



May 2016

MILITARY READINESS

DOD Needs to Incorporate Elements of a Strategic Management Planning Framework into Retrograde and Reset Guidance

Accessible Version

GAO Highlights

Highlights of [GAO-16-414](#), a report to congressional committees

Why GAO Did This Study

Following the end of major combat operations in Iraq and Afghanistan, DOD is in the process of resetting equipment and materiel to meet mission requirements. Retrograde refers to the movement of non-unit equipment and materiel from one forward area to another area of operation or to a reset program. Reset includes maintenance and supply activities to restore and enhance combat capability to equipment used in combat.

Section 324 of the NDAA for Fiscal Year 2014 included provisions for DOD to establish a policy and implementation plan on retrograde and similar efforts related to forces used to support overseas contingency operations and for GAO to review DOD's policy and plan. This report evaluates the extent to which (1) DOD developed a strategic policy and (2) the services developed implementation plans consistent with leading practices on sound strategic management planning for the retrograde and reset of operating forces. GAO reviewed DOD reports, interviewed officials, and assessed documents against those leading practices, which include elements similar to several of the requirements in section 324.

What GAO Recommends

GAO recommends that DOD establish a strategic policy that includes key elements of leading practices; use consistent information and descriptions for budget reporting; and that the Army, Navy and Air Force develop implementation plans for their retrograde and reset efforts. DOD generally concurred with all three recommendations.

View [GAO-16-414](#). For more information, contact Cary Russell at (202) 512- 5431 or russellc@gao.gov.

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MILITARY READINESS

DOD Needs to Incorporate Elements of a Strategic Management Planning Framework into Retrograde and Reset Guidance

What GAO Found

In its response to the requirements of the National Defense Authorization Act (NDAA) for Fiscal Year 2014, instead of developing new policies for retrograde and reset of operating forces used to support overseas contingency operations, the Department of Defense (DOD) relied on three existing guidance documents as its policy for retrograde and reset activities in support of overseas contingency operations. DOD's November 2014 report to congressional committees—issued in response to requirements in the NDAA for Fiscal Year 2014—states that three DOD guidance documents address the department's retrograde and reset efforts: the Quadrennial Defense Review (QDR), Guidance for the Employment of the Force, and the Defense Planning Guidance. DOD officials told GAO that they believe the QDR and other documents provide the policy and guidance needed to inform the department's retrograde and reset efforts. However, GAO found that these documents do not include key elements for sound strategic management planning, such as a mission statement and long-term goals. Without a strategic policy for retrograde and reset that incorporates key elements of sound strategic management planning, DOD cannot ensure that its efforts provide the necessary strategic planning framework to inform the military services' plans for these efforts. Further, DOD emphasizes the use of consistent terms across departmental documents, but GAO found that DOD's guidance is not consistent in identifying what information to use in budget reporting on retrograde and reset activities. If DOD does not ensure the use of consistent information and descriptions in policy and other departmental documents used to inform budget estimates on retrograde and reset costs, Congress may not receive consistent and accurate information to make informed decisions concerning these efforts.

GAO found that the Marine Corps has published an implementation plan for the retrograde and reset of operating forces, but the Army, Navy and Air Force have not. In DOD's November 2014 report to congressional committees, DOD pointed to the specific planning activities undertaken by each service related to retrograde and reset. According to DOD officials, the services are responsible for developing their own implementation plans. The Marine Corps has an implementation plan for retrograde and reset, which is contained in two of its guidance documents, and largely meets all the elements of sound strategic management planning, some of which generally correspond to several of the requirements in section 324 of the NDAA for Fiscal Year 2014. However, the Army, Navy and Air Force either have not published implementation plans or have provided GAO with published documents or plans that did not include all elements of leading practices for sound strategic planning—such as strategies on how a goal will be achieved, how an organization will carry out its mission, and resources required to meet goals, among others. Without implementation plans that, among other things, articulate goals and strategies for retrograde and reset of equipment, Army, Navy, and Air Force efforts may not align with DOD-wide goals and strategies for retrograde and reset, reset-related maintenance costs may not be consistently included, and resources and funding for retrograde and reset may not be consistently or effectively budgeted or distributed within the services.

Contents

Letter	1
Background	5
DOD Identified Existing Guidance As a Framework for Its Policy for Retrograde and Reset, but This Framework Does Not Include Elements of Sound Strategic Planning	7
One of Four Military Services Has Published an Implementation Plan for the Retrograde and Reset of Equipment	14
Conclusions	20
Recommendations for Executive Action	20
Agency Comments and Our Evaluation	21

Appendix I: Scope and Methodology	24
Appendix II: GAO's Leading Practices for Sound Strategic Management Planning	28
Appendix III: Comments from the Department of Defense	29
Appendix IV: GAO Contact and Staff Acknowledgments	32
Appendix V: Accessible Data	33
Agency Comment Letter	33

Tables	
Table 1: Incorporation of Strategic Management Planning Elements into the Marine Corps' Ground Equipment Reset Strategy	15
Table 2: Six Key Elements of Strategic Management Planning	28

Figure	
Figure 1: Relationship between Reconstitution, Retrograde, and Reset Activities	1

Abbreviations

DOD	Department of Defense
NDAA	National Defense Authorization Act

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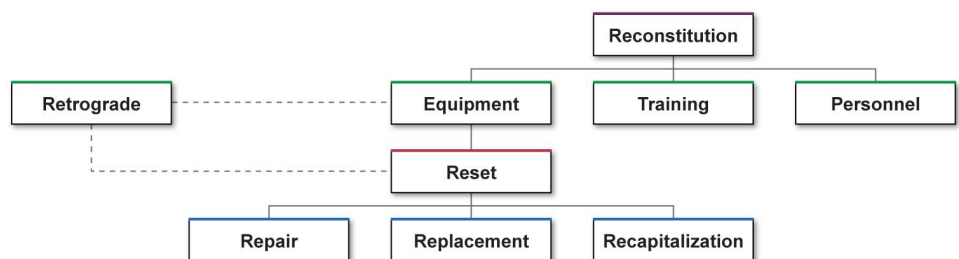


May 13, 2016

Congressional Committees

Following the cessation of major combat operations in Iraq and Afghanistan,¹ the Department of Defense (DOD) is in the process of reconstituting, retrograding, and resetting forces, equipment, and materiel to meet current and future mission requirements and available resources. Reconstitution is a broad term that generally refers to the process, after a contingency/surge operation, of making a unit or activity available again for operational commitments and includes such planning factors as maintenance of equipment, training, and an examination of the impact of operations on personnel and attrition rates. Reset, which is a subset of reconstitution, refers to a set of actions to restore equipment to a desired level of combat capability commensurate with a unit's future mission. It includes maintenance and supply activities that restore and enhance combat capability to unit and pre-positioned equipment that was destroyed, damaged, stressed, or worn out beyond economic repair because of combat operations by repairing, rebuilding, or procuring replacement equipment. Retrograde refers to the movement of non-unit equipment and materiel from a forward location to a reset program or to another directed area of operations. Figure 1 shows how reconstitution, reset, and retrograde activities are related.

Figure 1: Relationship between Reconstitution, Retrograde, and Reset Activities



Source: GAO analysis of Department of Defense information. | GAO-16-414

¹The President announced the end of major combat operations in Iraq on August 31, 2010. Similarly, he announced the end of the combat mission in Afghanistan on December 28, 2014.

Neither DOD nor the military services track reconstitution as a separate activity. According to DOD officials, this is because personnel and training costs and efforts are integrated in each service's force generation model as units undergo the cycles of deploying to and returning from contingency operations. Additionally, DOD officials stated that the military services are responsible for tracking the implementation of retrograde and reset activities. DOD identified \$10.1 billion in fiscal year 2015 overseas contingency operations funding related to equipment reset and readiness and requested an additional \$7.9 billion for reset in overseas contingency operations funding for fiscal year 2016.

In prior work we identified challenges that DOD faced related to the reset of equipment. For example, in March 2006 we testified before a subcommittee of the House Armed Services Committee that, in light of continuing contingency operations, until the services are able to refine overall requirements and reset cost estimates, neither the Secretary of Defense nor the Congress will be in a sound position to weigh the trade-offs and risks associated with funding levels to reset equipment.² Further, we reported in June 2015 that there was no departmental guidance regarding how reset liability cost estimates are to be produced and there was not a standard process for producing reset liability estimates.³ We did not make any recommendations in these reports.

