DEFENSE SUPPLY CHAIN

DOD Needs Complete Information on Single Sources of Supply to Proactively Manage the Risks

Why GAO Did This Study
DOD has an extensive network of suppliers that provide millions of parts needed to sustain its weapon systems. Some parts are provided by a single source of supply (e.g., one manufacturing facility), and if that single source were no longer able to provide the part, DOD could face challenges in maintaining systems. Senate Report 114-49 directed DOD to report on risks associated with single sources of supply. DOD completed its report in October 2016.

House Report 114-102, accompanying a bill for the National Defense Authorization Act for Fiscal Year 2016, included a provision that GAO review single sources of supply for major defense acquisition programs. This report evaluates the extent to which (1) DOD’s 2016 report addressed the direction in the Senate report and (2) DOD’s weapon systems program offices have information for identifying and managing single source of supply risks. GAO reviewed DOD policy and procedures, analyzed DOD’s report, and interviewed officials from a non-generalizable selection sample of nine program offices.

What GAO Found
The Department of Defense’s (DOD) 2016 report on risks associated with single sources of supply did not fully address two of the four elements directed by a Senate report and did not include other information that would have provided further insight into those risks. DOD included information on major defense acquisition programs and supporting parts provided by each single source of supply. However, DOD did not include implementation plans and timelines for risk mitigation actions or information about the effects of the loss of suppliers, as directed. In addition, complete information about DOD organic facilities was not included. While DOD is not required to update its report, it regularly reports industrial base information to congressional committees. Without complete information about critical suppliers, congressional and DOD decision makers do not know all potential risks and effects associated with the loss of single sources of supply for weapon systems.

What GAO Recommends
GAO is recommending that DOD provide complete information to decision makers on risk mitigation plans and timeframes, potential effects from losses, and all critical facilities, commercial and organic, regarding risks from single sources of supply; share information on critical risks with program offices; develop a mechanism to ensure program offices obtain complete information; and issue a DMSMS policy. DOD concurred with GAO’s six recommendations.

View GAO-17-768. For more information, contact Zina D. Merritt at (202) 512-5257 or merrittz@gao.gov.