 2011 report, where applicable, to identify discrepancies between the two reports. We did not independently assess the data in the fiscal year 2012 report, but we assessed the reliability of the systems used to generate the data and concluded that the data were sufficiently reliable to meet the objectives of this engagement. To assess reliability, we developed and administered a survey to appropriate service officials to collect information on data system management, data quality assurance processes, potential sources of errors, and mitigations of those errors. We also interviewed service officials to collect information on their experiences working with these data systems and the data validation process. Furthermore, we reviewed DOD policies, prepositioning guidance from the services, and the prior year's (fiscal year 2011) annual report to Congress on prepositioned materiel and equipment to understand the variations of information reported by the services on the status of prepositioned stocks and the quality control processes used during the development of the fiscal year 2012 report. To obtain additional information for our review, we met with officials from the:

- Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics;
- Office of the Deputy Assistant Secretary of Defense for Supply Chain Integration;

-
- Joint Chiefs of Staff, Operations, Logistics, and Force Structure, Resources, and Assessment Directorates;
 - U.S. Army, Headquarters, Deputy Chiefs of Staff for Operations and Plans, Logistics, and Programs;
 - U.S. Army Materiel Command;
 - U.S. Army Medical Materiel Agency;
 - U.S. Army, Office of the Surgeon General;
 - U.S. Air Force, Headquarters, Logistics, Installations and Mission Support;
 - U.S. Air Force, Air Combat Command, Logistics Readiness and Plans;
 - U.S. Air Force Medical Operations Agency;
 - U.S. Navy, Chief of Naval Operations, Expeditionary Warfare Division;
 - U.S. Naval Medical Logistics Command;
 - U.S. Naval Facilities Engineering Command, Expeditionary Programs Office;
 - U.S. Marine Corps, Headquarters, Installations and Logistics;
 - U.S. Marine Corps, Headquarters, Plans, Policies and Operations; and
 - U.S. Pacific Command.¹

To determine the extent to which DOD has made progress in addressing our prior recommendations to develop department-wide strategic guidance and a coordinated joint-service approach for managing its prepositioned stocks, we reviewed prior GAO reports, DOD and service guidance, and DOD's *Comprehensive Materiel Response Strategy* and associated plan. This strategy and plan focus on integrating and synchronizing DOD's global materiel response to support the full range of military activities. We discussed the extent to which department-wide guidance specific to prepositioned stocks and joint oversight have been developed with officials from the Office of the Secretary of Defense, the Joint Chiefs of Staff, U.S. Pacific Command, and all four of the military services. To review DOD's progress in developing a coordinated joint-service approach for prepositioning, we examined DOD guidance,

¹We visited U.S. Pacific Command because of the recent emphasis on the Asia Pacific region and to determine how prepositioning requirements and options for addressing them are determined. We met with officials from the Operations; Logistics, Engineering, and Security Cooperation; Strategic Planning Policy; and Resources Assessment Directorates as well as with the Defense Logistics Agency liaison to U.S. Pacific Command. We also interviewed officials from the service components—U.S. Pacific Fleet, Pacific Air Forces, U.S. Army Pacific, and U.S. Marine Forces, Pacific—and Special Operations Command, Pacific.

including DOD Instruction 3110.06, *War Reserve Materiel (WRM) Policy* (2008) and the Global Prepositioned Materiel Capabilities Working Group's charter, and identified activities the working group had performed.

We conducted this performance audit from October 2012 through September 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the Department of Defense



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

17 SEP 2013

Mr. Cary Russell
Director
Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Russell:

This is the Department of Defense (DoD) response to the GAO Draft Report, GAO-13-790, "PREPOSITIONED STOCKS: Inconsistencies in DOD's Annual Report Underscore the Need for Overarching Strategic Guidance and Joint Oversight," dated August 16, 2013 (GAO Code 351775). Detailed comments on the report recommendations are enclosed.

Sincerely,

A handwritten signature in blue ink, reading "Nancy L. Spruill", is positioned above the typed name and title.

Nancy L. Spruill
Director
Acquisition Resources & Analysis

Enclosure:
As stated

**GAO Draft Report Dated August 16, 2013
GAO-13-790 (GAO CODE 351775)**

**“PREPOSITIONED STOCKS: INCONSISTENCIES IN DOD’S ANNUAL REPORT
UNDERScore THE NEED FOR OVERARCHING STRATEGIC GUIDANCE AND
JOINT OVERSIGHT”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATION**

RECOMMENDATION 1: To improve DoD’s annual prepositioning report and more fully inform the congressional defense committees on the status of prepositioned materiel and equipment, the Government Accountability Office (GAO) recommends that the Secretary of Defense direct the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, in coordination with the Chairman of the Joint Chiefs of Staff, to develop guidance that clearly articulates the type and format of information the Services should provide for the report to ensure consistency across DoD’s prepositioning programs.

DoD RESPONSE: Concur. The Department will review previous annual reports and related reference material and develop a reporting template to solicit Service information and standardize respondent data format. This standardized format will be implemented in the next report cycle.

RECOMMENDATION 2: To improve DoD’s annual prepositioning report and more fully inform the congressional defense committees on the status of prepositioned materiel and equipment, the GAO recommends that the Secretary of Defense direct the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, in coordination with the Chairman of the Joint Chiefs of Staff, to identify and correct weaknesses in DoD’s quality assurance procedures to minimize inaccuracies and omissions in the report.

DoD RESPONSE: Concur. The Department will insert a review step in the process to validate components inputs for data accuracy and completeness. The new template mentioned in response to recommendation 1 will reduce the variation of data received and simplify the editing process.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Cary B. Russell, (202) 512-5431 or russelc@gao.gov.

Staff Acknowledgments

In addition to the contact named above, individuals who made key contributions to this report include: Alissa H. Czyz and Larry Junek, Assistant Directors; Karyn Angulo; Lionel C. Cooper; Susan Ditto; Gilbert H. Kim; Greg Pugnetti; Michael D. Silver; Maria Storts; and Michael Willems.

Related GAO Products

Prepositioned Materiel and Equipment: DOD Would Benefit from Developing Strategic Guidance and Improving Joint Oversight. [GAO-12-916R](#). Washington, D.C.: September 20, 2012.

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