Section 324 of the National Defense Authorization Act (NDAA) for Fiscal Year 2014 required DOD to establish a policy relating to the retrograde, reconstitution, and replacement of units and materiel used to support overseas contingency operations. DOD was also to submit a plan for implementation of the policy within 90 days of enactment of the NDAA.⁴ The act included a provision that GAO review and report on DOD's policy and implementation plan and annual updates.⁵ We reported in April 2014

²GAO, *Defense Logistics, Preliminary Observations on Equipment Reset Challenges and Issues for the Army and Marine Corps*, [GAO-06-604T](#) (Washington, D.C.: Mar. 30, 2006).

³GAO, *Defense Logistics, Marine Corps and Army Reset Liability Estimates*, [GAO-15-569R](#) (Washington, D.C.: June 22, 2015).

⁴According to DOD officials, the services are responsible for developing the implementation plans.

⁵See Pub. L. No. 113-66, § 324 (2013). DOD is required to submit an update on progress toward meeting the goals of the implementation plan no later than one year after submission and annually thereafter for two years. See § 324(b)(3).

that DOD had not established a policy or submitted an implementation plan to congressional committees within the mandated 90 days, but noted that DOD was in the process of developing these documents and that we would continue to monitor DOD's progress and review the policy and implementation plan as they became available.⁶ In November 2014,⁷ DOD completed a classified report and subsequently submitted it to the congressional defense committees in response to section 324 of the NDAA for Fiscal Year 2014. In April 2015, DOD updated its report.⁸

In this report, we evaluate the extent to which (1) DOD developed a strategic policy consistent with leading practices on sound strategic management planning for the retrograde and reset of operating forces that support overseas contingency operations and (2) the services developed implementation plans consistent with leading practices on sound strategic management planning for the retrograde and reset of operating forces that support overseas contingency operations.⁹

For our first objective regarding the extent to which DOD developed a strategic policy consistent with leading practices on sound strategic management planning for the retrograde and reset of operating forces that support overseas contingency operations, we reviewed the two reports DOD developed and provided to the congressional defense committees in response to the requirements in the NDAA for Fiscal Year 2014. In addition, we analyzed the documents identified in DOD's November 2014 report as providing policy and guidance for retrograde and reset using leading practices on sound strategic management

⁶GAO, *Warfighter Support, DOD Policy and Implementation Plan for Reconstitution of Forces*, [GAO-14-530R](#) (Washington, D.C.: Apr. 23, 2014).

⁷DOD, Office of the Under Secretary of Defense for Personnel and Readiness, *Retrograde, Reconstitution, and Replacement of Operating Forces Used to Support Overseas Contingency Operations*, report (November 2014) (S//NF).

⁸DOD, Office of the Under Secretary of Defense for Personnel and Readiness, *Retrograde, Reconstitution, and Replacement of Operating Forces Used to Support Overseas Contingency Operations*, report (April 2015) (S//NF).

⁹Since DOD and the military services do not track reconstitution as a separate activity, the focus of our report is on retrograde and reset activities. According to service officials, the parts of reconstitution that include personnel and training costs and efforts are integrated in each service's force generation model and are not separately tracked like retrograde and reset.

planning that we identified in prior work.¹⁰ These leading practices include, for example, a mission statement and long-term goals (appendix II provides more detail regarding these six elements). We also reviewed other relevant department documents related to retrograde and reset. We interviewed officials from various offices within the Office of the Secretary of Defense, such as the Under Secretary of Defense for Personnel and Readiness and the Under Secretary of Defense (Comptroller). For consistent and reliable information concerning retrograde and reset for budget reporting, we assessed DOD guidance, such as guidance related to budget estimates, and other relevant documents using *Standards for Internal Control in the Federal Government* specific to information and communications, which state that for an entity to run and control its operations it must have relevant, reliable, and timely communications.¹¹

For our second objective on the extent to which the services developed implementation plans consistent with leading practices on sound strategic management planning for the retrograde and reset of operating forces that support overseas contingency operations, we reviewed DOD and service policies and plans for retrograde and reset. We analyzed service guidance, plans, and other documentation for retrograde and reset using our previously-identified leading practices on sound strategic

¹⁰GAO's leading practices for sound strategic management planning are derived from prior work related to strategic planning. For example, GAO, *Managing for Results: Critical Issues for Improving Federal Agencies' Strategic Plans*, GAO-IGGD-97-180 (Washington, D.C.: Sept. 16, 1997); and GAO, *Defense Logistics, Actions Needed to Improve the Marine Corps' Equipment Reset Strategies and the Reporting of Total Reset Costs*, [GAO-11-523](#) (Washington, D.C.: Aug. 4, 2011). We selected these leading practices because they include several elements that are similar to some of the requirements in the National Defense Authorization Act for Fiscal Year 2014 for the policy and implementation plan, such as the establishment of goals, objectives, and metrics. Also, the leading practices may be applicable to DOD in developing a results-oriented framework to improve its planning for retrograde and reset. As such, we determined these leading practices to be the most relevant to evaluate DOD's strategic policy and planning efforts for retrograde and reset.

¹¹GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (November 1999). The standards were updated in September 2014 and were effective beginning fiscal year 2016. See GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (September 2014). The updated internal controls also include principles related to information and communication and state that quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Additionally, they state that management should use quality information to make informed decisions and evaluate the entity's performance in achieving key objectives. Internal controls also indicate the need for policies and procedures to enforce management's directives and to achieve effective results.

management planning. These leading practices include, for example, strategies on how a goal will be achieved, how an organization will carry out its mission, and resources required to meet goals, among others. Additionally, we conducted interviews with officials from each of the services that we identified through review of policy and guidance documents, or were referred to by other DOD officials as having key responsibilities or information we needed related to retrograde and reset.

We conducted this performance audit from February 2015 to May 2016 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 I discusses our scope and methodology in greater detail.

Background

Statutory Requirements for DOD Policy and Implementation Plan

Section 324 of the NDAA for Fiscal Year 2014 requires DOD to establish a policy setting forth the programs and priorities of the department for the retrograde, reconstitution, and replacement of units and materiel used to support overseas contingency operations. The policy is to take into account national security threats, combatant command requirements, current readiness of military department operating forces, and risk associated with strategic depth and the time necessary to reestablish required personnel, equipment, and training readiness in such operating forces. Section 324 further requires that DOD's policy include the following elements:

- Establishment and assignment of responsibilities and authorities within the department for oversight and execution of the planning, organization, and management of the programs to reestablish the readiness of redeployed operating forces;
- Guidance concerning priorities, goals, objectives, timelines, and resources to reestablish the readiness of redeployed operating forces in support of national defense objectives and combatant command requirements;

-
- Oversight reporting requirements and metrics for the evaluation of DOD and military department progress on restoring the readiness of redeployed operating forces in accordance with the policy; and
 - A framework for joint departmental reviews of military services' annual budgets proposed for retrograde, reconstitution, or replacement activities, including an assessment of the strategic and operational risk assumed by the proposed levels of investment across DOD.¹²

Additionally, section 324 requires DOD to submit a plan for implementation of the policy for retrograde, reconstitution, and replacement that contains the following elements:

- The assignment of responsibilities and authorities for oversight and execution of the planning, organization, and management of the programs to reestablish the readiness of redeployed operating forces;
- Establishment of priorities, goals, objectives, timelines, and resources to reestablish the readiness of redeployed operating forces in support of national defense objectives and combatant command requirements;
- A description of how the plan will be implemented, including a schedule with milestones to meet the goals of the plan; and
- An estimate of the resources—by military service and by year—that are required to implement the plan, including an assessment of the risks assumed in the plan.

DOD is to provide an update on progress toward meeting the goals of the plan not later than one year after submission, and annually thereafter.¹³

¹²Pub. L. No. 113-66, § 324(a).

¹³§ 324(b).

DOD Identified Existing Guidance As a Framework for Its Policy for Retrograde and Reset, but This Framework Does Not Include Elements of Sound Strategic Planning

In its response to the requirements of the NDAA for Fiscal Year 2014, instead of developing new policies for retrograde and reset of operating forces used to support overseas contingency operations, DOD relied on three existing guidance documents as its policy for retrograde and reset activities in support of overseas contingency operations. However, the guidance does not incorporate key elements of leading practices for sound strategic management planning of these efforts. Further, the department has not used consistent and reliable information or descriptions for retrograde and reset to facilitate consistent and accurate budget reporting to Congress.

