



DOD FINANCIAL MANAGEMENT

Action Needed to Enhance Workforce Planning

Report to Congressional Committees

October 2024
GAO-25-105286
United States Government Accountability Office

Accessible Version

GAO Highlights

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October 2024

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Why GAO Did This Study

DOD financial management has been on GAO’s High Risk List since 1995. Achieving a clean audit opinion on its department-wide financial statements remains a goal that DOD has not yet attained. DOD’s audit readiness depends on ensuring that its financial management workforce has the needed skills.

In connection with the Government Management Reform Act of 1994 provision for us to audit the U.S. government’s consolidated financial statements, GAO compared DOD’s financial management workforce planning activities to five principles for effective strategic workforce planning. GAO’s work was performed at the key DOD components responsible for financial management: Office of the Under Secretary of Defense (Comptroller), military departments, and Defense Finance and Accounting Service. GAO also interviewed DOD officials and analyzed workforce data.

What GAO Recommends

GAO is making two recommendations to DOD to (1) develop a strategy to identify functions performed by contractors to help identify workforce needs and to help inform competency and capability assessments and (2) develop procedures requiring documented succession plans. DOD did not concur with the contractor workforce recommendation, stating that specific skillsets are determined by contractors. GAO maintains that to conduct effective department-wide financial management workforce planning, DOD needs to identify functions performed by contractors. DOD concurred with GAO’s succession planning recommendation.

What GAO Found

Strategic workforce planning focuses on using long-term strategies to acquire, develop, and retain an organization’s total workforce to meet the needs of the future. When done effectively, strategic workforce planning can help the Department of Defense (DOD) determine its financial management needs, deploy strategies to address skill gaps, and contribute to results.

Extent to Which the Department of Defense (DOD) Is Consistent with Key Principles for Strategic Workforce Planning

Strategic workforce planning key principle	Evaluation
Involve top management, employees, and stakeholders in workforce planning	generally consistent
Determine needed critical skills	partially consistent
Develop strategies to address gaps in critical skills	partially consistent
Support workforce planning strategies that use existing human capital flexibilities	generally consistent
Monitor and evaluate progress toward human capital and programmatic goals	generally consistent

Legend: Generally consistent = ●; Partially consistent = ◐; Not consistent = ○

Source: GAO analysis of DOD documents and interviews. | GAO-25-105286

DOD's financial management workforce planning policies and associated processes, practices, and activities were generally consistent with three of the five principles: (1) involving top management, staff members, and other stakeholders in developing, communicating, and implementing the strategic workforce plan; (2) supporting workforce planning strategies that use existing human capital flexibilities; and (3) monitoring and evaluating progress toward human capital goals. For example, to support workforce planning strategies, DOD uses incentives, recruitment initiatives, hiring flexibilities, and a financial management certification program.

DOD was partially consistent with principles on determining critical skills needed and developing strategies to address skill gaps.

- DOD has policies and procedures in place to identify the competencies needed for its civilian and military financial management workforce. For example, DOD has about 43,000 civilian employees within the Office of Personnel Management's Accounting, Auditing, and Budget Group, 0500, as of fiscal year 2021. By contrast, DOD does not know how many financial management contractor staff it has or what functions they collectively perform. This presents a major challenge in determining workforce needs.
- DOD has developed a wide range of hiring and training strategies for its financial management staff. However, DOD has not developed and implemented documented succession policies and plans. As a result, DOD increases the risk that it will be unable to quickly fill expected gaps in positions.

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Abbreviations

- AFR agency financial report
- ASI Agency Staffing Initiative
- BSO budget submitting office
- DCAT Defense Competency Assessment Tool
- DCPAS Defense Civilian Personnel Advisory Service
- DFAS Defense Finance and Accounting Service
- DHA direct-hire authority
- DOD Department of Defense
- FIAR Financial Improvement and Audit Remediation
- FTE full-time equivalent
- GS General Schedule
- HR human resources
- LOE line of effort
- OFCM Office of the Secretary of Defense Functional Community Manager
- OIG Office of Inspector General
- OPM Office of Personnel Management
- OUSD(C) Office of the Under Secretary of Defense (Comptroller)

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October 10, 2024

Congressional Committees

The mission of the Department of Defense's (DOD) financial management workforce is to ensure that DOD's budget and expenditures support the national security objectives of the United States. In fiscal year 2023, DOD received total appropriations of about \$1.1 trillion, an increase of about \$74 billion from fiscal year 2022. The department reported approximately \$3.8 trillion in assets as of September 30, 2023, an increase of approximately \$253 billion from fiscal year 2022. DOD's spending makes up about half of the federal government's discretionary spending.

Sound financial management practices and reliable, timely financial information are important to ensuring accountability over DOD's extensive resources. Achieving this goal is a significant challenge, given the worldwide scope of DOD's mission and operations; the diversity, size, and culture of the organization; and the magnitude of its reported assets, liabilities, and annual appropriations.

In confronting this challenge, serious and continuing financial management problems have adversely affected the economy, efficiency, and effectiveness of DOD's operations. Accordingly, DOD financial management has been on our High Risk List since 1995. DOD remains the only major federal agency that has been unable to receive a clean audit opinion on its department-wide financial statements.

As of fiscal year 2021, the DOD financial management workforce consists of approximately 60,000 federal civilian and military personnel and is supported by an unknown number of contractor personnel who perform financial management-related functions.¹ Appendix II provides further data, based on our analysis, of the approximately 43,000 federal employees who make up DOD's federal civilian financial management workforce, as of fiscal year 2021. According to a congressional panel on Defense Financial Management and Auditability Reform, ensuring that the workforce is adequately staffed, skilled, and well-trained is crucial to DOD's ability to improve financial management and audit readiness. Appendix II also includes information on operations research personnel, who provide support for DOD's financial management workforce and business operations.

In GAO's 2021 High Risk Update, we reported that DOD continued to face financial management personnel capacity challenges.² We also reported that DOD acknowledged that its succession planning was inconsistent and that it had difficulty retaining millennials.³ In our 2023 High-Risk List update, we reported that the *DOD*

¹At the close of fiscal year 2021, the DOD financial management workforce included approximately 55,000 civilian and military members in financial management occupational series and specialties. Another 5,000 civilian, military, and non-appropriated funds civilian personnel work in financial management but are not in a financial management occupational series. The non-appropriated funds category consists of certain civilians who work under the jurisdiction of the Armed Forces, but whose funding does not follow the standard appropriations process. Instead, their funding comes primarily from the sale of goods and services to DOD military and civilian personnel and their family members. Military exchanges serve as an example. Non-appropriated fund staff were not included in this review.

²GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021). [GAO-21-119SP](#) describes capacity as having the people and resources needed to resolve risks.

³The United States Bureau of the Census defines millennials as persons born between 1982 and 2000.

Financial Management Strategy for Fiscal Years 2022-2026 continues to focus on the need to build and maintain a premier financial management workforce.⁴

We performed this work in connection with the statutory requirement for GAO to audit the U.S. government's consolidated financial statements, which cover all accounts and associated activities of executive branch agencies, including DOD. This includes efforts and activities that are needed to support and maintain a financial management workforce, which is needed to support and sustain sound financial management.⁵

We compared DOD's financial management workforce planning policies and associated procedures, practices, and activities to principles of effective strategic workforce planning.⁶ Our work was performed at the key DOD components responsible for financial management: the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), the military departments,⁷ and the Defense Finance and Accounting Service (DFAS).⁸

At each of these DOD components, we analyzed financial management and workforce planning documentation. We compared our analyses to five principles for workforce planning.⁹ These principles are highly relevant to DOD's efforts in workforce planning.¹⁰ For each principle, we assessed DOD's financial management workforce planning policies and associated procedures, practices, and activities to determine the extent to which DOD's guidance included key supporting actions that constitute the key principle.

Regarding the composition of DOD's federal civilian financial management workforce, we obtained DOD data from the Defense Manpower Data Center for all appropriated-fund DOD federal civilian financial management employees categorized in the Office of Personnel Management's (OPM) 0500 job series from fiscal year 2012 through fiscal year 2021. These were the data that were the most recent available at the time of our data request. We also obtained data for the 1515 job series (operations research), which, according to DOD documentation, helps facilitate DOD's business transformation and management innovation efforts. We summarized the data by military department or workforce size, job series, race or ethnicity, gender, and age (see app. II). To assess the reliability of the DOD workforce data, we reviewed documentation associated with the collection, structure, and elements of the DOD data and conducted electronic testing of the data for

⁴GAO, *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas*, [GAO-23-106203](#) (Washington, D.C.: Apr. 20, 2023).

⁵31 U.S.C. § 331(e).

⁶GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, [GAO-04-39](#) (Washington, D.C.: Dec. 11, 2003).

⁷The military departments consist of the Department of the Army, the Department of the Air Force, and the Department of the Navy.

⁸The Secretary of Defense created DFAS in 1991 to standardize, consolidate, and improve accounting and financial functions throughout DOD. DFAS pays all DOD military and civilian personnel, retirees, and annuitants as well as major DOD contractors and vendors. DFAS also supports customers outside DOD in support of electronic government initiatives.

⁹[GAO-04-39](#) identifies five key principles of strategic workforce planning: (1) using stakeholder input to inform workforce planning, (2) determining critical skills that will be needed to achieve future programmatic results, (3) developing strategies to address workforce gaps, (4) supporting workforce planning strategies that use existing human capital flexibilities, and (5) monitoring and evaluating the agency's progress toward its human capital goals.

¹⁰[GAO-04-39](#).

completeness and consistency. We also interviewed DOD officials who were knowledgeable about the management and uses of the data. We determined that these data were sufficiently reliable for our purposes.¹¹

We also interviewed cognizant senior officials at OUSD(C), the military departments, and DFAS. In addition, we reviewed OPM policies, which require agencies to monitor and address skill gaps. See appendix I for additional information on our scope and methodology.

We conducted this performance audit from June 2021 to October 2024 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.

Background

As stated in the *DOD Financial Management Strategy for Fiscal Years 2022-2026*, the financial management workforce's responsibility is defined as supporting commanders, program managers, and procurement professionals, among many other stakeholders, to deliver essential defense mission capabilities.

DOD has been working toward a clean audit opinion on its department-wide financial statements for more than 30 years and estimates that it will not obtain a clean opinion, at least until near the end of the current decade.¹² According to the 2024 National Defense Authorization Act, DOD shall ensure that it has received an unqualified opinion on its financial statements by not later than December 31, 2028.¹³

Prior Reports Address DOD's Financial Management Workforce

As discussed below, the department's and the services' fiscal year 2023 agency financial reports (AFR), along with other reports, provide further details on the workforce-related challenges that they face:

In June 2024, DOD's Inspector General reported that DOD components did not effectively manage Financial Improvement and Audit Remediation (FIAR) contracts or report accurate information.¹⁴ Also, DOD did not use

¹¹We did not include the military financial management workforce because the military workforce is not identified with the OPM-defined occupational series. As a result, we were unable to identify the population of military financial management roles most comparable to the occupational series used to identify the civilian workforce.

¹²Department of Defense, Office of Inspector General, *Fiscal Year 2023 Top DOD Management Challenges* (Alexandria, Va.: Oct. 14, 2022).

¹³National Defense Authorization Act for Fiscal Year 2024, Pub. L. No. 118-31, § 1005 (2023).

¹⁴Department of Defense, Office of Inspector General, *Audit of Financial Improvement and Audit Remediation Contracts for DOD Components* (Alexandria, Va.: June 13, 2024).

FIAR contract resources efficiently to meet FIAR goals.¹⁵ Instead, DOD components used FIAR contracts to support non-remediation efforts and tasks unrelated to the full financial statement audits. According to the report, this occurred because the DOD components used their FIAR contracts to overcome staffing shortfalls. Additionally, OUSD(C) did not provide clear guidance on what tasks were appropriate under FIAR efforts and allowed the DOD components to decide which tasks they deemed necessary to support FIAR efforts.

The Office of Inspector General (OIG) recommended that DOD (1) strengthen guidance by defining FIAR tasks for DOD components, (2) develop and implement a process to ensure the accuracy and completeness of information reported in budget submissions, and (3) monitor for conflicting audit remediation tasks and verify the appropriateness of the tasks and funds spent for FIAR contracts. In addition, the OIG also recommend that the Army and Navy develop and implement a centralized process to monitor their FIAR efforts, develop and implement a strategy to align FIAR contracts to DOD audit priorities and goals, and develop a plan to reduce the use of contractors as components transition from remediation efforts to sustaining an unmodified audit opinion.¹⁶

For DOD's AFR for 2023, the DOD OIG noted the following department-wide material weaknesses in the area of personnel and organizational management: (1) DOD's average civilian time to hire may negatively affect the department's ability to attract quality candidates to fill open resource needs on a timely basis; (2) the large number of personnel systems, pay systems, and special human resources (HR) authorities and flexibilities used to manage the civilian workforce has caused excessive complexity and variability in HR processes; and (3) DOD has not implemented a centralized personnel accountability system and standardized reporting formats to enable consistent management of military personnel HR processes across the geographical combatant commands.¹⁷

In the Army's AFR for fiscal year 2023, the independent auditor reported deficiencies related to training within the financial management workforce. The auditor noted that the Army should (1) ensure that personnel are adequately trained in their areas of responsibilities and understand and comply with existing policies, (2) perform monitoring of whether controls are implemented and operating as designed, and (3) train personnel to recognize and accurately record transactions.¹⁸

In the Air Force's fiscal year 2023 report, the independent auditor stated that the Air Force lacked sufficiently trained resources within its financial management workforce.¹⁹ The auditor recommended that the Air Force (1)

¹⁵The National Defense Authorization Act of Fiscal Year 2018 required DOD's Under Secretary of Defense (Comptroller)/Chief Financial Officer to estimate the costs associated with correcting DOD's financial management deficiencies in its annual FIAR report to Congress. As of fiscal year 2023, 18 of DOD's 29 stand-alone audits and its own consolidated audit had received a disclaimer of opinion, meaning that the auditors were unable to obtain sufficient, appropriate audit evidence. From fiscal year 2018 to fiscal year 2022, DOD reported spending approximately \$4.1 billion on audit remediation and support in government and contractor costs, with minimal progress to correct the financial management deficiencies. DOD components reported spending more than \$75 million of FIAR contract funds on non-remediation efforts in fiscal year 2022.

¹⁶Department of Defense, Office of Inspector General, *Audit of Financial Improvement and Audit Remediation Contracts for DOD Components*.

¹⁷Department of Defense, *United States Department of Defense Agency Financial Report for Fiscal Year 2023* (Alexandria, Va.: Nov. 15, 2023).

¹⁸Department of the Army, *Fiscal Year 2023 United States Army Agency Financial Report* (Alexandria, Va.: Nov. 8, 2023).

¹⁹Department of the Air Force, *Department of the Air Force Agency Financial Report Fiscal Year 2023* (Alexandria, Va.: Nov. 8, 2023).

continue to develop training to enhance competencies in internal control concepts and accounting topics; (2) clarify the competencies, roles, responsibilities, and expectations of employees in relation to internal control over financial reporting; and (3) develop appropriate succession and contingency plans for key roles.²⁰

Regarding the Navy's fiscal year 2023 audit, the independent auditor noted that the Navy lacked oversight of the financial reporting service provider. The auditor recommended that the Navy provide training to individuals responsible for reviewing and approving journal vouchers. The auditor also noted inadequate documentation of budget execution policies and procedures, including controls. The auditor recommended that the Navy provide training to all Budget Submitting Office (BSO) personnel on how to (1) appropriately implement the policy for bulk obligations and (2) design and implement monitoring procedures to ensure compliance with the policy.²¹

We reported in March 2023 that DOD officials stated they did not have a strategic approach for workforce planning for all staff who support financial management systems.²² We recommended that DOD establish a mechanism for ensuring that it takes a strategic approach to workforce planning for the government and contractor staff who develop and maintain its financial management systems. DOD partially concurred with the recommendation and cited existing workforce planning and oversight activities that are underway.

In 2018, we reported that long-standing, uncorrected deficiencies within DOD's financial management systems, including those related to financial manager qualifications, continued to negatively affect the department's ability to manage and make sound decisions on missions and operations. For example, we noted that DOD's decentralized management environment may affect financial management personnel's ability to gain the requisite expertise to develop and implement needed corrective action plans.²³

In June 2017, we reported that current budget and long-term fiscal pressures on the department increased the importance of strategically managing DOD's human capital.²⁴ We found that DOD had taken steps to develop better information about the skill sets possessed and needed within the department's federal civilian, military, and contractor workforces, but needed to take further actions to complete a workforce mix assessment, improve the methodology for estimating workforce costs, and address skill gaps in critical workforces. Specifically, we noted that DOD should determine the appropriate mix of the military and civilian and contractor workforce in its strategic workforce plan.

In addition, we reported that DOD established financial improvement and audit readiness guidance, implemented training programs to help build a skilled financial management workforce, and developed corrective action plans to track the remediation of audit issues.²⁵ However, we also stated that DOD continued to identify the need for enough qualified and experienced personnel as a challenge to achieving its goals of

²⁰Department of the Air Force, *Department of the Air Force Agency Financial Report Fiscal Year 2023* (Alexandria, Va.: Nov. 8, 2023).

²¹Department of the Navy, *Department of the Navy Fiscal Year 2023 Agency Financial Report* (Alexandria, Va.: Nov. 8, 2023).

²²GAO, *Financial Management: DOD Needs to Improve System Oversight*, [GAO-23-104539](#) (Washington, D.C.: Mar. 7, 2023).

