DEPOT MAINTENANCE

DOD Has Improved the Completeness of Its Biennial Core Report

Why GAO Did This Study

DOD uses both military depots and contractors to maintain its complex weapon systems and equipment. Recognizing the depots’ key role and the risk of overreliance on contractors, section 2464 of title 10 of the U.S. Code requires DOD to maintain a core logistics capability that is government-owned and operated, involving a combination of personnel, facilities, equipment, processes, and technology. Section 2464 requires DOD to provide a Biennial Core Report to Congress that addresses 10 reporting elements, including information on its core capability requirements and projected workload for the next fiscal year.

Section 2464 includes a provision that GAO review DOD’s Biennial Core Reports for compliance and completeness. In reviewing the 2018 Biennial Core Report, GAO assessed the extent to which DOD’s report (1) addressed the 10 reporting elements required by section 2464(d), and (2) is complete. GAO reviewed and analyzed relevant legislation, DOD guidance, and the 2018 Biennial Core Report, and met with DOD and military service officials to discuss the processes used to develop the information in DOD’s 2018 Biennial Core Report.

What GAO Found

In its 2018 Biennial Core Report, the Department of Defense (DOD) addressed 8 of 10 reporting elements. Specifically, DOD reported, by military service, its:

- depot maintenance workload required to sustain core maintenance capability requirements, based on contingency planning scenarios;
- projected fiscal year 2019 depot maintenance workloads; and
- projected fiscal year 2019 shortfalls (i.e., insufficient workload to sustain the required level of capability) and rationales and mitigations for those shortfalls.

The Army reported a projected workload for fiscal year 2019 that would meet about 84 percent of its identified core capability—a shortfall of 2.9 million direct labor hours (see figure). The Army identified numerous reasons—such as newly established software depot maintenance requirements—for its shortfalls. Furthermore, the Army presented mitigation plans for its shortfalls, such as moving software-related work from contractor to military sources.

DOD did not address two required reporting elements—progress in implementing mitigation plans from the 2016 biennial core report, and the degree to which projected workload reported in the 2016 biennial core report was executed. According to DOD officials, changes in its guidance and processes for developing the 2018 report resulted in the 2016 and 2018 reports not being directly comparable. However, DOD officials stated that they plan to address these two elements in the 2020 Biennial Core Report.

DOD’s 2018 Biennial Core Report is generally complete, in that it lacks obvious errors and aligns with supporting information provided by the services. DOD’s concerted efforts to implement better guidance and procedures—in part, according to DOD officials, by implementing GAO’s prior recommendations from 2012, 2014, and 2016—assisted in improving the completeness of the report.