DOD Identified Existing Guidance Documents Related to Retrograde and Reset Instead of Developing New Policy

In response to the requirements in the NDAA for Fiscal Year 2014 for DOD to establish a policy related to retrograde and other activities, in its reports to congressional defense committees, DOD identified existing guidance documents that inform retrograde and reset. These reports did not develop new policy for retrograde and reset activities. For example, the November 2014 report indicates that three existing strategic-level policy and guidance documents inform the department's retrograde and reset efforts, among other things: the *Quadrennial Defense Review*, *Guidance for the Employment of the Force*, and the *Defense Planning Guidance*. The report also highlighted the military services' current activities for some of these areas, to include some funding information related to overseas contingency operations and reset, in the context of resources required. Similarly, the April 2015 report DOD submitted to the congressional defense committees also describes the military services' current activities—to include, for example, budget information related to reset—and provides a progress update on some of the information submitted in the previous year's report. As in the November 2014 report, the April 2015 follow-up report provides broad information concerning each of the military services' efforts concerning various activities, such as retrograde, reset, and readiness.

In addition to the two reports, DOD identified other guidance related to retrograde and reset. For example, in 2013 the Assistant Secretary of

Defense for Logistics and Materiel Readiness issued a memorandum¹⁴ for Afghanistan that officials from the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics indicated to us as providing the department's policy guidance for retrograde. In addition to departmental documents addressing retrograde and reset, U.S. Central Command has issued orders and annexes that address retrograde.

DOD Guidance Does Not Include Key Elements of Leading Practices for the Strategic Management Planning of Retrograde and Reset

The DOD guidance documents identified as the strategic framework for retrograde and reset do not incorporate key elements for sound strategic management planning. GAO's leading practices work has shown that sound strategic management planning can enable organizations to identify and achieve long-term goals and objectives. We have identified six elements of strategic management planning that are key for establishing a comprehensive, results-oriented strategic planning framework. These elements establish that an organization's strategic management planning framework should include, for example, a mission statement and long-term goals. Elements of sound strategic management planning also correspond to requirements in section 324 of the NDAA for Fiscal Year 2014 related to retrograde and other efforts. For example, whereas an element of sound strategic management planning calls for the setting of specific policy, programmatic, and management goals, section 324 of the NDAA for Fiscal Year 2014 calls for the required policy to include guidance concerning priorities, goals, objectives, timelines, and resources, among other things, and for the implementation plan to establish them.¹⁵

Our review of the three documents (i.e., the *Quadrennial Defense Review*, *Guidance for the Employment of the Force*, and *Defense Planning Guidance*) referenced in DOD's November 2014 report as providing the department's strategic policy and guidance for retrograde and other activities, including reset, found that they do not contain the elements to facilitate the strategic management planning of these

¹⁴DOD, Assistant Secretary of Defense for Logistics and Materiel Readiness, *Consolidated Guidance on Equipment Retrograde and Disposition*, memorandum (Washington, D.C.: Aug. 5, 2013).

¹⁵See Pub. L. No. 113-66, § 324(a)(2)(B), (b)(2)(B). Specifically, the implementation plan is to include the establishment of priorities, goals, objectives, timelines, and resources to reestablish the readiness of redeployed operating forces in support of national defense objectives and combatant command requirements.

efforts.¹⁶ For example, the *Guidance for the Employment of the Force* was the only document of the three that mentioned retrograde: once in the context of funding resources and a second time to address U.S. Transportation Command's responsibilities to support retrograde planning.¹⁷ In addition, although all three documents mentioned reset, they did so only in general terms.¹⁸ For example, the *Quadrennial Defense Review* states that DOD will need time and funding to reset the joint force as the department transitions from operations in Afghanistan, but generally does not expand on this point. Reset is also mentioned in the *Guidance for the Employment of the Force*, but it offers no specificity about reset activities.¹⁹ None of the documents include a mission statement that addresses retrograde or reset activities. Further, long-term goals for retrograde and reset are not outlined in any of the three documents, which is an element, among others, of strategic management planning, and could improve DOD implementation of section 324. An official from the Office of the Under Secretary of Defense for Policy told us that the *Guidance for the Employment of the Force* is not a strategic policy document for retrograde or reset.

Similarly, other documents that DOD officials directed us to as providing policy guidance for retrograde lacked key elements necessary for the sound strategic management planning of this effort. Our review of U.S. Central Command's 2011 fragmentary order on the retrograde of equipment from Afghanistan²⁰ found that it provided information

¹⁶DOD, *Quadrennial Defense Review 2014*, (Washington, D.C.: Mar. 4, 2014); DOD, *Guidance for the Employment of the Force (S)*, 2012 version; DOD, *Guidance for the Employment of the Force (S//NF)*, 2015 version; DOD, *Defense Planning Guidance*, Fiscal Year 2016–2020 (July 17, 2014) (S//NF); and DOD, *Defense Planning Guidance*, Fiscal Year 2017–2021 (Mar. 23, 2015) (S//NF).

¹⁷DOD, *Guidance for the Employment of the Force (S//NF)*, 2015 version. The 2012 version of the *Guidance for the Employment of the Force (S)* mentioned retrograde once.

¹⁸DOD, *Quadrennial Defense Review 2014*, (Washington, D.C.: Mar. 4, 2014); DOD, *Guidance for the Employment of the Force (S//NF)*, 2015 version; and DOD, *Defense Planning Guidance*, Fiscal Years 2017–2021 (Mar. 23, 2015) (S//NF). Additionally, the fiscal year 2016–2020 (July 17, 2014) *Defense Planning Guidance (S//NF)* did not mention reset.

¹⁹DOD, *Guidance for the Employment of the Force (S//NF)*, 2015 version. The 2012 version of the *Guidance for the Employment of the Force (S)* also mentions reset without providing specificity.

²⁰DOD, Central Command, Fragmentary Order (December 2011) (S//REL TO USA, NATO, ISAF).

concerning tasks, such as additional retrograde plans; metrics to track equipment retrograde from Afghanistan; and factors that could affect retrograde operations. However, the order does not include a mission statement. Although a later version of the fragmentary order contains a mission statement, it is specific to operations in Afghanistan and does not, therefore, constitute the department's comprehensive vision concerning the retrograde of equipment from all overseas contingency areas. Likewise, though the August 2013 memorandum from the Assistant Secretary of Defense for Logistics and Materiel Readiness on the retrograde and disposition of equipment in Afghanistan includes some information on equipment retrograde, it does not include key elements, such as a mission statement and long-term goals, necessary for the strategic management planning of retrograde to inform plans across the department.

DOD officials stated that they believed the *Quadrennial Defense Review* and other strategic-level documents provide the necessary policy and guidance to inform the department's efforts. However, without a strategic policy for retrograde and reset that incorporates key elements of strategic management planning, DOD cannot ensure that its efforts to develop retrograde and reset guidance provide the necessary strategic planning framework to inform the military services' plans for retrograde and reset.

Inconsistent Information
and Descriptions of
Retrograde and Reset for
Budget Reporting Impact
DOD's Strategic
Communications About
These Efforts

We also found that DOD's guidance is not consistent in identifying what information DOD and the services are to use in budget reporting on retrograde and reset activities. DOD emphasizes the use of consistent terms across department documents. Specifically, it is DOD policy to improve communication and mutual understanding within the department through the standardization of military and associated terminology; and that the DOD components use the *Department of Defense Dictionary of Military and Associated Terms* when preparing department documents, such as policy and strategy.²¹ Also, *Standards for Internal Control in the Federal Government* specific to information and communication state that for an entity to run and control its operations, it must have relevant,

²¹ See DOD Instruction 5025.12, *Standardization of Military and Associated Terminology*, para. 3 (Aug. 14, 2009).

reliable, and timely communications. Information is needed throughout the agency to achieve all of its objectives.²²

However, we found differences in how DOD guidance and other documents refer to retrograde and reset, particularly with respect to what they include in the description. For example, the *Department of Defense Dictionary of Military and Associated Terms* describes retrograde as a process for the movement of equipment and materiel,²³ while June 2015 guidance from the Office of the Secretary of Defense²⁴ indicates that the DOD components should include all retrograde requirements, including those for base closure, equipment, and people for future budget estimates. Later, in the same budget guidance, the components are directed to describe costs related to equipment retrograde as part of a briefing.

Similarly, descriptions of reset and what it includes are inconsistent across departmental documents. The *Department of Defense Dictionary of Military and Associated Terms* defines reset as a set of actions to restore equipment to a desired level of combat capability commensurate with a unit's future mission.²⁵ A 2013 joint publication, referenced by the

²²GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (November 1999). The standards were updated in September 2014 and were effective beginning fiscal year 2016. See GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (September 2014). The updated internal controls include principles related to information and communication and state that quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Additionally, they state that management should use the quality information to make informed decisions and evaluate the entity's performance in achieving key objectives. Internal controls also indicate the need for policies and procedures to enforce management's directives.

