



Highlights of [GAO-05-17](#), a report to the Secretary of Defense

Why GAO Did This Study

Under Department of Defense (DOD) policy, the export of classified and controlled spare parts must be managed to prevent their release to foreign countries that may use them against U.S. interests. GAO has issued a series of reports on the foreign military sales program in which weaknesses in the military services' internal controls were identified. This report highlights (1) a systemic problem that GAO identified in the internal controls of the military services' requisition-processing systems and (2) a potential best practice that GAO identified in one service that provides an additional safeguard over foreign military sales of classified and controlled parts.

What GAO Recommends

GAO recommends that DOD (1) develop specific plans to institute the required testing of the services' automated requisition-processing systems; (2) incorporate, as appropriate, required testing in the development of the Case Execution Management Information System; and (3) determine whether the Army system's capability to reject requisitions for classified and controlled parts that are made under blanket orders is a best practice that should be applied to the Navy's and the Air Force's systems. DOD generally concurred with the recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-05-17.

To view the full product, including the scope and methodology, click on the link above. For more information, contact William M. Solis at (202) 512-8365 or solisw@gao.gov.

FOREIGN MILITARY SALES

DOD Needs to Take Additional Actions to Prevent Unauthorized Shipments of Spare Parts

What GAO Found

At the time GAO conducted its reviews, the Army, the Navy, and the Air Force were not testing their automated requisition-processing systems to ensure that the systems were accurately reviewing and approving blanket order requisitions for compliance with restrictions on the sale of classified and controlled spare parts and operating in accordance with foreign military sales policies. Blanket order requisitions are based on agreements between the U.S. government and a foreign country for a specific category of items for which foreign military sales customers will have a recurring need. GAO's tests of the services' requisition-processing systems showed that classified and controlled spare parts that the services did not want to be released to foreign countries under blanket orders were being released. GAO's internal control standards require periodic testing of new and revised software to ensure that it is working correctly, while the Office of Management and Budget's internal control standards require periodic reviews to determine how mission requirements might have changed and whether the information systems continue to fulfill ongoing and anticipated mission requirements. DOD either concurred or partially concurred with GAO's recommendations for testing the requisition-processing systems. The department, however, does not have a plan specifying the remedial actions to be taken to implement these recommendations. Internal control standards requiring testing also will be applicable to the Case Execution Management Information System, an automated requisition-processing system that DOD and the military services are developing to replace the existing individual military service systems.

The Army's automated requisition-processing system incorporates a potential best practice that helps to prevent the release of classified or controlled parts that are not authorized under blanket orders to foreign countries. The automated systems used by the Navy and the Air Force allow country managers to override system decisions not to release to foreign countries classified or controlled parts that are requisitioned under blanket orders. GAO found instances where Navy and Air Force country managers overrode the systems' decisions without documenting their reasons for doing so. In contrast, the Army's system automatically cancels requisitions that are made under blanket orders for classified or controlled parts. Because the requisitions are automatically canceled, country managers do not have an opportunity to override the system's decisions. Compared with the Navy's and the Air Force's systems, the Army's system provides more stringent protection against releasing classified or controlled parts that are not authorized under blanket orders to foreign countries.