

GAO Highlights

Highlights of [GAO-15-188](#), a report to the Committee on Armed Services, House of Representatives

Why GAO Did This Study

DOD requested \$168 billion in fiscal year 2014 to develop, test, and acquire weapon systems and other products and equipment. About 40 percent of that total is for major defense acquisition programs or ACAT I programs. DOD also invests in other, non-major ACAT II and III programs that are generally less costly at the individual program level. These programs typically have fewer reporting requirements and are overseen at lower organizational levels than ACAT I programs, although they may have annual funding needs that are just as significant.

GAO was asked to examine ACAT II and III programs. This report addresses, among other issues, (1) the extent to which information is available on the number, cost, and performance of ACAT II and III programs and (2) factors that affected the performance of selected ACAT II and III programs. GAO collected program and cost data on current ACAT II and III programs from five DOD components. GAO also selected a non-generalizable sample of 15 programs based on program cost and other criteria and reviewed documentation and interviewed officials about program performance.

What GAO Recommends

GAO recommends that DOD establish guidelines on what constitutes a current ACAT II and III program, take steps to improve data reliability, and determine how to measure cost and schedule performance. DOD partially concurred with the recommendations and described actions it plans to take. However, as discussed in the report, DOD's planned actions may not fully address the issues that GAO identified.

View [GAO-15-188](#). For more information, contact Mike Sullivan at 202-512-4841 or sullivanm@gao.gov.

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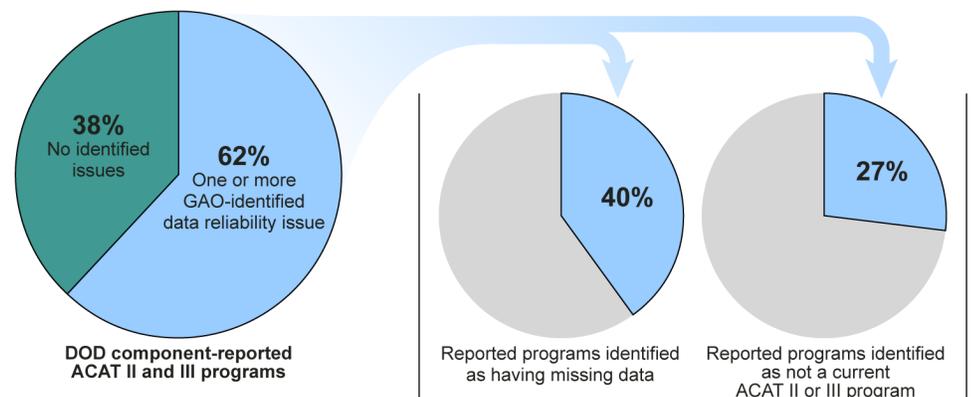
DEFENSE ACQUISITIONS

Better Approach Needed to Account for Number, Cost, and Performance of Non-Major Programs

What GAO Found

The Department of Defense (DOD) could not provide sufficiently reliable data for GAO to determine the number, total cost, or performance of DOD's current acquisition category (ACAT) II and III programs. These non-major programs range from a multibillion dollar aircraft radar modernization program to soldier clothing and protective equipment programs in the tens of millions of dollars. GAO found that the accuracy, completeness, and consistency of DOD's data on these programs were undermined by widespread data entry issues, missing data, and inconsistent identification of current ACAT II and III programs. See the figure below for selected data reliability issues GAO identified.

Two Most Frequent Reliability Issues Identified by GAO in DOD-Reported Data for Acquisition Category (ACAT) II and III Programs



Source: GAO analysis of DOD component data. | GAO-15-188

DOD components are taking steps to improve ACAT II and III data, but these steps do not fully address the problems GAO identified. For example, the components have not established systematic processes to perform data quality tests and assess the results to help identify problems for further review. These types of tests and assessments can be an important step in determining whether data can be used for its intended purposes. Additionally, DOD lacks metrics to assess ACAT II and III cost and schedule performance trends across programs and in some cases was missing baseline cost and schedule data to measure performance. Having timely and reliable cost, schedule, and performance data on smaller acquisition programs is critical to ensuring that DOD and its components can account for how they are spending their money and how well they are spending it. Reliable data are also essential for effective oversight and bringing the right oversight resources to bear when programs approach the cost threshold to become a major defense acquisition program due to cost growth.

Thirteen of the 15 ACAT II or III programs GAO reviewed in-depth had exceeded their original cost or schedule targets. Program officials from ACAT II and III programs GAO reviewed cited changing performance requirements, testing issues, quantity changes, and flaws in original cost estimates, among other factors, as the reasons for cost and schedule growth. GAO has previously found that similar factors affect the performance of major acquisition programs.