²³See Joint Chiefs of Staff, Joint Pub. 1-02, *Department of Defense Dictionary of Military and Associated Terms* (Nov. 8, 2010) (as amended through Jan. 15, 2016). The document 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.

²⁴DOD, Director, Cost Assessment and Program Evaluation, Under Secretary of Defense (Comptroller)/Chief Financial Officer memorandum (June 10, 2015). The purpose of the memo is to provide additional guidance to the DOD components for submission of data and justification material supporting their estimates for fiscal years 2017–2021, as well as to provide the procedures DOD intends to use to conduct the upcoming budget review.

²⁵Joint Chiefs of Staff, Joint Pub. 1-02, *Department of Defense Dictionary of Military and Associated Terms* (Nov. 8, 2010) (as amended through Jan. 15, 2016).

definition, and a 2007 memorandum from the Deputy Under Secretary of Defense for Logistics and Materiel Readiness expand upon what reset includes, using similar language. However, our review of a fiscal year 2014 Overseas Contingency Operations Budget justification document found that it did not provide information regarding what reset includes consistent with these descriptions. Specifically, the 2013 joint publication and 2007 memorandum identify reset as generally including repair, replacement, and recapitalization of equipment,²⁶ while the fiscal year 2014 Overseas Contingency Operations Budget justification document indicates that reset includes the repair and replacement of equipment as well as the replenishment of munitions consumed, destroyed, or damaged due to combat operations.²⁷ Furthermore, DOD Comptroller officials told us that they include replenishment of ammunition along with repair and replacement when reporting reset budget information to Congress, but they do not include costs for the recapitalization of equipment. In December 2009, DOD's Resource Management Decision 700 directed the DOD Comptroller, in coordination with various components, to publish a DOD definition of reset for use in the DOD overseas contingency budgeting process.²⁸ This definition was to be submitted to the Deputy Secretary of Defense for approval by January 2010.

In 2011, because the department had not published a definition of reset for use in DOD's budget process, we recommended that the DOD

²⁶DOD, Deputy Under Secretary of Defense for Logistics and Materiel Readiness memorandum (Jan. 26, 2007); Joint Chiefs of Staff, Joint Pub. 4-0, *Joint Logistics*, at II-8 (Oct. 16, 2013). The memorandum and joint publication generally describe reset as encompassing maintenance and supply activities that restore and enhance combat capability of unit and pre-positioned equipment that was destroyed, damaged, stressed, or worn out beyond economic repair because of operations. Both describe reset as including repairing, rebuilding, or procuring replacement equipment. Both refer to maintenance activities as involving depot and field level repairs/overhauls and recapitalization (rebuild or upgrade), and enhancing existing equipment by inserting new technologies or restoring equipment. The position of Deputy Under Secretary of Defense for Logistics and Materiel Readiness subsequently changed to Assistant Secretary of Defense for Logistics and Materiel Readiness.

²⁷DOD, Office of the Under Secretary of Defense Comptroller/Chief Financial Officer, *Fiscal Year 2014 Budget Request for Overseas Contingency Operations*, Addendum A (May 14, 2013).

²⁸While the DOD Financial Management Regulation contains several distinct cost categories for various kinds of reset, it does not provide a single definition of reset. See, e.g., DOD 7000.14-R, Financial Management Regulation, vol. 12, ch. 23, *Contingency Operations* (Sept. 2007).

Comptroller take action concerning the Resource Management Decision 700 to develop and publish a DOD definition for reset.²⁹ DOD concurred with this recommendation and commented that the definition of reset would be incorporated into an update of its DOD Financial Management Regulation. As of October 2015, however, the DOD Comptroller had not published a definition for reset. A DOD Comptroller official told us that the reset definition had not been published due to delays in the finalization and approval of the definition's language.

Further, we found that the current DOD Financial Management Regulation does not include a specific definition or description of retrograde for use in the DOD overseas contingency operations budgeting process. For example, although major operations typically involve retrograde, the volume and chapter of the DOD Financial Management Regulation specific to contingency operations does not provide a definition of retrograde or include any information describing how retrograde costs should be considered or calculated. The June 2015 budget guidance from the Office of the Secretary of Defense which, as we previously noted, provides inconsistent information about retrograde within the same document,³⁰ may not provide clarification for the services to develop consistent, accurate information for budget reporting concerning retrograde. If DOD does not ensure the use of consistent information and descriptions in policy and other departmental documents used to inform budget estimates on retrograde and reset, Congress may not receive the consistent and accurate information that it needs to make informed decisions concerning retrograde and reset.

²⁹GAO, *Defense Logistics, Actions Needed to Improve the Marine Corps' Equipment Reset Strategies and the Reporting of Total Reset Costs*, [GAO-11-523](#) (Washington, D.C.: Aug. 4, 2011).

³⁰DOD, Director, Cost Assessment and Program Evaluation, Under Secretary of Defense (Comptroller)/Chief Financial Officer memorandum (June 10, 2015).

One of Four Military Services Has Published an Implementation Plan for the Retrograde and Reset of Equipment

We found that the Marine Corps has published an implementation plan for the retrograde and reset of equipment, but the Army, Navy and Air Force have not. The Army, Navy and Air Force have issued guidance and other documents that address reset but that, taken either collectively or individually, do not include key elements of sound strategic management planning, such as strategies to achieve goals and objectives. According to DOD officials, the military services are responsible for developing implementation plans related to retrograde and reset.

As previously described, leading practices in our prior work have shown that sound strategic management planning can enable organizations to identify and achieve strategies to achieve long-term goals and objectives. Some of these elements also generally correspond to several requirements in section 324 of the NDAA for Fiscal Year 2014. For example, an element of sound strategic management planning calls for goals, as well as the strategies and resources needed to achieve goals, among others. Similarly, section 324 of the NDAA for Fiscal Year 2014 requires that DOD's implementation plan include, among other things, the establishment of priorities and goals, a description of how the plan will be implemented, and an estimate of resources by military service and year required to implement the plan.³¹ DOD reports in response to the NDAA requirement describe overall service goals and objectives, among other things, but service-specific implementation plans that incorporate best practices could better position the services to plan, carry out, and track the further implementation of these overarching goals and objectives.

Marine Corps Has Developed an Implementation Plan for Retrograde and Reset

The Marine Corps' implementation plan for the conduct of retrograde and reset of its equipment is contained in two complementary documents: the *Operation Enduring Freedom Ground Equipment Reset Strategy* (Strategy)³² and the *Ground Equipment Reset Playbook* (Playbook).³³ Taken together these two documents present a service-wide plan for the retrograde and reset of Marine Corps' ground equipment used in overseas contingency operations that largely meet all of the elements of

³¹ See Pub. L. No. 113-66, § 324(b)(2)(B), (C), (D).

³² U.S. Marine Corps, *Operation Enduring Freedom Ground Equipment Reset Strategy* (Jan. 1, 2012).

³³ U.S. Marine Corps, Installations and Logistics, *Ground Equipment Reset Playbook* (Aug. 4, 2014).

sound strategic planning, as shown in table 1 below. For example, the strategy describes long-term goals to coordinate retrograde and reset efforts, and then to synchronize these efforts with the larger Marine Corps readiness posture.

Table 1: Incorporation of Strategic Management Planning Elements into the Marine Corps’ Ground Equipment Reset Strategy

Strategic planning element	Examples of strategic planning element
Mission statement	The strategy includes a mission statement that the Marine Corps will, while continuing to sustain ground equipment readiness, conduct an in-stride reset to restore, upgrade, and rebalance capabilities to rapidly posture Marine Corps forces for the future.
Long-term goals	The strategy discusses long-term goals to coordinate reset and retrograde efforts and synchronize these efforts with larger Marine Corps readiness posture.
Strategies to achieve goals	The strategy discusses responsibilities for officials and offices involved in reset and retrograde to achieve long-term goals, and provide visibility of reset and retrograde actions. The strategy identifies the Playbook as an authoritative source that, among other things, provides a service-level view of reset decisions and informs methodology. The strategy provides further information and clarification on how retrograde operations support reset, while the Playbook also provides key information on status and state of equipment, and shipping and transportation information (retrograde).
External factors that could affect goals	The strategy considers external factors and ways to address them. For example, if equipment is beyond economical repair and cannot be reset, the equipment will be replaced, and that replacement will be considered part of reset.
Use of metrics to gauge progress	The strategy includes a discussion of metrics to report reset progress, assess future reset actions against funding requirements, and assist in future planning efforts, among others.
Evaluations of the plan to monitor goals and objectives	The strategy discusses a service-level data collection plan to measure and evaluate reset efforts.