²³GAO, *Financial Management: DOD's Report on Precommand Financial Management Training*, [GAO-19-86R](#) (Washington, D.C.: Nov. 14, 2018).

²⁴GAO, *Department of Defense: Actions Needed to Address Five Key Mission Challenges*, [GAO-17-369](#) (Washington, D.C.: June 13, 2017).

²⁵[GAO-17-369](#).

financial improvement and audit readiness. We noted that DOD made progress in these areas, but substantial work remained for DOD to further control costs and manage its finances.²⁶ Lastly, we reported that the changing nature of federal work and a potential wave of employee retirements could produce gaps in leadership and institutional knowledge, which may aggravate the problems created by existing skill gaps.²⁷

Key Principles for Strategic Workforce Planning

We previously reported on the importance of strategic workforce planning. Such planning focuses on developing long-term strategies for acquiring, developing, and retaining an organization's total workforce (including full- and part-time federal staff and contractor personnel) to meet the needs of the future.²⁸ When done effectively, strategic workforce planning can help DOD determine its financial management needs, deploy strategies to address skill gaps, and contribute to results.

Developing and implementing a workforce plan can assist agencies in achieving their missions and strategic goals. We previously identified five key principles for effective strategic workforce planning.²⁹

1. Involve top management, employees, and other stakeholders in developing, communicating, and implementing the strategic workforce plan.
2. Determine the critical skills needed to achieve current and future programmatic results.³⁰
3. Develop strategies that are tailored to address gaps in number, deployment, and alignment of human capital approaches for enabling and sustaining the contributions of all critical skills.
4. Support workforce planning strategies that use existing human capital flexibilities.
5. Monitor and evaluate the agency's progress toward its human capital goals and the contribution that human capital results have made toward achieving programmatic goals.

As shown in figure 1, workforce planning is a continuous process whereby agencies reevaluate and assess workforce needs on an ongoing basis.

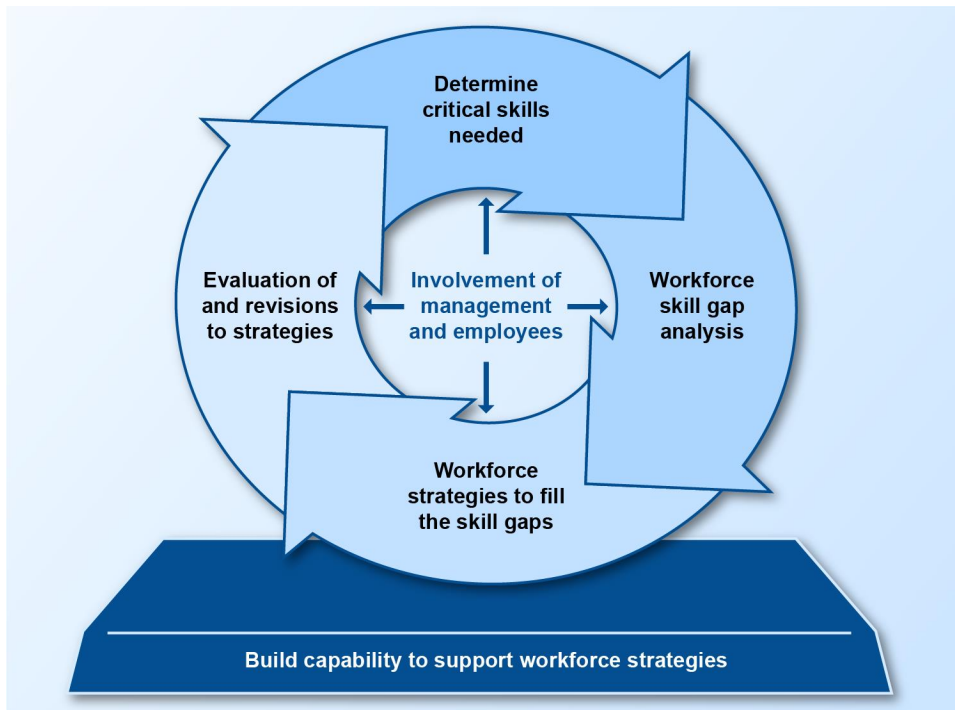
²⁶GAO-17-369.

²⁷GAO-17-369.

²⁸GAO-04-39.

²⁹GAO-04-39.

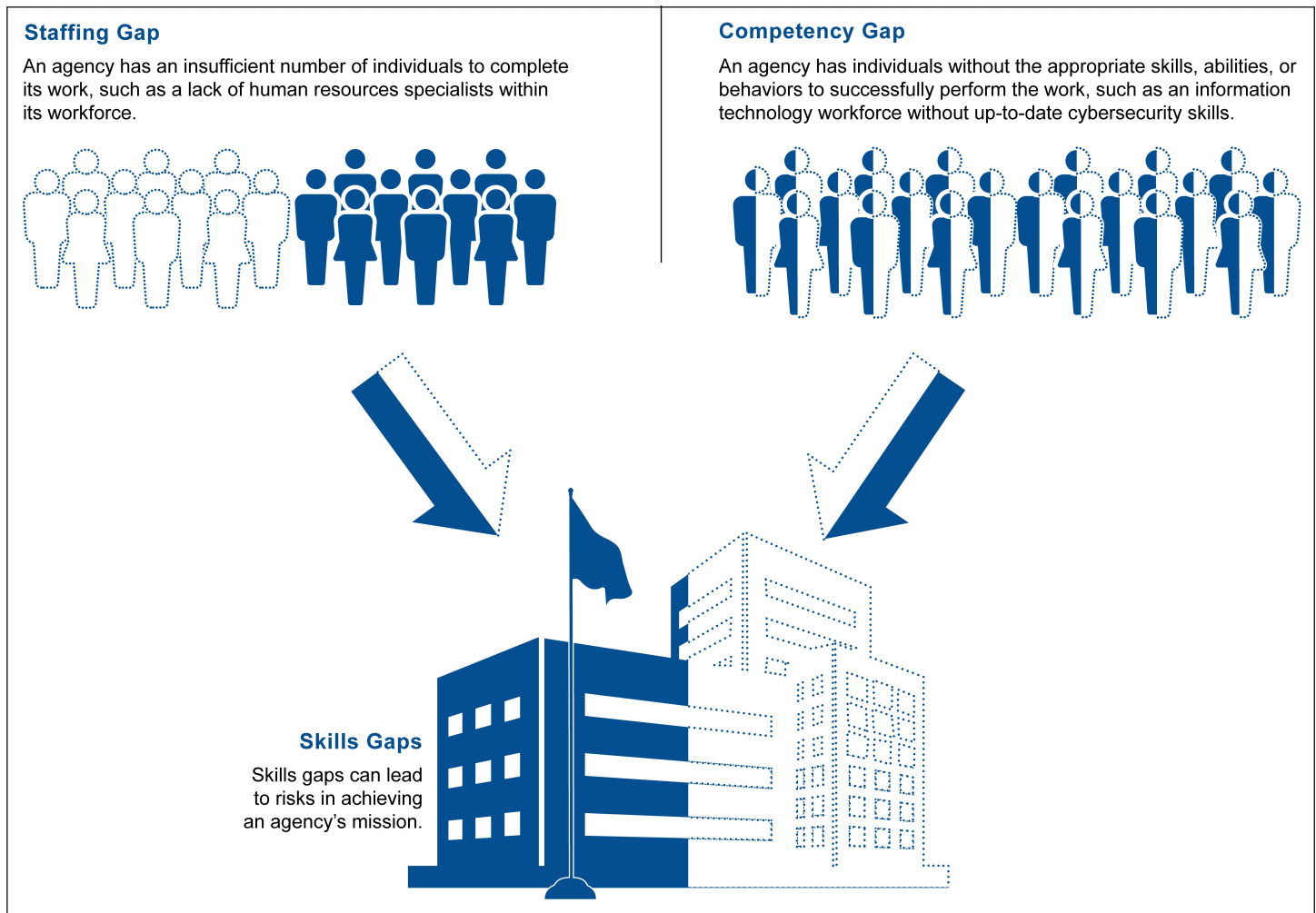
³⁰In this report, we use "skills gaps" to refer to both vacancy gaps (or staffing gaps) and competency gaps. In our prior work, we have defined competencies to be observable, measurable sets of critical skills, knowledge, abilities, behaviors, and other characteristics an individual needs to successfully perform work roles or occupational functions. GAO, *Federal Workforce: OPM and Agencies Need to Strengthen Efforts to Identify and Close Mission-Critical Skills Gaps*, GAO-15-223 (Washington, D.C.: Jan. 30, 2015), and DHS *Strategic Workforce Planning: Oversight of Departmentwide Efforts Should Be Strengthened*, GAO-13-65 (Washington, D.C.: Dec. 3, 2012).

Figure 1: Strategic Workforce Planning Process

Source: GAO. | GAO-25-105286

As part of the human capital management process, agencies assess skill gaps within the workforce. A skills gap may consist of (1) a vacancy gap (also known as a staffing gap), in which an agency has an insufficient number of individuals to complete its work, or (2) a competency gap, in which an agency has individuals without the appropriate competencies, abilities, or behaviors to successfully perform the work.³¹ Figure 2 shows how staffing and competency gaps can lead to skills gaps in the workforce.

³¹GAO, *Federal Workforce: OPM Advances Efforts to Close Government-wide Skills Gaps but Needs a Plan to Improve Its Own Capacity*, [GAO-23-105528](#) (Washington, D.C.: Feb. 27, 2023).

Figure 2: Workforce Gaps

Source: GAO. | GAO-25-105286

DOD Is Generally Consistent with Most Strategic Workforce Key Principles, but Additional Actions Are Needed

DOD's financial management workforce planning policies and associated processes, practices, and activities were generally consistent with the principles of (1) involving all levels of staff in developing, communicating, and implementing the strategic workforce plan; (2) supporting workforce planning strategies that use existing human capital flexibilities; and (3) monitoring and evaluating progress toward human capital goals. For example, to support workforce planning strategies, DOD uses incentives, recruitment initiatives, hiring flexibilities, and a financial management certification program.

DOD's financial management workforce planning policies associated procedures, practices, and activities were partially consistent with key principles related to (1) determining critical skills needed and (2) developing

strategies to address skills gaps. Specifically, DOD does not have policies and procedures for including contractors in its needs assessment process. Also, as it relates to the collective competencies and capabilities of contractors, DOD does not know how many contractors it has or what functions they collectively perform. This presents a major challenge in determining workforce needs. In addition, although DOD has developed a wide range of hiring and training strategies for its financial management workforce, DOD has not developed and implemented documented succession policies and plans. As a result, DOD increases the risk that it will be unable to quickly fill expected gaps in positions. See table 1 for a summary of our assessment.

Table 1: Extent to Which the Department of Defense (DOD) Is Consistent with Key Principles for Strategic Workforce Planning

Strategic workforce planning key principle	Evaluation
Involve top management, employees, and stakeholders in workforce planning	generally consistent
Determine needed critical skills	partially consistent
Develop strategies to address gaps in critical skills	partially consistent
Support workforce planning strategies that use existing human capital flexibilities	generally consistent
Monitor and evaluate progress toward human capital and programmatic goals	generally consistent

Legend: Generally consistent = ●; Partially consistent = ◐; Not consistent = ○
Source: GAO analysis of DOD documents and interviews. | GAO-25-105286

DOD Involved All Workforce Levels and Communicated Its Workforce Plans across the Department

Based on our analysis of DOD financial management workforce planning information and interviews with officials, we determined that DOD was generally consistent with the key principle of involving top management, employees, and other stakeholders in strategic workforce planning. Key supporting actions that assist in the implementation of this key principle are (1) ensuring that top management sets the overall direction and goals of workforce planning; (2) involving employees and stakeholders in developing and implementing future workforce strategies; and (3) establishing a communication strategy to create shared expectations, promote transparency, and report progress.³²

Ensure That Top Management Sets the Overall Direction and Goals of Workforce Planning

To demonstrate top management's involvement in the strategic workforce planning process, the Under Secretary of Defense (Comptroller)/Chief Financial Officer and the Deputy Under Secretary of Defense (Comptroller) published the *DOD Financial Management Strategy for Fiscal Years 2022-2026*. The document outlines DOD's mission, vision, and strategic goals and objectives for its financial management workforce. The Defense Civilian Personnel Advisory Service's (DCPAS) *Strategic Workforce Planning Guide* for 2019 provides the process for how top management in DOD assists in workforce action planning. For example, the guide states that Office of the Secretary of Defense functional community managers assist in identifying available authorities, flexibilities, and training tools for workforce action planning. Top management also assists in vetting strategies and identifying availability of funding, other constraints, and risks.

According to 10 U.S.C. § 135 and DOD Directive 5118.03, the Under Secretary of Defense (Comptroller) is the principal advisor to the Secretary of Defense for budgetary and fiscal matters, including financial management, accounting policy and systems, financial systems, budget formulation and execution, contract audit, audit administration, and general management improvement programs.

OUSD(C)'s Strategic Workforce Plan for 2019 through 2023 states that OUSD(C)'s community manager for the Financial Management Functional Community partners with community managers from the military departments on financial management workforce development across the department.³³ According to OUSD(C) officials, OUSD(C) shares best practices with the military departments, but the military departments manage their own financial management workforce requirements. These officials stated that they encourage the military departments to adopt these best practices, but OUSD(C) does not make any formal directives to the military departments.

In addition to the strategic workforce planning policies and processes cited above, the following are examples of how DOD involves top management in its workforce planning efforts:

- **OUSD(C).** In coordination with financial management personnel from across the department, including financial management and human capital subject matter experts across DOD, OUSD(C) develops multiyear financial management strategic workforce plans. The plans are approved by the Under Secretary

³²GAO-04-39.

³³According to DOD Instruction 1400.25, volume 250, functional community managers are responsible for strategic human capital planning for assigned occupations within the civilian workforce.

of Defense (Comptroller). Meeting minutes OUSD(C) provided show that the office hosted meetings for top leadership of the military departments and DFAS, during which the military departments' top leaders participated directly in workforce planning activities.

- **Army.** According to minutes from OUSD(C)'s senior leadership group meetings, senior officials from the Army's financial management workforce were part of discussions concerning updates to the Financial Management Certification Program, strategic workforce planning, and financial management training.³⁴ Army officials stated that the Assistant Secretary of the Army for Financial Management and Comptroller has increased senior leadership presence at the Army commands by visiting monthly to meet and greet the financial management civilian and military workforce. Army officials provided the agenda for one of these meetings, where concepts related to strategic workforce planning, as part of the financial management strategy, and the fiscal year 2024 audit were discussed.
- **Air Force.** Air Force officials stated that its Functional Advisory Council composed of military general officers and civilian executives provides strategic-level direction and oversight of development programs and activities for the workforce. According to the *Charter of the Air Force Financial Management Development Team*, the Air Force Principal Deputy Assistant Secretary is the civilian functional manager and co-chairs the officer and civilian development teams. Additionally, the Deputy Assistant Secretary, Budget, is the officer functional manager and acts as co-chair for the officer and civilian development teams. The Executive for Enlisted Matters is the chair for the enlisted development team.
- **Navy.** Navy Instruction 7000.27D governs the Navy's financial management comptroller organizations.³⁵ The Navy's BSOs approve subordinate commands' comptroller organizations.³⁶ The Navy's February 2022 workforce synchronization presentation states that the Navy's executive governance board and an oversight committee oversee operations of three working groups that address developing workforce competencies, revamping the internship program, and improving hiring and retention.
- **DFAS.** According to the DFAS fiscal years 2022-2026 strategic plan, the DFAS Strategic Council, the oversight body for strategy execution, monitors and receives reports on DFAS's portfolio of initiatives. DFAS officials told us, and the DFAS fiscal years 2017-2021 written strategic plan confirmed, that DFAS senior executives act as both priority outcome leaders, who are responsible for direct oversight for execution of strategic initiatives that fall within their focus areas, and priority champions, who oversee the actions of the priority outcome leaders. According to the fiscal years 2017-2021 written strategic plan, DFAS senior executives provide guidance and direction to ensure that the stated focus area results and priority outcomes are achieved.

³⁴The National Defense Authorization Act for Fiscal Year 2012 authorized the Secretary of Defense to establish a financial management professional certification program that requires DOD employees who perform financial management functions, both civilian and military, to attain and maintain a financial management certification. National Defense Authorization Act for Fiscal Year 2012, Pub. L. No. 112-81, 125 Stat. 1298, 1581.

³⁵Secretary of the Navy Instruction 7000.27D, *Comptroller Organizations* (Nov. 16, 2020). The Assistant Secretary of the Navy Financial Management and Comptroller is the Secretary's principal financial advisor. The comptroller organizations are responsible for financial management activities in their respective commands.

³⁶According to the Navy's *Activity Manpower Management Guide* for 2021, BSOs identify the major commanders or bureaus that the Chief of Naval Operations authorizes manpower resources to directly for accomplishing assigned missions and tasks.

Involve Employees and Other Stakeholders in Developing and Implementing Future Workforce Strategies

The DCPAS *Strategic Workforce Planning Guide* for 2019 provides guidance to DOD on the development of the strategic workforce plan and outlines how all levels of the workforce are involved in developing the plan and creating a communication strategy. DCPAS develops and oversees human resources programs for the DOD workforce.

The *DOD Financial Management Strategy for Fiscal Years 2022-2026* notes that measuring employee engagement and satisfaction can be an opportunity to implement data-driven change. Employee satisfaction is an important factor in an organization's workforce awareness and retention efforts. As we previously reported, an annual survey can help ensure that newly appointed agency officials maintain momentum for organizational change.³⁷ Another benefit is that if agencies, managers, and supervisors know that their employees will have the opportunity to provide feedback each year, they are more likely to take responsibility for influencing positive change.³⁸ Officials at OUSD(C), the Air Force, the Navy, and DFAS reported that they conduct employee satisfaction surveys.

