

GAO Highlights

Highlights of [GAO-13-634](#), a report to congressional committees

Why GAO Did This Study

In fiscal year 2012, DOD obligated more than \$186 billion for contracted services, making it the federal government's largest buyer of services. GAO's prior work found that DOD's use of contracted services has been the result of thousands of individual decisions, not strategic planning across the department.

Over the years, Congress has legislated a number of requirements to improve DOD's service acquisitions. For example, Congress required DOD to implement a service acquisition management structure, approval process, and policies. Congress also directed DOD to develop a plan to implement the Defense Science Board's recommendations for improving service acquisition.

The National Defense Authorization Act for Fiscal Year 2012 mandated that GAO report on DOD's actions to improve service acquisition and management. GAO examined (1) the actions DOD has taken to respond to legislative requirements and (2) how DOD determines the effects of its actions to improve service acquisition. GAO reviewed documentation and interviewed DOD officials on the actions taken in response to the legislative requirements. GAO also assessed whether DOD addressed key factors, including establishing goals and metrics, to help it determine if it has improved service acquisition.

What GAO Recommends

GAO recommends that DOD establish baseline data, specific goals for improving service acquisition, and associated metrics to assess its progress. DOD concurred with the three recommendations.

View [GAO-13-634](#). For more information, contact Timothy J. DiNapoli at (202) 512-4841 or dinapolit@gao.gov.

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DEFENSE ACQUISITIONS

Goals and Associated Metrics Needed to Assess Progress in Improving Service Acquisition

What GAO Found

Over the last decade, the Department of Defense (DOD) has taken several actions to address legislative requirements to improve the acquisition and management of services. In 2001, as amended in 2006, Congress required DOD to implement a management structure for the acquisition of services. In response, DOD implemented such a structure and service acquisition review and approval process. Recently, DOD also established new positions within its management structure, including senior managers within the office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) and the military departments, to oversee and coordinate service acquisition. With a management structure and review process in place, USD(AT&L) is focusing on efforts to improve the process for how requirements for individual service acquisitions are developed and enhancing training to respond to several legislative directives. USD(AT&L) also created its Acquisition of Services Functional Integrated Product Team, in part, to determine how to address legislative requirements to provide training for personnel acquiring services. USD(AT&L) did not develop a plan to implement the Defense Science Board recommendations to improve service acquisition but identified 23 different actions, including its Better Buying Power Initiative, it has planned or taken that officials regard as addressing what the plan was to include. For example, USD(AT&L) is updating its guidance on using incentives to improve contractor performance, which addresses one of the elements that was to be in the plan.

While DOD has taken a number of actions that address legislative requirements, DOD is not yet positioned to determine what effects these actions have had on improving service acquisition. Specifically, USD(AT&L) has not identified specific goals and associated metrics that would enable it to assess progress toward achieving those goals. USD(AT&L) has identified improving service acquisition as a priority but has not defined a desired end state for its actions or the measurable characteristics that would embody achieving such a goal. It is challenged in defining a desired end state for its actions, in part, because it has not determined the current status of service acquisition in terms of the volume, type, location, and trends. DOD is taking steps to improve its contract and financial systems to obtain such data, but these efforts will not be complete until at least 2014. Further, DOD has not established departmentwide metrics to assess its progress in improving service acquisition but has acknowledged the need to do so, which officials described as challenging. Nevertheless, despite the challenges in doing so, it is not impossible. For example, DOD has agreed to set goals for the amount of spending managed through strategically sourced acquisitions, link strategic sourcing to its Better Buying Power Initiative, and establish metrics, such as utilization rates, to track progress toward these goals. However, DOD is not fully leveraging the command-level assessments, feedback from the military departments, and other ongoing efforts it relies on to gauge the effects of its actions to improve service acquisition. By using its budget and spending data and leveraging these efforts, DOD could develop baseline data and identify trends over time, enabling it to develop measurable goals and gain more insight into whether its actions are improving service acquisition. Until then, DOD will continue to be in a position where it does not know whether its actions are sufficient to achieve desired outcomes.