Source: GAO Analysis of the Marine Corps Playbook and Operation Enduring Freedom Ground Equipment Reset Strategy (January 2012). | GAO-16-414

The Army Has Published Information on Various Aspects of Retrograde and Reset, but Lacks an Implementation Plan and Has Inconsistent Descriptions

Army officials discussed a variety of documents when we asked for implementation plans for retrograde and reset. However, none of these documents individually or collectively constituted a service-wide implementation plan for retrograde and reset that included relevant key elements for sound strategic management planning. For example, officials provided us with information on an Automated Reset Management Tool, which provides information about web-based logistic components that the Army uses to manage the reset program. While Army officials use this tool to plan, review, analyze, validate, and execute reset, it is not an implementation plan that includes strategies to achieve goals but rather a tool for collaboration. Additionally, officials from the Office of the Deputy Chief of Staff of the Army (G-8) and the Assistant

Secretary of the Army for Acquisition, Technology and Logistics cited the Army retrograde and reset handbook as an authoritative source document for retrograde and reset activities.³⁴ The handbook includes, among other things, information on roles and responsibilities for retrograde and reset for different Army offices, which can be considered components of the strategic management planning element of strategies to achieve goals. However, in a letter introducing the handbook, the handbook is described as a tool and desk reference for retrograde and reset activities. Further, there does not appear to be uniform agreement about the handbook as such because officials at a different Army organization did not refer to this document as an authoritative source. Specifically, officials from the Army G-4 who helped prepare the handbook described it as a lessons-learned document and stated further that the Army has no plans to codify guidance in the handbook. They further stated that the handbook was created in an attempt to organize and clarify previously published information and guidance about Army retrograde and reset activities contained in several different orders. The fact that different Army officials are referring to different documents as implementation plans for retrograde and reset suggests that there is confusion on the strategies for the Army's activities. As such, this could lead to inconsistent efforts, especially for reset, within the Army.

Further, inconsistent descriptions for retrograde and reset activities for the Army could complicate communicating about and budgeting resources for retrograde and reset efforts. Joint Publication 1-02, *Department of Defense Dictionary of Military and Associated Terms*, generally defines retrograde as the process for the movement of non-unit equipment and materiel from a forward location to a reset program or to another directed area of operations.³⁵ However, when Army budget officials provided the cost breakdown structure for their budget formulation, the specific code for retrograde includes both personnel and equipment. Also, the Department of Army Financial Management Guidance for Contingency

³⁴Headquarters Department of the Army, G-4. *Ground Equipment Retrograde and Reset Handbook* (2012).

³⁵Joint Chiefs of Staff, Joint Pub. 1-02, *Department of Defense Dictionary of Military and Associated Terms* (Nov. 8, 2010) (as amended through Jan. 15, 2016). The document 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.

Operations provides a limited discussion of retrograde. As a result, Army officials may not be appropriately planning and funding retrograde activities because of inconsistent descriptions of retrograde. Similarly, officials at different Army organizations do not agree on what is and is not included in reset. For example, Army Forces Command officials stated that any upgrade to equipment is not a reset action, and therefore is not a reset expense, while officials from Army G-4 stated that upgrades of equipment are reset actions, and therefore are reset expenses. With differing information and descriptions in documents, as well as differing perspectives on what is considered and included in retrograde and reset activities within the service, the Army may not be sure of what amount is being expended for the retrograde and reset of equipment.

If the Army does not develop an implementation plan that, among other things, articulates goals and strategies for retrograde and reset of equipment, the Army's retrograde and reset efforts may not align with DOD-wide goals and strategies for retrograde and reset, reset-related maintenance costs may not consistently be included, and resources and funding for retrograde and reset may not be consistently or effectively budgeted or distributed within the service.

The Navy Has No Separate Implementation Plan for the Retrograde and Reset of Its Equipment

According to Navy officials, the Navy has not developed guidance and implementation plans for the retrograde and reset of naval equipment because it already has maintenance guidance and retrograde policy for its ground equipment and has established maintenance schedules for its ships and planes. For example, maintenance guidance for ground equipment identified by naval officials includes the Naval Facilities Engineering Command: *Management of Civil Engineering Support Equipment* (P-300).³⁶ P-300 includes procedures for administration, operation, and maintenance of automotive, construction, and railroad equipment, which includes maintenance such as repair, modification, as well as guidance for the budgeting of procurement of equipment. Additionally, P-300 includes guidance on when to repair or replace automotive, construction, railway, and transportation equipment. While officials referred to this document as guidance for reset, it does not contain the key elements of an implementation plan for reset, such as

³⁶Naval Facilities Engineering Command, *Management of Civil Engineering Support Equipment* (Washington, D.C.: September 2003).

strategies and goals for reset. Naval officials also identified a 2009 Navy Expeditionary Combat Command retrograde message that outlines guidance for determining whether equipment should be retained for operations in the U.S. Central Command area of responsibility, or whether it should be disposed of or retrograded for repair.³⁷ The message also describes ensuring that retrograde activities are conducted with minimum impact and distraction to deployed unit operations and roles and responsibilities for retrograde. However, this document falls short of an implementation plan because it does not include information on actual resources needed or timeline information.

According to Navy officials, there is no implementation plan for the retrograde or reset of ships or planes because maintenance is scheduled as a part of their deployment cycle. For example, Navy officials explained that aircraft maintenance is dictated by an integrated maintenance concept particular to each type of aircraft. As described by the Naval Aviation Maintenance Program guidance, an integrated maintenance concept emphasizes a fixed maintenance schedule determined by a Navy analytical maintenance process that includes strategies such as scheduled inspections to determine, among other things, if equipment is in satisfactory condition, and includes scheduled removal of items that will exceed their life limits. Likewise, Navy officials explained that ships are on fixed maintenance schedules, though because of the demands of overseas contingency operations some ship maintenance has been deferred. While these maintenance schedules include information on maintenance goals and strategies for repairs for planes and ships, they do not describe reset specifically even though the Navy draws on reset funding for some repairs. As such, they do not include information on strategic elements of goals, strategies, and resources that would be expected in a comprehensive implementation plan.

Without service-wide guidance with goals and strategies defining reset and reset resources, there are inconsistent reset efforts across the Navy. For example, though Navy officials told us that submarines are not reset and therefore should not receive reset funding, the Navy Office of Finance Management and Budget classified submarine propeller maintenance as reset costs. The same Navy office also classified some ship depot maintenance and other equipment and weapons maintenance

³⁷Navy Expeditionary Combat Command, *Equipment Retrograde Policy* (March 2009).

as reset costs. When asked to reconcile reset funding with the absence of any comprehensive implementation plans for reset, Navy officials pointed us to a set of business rules describing, for example, how and when a ship might be eligible for reset funding, but then emphasized that these rules are not codified in any reset guidance or implementation plan. If the Navy does not develop an implementation plan that, among other things, articulates goals and strategies for retrograde and reset of equipment, the Navy's retrograde and reset efforts may not align with DOD-wide goals and strategies for retrograde and reset, reset-related maintenance costs may not be consistently included, and resources and funding for retrograde and reset may not be consistently or effectively budgeted or distributed within the service.

The Air Force Has No Implementation Plan for the Retrograde and Reset of Its Equipment

Air Force officials stated their service does not deploy with large amounts of equipment. According to Air Force officials, the equipment that they deploy with does not need much maintenance after returning from overseas contingency operations, and officials did not identify an implementation plan for retrograde and reset. However, the Air Force has requested funding for reset suggesting that it needs to develop an implementation plan for even the limited amount of reset activities that it conducts. Specifically, the November 2014 report that DOD submitted to the congressional defense committees indicates that the Air Force, like the other services, has used overseas contingency operations funds for equipment reset. An implementation plan could help the Air Force to identify where to place key resources and help to strategically fund reset efforts. When we asked for more information on what is described as reset, Air Force budget officials provided a brief that explained that Air Force reset costs are contained within other budget accounts such as aircraft, ammunition, missile and ground equipment procurement, among others. Some repairs are also classified as reset. For example, the Air Force requests reset funding for Mine Resistant Ambush Protected vehicle depot-level reset. The officials explained that while they request funds for reset from Congress, they do not track the execution of funds for reset maintenance separately, but rather they track the execution of equipment maintenance in general. DOD financial management guidance

includes various reset-related cost categories to be used by components to estimate and report contingency operations costs.³⁸

If the Air Force does not develop an implementation plan that, among other things, articulates goals and strategies for retrograde and reset of equipment, reset-related maintenance costs may not consistently be included and resources and funding for retrograde and reset may not be consistently or effectively budgeted or distributed within the service.