In addition to the policies mentioned above, the following are examples of how DOD involves employees and other stakeholders in its workforce planning efforts:

- **OUSD(C).** OUSD(C)'s financial management strategy for 2022 through 2026 incorporates input from across DOD, including budget analysts, data analysts, accountants, and auditors. Additionally, OUSD(C) officials told us that employee input is factored into year-to-year implementation plans through feedback on training and forums and through the OPM Federal Employee Viewpoint Survey.³⁹ As part of involving other stakeholders in developing the strategic workforce plan, OUSD(C) officials provided us meeting minutes from their quarterly Financial Management Functional Community manager meetings. At these meetings, DOD gathers stakeholder input from the military departments to provide more transparency.
- **Army.** As previously stated above, Army senior leadership held monthly visits at the commands to meet and greet the financial management workforce. Army officials stated that they gather employee feedback through the OPM Federal Employment Viewpoint Survey. Also, the Army's website provides a summary of notable Federal Employment Viewpoint Survey results for 2022 and 2023. The Army published an announcement for the 2024 Federal Employment Viewpoint Survey, which indicated that the survey would launch in May 2024.
- **Air Force.** The Air Force's previous strategic workforce plan, the fiscal years 2019 through 2023 Human Capital Strategy, states that development teams meet twice annually to provide strategic-level

³⁷GAO, *Federal Workforce: Additional Analysis and Sharing of Promising Practices Could Improve Employee Engagement and Performance*, [GAO-15-585](#) (Washington, D.C.: July 14, 2015).

³⁸[GAO-15-585](#).

³⁹Annually, OPM administers the Federal Employee Viewpoint Survey. As stated by OPM, the survey is an organizational climate survey and assesses how employees experience the policies, practices, and procedures characteristic of their agency and its leadership. Survey results offer insights into whether, and to what extent, workplace conditions characterizing successful organizations are present in federal agencies, information important to successful organizational change, and information on development initiatives. The survey serves as a tool for employees to share their perceptions regarding critical topics, including their work experiences, their agencies, and agency leadership.

direction, orchestrate personnel developmental opportunities, develop policies, and provide senior-level succession planning. The Air Force conducts workforce development surveys for the civilian and military financial management workforce. According to Air Force officials, surveys are conducted electronically, and the information received is used to inform and develop executive-level action plans, as appropriate. The Air Force published an announcement regarding the 2024 Federal Employment Viewpoint Survey, which indicated that the survey would launch in June 2024.

- **Navy.** The Navy conducted its Workforce Readiness Initiative, a multi-month project starting in the spring of 2021 that consisted of numerous workshops to gather feedback on various topics affecting the BSOs. These topics included the Financial Management Certification Program, upskilling the workforce, automation and outsourcing of activities, and adopting best practices from other commands. In May 2024, Navy officials stated that the Workforce Readiness Initiative has been superseded by the *Navy Financial Management Strategy and Fiscal Year 2024 Implementation Plan*. The implementation plan summarizes the Navy's fiscal year 2023 accomplishments for the financial management workforce and describes its strategic goals and objectives for fiscal year 2024, including timelines for completion.

Beginning in June 2022, the Navy implemented a quarterly financial management employee satisfaction survey, which is called the Pulse Survey. As evidence of these efforts, the Navy provided workforce metrics containing the results of this survey. The latest Pulse Survey conducted was in April 2024. The survey called for employee feedback on a variety of topics, including job satisfaction, available training opportunities, and whether personnel have sufficient resources to perform their jobs effectively.

- **DFAS.** DFAS officials noted that the organization uses the Organizational Assessment Survey, administered by OPM, as a tool to assess the agency's overall organizational climate. DFAS's survey results show that areas measured include leadership, employee engagement and recognition, inclusion, and communication.

DFAS officials described the survey as a tool for employees to share their perceptions in many critical areas, including their work experiences, their agency, and its leadership. According to DFAS officials, the results provide agency leaders insight into areas where improvements have been made as well as areas where improvements are needed. In response to the employee feedback results from that survey, DFAS stated that it developed action plans to address identified issues.

Establish a Communication Strategy to Create Shared Expectations, Promote Transparency, and Report Progress

The military departments and DFAS have established communication strategies that create shared expectations, promote transparency, and report progress to their respective financial management workforces and stakeholders by publishing strategic workforce plans. DCPAS's *Strategic Workforce Planning Guide* for 2019 provides a template for developing DOD's strategic workforce plans, which provide core requirements and activities that are essential in workforce planning. The template includes the following sections: executive summary, introduction, strategic planning alignment, current workforce analysis, future workforce analysis, gap analysis, workforce action planning, and execution and monitoring. The guide also includes a cross-functional map showing that communication should take place at various levels of the organization.

As part of the strategic workforce plan development process cited above, the following are examples of communication strategies OUSD(C), the military departments, and DFAS used to create shared expectations, promote transparency, and report progress:

- **OUSD(C).** OUSD(C) used its fiscal years 2022 through 2026 financial management strategy and the *DOD Financial Management Functional Community Implementation Plan* for fiscal years 2023 through 2026 to communicate with its financial management workforce and stakeholders. For example, OUSD(C) set a goal of cultivating a skilled and inspired financial management workforce. The Financial Management Strategy states that some of the objectives established to meet this goal include building and maintaining a premier financial management workforce, optimizing and evolving financial management training solutions, and fostering a financial management community of practice.
- **Army.** The Army used its 2028 Financial Management Strategy and the 2024 Campaign Plan for the Financial Management Strategy to communicate with its financial management workforce and noted the importance of working with external and internal stakeholders and organizational partners across the Army. The 2028 Financial Management Strategy identifies the Army's strategic goals, the objectives that will be used to reach those goals, how progress will be measured, and what success looks like. For each strategic goal, the campaign plan highlights the progress made in 2023 toward that goal and what further actions are planned for 2024.
- **Air Force.** The Air Force used its fiscal years 2022 through 2026 Financial Management Strategic Plan to communicate with its financial management workforce and highlighted the importance of strengthening partnerships with stakeholders across the enterprise. The document describes the Air Force's goals for its financial management workforce, defines objectives for reaching these goals, and explains the desired outcomes.
- **Navy.** The Navy used the fiscal years 2022 through 2026 Financial Management Strategy to communicate with its financial management workforce and stated that achieving its goals requires collaboration with stakeholders across the department. The Financial Management Strategy outlines the Navy's goals and objectives, the steps needed to achieve them, and ways to measure outcomes.
- **DFAS.** DFAS used its fiscal years 2022 through 2026 Strategic Plan and the fiscal years 2022 through 2026 Human Capital Strategic Plan to communicate with its financial management workforce and describes the importance of collaborating with stakeholders and strengthening partnerships with customers. The Strategic Plan and the Human Capital Strategic Plan highlight DFAS's strategic goals and desired outcomes.

In addition, DFAS provided a document entitled *DFAS Human Capital Framework Communication Plan*. It lists planned communications that take place within the agency and the method of delivery (e.g., meeting, email, newsletter, etc.). The list also includes the target audience for which the message will be tailored and the frequency of communications (e.g., annually, semiannually, quarterly, monthly, biweekly, weekly, etc.). According to the document, DFAS has established a centralized direct line to its Accountability Team, which allows any member of any planned communication to offer feedback or ask questions.

DOD Determined the Competencies Needed for Civilian and Military Personnel but Lacks Data on Contractor Personnel

Based on our analysis of DOD financial management workforce planning information and interviews with officials, we determined that DOD was partially consistent with the key principle of determining critical competencies that will be needed to achieve current and future programmatic results. The key supporting action that assists in the implementation of this key principle is to ensure the critical competencies and staffing needs are identified and clearly linked to the agency's mission and long-term goals. As part of this process, agencies should conduct needs assessments to determine the number of employees needed with specific competencies and roles within the financial management workforce. This is especially important as changes in national security, technology, budget constraints, and other factors change the environment within which federal agencies operate.

Competency development involves determining the competencies that are required for specific financial management roles. This creates a foundation for the workforce to be able to perform the functions needed to support financial management. Competency assessments or needs assessments, on the other hand, focus on the existing abilities that employees possess and additional competencies that the workforce needs to achieve the mission. These are important because it allows DOD to periodically check with its financial management workforce and gauge how work is changing and what additional competencies, if any, are needed to meet the workforce's needs.

While DOD has processes in place to identify the competencies needed for its federal civilian and military financial management workforce, DOD lacks data about the contractor personnel who support financial management functions across the department. Without documented needs assessment processes in place that account for collective competencies and capabilities and the functions performed by contractor personnel, the department is challenged to conduct comprehensive strategic planning for its financial management workforce. For example, DOD has about 43,000 civilian employees who have positions within the Office of Personnel Management's (OPM) "Accounting, Auditing and Budget Group, 0500." By contrast, DOD does not know how many financial management contractor staff it has or what functions they collectively perform. This presents a major challenge in determining workforce needs.

DOD Developed Competencies and Needs Assessment Processes for Its Civilian and Military Financial Management Workforce

OUSD(C)'s *Administrative and Personnel Policies to Enhance Readiness and Lethality Final Report* for 2018 states that the Financial Management Functional Community developed a list of 24 competencies, which were adopted by the Federal Chief Financial Officer Council in 2015 for use across the federal government. The policies state that these competencies serve as more specific and quantifiable job qualifications in place of traditional statements of knowledge, competencies, and abilities.

OUSD(C), the military departments, and DFAS took various actions to develop competencies for the civilian and military workforce and conduct needs assessments. OUSD(C) officials stated that the departments manage their own respective needs assessments, as they are best equipped to determine their individual unit needs. The following are examples of DOD's processes and efforts regarding the development of needs assessments and competencies for civilian and military personnel:

- **OUSD(C).** OUSD(C) officials provided a list of financial management competencies that were developed for the civilian workforce. DOD officials stated, and officials from the military departments confirmed, that OUSD(C) determines and validates competencies for the federal civilian financial management workforce across the department. DOD officials also told us that the Financial Management Functional Community spent years developing competencies for the federal civilian financial management workforce. DOD officials stated that subject matter experts within the Financial Management Functional Community developed certification levels and, within these levels, identified the specific competencies that would be needed. DOD developed and issued its department-wide financial management competencies for its civilian workforce in December 2011.⁴⁰

DOD officials previously stated in a February 2022 information request that the competency models are processed by the DOD competency team using the Defense Competency Assessment Tool (DCAT). DCAT tracks and manages employee and supervisory competency assessments and provides a gap analysis of current competencies against target-level proficiency.

According to DCPAS's website, as part of the competency development process, DOD identifies tasks that need to be completed and drafts competencies that are needed for these tasks. From there, the department conducts panels by subject matter experts to refine the draft competencies and proficiency-level statements for those competencies.

DOD's *DCAT Competency Assessment Report Interpretation Guide for Employees* states that DCAT is a tool for validating DOD occupational series competency models and assessing competency gaps across the civilian workforce. According to the guide, DOD civilian employees are invited to self-assess their proficiency levels in their occupational competencies through DCAT, and participation in DCAT is voluntary. From there, supervisors assess each employee's proficiency level for each of the competencies required for the employee's position. The variance between the employee's rating and the supervisor's rating is then measured, as well as the target proficiency rating. Competency gaps are identified by differences between the supervisor's rating and the target proficiency rating.

In a March 2024 information request, DOD officials stated that the department was migrating to DCAT Cloud, which would be used as a competency development tool rather than an employee validation tool. According to DOD officials, all formal and written guidance on the newly deployed system is being developed for official integration through fiscal year 2025. DOD officials stated that the new system will be used for competency evaluations, climate assessments, and trend analysis.

- **Army.** Related to competency development, Army officials provided documentation of the positions in its military financial management workforce and the competencies needed for each position. Also, the Army's personnel development guide for commissioned officers identified the competencies they need to possess as military financial management personnel. For determining competencies for military personnel, Army officials stated that the Office of the Assistant Secretary of the Army for Financial Management and Comptroller provides the direction, approves guidance for workforce criteria, and approves workforce structure.

For needs assessments, Army Regulation 690-950, Career Program Management, states that the

⁴⁰Department of Defense, *Department of Defense (DOD) Financial Management Civilian Enterprise-wide Competencies* (Washington, D.C.: Dec. 16, 2011).

Army Civilian Career Program Proponency System continually monitors and assesses the current capabilities of the Army's civilian workforce and program requirements. The system (1) supports civilian functional manpower requirements for total force planning and the strategies needed to build the Army civilian workforce to meet those requirements, (2) identifies required competencies and competency proficiency levels for employees to meet current and future missions and communicates those requirements to appropriate stakeholders, (3) compares the current competency level requirements to the current proficiency levels to determine current competency gaps and gap closure methodologies, and (4) identifies career paths to provide a competency-based career map for Army civilians to enhance their career planning and development.

- **Air Force.** Related to competency development, Air Force officials provided documentation of the positions in the Air Force military financial management workforce and the competencies identified for each position. The Air Force created development roadmaps for enlisted and officer personnel in the military financial management workforce. These roadmaps provide leadership, experience, and education expectations for military personnel over the course of 20 years. The roadmaps also detail institutional and occupational competencies these personnel are expected to acquire, such as financial operations, accounting, and financial analysis. Air Force officials stated that the major commands and field commands decide the competencies needed for military financial managers.

Regarding needs assessments, the Air Force's 2015 *Guide for Civilian Workforce Planning* provides the steps for conducting these. The guide states that the Air Force should determine and analyze workforce supply, demand, and discrepancies. This includes workforce changes such as attrition rates, anticipated mission changes, and labor market forecasts. The guide also states that the Air Force should consider what competencies will be needed to complete specialized, unique, and noncomplex tasks and how to recruit employees with needed competencies.

- **Navy.** For competency development, the Navy provided documentation of the positions in its military financial management workforce and the competencies identified for each position. Also, Navy officials stated that competencies from DOD's Financial Management Certification Program are used for the civilian and military financial management workforces. They also stated that any competencies that are needed beyond what is established in the certification program are determined by the BSOs. Navy officials stated that the Navy's military workforce uses DOD-set competencies.

As it pertains to needs assessments, the Navy worked with a consultant in 2021 and 2022 to assess its financial management workforce. The consultant worked with the Navy to identify the competency capability of the financial management workforce as well as strategies that can be used to help retain personnel. Navy officials stated that this is the first time such an assessment was conducted; moving forward, the Navy plans to conduct it every 3 to 4 years to assess how actions the department took have affected the workforce. Navy officials also provided us with the 2020 Secretary of the Navy Instruction 7000.27D, which requires that commands support training and development opportunities for comptroller staff.

- **DFAS.** Regarding competency development, DFAS officials stated that they follow DOD policy related to decisions on competencies for the financial management workforce. DFAS officials stated that they do not recruit military personnel from the Financial Management Functional Community, and they do not determine the number of military personnel in their financial management workforce. According to DFAS officials, military personnel are sent to DFAS's financial management workforce by orders from their respective military departments. In January 2022, DFAS officials

stated that they had 13 military personnel from the Navy and three military personnel from the Marine Corps in their financial management workforce.

For needs assessments, DFAS officials stated that they did not publish a DFAS instruction implementing DOD Instruction 1400.25, volume 431, because they believed there were sufficient details, guidance, and information in the DOD Instruction. These officials provided documentation showing that they conduct yearly centralized training needs assessments. The officials added that they survey the leadership of each organization within DFAS, spanning from first-line supervision to the senior leaders. The survey solicits information on competencies, skill sets, and proficiency levels as well as emerging developmental requirements, priorities, and future needs. Officials stated that the Learning and Development Division will then perform quarterly check-ins with organizational leaders to see if needs are being met and if any new training needs have emerged.

DOD Has Limited Information on Specific Financial Management Functions Contractor Personnel Are Performing

To conduct a comprehensive needs assessment, OUSD(C), the military departments, and DFAS need to know what specific functions contractor personnel are performing and what skills are associated with performing those functions. With this information, DOD would be better positioned to determine if competencies exist or could be developed within the civilian and military financial management workforce and whether DOD financial management personnel could perform these functions instead of contractors.

OUSD(C), the military departments, and DFAS do not have policies and procedures for including contractors in its needs assessment process. Also, OUSD(C), the military departments, and DFAS could only tell us what general areas contractor personnel work in, but not the numbers of contractors nor the specific functions that they collectively perform. Without knowing the collective competencies and capabilities of contractors and what functions contractors are performing, DOD cannot identify the competencies associated with these functions and if these competencies can be factored into the needs assessments process. As a result, DOD's needs assessment process is incomplete.

DOD Instruction 1400.25, volume 250, *DOD Civilian Personnel Management System: Civilian Strategic Human Capital Planning*, states that DOD needs to identify current and projected civilian manpower requirements, including expeditionary requirements within the context of total force planning, needed to meet DOD's mission. Volume 250 defines total force as all active and reserve military, civilian, and contractor employees of DOD. According to volume 250, the Strategic Human Capital Management Executive Steering Committee will review and recommend appropriate functional community structure, mission-critical occupations, and resources for functional community planning to better manage the total force.

