DOD INVENTORY OF CONTRACTED SERVICES

Timely Decisions and Further Actions Needed to Address Long-Standing Issues

What GAO Found

In fiscal year 2014, 40 Department of Defense (DOD) components in total certified that they had conducted an inventory review. Components are required by DOD guidance to address six elements in their certification letters, including, for example, identifying any inherently governmental functions and unauthorized personal services contracts. More components—21 out of 40—addressed all of the required review elements compared to prior years. However, DOD components may continue to underreport the extent to which contractors were providing services that are closely associated with inherently governmental functions, a key review objective to help ensure that DOD has proper oversight in place. For example, GAO's analysis indicates that DOD obligated about $28 billion for contracts in 17 categories—such as professional and management support services—that the Office of Federal Procurement Policy and GAO identified as more likely to include closely associated with inherently governmental functions. In comparison, components identified a total of $10.8 billion in obligations or dollars invoiced for contracts that included work identified as closely associated with inherently governmental functions—either within the 17 categories or for any other category of service. Most of these functions were identified by the Army using its long-standing review process.

The military departments have not yet developed plans to use the inventory to inform workforce mix, strategic workforce planning, and budget decision-making processes, as statutorily required. DOD has made some recent progress on requiring components to identify an accountable official to lead efforts to develop plans and establish processes for using their inventories in decision making, a step GAO recommended in November 2014. However, DOD faces continued delays in deciding on the path forward for its underlying inventory data collection system, staffing its inventory management support office, and formalizing the roles and responsibilities of that office and stakeholders (see figure).

Timeline of Major Inventory of Contracted Services Efforts


- National Defense Authorization Act for Fiscal Year 2008 mandates the creation of the inventory of contracted services
- National Defense Authorization Act for Fiscal Year 2011 requires that the inventory make use of data collected from contractors

Department of Defense (DOD) works to create and consolidate a common manpower data system for the inventory

DOD works to create and stand up its inventory management support office

Source: GAO analysis of Department of Defense documents. | GAO-17-17

GAO previously recommended that DOD address these issues to improve the usefulness of the inventory. DOD concurred with these recommendations but has not yet addressed them. These continued delays hinder DOD’s ability to use the inventory of contracted services as intended, including using the inventory data to inform workforce and budget decision-making processes.