Conclusions

Although DOD and the services have identified various guidance and documents to guide their retrograde and reset activities, with the exception of the Marine Corps, no strategic policy or implementation plan has been developed that includes key elements of a strategic management planning framework. As a result, DOD cannot ensure that it is effectively managing its retrograde and reset activities at the department-level nor does it have assurance that there is clear and consistent guidance for three of the services. Furthermore, without consistent and reliable information and terminology in DOD documents, such as guidance, that informs planning and accounting for retrograde and reset funding, Congress may be limited in its ability to provide oversight for actual retrograde and reset costs. Without a comprehensive implementation plan for retrograde and reset, the Army, Navy, and Air Force cannot ensure that their efforts are consistent or comprehensive within and across the services.

Recommendations for Executive Action

We recommend that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology and Logistics to establish a strategic policy that incorporates key elements of leading practices for sound strategic management planning, such as a mission statement and long-term goals, to inform the military services' plans for retrograde and reset to support overseas contingency operations and to improve DOD's response to section 324 of the NDAA for Fiscal Year 2014.

To enhance the accuracy of budget reporting to Congress, we recommend that the Secretary of Defense direct the Under Secretary of

³⁸ See DOD 7000.14-R, Financial Management Regulation, vol. 12, ch. 23, Contingency Operations (Sept. 2007).

Defense for Acquisition, Technology and Logistics, in coordination with the DOD Comptroller, to develop and require the use of consistent information and descriptions of key terms regarding retrograde and reset in relevant policy and other guidance.

To improve Army, Navy, and Air Force planning, budgeting, and execution for retrograde and reset efforts, we recommend that the Secretary of Defense direct the Secretaries of the Army, Navy, and Air Force to develop service-specific implementation plans for retrograde and reset that incorporate elements of leading practices for sound strategic management planning, such as strategies that include how a goal will be achieved, how an organization will carry out its mission, and the resources required to meet goals.

Agency Comments and Our Evaluation

We provided a draft of this report to DOD for review and comment. In its written comments, which are summarized below and reprinted in appendix III, DOD partially concurred with all three recommendations. DOD also provided technical comments, which we incorporated as appropriate.

DOD agreed with the actions within all three recommendations. However, for the first two recommendations, DOD did not agree with identifying the Under Secretary of Defense for Acquisition, Technology and Logistics as the lead for these recommendations. For the third recommendation, DOD also did not agree with directing the Secretaries of the Army, Navy, and Air Force to implement this recommendation. DOD stated that because these policies involve multiple organizations, the department will determine the appropriate Principal Staff Assistant to oversee the implementation of the strategic policy to inform service plans for reconstitution (with personnel, training, and retrograde and reset of equipment as subelements), to lead the development of applicable fiscal terminology, and to lead the development and application of service-related implementation plans. We identified the Under Secretary of Defense for Acquisition, Technology and Logistics and the Secretaries of the Army, Navy, and Air Force to implement our recommendations since these organizations have responsibilities related to developing policies and guidance for reset and retrograde at their respective levels within DOD. However, since these policies involve multiple organizations, we agree with DOD's approach to determine which appropriate Principal Staff Assistant will help coordinate each effort and we believe that these actions, if fully implemented, would address our recommendations.

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 Secretaries of the Air Force, Army, and the Navy; and the Chairman of the Joint Chiefs of Staff. 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. Key contributors to this report are listed in appendix IV.

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 John McCain
Chairman
The Honorable Jack Reed
Ranking Member
Committee on Armed Services
United States Senate

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

The Honorable Mac Thornberry
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable Rodney Frelinghuysen
Chairman
The Honorable Pete Visclosky
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Appendix I: Scope and Methodology

To determine the extent to which DOD developed a strategic policy consistent with leading practices on sound strategic management planning for the retrograde and reset of operating forces that support overseas contingency operations, we reviewed the two reports DOD developed and provided to the congressional defense committees in response to the requirements in the National Defense Authorization Act for Fiscal Year 2014, guidance documents related to retrograde and reset, and the three documents DOD identified in its November 2014 report as providing strategic policy and guidance for these efforts. We analyzed these documents and a related fragmentary order to determine if they included the key elements that we identified in prior work to facilitate a strategic management planning framework for retrograde and reset. GAO leading practices identified six key elements that should be incorporated into strategic plans to facilitate a comprehensive, results-oriented framework.¹ We selected these leading practices because they include several elements that are similar to some of the requirements in section 324 of the National Defense Authorization Act for Fiscal Year 2014 for a policy and implementation plan, such as the establishment of goals, objectives, and metrics. According to the leading practices, if they are followed, an agency can develop a results-oriented framework to improve its planning. We determined that GAO's leading practices were relevant to evaluate DOD's strategic policy and planning efforts for retrograde and reset.

Concerning consistent information for retrograde and reset, we reviewed various department documents: Joint Publication 1-02, the *Department of Defense Dictionary of Military and Associated Terms*, and DOD Resource Management Decision 700 requiring the Under Secretary of Defense (Comptroller), in coordination with various components, to publish a reset definition for use in the contingency budgeting process. We assessed guidance, such as budget guidance, and other documents that provide information related to retrograde and reset using *Standards for Internal Control in the Federal Government* specific to information and communications, which state that for an entity to run and control its

¹GAO's leading practices for sound strategic management planning are derived from prior work related to strategic planning. For example, GAO, *Managing for Results: Critical Issues for Improving Federal Agencies' Strategic Plans*, [GAO/GGD-97-180](#) (Washington, D.C.: Sept. 16, 1997), and GAO, *Defense Logistics, Actions Needed to Improve the Marine Corps' Equipment Reset Strategies and the Reporting of Total Reset Costs*, [GAO-11-523](#) (Washington, D.C.: Aug. 4, 2011).

operations it must have relevant, reliable, and timely communications.² We also reviewed DOD Instruction 5025.12 on the Standardization of Military and Associated Terminology, which emphasizes the standardization of military and associated terminology and use of Joint Publication 1-02 by DOD components when preparing policy, strategy, doctrine, and planning documents.³ In addition, we interviewed DOD officials from the Offices of the Under Secretary of Defense for Personnel and Readiness and the Comptroller about, for example, the reports provided to the congressional defense committees.

To determine the extent to which the services developed implementation plans consistent with leading practices on sound strategic management planning for the retrograde and reset of operating forces that support overseas contingency operations, we reviewed the two reports DOD developed and provided to the congressional defense committees in response to the requirements in the National Defense Authorization Act for Fiscal Year 2014. In its November 2014 report, DOD pointed to the specific planning activities undertaken by each service related to retrograde and reset. Additionally, according to DOD officials, the military services are responsible for developing implementation plans related to retrograde and reset. Accordingly, we sought to determine the extent to which each military service has developed a plan to implement the service-specific efforts identified by DOD in the report. We reviewed documents provided by the services to determine if they included the key elements to facilitate a strategic management planning framework for retrograde and reset such as strategies to achieve goals, external factors that could affect goals, the use of metrics to gauge progress, and evaluations of the plan to monitor goals and objectives. GAO previously identified six key elements that should be incorporated into strategic plans

²GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (November 1999). The standards were updated in September 2014 and were effective beginning fiscal year 2016. See GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (September 2014). The updated internal controls include principles related to information and communication and state that quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Additionally, they state that management should use the quality information to make informed decisions and evaluate the entity's performance in achieving key objectives. Internal controls also indicate the need for policies and procedures to enforce management's directives.

³See DOD Instruction 5025.12, *Standardization of Military and Associated Terminology* (Aug. 14, 2009).

to facilitate a comprehensive, results-oriented framework.⁴ We selected these leading practices because they include several elements that are similar to some of the requirements in section 324 of the National Defense Authorization Act for Fiscal Year 2014 for an implementation plan, such as the establishment of goals and objectives. According to the leading practices, agencies that follow them can develop a results-oriented framework to improve planning. We determined that these leading practices were relevant to evaluate the services' planning efforts for retrograde and reset activities.