However, officials across the DOD Financial Management Functional Community stated that they have limited information about contractor personnel supporting their respective financial management workforces because they do not track this information. Federal law and DOD policy requires DOD officials to implement guidelines

and procedures to ensure that consideration is given to using DOD civilian and military personnel to perform functions that contractor personnel perform.⁴¹

As part of the workforce mix decision process, DOD Instruction 1100.22, *Policy and Procedures for Determining Workforce Mix*, states the following:

if a DOD Component has a military or DOD civilian personnel shortfall, the shortfall is not sufficient justification for contracting an inherently governmental function. Likewise, a personnel shortfall is not sufficient justification for contracting activities that are closely associated with inherently governmental functions if contracting the activity would result in an inappropriate risk. Personnel shortfalls shall be addressed by hiring, recruiting, reassigning military or DOD civilian personnel; authorizing overtime or compensatory time; mobilizing all or part of the Reserve Component (when appropriate); or other similar actions.

The following are examples of challenges DOD faces regarding data collection for contractor personnel:

- **OUSD(C).** OUSD(C) officials stated that it is difficult to determine what financial management work is being performed by contractor personnel. OUSD(C) officials stated that this is because there are many different types of contracts that have financial management components but are not purely financial management contracts. OUSD(C) officials stated that DOD would have to parse out all the roles on the contract to find the financial management positions and that they do not know if there is a way to track all financial management-related contracts across the department.
- **Army.** Army officials stated that contractor support is used differently across its financial management workforce depending on the needs of the organization acquiring the support. Officials noted that these needs can vary from conducting audit remediation activities to performing data analytics.
- **Air Force.** Air Force officials told us they do not know exactly how many contractor personnel there are but that contractor personnel work within the following areas: budget, financial analysis, audit, accounting, cost, and information technology. Air Force officials stated that while they can track the federal civilian and military financial management workforces' responsibilities regarding financial statements and their preparation, a contractor's work depends on what is in their performance work statement. Air Force officials stated that the challenge with determining the work of contractors is that their performance work statements could include also administrative work, which is difficult to parse out.
- **Navy.** Navy officials told us that the department does not track its contractor personnel, but that contractor personnel fulfill positions in support of audit and financial management, including systems support, implementation, migration, and sustainment.
- **DFAS.** DFAS officials told us that they use the Contract Services directorate to oversee all the contracts within DFAS. DFAS officials noted that mission areas and corporate organizations can request services contracts to fulfill needed support, if required and appropriate. However, these officials noted that functions that are inherently governmental cannot be legally contracted out. DFAS officials did not provide

⁴¹10 U.S.C. § 2463 governs DOD's general policy for the use of civilian employees to perform DOD functions and requires the Under Secretary of Defense for Personnel and Readiness to devise and implement guidelines and procedures to ensure that consideration is given to using, on a regular basis, DOD civilian employees to perform new functions and functions that contractors currently perform. DOD Instruction 1100.22, *Policy and Procedures for Determining Workforce Mix*, provides considerations for determining workforce mix. For example, the instruction establishes the decision process for determining functions that are inherently governmental and must be performed by DOD personnel.

information on what general areas in the financial management workforce contractor personnel are working in.

DOD is required by law to prepare an inventory of contracted services for certain contract actions exceeding \$3 million and then submit to Congress a summary of the inventory, including contracts where contractor personnel will augment DOD's workforce and contracts closely associated with inherently governmental functions.⁴² The statute states that the Secretary of Defense must submit the inventory summary to Congress no later than the end of the third quarter of each fiscal year. The statute also states that the inventory summary should contain information such as the functions and missions performed by the contractor personnel and the number of contractor personnel being used, expressed as full-time equivalents (FTE).⁴³ We reported that DOD estimated it spent \$184 billion to \$226 billion on contractor services from fiscal year 2017 through fiscal year 2020.⁴⁴

Our past work on DOD's inventory of contracted services found that data collection issues were hindering the department's efforts to use contractor workforce data to inform management decisions, including strategic workforce planning, workforce mix and in-sourcing determinations, and budget decisions.⁴⁵

We also reported that DOD components were to use inventories of contracted services to estimate contractor FTEs for workforce planning and budget submissions, but we found in 2013 that the contractor FTE estimates had significant limitations and did not accurately reflect the number of contractor personnel providing services to DOD. At that time, we recommended that DOD include an explanation in annual budget exhibits of the methodology used to project contractor FTE estimates and any limitations of that methodology or the underlying information to which the methodology is applied. DOD has not implemented this recommendation.

DOD continues to face challenges with collecting data on contractor personnel. In October 2020, DOD issued a report to Congress that, among other things, described continued limitations with inventory of contracted services data. The DOD report discussed the department's recent transition to the government-wide system that other federal agencies use to collect data for inventories of contracted services and explained that this transition is intended to reduce the burden of data collection for defense contractors and improve compliance. However, as we reported in February 2021, DOD's report did not discuss how it plans to use these data to inform decision-making and workforce planning, key issues our work has identified in the past.⁴⁶

⁴²10 U.S.C. § 4505(c). Contracts closely associated with inherently governmental functions can include contracts for certain financial management functions, such as those that involve or relate to budget preparation. 10 U.S.C. §§ 4505(h)(2), 4508(b)(2); 48 C.F.R. § 7.503(d). DOD's fiscal year 2022 inventory of contracted services may be found at <https://www.acq.osd.mil/asda/dpc/cp/policy/service-contract-inventory.html> (accessed DATE).

⁴³10 U.S.C. § 4505(c).

⁴⁴GAO, *DOD Contracted Services: Actions Needed to Identify Efficiencies and Forecast Budget Needs*, [GAO-23-106123](#) (Washington, D.C.: Sept. 7, 2023).

⁴⁵GAO, *DOD Contracted Services: Long-Standing Issues Remain about Using Inventory for Management Decisions*, [GAO-18-330](#) (Washington, D.C.: Mar. 29, 2018). In-sourcing decisions involve activities performed by contractors that DOD should consider for conversion to government performance.

⁴⁶GAO, *Service Acquisitions: DOD's Report to Congress Identifies Steps Taken to Improve Management, but Does Not Address Some Key Planning Issues*, [GAO-21-267R](#) (Washington, D.C.: Feb. 22, 2021).

As stated above, the DOD Financial Management Functional Community does not currently have policies and procedures for including contractors in its needs assessment process. Also, DOD does not have a process for gathering information on what specific functions contractor personnel are performing. Officials from the military departments and DFAS did, however, provide information on the general areas that contractor personnel are working in. Also, in OUSD(C)'s *Administrative and Personnel Policies to Enhance Readiness and Lethality Final Report*, the Civilian Personnel Policies Working Group states that civilian staffing gaps often result in misallocation of resources. As a result of this misallocation of resources, organizations may substitute higher-cost contractors or military personnel to perform work that would be performed more efficiently by civilian federal employees.

DOD Has Strategies to Address Workforce Skills Gaps but Faces Challenges with Succession Planning

Based on our analysis of DOD's financial management workforce planning information and interviews with officials, we determined that DOD was partially consistent with the key principle of developing strategies that are tailored to address gaps in the human capital approaches for enabling and sustaining critical competencies. Key supporting actions that assist in the implementation of this key principle are (1) developing strategies related to hiring, retention, training, and succession planning and (2) considering how these strategies can be aligned to eliminate gaps and improve the contribution of critical competencies needed for mission success.⁴⁷ Since these two supporting actions are closely intertwined, they are discussed concurrently.

Agencies should consider how their strategies can be aligned to eliminate gaps and improve the critical competencies needed for mission success.⁴⁸ For example, to help address skills gaps, DOD has made use of recruitment, retention, and relocation incentives for hard-to-fill positions. Succession planning is also important for addressing skills gaps, as the departure of senior staff can leave critical gaps in knowledge and personnel if there are not staff who are prepared to fill those employees' roles.

DOD Employs Recruitment, Retention, and Training Strategies to Address Workforce Gaps

DOD uses a variety of recruitment and retention strategies, incentives, and training to address skills gaps. The following sections describe how DOD uses these strategies and incentives and how COVID-19 affected DOD's employee retention.

Recruitment. According to DOD Directive 5118.03, the Under Secretary of Defense (Comptroller)/Chief Financial Officer shall provide guidance and oversight with regard to the recruiting, retention, training, and professional development of the DOD financial management workforce. This includes establishing a Functional Community Management Office headed by a senior executive to be responsible for this function. DOD's *Administrative and Personnel Policies to Enhance Readiness and Lethality Final Report – Summary Actions* states that the roles of the functional communities include overseeing programs to address gaps through recruitment, training, and development programs targeted at mission needs.

⁴⁷GAO-04-39.

⁴⁸GAO-04-39.

DCPAS developed guidance entitled *DOD Hiring Assessment and Selection Guide: Guide for DOD Human Resources Professionals and Hiring Managers*. In addition to assisting hiring managers with hiring assessments, the guidance was also designed to aid human resources professionals who assist hiring managers in determining the most effective recruitment strategies to meet the unique mission and workforce needs in DOD. The guidance states that agencies should identify barriers to recruiting a well-qualified and diverse candidate pool as part of DOD's recruiting efforts.

The guidance provides strategies agencies can employ to enhance recruiting strategies, including the following: (1) establishing relationships with a broad variety of colleges and universities to develop diverse talent pipelines and increase interest in careers with the federal government; (2) reaching out to qualified individuals from appropriate sources to achieve a workforce from all segments of society based solely on fair and open competition and merit that assures that all receive equal opportunity; (3) using technology, including social media, to seek diverse pools of qualified candidates; (4) marketing very competitive federal employee benefits and programs to attract new people to federal employment; and (5) using recruitment flexibilities (e.g., recruitment, retention, and relocation incentives, leave and work schedule incentives, etc.) to attract high-quality candidates.

DOD officials stated that recruiting qualified individuals is a challenge for the department. The military departments and DFAS largely manage their own recruiting, recruiting goals, and position postings, but OUSD(C) supports recruiting efforts across the DOD Financial Management Functional Community.

OUSD(C) officials told us that the COVID-19 pandemic limited the ability to recruit in person at career fairs and conferences and through university campus visits. However, officials at the Army, the Air Force, and DFAS stated that COVID-19 did not present major challenges with recruiting financial management personnel.

The following are examples of some of DOD's recruitment activities and efforts:

- **OUSD(C).** OUSD(C) officials told us that they use strategic communication campaigns to promote DOD and post DOD financial management job openings for the military departments on social media. According to DOD officials, the Secretary of Defense has prioritized increasing the diversity of both DOD's overall workforce and financial management workforce. OUSD(C) officials also told us that the Financial Management Functional Community is exploring outreach to Historically Black Colleges and Universities and minority-serving institutions to enhance the workforce and support the Secretary's priorities.

According to OUSD(C)'s 2022 year-in-review report, OUSD(C) established a New Hire Program, which is a workforce planning initiative designed to recruit top talent. The New Hire Program leverages existing hiring authorities (e.g., the direct-hire authority) and special employment programs to attract top talent from a wide range of diverse and inclusive sources. After completion of the 2-year program, successful candidates are matched to permanent positions that both optimize Comptroller financial management mission execution and set the new hires up for professional growth and success in the DOD financial management community.

In addition to the New Hire Program, the 2022 year-in-review report states that OUSD(C) expanded its recruitment efforts in several ways, such as (1) focusing on local and national financial management events to identify and recruit prospects proficient in Comptroller skill sets; (2) adapting human capital policies and strategies to maximize telework, remote work, and other workplace flexibilities to both

retain talent and remain a competitive option for external candidates; (3) leveraging special employment programs, such as the John S. McCain Strategic Defense Fellows Program, Presidential Management Fellows, and Volunteer Student Intern Program; and (4) maximizing communication strategies to advertise open vacancy announcements across multiple and various platforms, including FM Online and LinkedIn.

- **Army.** Army Regulation 690-950, Career Program Management, establishes that the Army Civilian Training, Education, and Development System Recruitment Cell is responsible for recruiting interns worldwide and extending job offers to selectees. According to the Army's Career Program Management regulation, the Army Recruitment Cell will clear special placement programs, review transcripts, verify appointment eligibility, and issue referrals of eligible candidates. To address potential vacancy gaps, officials told us the department established several pathways into the civilian workforce. For example, the Army Civilian Career Management Activity is used to recruit candidates to occupations and hard-to-fill locations—including financial management roles.
- **Air Force.** According to its *2015 Guide to Civilian Workforce Planning*, the Air Force uses a single staffing tool to fill both internal and external position vacancies. It also has an enterprise recruiting team that offers recruiting advice and assistance for civilian hiring needs. According to the guide, the recruiters can help develop recruiting strategies for mission-critical and hard-to-fill positions; provide data-mining services; use social media to solicit qualified candidates; and provide support for career fairs, virtual fairs, and other employment conferences. They can also assist in strategizing for improvement in areas with diversity and disability shortfalls. Air Force officials stated that they have a force renewal program and intern program.
- **Navy.** According to the Navy's 2019 through 2030 Civilian Human Capital Strategy, the Navy planned to develop a proactive and streamlined approach to talent acquisition by using smart technologies and social media platforms to access and engage top-tier talent and enhance the candidate experience. According to Navy officials, the department formed a Navy-wide financial management working group to specifically address recruiting and retention.
- **DFAS.** According to OUSD(C)'s 2022 year-in-review report, DFAS's Agency Staffing Initiative (ASI) allows the agency to mass hire individuals into commonly filled occupational series and grades at major geographical locations in the agency. Targeted candidates include recent graduates and entry-level talent for job openings, primarily in the 0500 occupational series. The goal of ASI is to increase the hiring of external candidates, reduce hire lag, and maximize the use of budgeted labor dollars for the financial management occupational series. ASI uses an attrition-based model to establish onboard targets. ASI allows the agency to fill positions efficiently by staging recruitment activities before a vacancy exists. In addition to ASI, DFAS uses an internship program to find quality candidates.

DFAS provided a white paper on mass hiring in January 2021, which highlighted recruitment strategies that have worked for the department in the past. Some of these strategies include the use of executive support, marketing and outreach, and dedicated resourcing. Additionally, the white paper highlighted the need to develop a hiring action plan, containing a demand analysis, gap analysis, and action plan development. DFAS officials noted that virtual recruitment had been beneficial to the agency and had reduced the personnel and costs needed to support recruitment activities.

Employee retention. Employee retention is critical for creating a stable workforce and preventing gaps in competencies and personnel. COVID-19 affected the military departments and DFAS in different ways, and the military departments and DFAS took different approaches to retaining financial management personnel.

- **Army.** Army officials noted that they did not experience any significant civilian retention issues related to COVID-19. However, officials told us that the Army is developing and implementing programs, policies, and systems to reduce attrition.
- **Air Force.** Air Force officials stated that they did not experience significant civilian retention issues associated with COVID-19. According to Air Force officials, financial management personnel remain at the department because internal candidates fill many of its mission-critical occupations.
- **Navy.** According to Navy officials, in response to higher-than-expected attrition, steps were being put in place to address this challenge. As part of the Navy Financial Management Workforce Readiness Initiative, the Navy reported that retention concerns consisted of

the number of financial management manpower spaces at some commands were not consistent with high workloads,

some financial management personnel were shifting to other financial management organizations where workloads were perceived to be lower, and

there were limited opportunities within the BSOs for individuals to advance to higher pay grades.

According to the Navy's Workforce Readiness Initiative May 2021 Workshop Interview Takeaways, identified potential solutions to personnel retention challenges consisted of a baseline BSO manpower space count against expected workloads, advocacy for additional manpower spaces with commanders as required, assurance that hiring pipelines and priorities match future state competencies and current gaps, and optimization of contractor deployments. Officials also stated that the Navy was in the process of obtaining access to historical data, which will allow it to identify trends and conduct data analysis.

- **DFAS.** Officials told us that DFAS has a stable workforce and experienced higher retention rates during COVID-19.

Recruitment, retention, and relocation incentives. For some hard-to-fill positions, the military departments, and agencies like DFAS use monetary incentives to recruit and retain certain personnel, including individuals in the federal civilian financial management workforce. Policies and procedures established in DOD Financial Management Regulation 7000.14-R, volume 8, "Civilian Pay Policy," state that in relation to recruitment incentives, an agency may pay a recruitment incentive to an eligible newly appointed employee, under the conditions specified in the regulations, provided the agency has determined that the employee's position is likely to be difficult to fill in the absence of an incentive. The total amount of recruitment incentive payments paid to an employee in a service period may not exceed 25 percent of the annual rate of basic pay of the employee at the beginning of the service period multiplied by the number of years (including fractions of a year) in the service period, not to exceed 4 years.

According to the Civilian Pay Policy regulation, in relation to retention incentives, an agency may offer a retention incentive of up to 25 percent of basic pay to a current eligible employee who has unusually high or unique qualifications or when the agency has a special need for the employee's services, making it essential to retain the employee. Additionally, an agency may pay a relocation incentive to a current eligible employee who must relocate, without a break in service, to accept a position in a different geographic area that is likely to be difficult to fill in the absence of an incentive.

According to OPM's human resources guidance, recruitment and relocation incentives may be used if an agency has determined that a position is likely to be difficult to fill in the absence of an incentive.⁴⁹ In addition, retention bonuses may be used if an agency has found that a special agency need makes it essential to retain an employee and the employee would be likely to leave federal service, or leave for a different position in federal service, without the incentive. These bonuses are limited to maximums that OPM determines.

