DEFENSE LOGISTICS AGREEMENTS

DOD Should Improve Oversight and Seek Payment from Foreign Partners for Thousands of Orders It Identifies as Overdue

What GAO Found

While generally providing required information to Congress, poor recordkeeping by the Department of Defense (DOD) and late notifications by the Department of State (State) have limited the accuracy and timeliness of information provided to Congress on acquisition and cross-servicing agreements (ACSA). DOD and State have Congressional notification requirements pertaining to ACSAs—agreements through which DOD exchanges logistic support, supplies, and services with foreign partners in return for cash or in-kind reimbursement. Documents indicate that DOD provided notice to Congress before designating 78 of 104 countries eligible for an ACSA. However, DOD did not have records for the remaining 26, in part because it lacks documented recordkeeping procedures. While State generally notified Congress about ACSAs’ entry into force, it transmitted 41 percent of them after the statutory deadline, largely because DOD did not provide required information to State. These gaps and issues have reduced the accuracy and timeliness of information provided to Congress about ACSAs.

DOD has not maintained quality data to track ACSA orders and has not received reimbursement for thousands of orders. First, DOD does not have complete and accurate ACSA data. For example, for an estimated 12 percent of ACSA orders authorized from October 2013 through March 2018 in DOD’s system of record, DOD could not determine whether it had received reimbursement for support provided to partners. According to DOD officials, such inaccuracies occur in part because DOD does not have a process to validate data in its system. Second, GAO estimates that DOD received full reimbursement for 64 percent of ACSA orders authorized from October 2013 through March 2018 (about 6,000 orders), but did not receive full reimbursement for 24 percent. Orders remain unpaid in part because DOD has not requested timely repayment or monitored reimbursement. These management weaknesses limit DOD’s ability to obtain reimbursement for overdue ACSA orders, which, according to DOD, were valued at more than $1 billion as of November 2019.

Reimbursement Status for ACSA Orders in DOD’s System of Record from October 2013 through March 2018, by Number of Orders

Legend: Acquisition and Cross-Servicing Agreement = ACSA.
Source: GAO analysis of Department of Defense (DOD) data. | GAO-20-309

Note: These estimates are based on a generalizable sample of orders in which the United States provided support to foreign partners; have a margin of error of up to plus or minus 5.1 percentage points at the 95-percent confidence level; and represent the percentage of the number of orders, not the dollar value of orders.