Officials we interviewed provided us with relevant documents that described their services' guidance, plans, and other information on retrograde and reset activities. In addition, we requested any other documents we saw referenced in the set that the services initially provided, and reviewed these as well. Key retrograde and reset documents we reviewed that were provided by the services as relevant guidance for retrograde and reset include: Army Regulation 750-51: *Army Materiel Maintenance Policy*; Army Headquarters G-4 *Ground Equipment Retrograde and Reset Handbook*; Army Pamphlet 710-2-1 *Using Unit Supply System (Manual Procedures)*; Army Regulation 735-5, *Property Accountability Policies*; and Headquarters, Department of Army and U.S. Army Forces Command Execution Orders on RESET for fiscal years 2009, 2010, and 2012; Army Headquarters Execution Order 083-12 *Materiel Retrograde Policies and Procedures in Support of Operation Enduring Freedom*; Marine Corps *Operation Enduring Freedom Ground Equipment Reset Strategy*; and The Reset Playbook; Office of the Chief of Naval Operations Instruction 3000.15A, *Optimized Fleet Response Plan*; Commander U.S. Fleet Forces Command Instruction 4790.3, *Joint Fleet Maintenance Manual Volume 2*; Commander Naval Air Forces Instruction 4790.2B, *the Naval Aviation Maintenance Program*; Naval Facilities Engineering Command, *Management of Civil Engineering Support Equipment*, and Air Force Instruction 10-401, *Air Force Operations Planning and Execution*. Additionally, we reviewed funding and cost data for retrograde and reset, and other documents for clarity

⁴GAO's leading practices for sound strategic management planning are derived from prior work related to strategic planning. For example, GAO, *Managing for Results: Critical Issues for Improving Federal Agencies' Strategic Plans*, [GAO/GGD-97-180](#) (Washington, D.C.: Sept. 16, 1997); and GAO, *Defense Logistics, Actions Needed to Improve the Marine Corps' Equipment Reset Strategies and the Reporting of Total Reset Costs*, [GAO-11-523](#) (Washington, D.C.: Aug. 4, 2011).

and context on retrograde and reset procedures for the services including: Army Sustainment Command Materiel Support Branch, Coordinating Instructions for the Unit Equipping and Reuse Conference; a white paper regarding the State of U.S. Army Forces Command Logistics; examples of maintenance and schedule availabilities for different ship classes; Chief of Naval Operations Instruction 3120.47, *Surface Ship Engineered Operating Cycle Program*; written responses from the Air Force concerning our questions about retrograde and reset policy and other guidance; and Air Force reset briefing slides.

We interviewed service officials from several offices, asking them to define and identify retrograde and reset guidance and implementation plans, as well as relevant offices related to these efforts. Also, we asked service officials in these meetings to identify any other offices they believed could be knowledgeable about retrograde and reset and we contacted these offices for interviews as well. Those offices include the following: Department of Army Headquarters Assistant Secretary of the Army for Acquisition, Technology and Logistics; Office of the Deputy Chief of Staff for the Army, Logistics (G-4); Office of the Deputy Chief of Staff (G-8); Army Forces Command; Army Materiel Command; Army Sustainment Command; Marine Corps Systems Command; Marine Corps Logistics Command; Office of the Chief of Naval Operations, N431 Maritime Readiness Branch; Naval Expeditionary Combat Command, N434 Expeditionary Readiness; Program Executive Office Aircraft Carriers; Commander Naval Air Force; Navy Surface Maintenance Engineering Planning Program; and Deputy Assistant Secretary of the Air Force for budget officials from Financial Management and Budget.

We conducted this performance audit from February 2015 to May 2016 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: GAO’s Leading Practices for Sound Strategic Management Planning

This appendix provides detail regarding the six elements GAO has identified as leading practices for sound strategic management planning to establish a comprehensive, results-oriented framework (see table 2). These leading practices include several elements that are similar to some of the requirements in section 324 of the National Defense Authorization Act for Fiscal Year 2014 for a policy and implementation plan, and may be applicable to help improve DOD’s planning for retrograde and reset.

Table 2: Six Key Elements of Strategic Management Planning

Strategic planning elements	Description of strategic planning elements
Mission statement	A statement that concisely summarizes what the organization does, presenting the main purposes for all its major functions and operations.
Long-term goals	A specific set of policy, programmatic, and management goals for the programs and operations covered in the strategic plan. The long-term goals should correspond to the purposes set forth in the mission statement and develop with greater specificity how an organization will carry out its mission.
Strategies to achieve goals	A description of how the goals contained in the strategic plan and performance plan are to be achieved, including the operational processes, skills and technology, and other resources required to meet these goals.
External factors that could affect goals	Key factors external to the organization and beyond its control that could significantly affect the achievement of the long-term goals contained in the strategic plan. These external factors can include economic, demographic, social, technological, or environmental factors, as well as conditions or events that would affect the organization’s ability to achieve its strategic goals.
Use of metrics to gauge progress	A set of metrics that will be applied to gauge progress toward attainment of the plan’s long-term goals.
Evaluations of the plan to monitor goals and objectives	Assessments, through objective measurement and systematic analysis, of the manner and extent to which programs associated with the strategic plan achieve their intended goals.

Source: GAO’s leading practices for sound strategic management planning are derived from prior work related to strategic planning. For example, GAO, Managing for Results: Critical Issues for Improving Federal Agencies’ Strategic Plans, [GAO/IGD-97-180](#) (Washington, D.C.: Sept. 16, 1997); and GAO, Defense Logistics, Actions Needed to Improve the Marine Corps’ Equipment Reset Strategies and the Reporting of Total Reset Costs, [GAO-11-523](#) (Washington, D.C.: Aug. 4, 2011). | GAO-16-414

Appendix III: Comments from the Department of Defense



THE JOINT STAFF
WASHINGTON, DC

22 April 2016

Reply Zip Code:
20318-0300

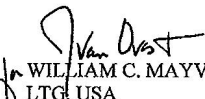
Mr. Cary Russell
Director, Defense Capabilities Management
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Russell:

Enclosed is the Department of Defense (DoD) response to the GAO Draft Report, GAO-16-414, "MILITARY READINESS: DoD Needs to Incorporate Elements of a Strategic Management Planning Framework into Retrograde and Reset Guidance," dated 17 March 2016 (GAO Code 352014).

The Joint Staff point of contact is Mr. Thomas Holder; J-4/SRD; 703-571-9865; thomas.v.holder.civ@mail.smil.mil.

Sincerely,


for WILLIAM C. MAYVILLE, JR.
LTG, USA
Director, Joint Staff

Enclosure:
As stated

GAO DRAFT REPORT DATED MARCH 17, 2016 GAO-16-414 (GAO CODE 352014)

**“MILITARY READINESS: DOD NEEDS TO INCORPORATE ELEMENTS OF
STRATEGIC MANAGEMENT PLANNING FRAMEWORK INTO RETROGRADE
AND RESET GUIDANCE”**

DEPARTMENT OF DEFENSE COMMENTS TO THE GAO RECOMMENDATION

RECOMMENDATION 1: GAO recommends that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology and Logistics to establish a strategic policy that incorporates key elements of leading practices for sound strategic management planning, such as a mission statement and long-term goals, to inform the military Services’ plans for retrograde and reset to support overseas contingency operations and improve DoD’s response to section 324 of the NDAA for Fiscal Year 2014.

DoD RESPONSE: Partially concur.

DoD concurs with establishing a strategic policy that informs the military Services’ plans for retrograde and reset to support overseas contingency operations and improves DoD’s response to section 324 of the NDAA for Fiscal Year 2014. Figure 1 of the draft report accurately identifies the relationship between reconstitution, retrograde, and reset activities. Reset is a subset of reconstitution, and retrograde is the movement of equipment to a reset location or an alternate location.

DoD nonconcur with identifying AT&L as the lead for this recommendation. Because this policy involves multiple organizations, the Department will determine the appropriate Principal Staff Assistant (PSA) to oversee the implementation of the strategic policy to inform Service plans for reconstitution (with personnel, training, and retrograde and reset of equipment as sub-elements).

RECOMMENDATION 2: To enhance the accuracy of budget reporting to Congress, GAO recommends that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology, and Logistics, in coordination with DoD Comptroller, to develop and require the use of consistent information and descriptions of key terms regarding retrograde and reset in relevant policy and other guidance.

DoD RESPONSE: Partially concur.

DoD concurs with the development and use of consistent information and descriptions of key terms regarding retrograde and reset to enhance the accuracy of budget reporting to Congress. The Financial Management Regulation (FMR), DoD 7000.14-R, has recently been updated to include the definitions of both reset and retrograde which will be used to formulate the Overseas Contingency Operations (OCO) starting in FY 2018. The FMR Volume 12, Chapter 23 (last paragraph) provides guidance to be used by the Components to estimate and report contingency operations costs as defined in the cost breakdown structure listing which now includes the definitions of both retrograde and reset. The current cost breakdown structure is available on OUSD (Comptroller) Policies and Guidance website. The reset and retrograde definitions are

below:

Reset: Reset includes a series of actions taken to restore units that have participated in contingency operations to a desired level of combat capability commensurate with the units' future mission. It encompasses both maintenance and supply activities that restore and enhance combat capability to unit and pre-positioned equipment that was destroyed, damaged, stressed, or worn out beyond economic repair due to combat operations by repairing, rebuilding, or procuring replacement equipment. These maintenance and supply activities involve both recapitalization and Depot and Field Level repairs/overhauls centrally managed to specified standards. Included are Procurement and Operation and Maintenance funded major repairs/overhauls and recapitalization (Rebuild or Upgrade) that enhance or restore existing equipment inventories through the insertion of new technology or restoration of selected equipment to a zero-miles/zero-hours condition. Reset includes replacement of equipment lost during operations in theater.