Per DOD financial management regulations, recruitment, relocation, and retention incentives are compensation flexibilities available to help its agencies recruit and retain civilian employees. Incentives also include student loan repayment assistance.⁵⁰ The following are examples of DOD's activities and efforts as it relates to incentives:

- **OUSDC(C).** OUSDC(C) provided documentation showing that it has tracked the number of times recruitment, retention, and relocation incentives have been used from 2017 through 2022. For each year, the tracker identifies which type of incentive was used, the amount awarded, and which military department and functional community used the incentive. The tracker contains total dollar amounts allocated for each incentive by year along with a grand total for all incentives used.
- **Army.** The Army posted a vacancy for a resource management position in financial administration in June 2024. To incentivize applications for this position, the Army advertised that recruitment, relocation, and student loan incentives may be authorized. The Army also posted a vacancy for an accountant position in May 2024. To incentivize applications for this position, the Army advertised that recruitment and relocation incentives may be authorized.
- **Air Force.** The Air Force posted a vacancy for a supervisory financial management specialist position in June 2024. To incentivize applications for this position, the Air Force advertised that relocation incentives may be authorized. In addition, the Air Force posted a vacancy for an accountant position in October 2023. To incentivize applications for this position, the Air Force advertised that recruitment and relocation incentives may be authorized.

Also, the Air Force provided documentation in August 2022 showing its retention tracking dashboard from 2017 through 2022. The dashboards provided information on retention rates for the overall Air Force financial management workforce, with individual dashboards presented for each mission-critical occupation. The dashboards show, for each year, what percentage of the workforce was retained and how much money was spent on retention incentives.

- **Navy.** The Navy posted a vacancy for a financial management analyst position in May 2024. To incentivize applications for this position, the Navy advertised that recruitment and relocation incentives may be authorized. The Navy also posted a vacancy for a deputy director position for financial systems. The advertisement stated that relocation expenses will be paid and that applicants may also qualify for recruitment and student loan incentives.
- **DFAS.** DFAS posted vacancies for a supervisory financial management specialist position and a supervisory accountant position in June 2024. To incentivize applications for these positions, DFAS advertised that relocation incentives may be authorized for the positions.

⁴⁹Office of Personnel Management, *Human Resources Flexibilities and Authorities in the Federal Government*, ES/PL-18 (Washington, D.C.: Aug. 2013).

⁵⁰DOD Financial Management Regulation 7000.14-R, vol. 8, ch. 3, "Pay Administration" (Feb. 2024).

Training. The National Defense Authorization Act for Fiscal Year 2012 provided DOD with the authority to prescribe professional financial management certification and credentialing standards.⁵¹ In 2013, DOD began the DOD Financial Management Certification Program to serve as a framework for the workforce's professional development. The program unites the Financial Management Functional Community through a standard training framework and specific courses, which include key subject areas such as financial management systems, audit readiness, decision support, career development, and leadership.

The program provides targeted financial management and leadership training and education to address DOD's personnel competency gaps. Specifically, it requires civilian and military financial management employees to obtain and maintain a DOD financial management certification by gaining work experience and participating in a class-based program. Alternatively, rather than obtain a DOD financial management certification, personnel may choose one of five widely accepted exam-based alternatives, such as the Certified Public Accountant certification.⁵² According to DOD officials, the acceptance of these external certifications promotes flexibility to recruit from outside DOD.

According to DOD Instruction 1300.26, "DOD Financial Management Certification Program," financial management personnel must obtain the financial management certification as a condition of employment. In the event an employee cannot obtain the financial management certification within the initial 2-year period, the employee may request an extension. Supervisors are responsible for tracking financial management workforce personnel progress toward certification. If an individual fails to obtain the required certification and was not granted an extension, then the individual may be subject to progressive disciplinary action.

According to the *DOD Financial Management Certification Program Operations Guide*, the Under Secretary of Defense (Comptroller)/Chief Financial Officer convened a senior leadership group composed of representatives from across DOD to develop a framework for the Financial Management Certification Program. The senior leadership group selected 18 of 24 enterprise-wide financial management competencies as the fundamental building blocks of the Financial Management Certification Program.

For each competency, there are three proficiency levels within the certification program: level one (fundamental awareness, basic knowledge), level three (intermediate, practical application), and level five (expert, recognized authority). Additionally, financial management competencies are aligned to each of the various occupational series/specialties within financial management. Each proficiency level includes a set of financial management and leadership competency requirements, level-specific coursework, and experience requirements. As part of the proficiency level one, financial management personnel must complete 40 hours of continuing education and training. They must complete 60 hours of continuing education and training for proficiency level three and 80 hours of continuing education and training for proficiency level five.

According to DOD Instruction 1300.26, members of the financial management workforce must achieve the appropriate certification level for their positions within 2 years of notification of the certification requirements or

⁵¹Pub. L. No. 112-81, § 1051 (2011), *codified as amended at* 10 U.S.C. § 1599d.

⁵²Rather than obtain a DOD financial management certification, civilian and military financial management employees may choose one of five widely accepted exam-based alternatives: (1) Certified Public Accountant, (2) Certified Defense Finance Manager, (3) Certified Government Financial Manager, (4) Certified Information Systems Auditor, or (5) Certified Management Accountant.

the period of any approved extension.⁵³ DOD's 2023 year-in-review report stated that most financial management personnel are in good standing with the DOD Financial Management Certification Program.

DOD officials expressed mixed opinions on some of the learning content offered through the certification program. OUSD(C) officials noted that they are updating program instructions and creating an operations guide that includes establishing a regular program review process. DOD officials stated that these updates are developed in coordination with component functional community managers.

Each military department also hosts its own internal training. DOD offers a catalog of courses that OUSD(C) maintains. Financial management personnel within the DOD workforce may access training through web-based on demand courses and a number of instructor-led virtual training courses. Overall, DOD officials noted that COVID-19 generally did not negatively affect training opportunities.

The following are examples of DOD's training activities and efforts:

- **Army.** The Army's finance website contains information on the Army Financial Management School Course Catalog, which contains a list of all courses offered by category, such as Army Comptroller Professional Training and Development, functional courses, and professional military development, among others.
- **Air Force.** According to the Air Force's website, the Air Force offers three courses for financial management: the Defense Financial Management Course, Defense Decision Support Course, and Professional Financial Management Course. The Air Force's financial management website contains a schedule of when these courses will take place, both in person and virtually. In the Air Force's January 2021 Education and Survey Training Results and Competency Update, it reported that survey respondents felt most proficient in financial analysis, budget, and financial operations. However, respondents desired training in data analytics, budget execution, and financial management systems. The survey training results stated that these results were consistent with other feedback from previous surveys.
- **Navy.** The Navy's website provides a list of different courses available for financial management training, including budget execution, budget formulation, and appropriations law. The Navy's website also contains a program schedule that lists all upcoming virtual training, starting from the second quarter of 2024 to the first quarter of 2025.

The Navy's May 2021 Interview Takeaways workshop, as part of the Workforce Readiness Initiative, identified that DOD financial management certification and many Navy-provided training products did not build decision analysis skills. Identified concerns consisted of the DOD financial management certification program not aligning with analysis competencies, limited number of analysis-focused training products being available, not enough bandwidth to introduce new competencies into the workforce, and concerns that a portion of the workforce needs significant quantitative upskilling to perform data analysis.

The Navy's Interview Takeaways workshop identified potential solutions, including engaging DOD financial management leadership to update the certification program to

⁵³DOD Instruction 1300.26, *Operation of the DOD Financial Management Certification Program* (Jan. 31, 2017) (incorporating change 1, effective May 17, 2018).

include analysis competencies and new technologies,
create a Navy financial management one-stop shop for all relevant trainings,
coordinate development of Navy-wide analytical training program, and
align performance recognition incentives to training requirements.

- **DFAS.** DFAS officials provided a comprehensive list of available training for its personnel as of August 2022. These training courses cover several areas, including accounting standards, the Advana system, and artificial intelligence. DFAS officials provided their 2022 third quarter centralized training needs assessment results report, which documents what workforce competencies are in demand and what workforce competencies are needed. For example, for the data analytics competency, the needs assessments results report shows what classes are under contract and not under contract for data analytics, what mission areas need this competency, and general comments that highlight challenges faced due to the need for more training in this area.

DOD and Most of the Military Departments Lack Succession Planning Policies and Plans

GAO's *Key Principles for Effective Strategic Workforce Planning* notes that succession planning is used to eliminate gaps and achieve a more diverse workforce.⁵⁴ According to OPM, succession planning is essential to effective human capital management. Succession planning involves ensuring organizations take a planned, deliberate, and holistic approach to the selection, development, and engagement of their workforces.⁵⁵ Federal internal control standards call for management to define succession plans for key roles, choose succession candidates, and train succession candidates to assume the key roles.⁵⁶ Recent GAO work has highlighted the importance of diversity as part of an agency's succession planning efforts.⁵⁷

OUSD(C), DFAS, and the military departments, except for the Army, did not provide sufficient evidence of policies and procedures for succession planning. The Army's *Career Program Management* regulation states that the objective of succession planning is to develop and sustain a diverse cadre of highly capable, high-performing, and results-oriented Army civilian leaders to lead effectively in increasingly complex environments, ensure continuity of leadership, and maintain a learning organization that drives transformation and continuous improvement across the Army enterprise. According to the regulation, the Army enterprise and commands are inherently the succession managers due to their ownership of Army positions. It also states that continuous collaboration and consultation between career program and command leadership is critical to effective command succession management.

⁵⁴GAO-04-39, principle 3.

⁵⁵Office of Personnel Management, *Guidance on Establishing an Annual Leadership Talent Management and Succession Planning Process* (Washington, D.C.: Nov. 1, 2017).

⁵⁶GAO-14-704G, principle 4.

⁵⁷GAO, *Federal Workforce: Leading Practices Related to Diversity, Equity, Inclusion, and Accessibility*, GAO-24-106684 (Washington, D.C.: May 23, 2024).

The program management regulation states that succession plans are most effective when senior leaders are personally involved, hold themselves accountable for growing leaders through a rigorous and disciplined process, and seek advice from the HR community. The program management regulation also states that succession planning must apply and adhere to merit principles and avoid preselection. An approach to avoid preselection is to create a talent pool and establish an open, competitive process to become a part of that talent pool. Employees should be evaluated against specific requirements for leader positions by assessing competencies, training, education, and developmental assignments.

According to the program management regulation, key steps in the succession planning process include

- focusing on preparing broad pools of candidates for higher-level leadership responsibilities, not specific positions;
- aiming to help all employees improve their skills;
- not guaranteeing promotions, pay raises, or other specific benefits for participating in succession planning programs; and
- providing wide and open access to all employees who seek training, education, and professional development opportunities.

The Army's *Career Program Management* regulation states that the basic process of formal succession planning can be accomplished with minimal budget requirements. An organized, focused approach typically employs a succession planning committee comprising senior leaders and selected HR representatives. This committee should set and follow rules for the process to ensure confidentiality, adherence to merit principles, and a primary focus on employee development. The program management regulation outlines the following steps for the succession planning process: list critical positions and project vacancy risk, discuss future needs, analyze gaps in the talent pool, develop strategies to close the gaps, and annually evaluate progress and revisit plans.

While the Army has developed policies and procedures for conducting succession planning, the other components included in our review face challenges around succession planning. The following describes some of DOD's workforce planning processes, efforts, and challenges related to succession planning:

- **OUSD(C).** OUSD(C)'s 2022–2026 Financial Management Strategy states that succession planning helps organizations cultivate the next generation of financial management leadership. However, OUSD(C)'s previous strategic workforce plan, the 2019–2023 Strategic Workforce Plan, states that succession planning in the DOD Financial Management Functional Community is an ongoing concern and that current efforts across the community are inconsistent.

OUSD(C) hosted a succession planning forum in fall 2021 to highlight succession planning best practices. These best practices included regulations and policies and talent management. As part of preparing for this forum, OUSD(C) officials told us they held work groups with OPM on succession planning. OUSD(C) provided documentation of these events, showing that meetings took place with OPM in February, July, and August of 2021. OUSD(C) officials stated that one of their takeaways from the forum was to examine individual development plans as a talent management tool.

- **Air Force.** Air Force officials stated that there is no written succession plan requirement for the financial management workforce. Air Force officials clarified that military and civilian development teams are

charged with developing a bench of financial managers to successfully perform progressive duties throughout a member's career. According to the *Charter of the Air Force Financial Management Development Team*, the team provides oversight of officer, enlisted, and civilian personnel development to meet both functional and Air Force corporate leadership requirements. The charter states that development teams will advise, assist, and support succession planning initiatives and activities.

Some examples of development team responsibilities include representing the diverse population of the Air Force, investigating potential barriers that impede career development opportunities for personnel, and selecting candidates for developmental education opportunities to fulfill institutional requirements.

Air Force officials told us that the biggest challenge currently existing with competency gaps is personnel retention, and that in renewing the workforce, it may take financial management staff years to become a skilled asset. While the Air Force has activities in place to conduct succession planning, it did not provide adequate evidence of written formal succession policies and plans.

- **Navy.** Officials provided the Navy's 2019–2030 Civilian Human Capital Strategy. The strategy states that the Navy is developing its succession planning program, but current succession planning efforts are occurring in isolation with no consistent processes for assessing and reviewing the talent pipeline. The Navy also stated in its Civilian Human Capital Strategy that there are plans to implement a succession planning framework across critical workforce segment roles based on detailed criteria identifying high-potential talent. However, Navy officials confirmed that, as of March 2024, the Navy does not have a succession planning program. The Navy did not provide sufficient evidence that it has developed written succession plans and policies.
- **DFAS.** According to OUSD(C)'s 2021 year-in-review report, DFAS's succession planning program includes competency assessments on a biennial cycle. At the conclusion of each cycle, participants are provided with a leadership development portfolio, containing leadership competency proficiency ratings, a development assessment rating, developmental recommendations, career guidance, and an invitation to an annual mentoring event. Program participants who are "ready for increased challenges" go on a list hiring managers use to facilitate growth through reassignments, details, and special projects. These participants are personnel whom DFAS has deemed ready for advancement to projected leadership openings.

According to DFAS officials, the DFAS Succession Program is focused on building leadership continuity through succession planning activities and leadership development. The program goals include building a diverse portfolio of leaders with relevant leadership competencies and skills, maturing the talent pipeline to prepare participants for future roles for agency mission success, and facilitating processes that support and complement the development and movement of agency talent. In March 2024, DFAS officials stated that they are not aware of any DOD policies to create or maintain written succession policies.

As it relates to monitoring retirements, DFAS's 2022–2026 Human Capital Strategic Plan shows a breakdown of each financial management workforce civilian job series and the percentages of how many are eligible to retire now and within the next 5 years. While DFAS officials provided information on succession planning efforts, they did not provide evidence of written succession policies and plans.

While DOD has some succession planning activities in place, the military departments, except for Army, and DFAS did not provide sufficient evidence to support the existence of written succession policies and plans.

Without written succession policies and plans that provide for a consistent and repeatable process, DOD increases the risk that it will be unable to quickly fill expected gaps in positions.

DOD Has Addressed Requirements to Support Workforce Strategies Related to Hiring Flexibilities

Based on our analysis of DOD's financial management workforce planning information and interviews with officials, we determined that DOD was generally consistent with the key principle of supporting workforce planning strategies that use existing human capital flexibilities. Key supporting actions that assist in the implementation of this key principle are (1) educating managers and employees on the availability and use of flexibilities and (2) building transparency and accountability into the system.

The National Defense Authorization Act for Fiscal Year 2017 provided DOD direct-hire authority (DHA) for certain federal civilian financial management positions.⁵⁸ DHA is generally granted by OPM to specific federal agencies when a critical hiring need or severe shortage of candidates exists. DHA allows government agencies to recruit and hire qualified persons directly without applying traditional competitive rating and ranking procedures. In DOD's case, the act granted DHA for positions in the department's financial management field and related areas, including accounting, auditing, actuary, cost estimation, operational research, business, and business administration. More information on DHA and the key supporting activities follows.

- **Educate managers and employees on the availability and use of flexibilities.** To educate managers on implementation procedures regarding the use of DHA flexibilities, DOD issued a memorandum, "Direct Hire Authority for Certain Personnel within the Department of Defense." The memorandum was addressed to the under secretaries of defense, secretaries of the military departments, DOD Inspector General, directors of defense agencies, and directors of DOD field activities, among others.

The memorandum is applicable to the DOD financial management workforce. The memorandum states that the authority should primarily be used to appoint qualified candidates who are not existing DOD competitive service employees with permanent status. It also states that recruitment efforts related to DHA should be expansive enough to ensure, to the extent possible, that a diverse candidate pool exists and that merit factors should be the basis for selecting individuals for positions.

To educate managers and employees on the use of flexibilities, DOD also issued *Department of Defense Hiring Authorities and Other Flexibilities*. It summarizes hiring and other HR authorities specific to the DOD civilian workforce. Specifically, the document provides the names and titles of various hiring authorities; expiration date; governing statute, regulation, or policy; common uses or other features; advertising or public notice requirements; and special requirements for the consideration of veterans.

⁵⁸Pub. L. No. 114-328, § 1110 (2016). The authority granted by this provision has since expired, but present DHA applicable to DOD financial management positions is codified at 5 U.S.C. § 9905 and will expire after September 30, 2030. For more information on direct-hire authority at DOD, see GAO, *Defense Acquisition Workforce: DOD Increased Use of Human Capital Flexibilities but Could Improve Monitoring*, [GAO-19-509](#) (Washington, D.C.: Aug. 15, 2019).

As part of the workforce action planning process, DCPAS's *Strategic Workforce Planning Guide* states that Office of the Secretary of Defense Human Resource Policy advises on available authorities and flexibilities. It also states that HR operations, component functional community managers, and Office of the Secretary of Defense functional community managers (OFCM) identify available authorities and flexibilities to develop workforce strategies. As part of the process, DOD determines if new authorities or flexibilities have been identified and if new flexibilities are needed to supporting future workforce.