Retrograde: Retrograde refers to the movement of equipment and personnel from a forward location to a reset program or to another directed area of operations.

DoD nonconcur with identifying AT&L as the lead for this recommendation. Because this policy involves multiple organizations, the Department will determine the appropriate Principal Staff Assistant (PSA) to lead the development of applicable fiscal terminology. The Comptroller does not define terms but will reflect the key term descriptions in the budget guidance.

RECOMMENDATION 3: To improve Army, Navy, and Air Force planning, budgeting, and execution for retrograde and reset efforts, GAO recommends that the Secretary of Defense direct the Secretaries of the Army, and Navy, and Air Force to develop Service-specific implementation plans for retrograde and reset that incorporate elements of leading practices for sound strategic management planning, such as strategies that include how a goal will be achieved, how an organization will carry out its mission, and resources required to meet goals.

DoD RESPONSE: Partially concur.

In the context of overseas contingency operations (OCO), retrograde and reset are supporting activities primarily driven by and managed to meet Combatant Commanders' operational requirements that are unique to each operation; however, both retrograde and reset are conducted based on common DoD, Joint and military department-level doctrine, policy and tactics, techniques and procedures. Retrograde support plans and execution orders must be based on and support Combatant Commander plans and orders. Reset applies only to military materiel used in OCO and is related to the source of funding. The Services' budget submissions support of their readiness recovery strategies, which include reset and retrograde. In those instances where retrograde is administrative in nature and not related to OCO or a Combatant Commander-led operation, Military Department and Armed Service plans that include the elements recommended by the GAO should be developed. Because this policy involves multiple organizations, the Department will determine the appropriate Principal Staff Assistant (PSA) to lead the development and application of Service-related implementation plans for the recently updated reset and retrograde guidance and for areas that do not fall within the updated guidance in the FMR.

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

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

Staff Acknowledgments

In addition to the contact named above, Guy LoFaro (Assistant Director), Martin H. de Alteriis, Rebecca Guerrero, Richard Powelson, Claudia Rodriguez, Michael Shaughnessy, Yong Song, and Amie Lesser made key contributions to this report.

Appendix V: Accessible Data

Agency Comment Letter

Text of Appendix III:
Comments from the
Department of Defense

Page 1

THE JOINT STAFF

WASHINGTON, DC

22 April 2016

Reply Zip Code:

20318-0300

Mr. Cary Russell

Director, Defense Capabilities Management

U.S. Government Accountability Office

441 G Street, NW

Washington, DC 20548

Dear Mr. Russell:

Enclosed is the Department of Defense (DoD) response to the GAO Draft Report, GAO-16-414, "MILITARY READINESS: DoD Needs to Incorporate Elements of a Strategic Management Planning Framework into Retrograde and Reset Guidance," dated 17 March 2016 (GAO Code 352014).

The Joint Staff point of contact is Mr. Thomas Holder; J-4/SRD; 703-571-9865; thomas.v.holder.civ@mail.smil.mil.

Sincerely,

Enclosure: As stated

Page 2

GAO DRAFT REPORT DATED MARCH 17, 2016 GAO-16-414 (GAO CODE 352014)

"MILITARY READINESS: DOD NEEDS TO INCORPORATE ELEMENTS OF STRATEGIC MANAGEMENT PLANNING FRAMEWORK INTO RETROGRADE AND RESET GUIDANCE"

DEPARTMENT OF DEFENSE COMMENTS TO THE GAO RECOMMENDATION

RECOMMENDATION 1: GAO recommends that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology and Logistics to establish a strategic policy that incorporates key elements of leading practices for sound strategic management planning, such as a mission statement and long-term goals, to inform the military Services' plans for retrograde and reset to support overseas contingency operations and improve DoD's response to section 324 of the NDAA for Fiscal Year 2014.

DoD RESPONSE: Partially concur.

DoD concurs with establishing a strategic policy that informs the military Services' plans for retrograde and reset to support overseas contingency operations and improves DoD's response to section 324 of the NDAA for Fiscal Year 2014. Figure 1 of the draft report accurately identifies the relationship between reconstitution, retrograde, and reset activities. Reset is a subset of reconstitution, and retrograde is the movement of equipment to a reset location or an alternate location.

DoD nonconcur with identifying AT&L as the lead for this recommendation. Because this policy involves multiple organizations, the Department will determine the appropriate Principal Staff Assistant (PSA) to oversee the implementation of the strategic policy to inform Service plans for reconstitution (with personnel, training, and retrograde and reset of equipment as sub- elements).

RECOMMENDATION 2: To enhance the accuracy of budget reporting to Congress, GAO recommends that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology, and Logistics, in coordination with DoD Comptroller, to develop and require the use of

consistent information and descriptions of key terms regarding retrograde and reset in relevant policy and other guidance.

DoD RESPONSE: Partially concur.

DoD concurs with the development and use of consistent information and descriptions of key terms regarding retrograde and reset to enhance the accuracy of budget reporting to Congress. The Financial Management Regulation (FMR), DoD 7000.14-R, has recently been updated to include the definitions of both reset and retrograde which will be used to formulate the Overseas Contingency Operations (OCO) starting in FY 2018. The FMR Volume 12, Chapter 23 (last paragraph) provides guidance to be used by the Components to estimate and report contingency operations costs as defined in the cost breakdown structure listing which now includes the definitions of both retrograde and reset. The current cost breakdown structure is available on OUSD (Comptroller) Policies and Guidance website. The reset and retrograde definitions are

Page 3

below:

Reset: Reset includes a series of actions taken to restore units that have participated in contingency operations to a desired level of combat capability commensurate with the units' future mission. It encompasses both maintenance and supply activities that restore and enhance combat capability to unit and pre-positioned equipment that was destroyed, damaged, stressed, or worn out beyond economic repair due to combat operations by repairing, rebuilding, or procuring replacement equipment. These maintenance and supply activities involve both recapitalization and Depot and Field Level repairs/overhauls centrally managed to specified standards. Included are Procurement and Operation and Maintenance funded major repairs/overhauls and recapitalization (Rebuild or Upgrade) that enhance or restore existing equipment inventories through the insertion of new technology or restoration of selected equipment to a zero-miles/zero-hours condition. Reset includes replacement of equipment lost during operations in theater.

Retrograde: Retrograde refers to the movement of equipment and personnel from a forward location to a reset program or to another directed area of operations.

DoD nonconcurs with identifying AT&L as the lead for this recommendation. Because this policy involves multiple organizations, the Department will determine the appropriate Principal Staff Assistant (PSA)

to lead the development of applicable fiscal terminology. The Comptroller does not define terms but will reflect the key term descriptions in the budget guidance.

RECOMMENDATION 3: To improve Army, Navy, and Air Force planning, budgeting, and execution for retrograde and reset efforts, GAO recommends that the Secretary of Defense direct the Secretaries of the Army, and Navy, and Air Force to develop Service-specific implementation plans for retrograde and reset that incorporate elements of leading practices for sound strategic management planning, such as strategies that include how a goal will be achieved, how an organization will carry out its mission, and resources required to meet goals.

DoD RESPONSE: Partially concur.

In the context of overseas contingency operations (OCO), retrograde and reset are supporting activities primarily driven by and managed to meet Combatant Commanders' operational requirements that are unique to each operation; however, both retrograde and reset are conducted based on common DoD, Joint and military department-level doctrine, policy and tactics, techniques and procedures. Retrograde support plans and execution orders must be based on and support Combatant Commander plans and orders. Reset applies only to military materiel used in OCO and is related to the source of funding. The Services' budget submissions support of their readiness recovery strategies, which include reset and retrograde. In those instances where retrograde is administrative in nature and not related to OCO or a Combatant Commander-led operation, Military Department and Armed Service plans that include the elements recommended by the GAO should be developed. Because this policy involves multiple organizations, the Department will determine the appropriate Principal Staff Assistant (PSA) to lead the development and application of Service-related implementation plans for the recently updated reset and retrograde guidance and for areas that do not fall within the updated guidance in the FMR.

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