In addition to DOD's own human resource policies, DOD provided a copy of OPM's *Delegated Examining Operations Handbook: A Guide for Federal Agency Examining Offices*. This guidance applies to competitive examining only. It does not apply to merit promotion, the excepted service, or the Senior Executive Service. This 300-page document provides agencies with detailed information on hiring flexibilities, including guidance; options; and where necessary, specific operational procedures that are designed to ensure that examining programs comply with merit system laws and regulations.

The handbook states that as agencies are creating a job opportunity announcement, they may want to consider a wide range of hiring flexibilities available to agencies. Taking full advantage of these flexibilities may help agencies attract the applicants who are best prepared to perform the work that needs to be done. The guidance provides a list of hiring authorities and detailed information about how agencies should use these authorities to fill vacancies.

- **Build transparency and accountability into the system.** DOD's memorandum on the use of DHA states that DOD components must ensure transparency, accountability, and auditability in their hiring processes. It also states that the use of internal merit promotion procedures will ensure transparency, accountability, and adherence to merit systems principles and applicable collective bargaining agreements. The memorandum also notes that each DOD component is responsible for determining the appropriate use of DHA to meet its workforce needs.

The memorandum outlines various stakeholder roles and responsibilities: (1) the Under Secretary of Defense for Personnel and Readiness is responsible for the development of implementing guidance and policies; (2) DCPAS oversees and monitors use of DHA throughout DOD; and (3) DOD components are responsible for oversight, accountability, and reporting for themselves and their serviced organizations. Documentation for appointments made under DHA (e.g., résumés, job opportunity announcements, and candidate referral lists, if applicable) must be sufficient to allow reconstruction of actions taken and must be maintained for a time frame consistent with other appointing authorities.

In addition to DOD's own human resource policies, DOD provided a copy of OPM's *Delegated Examining Operations Handbook: A Guide for Federal Agency Examining Offices*. Related to building transparency and accountability, the handbook states that in accordance with OPM policies, merit system principles, and legal requirements, agencies should do the following: (1) establish an internal accountability system subject to periodic review by OPM, (2) conduct annual internal self-audits of delegated examining activities, (3) maintain documentation that the required annual self-audit has been completed, (4) maintain a list of all discrepancies and corrective actions for a period of 3 years after each audit, and (5) take any corrective action that OPM may require as a result of its periodic review.

In addition to DOD policies and procedures related to flexibilities, the following are examples of various workforce planning efforts in this area:

- **OUSD(C).** DOD provided a spreadsheet that contained information on how much DHA has been used for the financial management workforce from fiscal year 2017 to fiscal year 2024. The spreadsheet includes other information, such as whether a position fills a critical hiring need and whether the position addresses a personnel shortage.
- **Army.** The Army published an internal document entitled *How to Apply Direct Hire for Financial Management Experts*. The goal was to find qualified candidates for one of its commands. Qualified candidates are defined as individuals who possess the appropriate academic backgrounds and meet other requirements. The positions being filled using DHA include the following: financial management (series 501), accounting (series 510), auditing (series 511), and operations research (series 1515). The document states that appointments of qualified candidates may be made under this authority at the General Schedule (GS)-5 through GS-15 levels (or equivalent). These requirements are in addition to the qualification requirements that OPM established. Army officials stated that the Office of the Assistant G-1 for Civilian Personnel is in the process of updating its regulations, which are expected to be published in the fall of 2024.
- **Air Force.** According to Air Force officials, DHA is the only hiring flexibility that is used within its financial management workforce and that it follows OPM directives related to flexibilities.
- **Navy.** The Navy provided a document regarding temporary DHA for the financial management workforce. The authority was granted to fill positions in the GS-5 to GS-15 grade levels. Under this DHA, applicants must possess the necessary educational backgrounds and meet other conditions of employment to be considered for filling open positions. The temporary DHA expired in December 2022. However, Navy officials stated that the Navy still uses DHA, in addition to other programs to attract and hire qualified applicants.
- **DFAS.** DFAS provided a copy of its *Integrated Hiring Manager Recruitment Toolkit*, which was designed to provide hiring managers with information concerning recruitment, employment, and outreach activities at DFAS. According to the Toolkit, it is DFAS policy to provide a fair and systematic approach for the identification, evaluation, and competitive selection of qualified employees based on merit-related factors. The Toolkit provides detailed steps the agency should take to fill vacancies and find the best available candidates. The document also outlines the various hiring options and authorities and workplace flexibilities. It also outlines merit systems principles and prohibited personnel practices, along with the types of direct and expedited hiring authorities used at DFAS.

DOD Has Taken Steps to Monitor and Measure Progress toward Human Capital and Programmatic Goals

Based on our analysis of DOD's financial management workforce planning information and interviews with officials, we determined that DOD was generally consistent with the key principle of monitoring and evaluating the agency's progress toward its human capital goals and the contribution that human capital results have made toward achieving programmatic results. Key supporting actions that assist in the implementation of this key principle are (1) measuring progress toward reaching human capital goals and (2) measuring the contribution of human capital activities toward achieving programmatic goals. We discuss these two supporting actions concurrently because they are closely intertwined.

DOD's policies and procedures describe how it monitors progress toward reaching human capital goals. DOD Instruction 1400.25, volume 250, "DOD Civilian Personnel Management System: Civilian Strategic Human Capital Planning (SHCP)," states that the Deputy Assistant Secretary of Defense for Civilian Personnel Policy develops strategic human capital planning implementation guidance in coordination with the DOD components and the functional communities and monitors its execution. The Strategic Human Capital Planning Division analyzes and monitors the strategic environment, workforce trends, staffing and competency assessments, and gap analyses to verify that recruitment, retention, and development initiatives address DOD current and future mission requirements. The division also establishes an enterprise competency data repository, validation, and assessment tool to conduct workforce competency assessments and to monitor gap closure systems and processes.

OFCMs work with component functional community managers to monitor and track the implementation of human capital policies. OFCMs also monitors current and projected mission requirements (both expeditionary and non-expeditionary), environmental influences, recruitment, attrition and retirement trends, and workload forecasts to identify current and future functional community manpower requirements.

The use of data analytics is critical to the monitoring process. OPM regulations require that agencies monitor and address skill gaps within government-wide and agency-specific mission-critical occupations by using comprehensive data analytic methods and gap closure strategies.⁵⁹

OPM developed a document, *How to Identify and Use Human Capital Analytics*, which includes guidance on human capital data analytic methods and strategies.⁶⁰ Within this document, OPM noted that although agencies have access to a tremendous amount of data, a major obstacle for agency management is determining how to use the data to develop information to help improve organizational performance.

DOD, the military departments, and DFAS use a variety of data systems to support data analytics of the financial management workforce. These systems include Advana,⁶¹ Jupiter,⁶² Human Resources Business Intelligence Datamart,⁶³ and the Defense Manpower Data Center. For example, the Defense Manpower Data Center system provides data regarding the number, age, race or ethnicity, gender, and specific occupations of civilian financial management personnel by military department (see app. II).

DCPAS's *Strategic Workforce Planning Guide* for 2019 states that DOD should use data products. Such products include current and past workforce demographics and competency statistics; loss and gains history; and historical use of incentives, such as recruitment, retention, and relocation. The *Strategic Workforce*

⁵⁹5 C.F.R. § 250.204(a)(3).

⁶⁰Office of Personnel Management, *How to Identify and Use Human Capital Analytics*, accessed September 14, 2023, <https://www.opm.gov/policy-data-oversight/human-capital-framework/reference-materials/tools/how-to-identify-and-use-human-capital-analytics.pdf>.

⁶¹According to DOD Financial Management Regulation 7000.14-R, vol. 1, ch. 10, "Advana – Common Enterprise Data Repository for the Department of Defense" (June 2023), Advana is a centralized data and analytics platform that provides DOD users with common business data, decision support analytics, and data tools. It is the common enterprise data repository for DOD, as required under the National Defense Authorization Act for Fiscal Year 2018. See Pub. L. No. 115-91, §§ 911-912 (2017).

⁶²Jupiter is the Navy's enterprise data environment, which launched in April 2020. It is web based and provides dashboards containing workforce metrics for the Navy financial management workforce.

⁶³The Datamart system is DFAS's system to provide data for strategic human capital decisions.

Planning Guide states that these data can be used to understand how the workforce changes over time and forecast future losses.

In addition to DOD's policies and procedures, the following are examples of DOD's strategic workforce monitoring efforts and illustrate the contribution of human capital activities to achieving programmatic goals:

- **OUSD(C).** OUSD(C)'s 2023 year-in-review report highlights actions OUSD(C) and the military departments have in 2023 and is based on the initiatives set forth in the *DOD Financial Management Functional Community Implementation Plan* for fiscal years 2023-2026. For example, the 2023 year-in-review report stated that the Financial Management Functional Community placed a greater emphasis on mitigating competency gaps in the financial management workforce.

DCPAS employs the Human Resources Functional Community Self-Assessment Tool to evaluate maturity of all functional communities within DOD, including financial management. The expected outcomes of a functional community maturity model include better conservation of both financial and human resources and enhanced decision-making.

The Human Resources Functional Community Self-Assessment Tool guides functional communities through stages of maturity within four pillars as they relate to OFCM duties and responsibilities, as outlined in DOD Instruction 1400.25, volume 250. The pillars are leadership and governance, workforce planning, resource planning, and workforce development. The stages of maturity are reactive, emerging, advanced, and optimized. Each pillar is assessed at each stage of maturity, and an overall assessment is then determined. Prior to each reporting period, DCPAS will distribute this tool to the functional communities that will complete each tab to provide self-assessments of their maturity.

In a May 2024 information request, DOD officials stated that OUSD(C) had efforts underway to build a Workforce Health Index dashboard using Advana. OUSD(C) officials informed us that the timeline for the dashboard to be available to the entire Financial Management Functional Community is late summer. As evidence of its efforts, DOD officials provided calculation formulas for the Workforce Health Index metrics, including gains and losses in personnel, types of losses, and turnover rates.

- **Army.** While the Army does monitor attrition gains and losses, including retirements, across the department, Army officials stated that the commands are responsible for addressing workforce needs due to retirements. Army officials provided us with a progress report template that they use to help monitor progress toward human capital goals and objectives, including instructions to document their efforts. This allows the Army to see where it has made progress and where additional actions are needed.

Army officials stated that the commands would fill the gaps in their financial management workforce since they know where their shortfalls are better than those at the Army department level. Although the Army did not provide documentation showing how the commands would fill these gaps, Army officials provided data showing a 5-year gain and loss analysis from 2017 to 2021 between the financial management workforce and the rest of the Army. These were the latest data Army officials provided.

The Army provided a document entitled *Army Financial Management Strategy Campaign Plan*

FY2024. The document's purpose is to direct short- and midterm measurable actions to guide the development and oversight of policies and programs in support of the Assistant Secretary of the Army for Financial Management and Comptroller. The plan translates the Army Financial Management Strategy into lines of effort (LOE) comprising executable initiatives with measures of progress and desired outcomes to achieve the Army's strategic goals. The goal of this publication is to annually validate that the LOEs are moving toward reaching the goals in the Army Financial Management Strategy.

The plan focuses on five LOEs: enable the financial management workforce with tools and training, effectively resource the Army, achieve and maintain a favorable audit opinion, improve Army business processes and the internal control environment, and leverage data to improve operations. A champion will lead each LOE, track progress toward metrics and milestones, overcome obstacles, manage stakeholders, and escalate key issues or decisions where necessary. The LOE champions will monitor and manage progress while collaborating on the crosscutting efforts, as appropriate.

As part of its *People Strategy Civilian Implementation Plan* for 2022, the Army developed strategic goals to achieve the following outcomes, which involve monitoring activities: (1) methods for tracking quality of hires and hiring manager satisfaction are established and monitored; (2) annual time-to-hire targets are established; time-to-hire monitoring, reporting, and dashboards are streamlined and execution is monitored; (3) the use of DHA is monitored for impact on time-to-hire and on diversity and veteran hiring; and (4) workforce plans are developed, communicated to stakeholders, monitored, and maintained digitally.

- **Air Force.** Air Force Civilian Human Capital Framework states that it uses DOD's HRstat tool on a quarterly basis to evaluate the Air Force's progress on meeting its strategic and performance goals. HRstat is a strategic human capital performance evaluation process that identifies, measures, and analyzes human capital data to inform the impact of the Air Force's human capital management on organizational results with the intent to improve human capital outcomes. HRstat, which is a quarterly review process, is a component of strategic planning and alignment and evaluation systems that are part of the Human Capital Framework.

The Air Force's Human Capital Framework states that its evaluation system contributes to the Air Force's performance by monitoring and evaluating the results of its human capital strategies, policies, programs, and activities; ensuring compliance with merit system principles; and identifying, implementing, and monitoring process improvements.

The Air Force's 2019 through 2023 Human Capital Strategy shows that the Air Force is monitoring the amount of personnel in the federal civilian financial management workforce who are retirement eligible now and those who will be in the next 5 years. In addition, the Air Force stated that it is in the process of developing an internal dashboard to track workforce metrics using data from various DOD information systems.

Air Force officials provided data comparing authorized and filled positions to identify vacancy gaps in the civilian financial management workforce. Also, the Air Force's 2019 Communications Survey included a brief competency assessment asking respondents to rate their skill levels in various financial management competencies.

- **Navy.** As part of its monitoring efforts, the Navy provided a copy of its fiscal year 2024 financial management implementation plan midyear scorecard, which measures how effectively the Navy is carrying out its financial management strategic workforce efforts. The scorecard tracks key performance indicators and documents whether goals have been completed, are on track for completion, are at risk, or are pending. The Navy also provided a copy of its workforce baseline metrics for fiscal year 2023, which includes a variety of dashboards and statistics covering a wide range of areas, such as retirement eligibility, attrition, workforce demographics, employee educational level, and workforce distribution. The Navy also provided a copy of its workforce insights document, which provides a high-level summary of workforce baseline metrics, including annual changes in various data categories.

The Navy has begun collecting vacancy gap data from the Advana system for the civilian financial management workforce. This is in addition to its work to extract BSO-level workforce metrics and add attrition and vacancy gap data to Jupiter—its enterprise system. Navy officials provided documentation that they have collected and distributed BSO details on workforce metrics, such as onboard and authorized numbers of staff, grade level, job series, education, equal employment opportunity category, gender, attrition, new hires, and separations. Navy officials also stated that the Navy is conducting a pilot workforce skill assessment with three BSOs and their lower echelons.

- **DFAS.** DFAS's *Human Capital Strategic Plan: Fiscal Year 2022-2026* states DFAS will conduct quarterly reviews to evaluate performance against the objectives and measurements identified in the strategic plan. The document states that strategic initiatives will be monitored by the Human Capital Executive Champion and revisited annually as part of the human capital strategic plan refresh process. DFAS officials stated that DFAS internally builds and regularly monitors workload trends and attrition projections to execute hiring and onboard plans in conjunction with customer mission performance. According to DFAS officials, DFAS leverages its business strategy and metric tools to monitor and measure successful customer mission performance and progress toward achieving common goals.

DFAS officials provided us a snapshot of data from their Human Resources Business Intelligence Datamart, which tracks information on turnover, attrition rates, and vacancy gaps in the financial management workforce.

Conclusions

DOD's financial management workforce planning policies and associated processes, practices, and activities were generally consistent with three of the five principles identified in key principles for effective strategic workforce planning: (1) involving top management, employees, and other stakeholders in developing, communicating, and implementing the strategic workforce plan; (2) supporting workforce planning strategies that use existing human capital flexibilities; and (3) monitoring and evaluating progress toward human capital goals.

DOD was partially consistent with principles on determining needed skills and developing strategies to address skill gaps. Although DOD has policies and procedures in place to identify the competencies needed for its civilian and military financial management workforce, it does not know how many financial management contractor staff it has or what functions they collectively perform. This presents a major challenge in determining workforce needs. While DOD has developed a wide range of hiring and training strategies for its

financial management staff, it has not developed and implemented documented succession policies and plans. As a result, DOD increases the risk that it will be unable to quickly fill expected gaps in positions.

Recommendations for Executive Action

We are making the following two recommendations to DOD:

The Secretary of Defense should direct the Under Secretary of Defense (Comptroller) to coordinate with the Under Secretary of Defense for Acquisition and Sustainment, Secretaries of the military departments (Army, Air Force, and Navy) and the Director of DFAS to develop a strategy for identifying the specific functions performed by contractors supporting the financial management workforce to help identify workforce needs and to help inform future competency and capability assessments. (Recommendation 1)

The Secretary of Defense should direct the Under Secretary of Defense for Personnel and Readiness to coordinate with the Director of Defense Civilian Personnel Advisory Service (DCPAS) and the Secretaries of the military departments and develop written procedures for succession planning for their financial management workforce. (Recommendation 2)

Agency Comments and Our Evaluation

We provided a draft of this report to DOD for its review and comment. In its written comments, reproduced in appendix III, DOD did not concur with one recommendation and concurred with the other.

DOD did not concur with recommendation 1 and stated that current financial management contracts at DOD are outcome based, with those outcomes and deliverables listed in the Performance Work Statement of each contract. Further, OUSD(C) stated that it does not dictate or require a specific number of full-time equivalent contract personnel with specific skillsets but leaves that determination to the respective contractor.

We acknowledge the statements made by OUSC(C) on outcome-based contracts, including skill determinations made by the respective contractor. We agree that each contractor organization is responsible for providing staff with the skills needed to effectively execute and deliver the outcomes specified in the contracts. However, our work focused more broadly on DOD's department-wide workforce planning for its financial management function, including how contractors fit into the financial management workforce mix.

Based on our work, we maintain that OUSD(C), the military departments, and DFAS do not have policies and procedures for including contractors in their financial management workforce needs assessment process. To conduct a comprehensive needs assessment, OUSD(C), the military departments, and DFAS need to know what specific financial management functions contractor personnel are performing and what skills are required to perform these functions. With this information, DOD would be better positioned to determine if competencies exist or could be developed within the civilian and military financial management workforce and whether DOD financial management personnel could perform these functions instead of contractors.

As noted in our report, the DOD OIG reported in June 2024 that DOD components did not effectively manage FIAR contracts or report accurate information.⁶⁴ Also, DOD did not use FIAR contract resources efficiently and used FIAR contracts to overcome staffing shortfalls and support non-remediation efforts and tasks unrelated to the full financial statement audits. Additionally, OUSD(C) did not provide clear guidance on what tasks were appropriate under FIAR efforts and allowed the DOD components to decide which tasks they deemed necessary to support FIAR efforts.

The DOD OIG's June 2024 report and our report highlight the need for DOD to understand the roles that contractors play in its financial management workforce. This is particularly important as DOD works to remediate audit issues and work toward obtaining a clean opinion on its financial statements. We have modified our recommendation to clarify our intent.

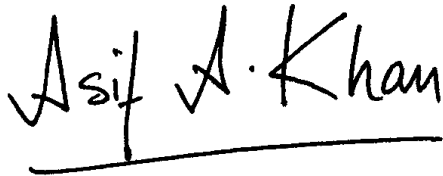
DOD concurred with recommendation 2. However, OUSD(C) stated that succession management is not one of its core functions. Accordingly, it suggested that we direct the recommendation to the DCPAS, which is responsible for developing and implementing written succession planning procedures.

We acknowledge the feedback from OUSD(C) on DCPAS's role in succession planning. We have revised the recommendation and direct it to the Under Secretary of Defense for Personnel and Readiness, who oversees DCPAS.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Defense; the Under Secretary of Defense (Comptroller); the Under Secretary of Defense for Personnel and Readiness; the Secretaries of the Army, Air Force, and Navy; the Director of the Defense Finance and Accounting Service; the Director of Defense Civilian Personnel Advisory Service; and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

⁶⁴Department of Defense, Office of Inspector General, *Audit of Financial Improvement and Audit Remediation Contracts for DOD Components* (Alexandria, Va.: June 13, 2024).

If you or your staff have any questions about this report, please contact me at (202) 512-9869 or khana@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IV.

A handwritten signature in black ink that reads "Asif A. Khan". The signature is written in a cursive style and is underlined with a single horizontal line.

Asif A. Khan
Director, Financial Management and Assurance

List of Committees

The Honorable Jack Reed
Chairman
The Honorable Roger Wicker
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Gary C. Peters
Chairman
The Honorable Rand Paul, M.D.
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Mike Rogers
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable James Comer
Chairman
The Honorable Jamie Raskin
Ranking Member
Committee on Oversight and Accountability
House of Representatives

Appendix I: Objective, Scope, and Methodology

We performed this work in connection with the statutory requirement for us to audit the U.S. government's consolidated financial statements, which cover all accounts and associated activities of executive branch agencies, including the Department of Defense (DOD).¹ This includes efforts and activities that are needed to support and maintain a financial management workforce, which is needed to support and sustain sound financial management.²

We compared DOD's financial management workforce planning policies and associated procedures, practices, and activities to principles of effective strategic workforce planning.³ Our work was performed at the key DOD components responsible for financial management: the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), the military departments,⁴ and the Defense Finance and Accounting Service (DFAS).⁵

At each of the DOD components, we analyzed financial management and workforce planning documentation. We compared our analyses to five principles for workforce planning.

To identify these practices, we reviewed related GAO reports on strategic workforce planning and focused on five strategic workforce planning principles outlined in *Human Capital: Key Principles for Effective Strategic Workforce Planning*.⁶

1. Involve top management, employees, and other stakeholders in developing, communicating, and implementing the strategic workforce plan.
2. Determine the critical skills that will be needed to achieve current and future programmatic results.
3. Develop strategies that are tailored to address gaps in number, deployment, and the alignment of human capital approaches for enabling and sustaining the contributions of all critical competencies.
4. Support workforce planning strategies that use existing human capital flexibilities.
5. Monitor and evaluate the agency's progress toward its human capital goals and the contribution that human capital results have made toward achieving programmatic goals.

¹The Government Management Reform Act of 1994 has required the preparation of the government-wide financial statements, covering the executive branch of the government, beginning with financial statements prepared for fiscal year 1997. See 31 U.S.C. § 331(e). The consolidated financial statements also include the legislative and judicial branches.

²31 U.S.C. § 331(e).

³GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, [GAO-04-39](#) (Washington, D.C.: Dec. 11, 2003).

⁴The military departments consist of the Department of the Army, the Department of the Air Force, and the Department of the Navy.

⁵The Secretary of Defense created DFAS in 1991 to standardize, consolidate, and improve accounting and financial functions throughout DOD. DFAS pays all DOD military and civilian personnel, retirees, and annuitants, as well as major DOD contractors and vendors. DFAS also supports customers outside DOD in support of electronic government initiatives.

⁶[GAO-04-39](#).

These principles are highly relevant to DOD's efforts in workforce planning.⁷ For each principle, we assessed DOD's financial management workforce planning policies and associated procedures, practices, and activities to determine the extent to which DOD's guidance included key supporting actions that constitute the key principle.

For example, we reviewed DOD's fiscal years 2022–2026 Financial Management Strategy, DOD's fiscal years 2019–2023 and Financial Management Strategic Workforce Plan, strategic workforce planning documentation for the military departments and DFAS, DOD's financial management year-in-review report for fiscal year 2023, and other relevant information. We also reviewed other relevant documents, such as relevant National Defense Authorization Acts, DOD Financial Management Regulation 7000.14-R; DOD Instruction 1400.25, volume 250; DOD Instruction 1300.26; DOD Instruction 1100.22; and DOD Financial Management Certification Program documentation. In identifying the documents for review, we reached out to OUSD(C), DFAS, and the military departments to confirm that our analyses were based on the most current versions of DOD's workforce planning policies. We corresponded with DOD officials to confirm that we had the most current information as of May 2024.

We also interviewed cognizant senior officials at the OUSD(C), the military departments, and DFAS. For example we conducted interviews with the Director of Human Capital and Resource Management, Office of the Under Secretary of Defense (Comptroller); Director, Workforce Development and Training (Assistant Secretary of the Army Financial Management and Comptroller); Director, Workforce Management and Executive Services Assistant Secretary of the Air Force Financial Management and Comptroller); Human Capital Branch Head, Assistant Secretary of the Navy Financial Management and Comptroller; and Human Resources Specialist, DFAS. We also reviewed Office of Personnel Management (OPM) policies, which require agencies to monitor and address skill gaps.⁸

Based on our analysis and review, we determined whether DOD provided sufficient evidence of workforce planning policies and associated procedures, practices, and key supporting activities toward implementing each of the strategic workforce planning key principles. If workforce planning policies, procedures, practices, and activities demonstrate that DOD had taken steps toward implementing a key principle and we did not identify significant deficiencies through our review of documents and interviews with officials, the actions were deemed sufficient. An action was deemed insufficient if our review of documents and interviews with officials indicated that DOD had taken no action or inadequate actions toward implementing a key principle.

We use "generally consistent" to indicate that DOD's workforce planning policies, procedures, practices, and activities generally addressed all the supporting actions toward implementing a key principle. We use "partially consistent" to indicate that DOD's workforce planning policies, procedures, practices, and activities partially addressed supporting actions toward implementing a key principle. We planned to use "not consistent" if DOD's workforce planning policies, procedures, practices, and activities did not address supporting actions toward implementing a key principle.

Regarding the composition of DOD's federal civilian financial management workforce, we obtained data from the Defense Manpower Data Center for all appropriated-fund DOD federal civilian financial management employees from fiscal year 2012 through fiscal year 2021 categorized in OPM's "Accounting, Auditing and

⁷GAO-04-39.

⁸5 C.F.R. § 250.204(a)(3).

Budget Group, 0500.” These were the most recent data available at the time of our data request.⁹ These data included individual-level quarterly snapshot data and fiscal-year transaction data. For individual-level quarterly snapshot data, we analyzed record-level data for DOD’s federal civilian employees. These included demographic and administrative data identified for each employee, such as gender, race or ethnicity, age range, employing organization within DOD, and job series or occupation. We used fiscal-year transaction data, which include certain personnel actions, to analyze demographics of federal civilian employees hired by DOD.

For all our analyses, we examined the federal civilian workforce across DOD, including the Department of the Army, the Department of the Air Force, and the Department of the Navy, and other DOD components, such as DFAS, based on how employee records were identified in the data.¹⁰ We chose this approach based on how OPM and DOD generally report federal civilian workforce data across executive departments, which often includes the three military departments as separate from those employed by other DOD components. We also obtained data for the 1515 job series (operations research), which, according to DOD documentation, helps facilitate DOD’s business transformation and management innovation efforts. We summarized the data by military department or workforce size, job series, race or ethnicity, gender, and age (see app. II).

To assess the reliability of the DOD workforce data, we reviewed documentation associated with the collection, structure, and elements of the DOD data, and conducted electronic testing of the data for completeness and consistency. We also interviewed DOD officials who were knowledgeable about the management and uses of the data. We determined these data were sufficiently reliable for our purposes.¹¹

We conducted this performance audit from June 2021 to October 2024 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.

⁹These data were the most recent available at the time of our request. Our analysis of the DOD civilian workforce includes appropriated-fund, civilian employees of the federal government and excludes non-appropriated fund employees, contractor personnel who work at DOD, or active-duty military department members. Non-appropriated fund employees, such as those working at military exchanges, are federal employees but they are not covered by most OPM-administered laws unless specifically provided by statute. Department of Defense, Financial Management Regulation, 7000.14-R vol. 13, ch. 8, *Non-appropriated Fund Payroll* (Nov. 2022).

¹⁰DOD consists of dozens of DOD components, including the three military departments and more than 30 other DOD components, such as defense agencies, field activities, and other organizations, including the Office of the Secretary of Defense. See Department of Defense Directive 5100.01, *Functions of the Department of Defense and Its Major Components* (rev. Sept. 17, 2020). Our analysis does not include the workforces of defense agencies whose data are not publicly reported in federal workforce data, such as the National Security Agency or Defense Intelligence Agency.

¹¹We did not include the military financial management workforce because the military workforce is not identified with the OPM-defined occupational series. As a result, we were unable to identify the population of military financial management roles most comparable to the occupational series used to identify the civilian workforce.

Appendix II: DOD's Federal Civilian Financial Management Workforce

This appendix summarizes our analysis of the composition of Department of Defense's (DOD) federal civilian financial management workforce by military department or workforce size, job series, race or ethnicity, gender, and age from fiscal year 2012 through fiscal year 2021.¹

As of fiscal year 2021, DOD employed about 43,000 federal civilian financial management personnel categorized in the Office of Personnel Management's (OPM) Accounting, Auditing and Budget Group, 0500, according to data from the Defense Manpower Data Center. Below are brief descriptions of the occupations within the 0500 group that DOD has designated as mission critical. Across DOD, mission-critical occupations those that have the potential to put a strategic program or goal at risk of failure. We also obtained data and provided a description of the 1515 operations research series, which, according to DOD documentation, helps facilitate DOD's business transformation and management innovation efforts, as noted previously.² As of fiscal year 2021, DOD employed about 4,500 federal civilian personnel within the 1515 OPM occupational series.

- **0501 – Financial administration series.** Positions that perform, supervise, or manage administrative work of a fiscal, financial management, accounting, or budgetary nature that is not classifiable to another more specific professional or administrative series in the 0500 group.
- **0510 – Accounting series.** Positions that advise on or administer, supervise, or perform professional accounting work that requires application of accounting theories, concepts, principles, and standards to the financial activities of governmental, quasi-governmental, or private sector organizations. This work includes designing, developing, operating, or inspecting accounting systems; prescribing accounting standards, policies, and requirements; examining, analyzing, and interpreting accounting data, records, and reports; or advising or assisting management on accounting and financial management matters.

This work also includes determining the boundaries of an accounting entity; recognizing and measuring revenues; matching revenues and expenses by applying methodologies, such as accrual accounting and depreciation; defining and measuring costs; and executing full disclosure on financial statements.

- **0511 – Auditing series.** Positions that apply professional accounting or auditing knowledge, standards, and principles. This work includes advising on, supervising, or performing work consisting of a systematic examination and appraisal of financial records, financial and management reports, management controls, policies and practices affecting or reflecting the financial condition and operating results of an activity; analyzing work related to developing and executing audit policies and programs;

¹The DOD data we analyzed include demographic information based on Office of Personnel Management's (OPM) data standards, which defines sex as female and male and does not include additional information on gender identity. In this report, we use gender terms of women and men to describe female and male employees. The data also identify race and ethnicity based on the following OPM categories: Black or African American, Hispanic or Latino, Asian, American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, White, and two or more races. Within this report, we combined American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, and two or more races or those who did not specify race into a single "other races" category. The tables related to the 1515 OPM occupational series are as of September 30, 2012, and September 30, 2021.

²Other occupational series that include some financial management-related employees are the Miscellaneous Administration and Program Series – 0301 and the Management and Program Analysis Series – 0343 series.

conducting performance audits; and conducting activities related to the detection of fraud, waste, and abuse.

- **0560 – Budget analysis series.** Positions that perform, advise on, or supervise work in any of the phases of budget administration when such work requires knowledge and skill in applying budget-related laws, regulations, policies, precedents, methods, and techniques.
- **1515 – Operations research series.** Positions that manage, supervise, lead, or perform scientific work that involves designing, developing, and adapting mathematical, statistical, econometric, and other scientific methods and techniques. The work also involves analyzing management problems and providing advice and insight about the probable effects of alternative solutions. The primary requirement of the work is competence in the rigorous methods of scientific inquiry and analysis.

Overall, the DOD federal civilian financial management workforce within the Accounting, Auditing, and Budget Group, 0500, decreased slightly from fiscal year 2012 to fiscal year 2021. Over the same period, the number of personnel in mission-critical occupations within the 0500 group have slightly increased. Also, from fiscal year 2012 to fiscal year 2021, a greater number of personnel within DOD's federal civilian financial management workforce are over 62 years old, generally the earliest age for Social Security retirement benefit eligibility.

DOD Civilian Financial Management Workforce Size

Table 2 summarizes DOD's workforce size for federal civilian financial management personnel within OPM's Accounting, Auditing and Budget Group, 0500.

Table 2: DOD Civilian Financial Management Workforce by Size, Fiscal Years 2012 through 2021

DOD component	Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Department of the Army	Number of personnel	10,022	9,577	9,407	9,295	9,219	9,151	9,290	9,419	9,432	10,345
Department of the Army	Percent of personnel	23%	23%	23%	22%	22%	22%	22%	22%	22%	24%
Department of the Air Force	Number of personnel	7,727	7,661	7,406	7,405	7,454	7,407	7,609	7,737	7,891	7,941
Department of the Air Force	Percent of personnel	18%	18%	18%	18%	18%	18%	18%	18%	18%	19%
Department of the Navy	Number of personnel	8,715	8,444	8,213	8,422	8,313	8,106	8,322	8,576	8,800	8,675
Department of the Navy	Percent of personnel	20%	20%	20%	20%	20%	20%	20%	20%	21%	20%

Appendix II: DOD's Federal Civilian Financial Management Workforce

DOD component	Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Defense Finance and Accounting Service	Number of personnel	9,509	9,021	8,700	8,736	8,874	9,134	9,266	9,260	9,020	8,202
Defense Finance and Accounting Service	Percent of personnel	22%	21%	21%	21%	21%	22%	22%	22%	21%	19%
Other DOD	Number of personnel	7,724	7,689	7,908	7,620	7,435	7,543	7,709	7,700	7,693	7,592
Other DOD	Percent of personnel	18%	18%	19%	18%	18%	18%	18%	18%	18%	18%
Total	Number of personnel	43,697	42,392	41,634	41,478	41,295	41,341	42,196	42,692	42,836	42,755
Total	Percent of personnel	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Legend: Other DOD = 31 components, including defense agencies, field activities, and the DOD Office of Inspector General.

Source: GAO analysis of Department of Defense (DOD) data from fiscal years 2012 through 2021. | GAO-25-105286

Note: Percentages may not add to 100 due to rounding.

DOD Civilian Financial Management Workforce by Job Series and Mission-Critical Occupations

Within OPM's Accounting, Auditing and Budget Group, 0500, DOD has identified four mission-critical occupations: (1) financial administration (0501 series), (2) accounting (0510 series), (3) auditing (0511 series), and (4) budget analysis (0560 series). Table 3 summarizes the number of DOD federal civilian financial management personnel within the 0500 series.

Table 3: DOD Civilian Financial Management Workforce by Job Series, Fiscal Years 2012 through 2021

Occupational series	Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
0501 – Financial administration	Number of personnel	12,562	12,495	12,419	12,701	13,101	13,219	13,817	14,330	14,854	15,320
0501 – Financial administration	Percent of personnel	29%	29%	30%	31%	32%	32%	33%	34%	35%	36%
0510 – Accounting	Number of personnel	5,243	5,111	4,636	4,702	4,789	4,863	5,048	5,195	5,137	5,217
0510 – Accounting	Percent of personnel	12%	12%	11%	11%	12%	12%	12%	12%	12%	12%
0511 – Auditing	Number of personnel	7,053	6,785	7,267	7,025	6,758	6,811	6,866	6,656	6,482	6,165
0511 – Auditing	Percent of personnel	16%	16%	17%	17%	16%	16%	16%	16%	15%	14%
0560 – Budget analysis	Number of personnel	7,428	7,223	7,045	6,927	6,856	6,797	7,013	7,132	7,200	7,305
0560 – Budget analysis	Percent of personnel	17%	17%	17%	17%	17%	16%	17%	17%	17%	17%
Total mission-critical occupations	Number of personnel	32,286	31,614	31,367	31,355	31,504	31,690	32,744	33,313	33,673	34,007
Total mission-critical occupations	Percent of personnel	74%	75%	75%	76%	76%	77%	78%	78%	79%	80%
Non-mission-critical occupations	Number of personnel	11,411	10,778	10,267	10,123	9,791	9,651	9,452	9,379	9,163	8,748
Non-mission-critical occupations	Percent of personnel	26%	25%	25%	24%	24%	23%	22%	22%	21%	20%

Occupational series	Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total	Number of personnel	43,697	42,392	41,634	41,478	41,295	41,341	42,196	42,692	42,836	42,755
Total	Percent of personnel	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Legend: Other DOD = 31 components, including defense agencies, field activities, and the DOD Office of Inspector General.

Source: GAO analysis of Department of Defense (DOD) data from fiscal years 2012 through 2021. | GAO-25-105286

Notes: Mission-critical occupations include 0501, 0510, 0511, and 0560. Non-mission-critical occupations include other 0500 financial management occupations series. Percentages may not add to 100 due to rounding.

DOD Civilian Financial Management Workforce by Race or Ethnicity

Table 4 summarizes race or ethnicity for DOD's federal civilian financial management workforce within OPM's Accounting, Auditing and Budget Group, 0500.

Table 4: DOD Civilian Financial Management Workforce by Race or Ethnicity, Fiscal Years 2012 through 2021

Race or ethnicity	Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
White	Number of personnel	28,168	27,127	26,298	25,995	25,706	25,401	25,741	25,984	26,105	25,992
White	Percent of personnel	64%	64%	63%	63%	62%	61%	61%	61%	61%	61%
Black or African American	Number of personnel	8,780	8,611	8,492	8,595	8,657	8,767	8,907	8,995	8,848	8,768
Black or African American	Percent of personnel	20%	20%	20%	21%	21%	21%	21%	21%	21%	21%
Hispanic or Latino	Number of personnel	2,634	2,651	2,798	2,850	2,915	3,074	3,285	3,289	3,320	3,337
Hispanic or Latino	Percent of personnel	6%	6%	7%	7%	7%	7%	8%	8%	8%	8%
Asian	Number of personnel	2,766	2,663	2,664	2,626	2,590	2,594	2,665	2,763	2,813	2,815
Asian	Percent of personnel	6%	6%	6%	6%	6%	6%	6%	6%	7%	7%
Other races	Number of personnel	1,349	1,340	1,382	1,412	1,427	1,505	1,598	1,661	1,750	1,843
Other races	Percent of personnel	3%	3%	3%	3%	3%	4%	4%	4%	4%	4%
Total	Number of personnel	43,697	42,392	41,634	41,478	41,295	41,341	42,196	42,692	42,836	42,755
Total	Percent of personnel	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Legend: Other races = personnel who are designated as American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, or two or more races or who did not specify their race or ethnicity

Source: GAO analysis of Department of Defense (DOD) data from fiscal years 2012 through 2021. | GAO-25-105286

Note: Percentages may not add to 100 due to rounding.

DOD Civilian Financial Management Workforce by Gender

Table 5 summarizes gender for DOD's federal civilian financial management personnel within OPM's Accounting, Auditing and Budget Group, 0500.

Table 5: DOD Civilian Financial Management Workforce by Gender, Fiscal Years 2012 through 2021

Gender	Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Men	Number of personnel	16,382	15,832	15,686	15,755	15,724	15,808	16,214	16,319	16,232	16,237
Men	Percent of personnel	37%	37%	38%	38%	38%	38%	38%	38%	38%	38%
Women	Number of personnel	27,315	26,560	25,948	25,723	25,571	25,533	25,982	26,373	26,604	26,518
Women	Percent of personnel	63%	63%	62%	62%	62%	62%	62%	62%	62%	62%
Total	Number of personnel	43,697	42,392	41,634	41,478	41,295	41,341	42,196	42,692	42,836	42,755
Total	Percent of personnel	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: GAO analysis of Department of Defense (DOD) data from fiscal years 2012 through 2021. | GAO-25-105286

Note: Percentages may not add to 100 due to rounding.

DOD Civilian Financial Management Workforce by Age

Table 6 summarizes age for DOD's federal civilian financial management personnel within OPM's Accounting, Auditing and Budget Group, 0500.

Table 6: DOD Civilian Financial Management Workforce by Age, Fiscal Years 2012 through 2021

Age	Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
31 and under	Number of personnel	6,346	5,489	5,074	4,711	4,369	4,131	4,197	4,295	4,259	4,333
31 and under	Percent of personnel	15%	13%	12%	11%	11%	10%	10%	10%	10%	10%

Age	Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
32-41	Number of personnel	7,352	7,477	7,920	8,521	9,179	9,742	10,557	11,008	11,062	10,956
32-41	Percent of personnel	17%	18%	19%	21%	22%	24%	25%	26%	26%	26%
42-51	Number of personnel	13,328	12,652	11,936	11,414	10,861	10,447	10,392	10,440	10,595	10,766
42-51	Percent of personnel	31%	30%	29%	28%	26%	25%	25%	24%	25%	25%
52-61	Number of personnel	13,427	13,543	13,468	13,547	13,601	13,684	13,612	13,396	13,172	12,810
52-61	Percent of personnel	31%	32%	32%	33%	33%	33%	32%	31%	31%	30%
62 and over	Number of personnel	3,244	3,231	3,236	3,285	3,285	3,337	3,438	3,553	3,748	3,890
62 and over	Percent of personnel	7%	8%	8%	8%	8%	8%	8%	8%	9%	9%
Total	Number of personnel	43,697	42,392	41,634	41,478	41,295	41,341	42,196	42,692	42,836	42,755
Total	Percent of personnel	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: GAO analysis of Department of Defense (DOD) data from fiscal years 2012 through 2021. | GAO-25-105286

Note: Percentages may not add to 100 due to rounding.

DOD Civilian Operations Research Workforce Size

Table 7 summarizes workforce size for DOD's federal civilian operations research personnel within the 1515 OPM occupational series.

Table 7: DOD Civilian Operations Research Workforce by Workforce by Size, Fiscal Years 2012 through 2021

DOD component	Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Department of the Army	Number of personnel	1,560	1,526	1,477	1,468	1,440	1,382	1,439	1,423	1,422	1,420
Department of the Army	Percent of personnel	40%	39%	38%	36%	35%	34%	34%	33%	32%	31%

DOD component	Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Department of the Air Force	Number of personnel	731	733	792	830	902	959	985	1,035	1,111	1,204
Department of the Air Force	Percent of personnel	19%	19%	20%	21%	22%	23%	23%	24%	25%	27%
Department of the Navy	Number of personnel	1,094	1,127	1,148	1,233	1,270	1,276	1,326	1,381	1,394	1,388
Department of the Navy	Percent of personnel	28%	29%	29%	31%	31%	31%	31%	32%	31%	31%
Defense Finance and Accounting Service	Number of personnel	3	2	2	2	2	2	2	2	2	3
Defense Finance and Accounting Service	Percent of personnel	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other DOD	Number of personnel	477	504	501	506	510	475	510	528	524	504
Other DOD	Percent of personnel	12%	13%	13%	13%	12%	12%	12%	12%	12%	11%
Total	Number of personnel	3,865	3,892	3,920	4,039	4,124	4,094	4,262	4,369	4,453	4,519
Total	Percent of personnel	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Legend: Other DOD = 31 components, including defense agencies, field activities, and the DOD Office of Inspector General.

Source: GAO analysis of Department of Defense (DOD) data from fiscal years 2012 and 2021. | GAO-25-105286

Note: Percentages may not add to 100 due to rounding.

DOD Civilian Operations Research Workforce by Race or Ethnicity

Table 8 summarizes race or ethnicity for DOD's federal civilian operations research personnel within the 1515 OPM occupational series.

Table 8: DOD Civilian Operations Research Workforce by Race or Ethnicity, Fiscal Years 2012 and 2021

Race or ethnicity	Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
White	Number of personnel	3,243	3,240	3,266	3,343	3,397	3,367	3,461	3,529	3,556	3,585

Race or ethnicity	Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
White	Percent of personnel	84%	83%	83%	83%	82%	82%	81%	81%	80%	79%
Black or African American	Number of personnel	232	243	243	255	252	259	284	308	306	297
Black or African American	Percent of personnel	6%	6%	6%	6%	6%	6%	7%	7%	7%	7%
Hispanic or Latino	Number of personnel	128	129	142	159	167	165	180	207	218	220
Hispanic or Latino	Percent of personnel	3%	3%	4%	4%	4%	4%	4%	5%	5%	5%
Asian	Number of personnel	158	167	156	167	179	176	199	186	216	244
Asian	Percent of personnel	4%	4%	4%	4%	4%	4%	5%	4%	5%	5%
Other races	Number of personnel	104	113	113	115	129	127	138	139	157	173
Other races	Percent of personnel	3%	3%	3%	3%	3%	3%	3%	3%	4%	4%
Total	Number of personnel	3,865	3,892	3,920	4,039	4,124	4,094	4,262	4,369	4,453	4,519
Total	Percent of personnel	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Legend: Other races = personnel who are designated as American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, or two or more races or who did not specify their race or ethnicity.

Source: GAO analysis of Department of Defense (DOD) data from fiscal years 2012 and 2021. | GAO-25-105286

Note: Percentages may not add to 100 due to rounding.

DOD Civilian Operations Research Workforce by Gender

Table 9 summarizes gender for DOD's federal civilian operations research personnel within the 1515 OPM occupational series.

Table 9: DOD Civilian Operations Research Workforce by Gender, Fiscal Years 2012 and 2021

Gender	Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Men	Number of personnel	2,762	2,765	2,783	2,868	2,928	2,884	2,970	3,005	3,058	3,132
Men	Percent of personnel	71%	71%	71%	71%	71%	70%	70%	69%	69%	69%
Women	Number of personnel	1,103	1,127	1,137	1,171	1,196	1,210	1,292	1,364	1,395	1,387

Gender	Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Women	Percent of personnel	29%	29%	29%	29%	29%	30%	30%	31%	31%	31%
Total	Number of personnel	3,865	3,892	3,920	4,039	4,124	4,094	4,262	4,369	4,453	4,519
Total	Percent of personnel	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: GAO analysis of Department of Defense (DOD) data from fiscal years 2012 and 2021. | GAO-25-105286

Note: Percentages may not add to 100 due to rounding.

DOD Civilian Operations Research Workforce by Age

Table 10 summarizes age for DOD's federal civilian operations research personnel within the 1515 OPM occupational series.

Table 10: DOD Civilian Operations Research Workforce by Age, Fiscal Years 2012 and 2021

Age	Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
31 and under	Number of personnel	651	643	609	617	607	573	638	680	753	809
31 and under	Percent of personnel	17%	17%	16%	15%	15%	14%	15%	16%	17%	18%
32-41	Number of personnel	693	745	805	907	983	1,048	1,129	1,183	1,206	1,204
32-41	Percent of personnel	18%	19%	21%	22%	24%	26%	26%	27%	27%	27%
42-51	Number of personnel	1,097	1,037	1,005	942	889	847	831	854	884	952
42-51	Percent of personnel	28%	27%	26%	23%	22%	21%	19%	20%	20%	21%
52-61	Number of personnel	1,132	1,156	1,185	1,249	1,304	1,284	1,290	1,261	1,204	1,143
52-61	Percent of personnel	29%	30%	30%	31%	32%	31%	30%	29%	27%	25%
62 and over	Number of personnel	292	311	316	324	341	342	374	391	406	411

Appendix II: DOD’s Federal Civilian Financial Management Workforce

Age	Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
62 and over	Percent of personnel	8%	8%	8%	8%	8%	8%	9%	9%	9%	9%
Total	Number of personnel	3,865	3,892	3,920	4,039	4,124	4,094	4,262	4,369	4,453	4,519
Total	Percent of personnel	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: GAO analysis of Department of Defense (DOD) data from fiscal years 2012 and 2021. | GAO-25-105286

Note: Percentages may not add to 100 due to rounding.

Appendix III: Comments from the Department of Defense



COMPTROLLER

UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

Mr. Asif A. Khan
Director, Financial Management and Assurance
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Khan,

Enclosed please find the Department of Defense (DoD) response to GAO-24-105286, "DoD Financial Management: Action Needed to Enhance Workforce Planning," dated August 8, 2024 (GAO Code 105286).

My point of contact is Ms. Kimberly Carder, at kimberly.k.carder.civ@mail.mil, 703-697-0841, or 571-232-1470.

A handwritten signature in blue ink, reading "Michael McCord", is positioned above the printed name.

Michael McCord

Enclosure:
As stated

**GAO DRAFT REPORT DATED AUGUST 8, 2024
GAO-24-105286 (GAO CODE 105286)**

**“DOD FINANCIAL MANAGEMENT: ACTION NEEDED TO ENHANCE
WORKFORCE PLANNING”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATION**

RECOMMENDATION 1: The GAO recommends the Secretary of Defense should direct the Under Secretary of Defense (Comptroller) to coordinate with the Secretaries of the military departments (Army, Air Force, and Navy) and the Director of DFAS and develop guidance for assessing the collective capabilities of current financial management contract personnel and use that assessment to help identify outstanding needs.

DoD RESPONSE: DoD response is non-concur with comments. The Office of the Undersecretary of Defense (Comptroller) (OUSD(C)) appreciates GAO’s recommendation. However, our current contracts, in support of Financial Management programs across the Department, are outcome-based with those outcomes and deliverables listed in the Performance Work Statement of each discrete contract. OUSD(C) does not dictate nor require a specific number of full-time equivalent contract personnel, with specific skillsets, for each separate contract. That determination is made by the respective contractor and based off the desired outcome the requirement owner is seeking within the scope of the contract. Typically contract support is needed because of limited manpower within the federal financial workforce.

OUSD A&S is responsible for policies and procedures for contractor capability assessments. Written justifications for contract support requirements are developed at the agency level and may be written as a statement of work, a performance work statement, or statement of objectives¹. Specific processes for contract procedures are covered in the Federal Acquisition Regulation (FAR)². Once the contract is awarded DoD Components/Agencies follow specific FAR rules for assessing performance. FAR Subpart 42.15 – Contractor Performance Information clearly defines policy and procedures for recording and maintaining contractor performance information³.

RECOMMENDATION 2: The GAO recommends the Secretary of Defense should direct the Under Secretary of Defense (Comptroller) to coordinate with the Secretaries of the military departments and develop written procedures for succession planning for their management workforce.

DoD RESPONSE: DoD response is concur with comments. The OUSD(C) appreciates GAO’s recommendation on the need for documented succession planning across the Financial Management Community. However, succession management is not a core function of OUSD(C)

¹ Statement of Work - Performance Work Statement - Statement of Objectives | www.dau.edu).

² FAR | Acquisition.GOV

³ Subpart 42.15 - Contractor Performance Information | Acquisition.GOV

and suggests GAO shifts this recommendation to the Defense Civilian Personnel Advisory Service (DCPAS), a Direct Reporting Unit of OUSD P&R. We agree should sync with component and defense agency stakeholders and FM leadership to evaluate and develop/recommend best practices, however DCPAS is the responsible organization for development of written procedures for succession planning and ensuring procedures are implemented as part of the Department's Human Capital Operation Plan.

Written procedures, as recommended by GAO, exist within the U.S. Office of Personnel⁴ and Management and the Defense Civilian Personnel Advisory Service⁵ and the Financial Management community must follow these policies and procedures at the Component/Agency level.

⁴ Succession Planning (opm.gov)

⁵ Talent Management and Succession Planning-Executive Resources | DCPAS (osd.mil), Succession Planning (opm.gov)

Accessible Text for Appendix III: Comments from the Department of Defense

UNDER SECRETARY OF DEFENSE

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WASHINGTON, DC 20301-1100

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Director, Financial Management and Assurance
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

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Michael McCord

Enclosure:
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GAO DRAFT REPORT DATED AUGUST 8, 2024 GAO-24-105286 (GAO CODE 105286)

"DOD FINANCIAL MANAGEMENT: ACTION NEEDED TO ENHANCE WORKFORCE PLANNING"

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³ Subpart 42.15 - Contractor Performance Information | Acquisition.GOV

⁴ Succession Planning (opm.gov)

⁵ Talent Management and Succession Planning-Executive Resources | [DCPAS \(osd.mil\)](http://DCPAS(osd.mil)), [Succession Planning \(opm.gov\)](http://SuccessionPlanning(opm.gov))

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

Asif A. Khan, (202) 512-9869 or khana@gao.gov

Staff Acknowledgments

In addition to the contact named above, principal contributors to this report were Phillip McIntyre (Assistant Director), Bruce David (Analyst in Charge), Marcia Carlsen, Anthony Clark, Patrick Frey, Scott Hiromoto, Jason Kelly, Sarah Lisk, Keegan Maguigan, Steven Wright, and Michael Zalenski. Other contributors included Beatrice Alff, Cheryl Andrew, Vincent Balloon, Brenda Farrell, Suellen Foth, Juan Garay, Michael Holland, Jason Kirwan, Jocelyn Kuo, Steven Lozano, Zina Merritt, Heather Miller, Anne Rhodes-Kline, Jared Smith, Kevin Walsh, and Tatiana Winger.

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