

GAO Highlights

Highlights of [GAO-16-537](#), a report to congressional committees

Why GAO Did This Study

O&M is DOD's largest category of appropriations and constitutes about 43 percent of the President's total request for DOD of \$582.7 billion in fiscal year 2017. The President requested \$251 billion for DOD's total O&M funding, which included approximately \$206 billion for O&M base and \$45 billion for O&M OCO.

Senate Report 114-49 included a provision for GAO to review the effects of budgetary constraints on DOD's base funding within its O&M appropriations accounts. This report (1) identifies the trends in enacted funding for DOD's O&M base appropriations accounts since fiscal year 2009; (2) describes how much O&M funding DOD has transferred or reprogrammed, and the effect of this realignment on base obligations; and (3) evaluates the extent to which DOD reported to Congress its O&M obligations for its base and OCO budgets. GAO analyzed DOD's O&M budget justification materials and execution reports since 2009 and interviewed DOD officials.

What GAO Recommends

To assist Congress in its oversight of the O&M budget, GAO recommends that DOD revise its guidance on preparing budget materials and execution reports to require the addition of O&M base obligations for each account. DOD did not concur, citing the inability of its current financial systems to easily distinguish base obligations. GAO believes the recommendation is valid as discussed in the report.

View [GAO-16-537](#). For more information, contact Andrew J. Von Ah at (213) 830-1011 or vonaha@gao.gov.

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DEFENSE BUDGET

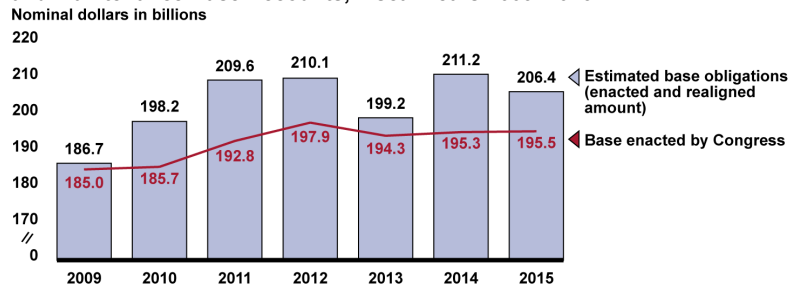
DOD Needs to Improve Reporting of Operation and Maintenance Base Obligations

What GAO Found

Congress enacted funding for the Department of Defense's (DOD) Operation and Maintenance (O&M) into multiple base appropriations accounts, which are used to pay for day-to-day programs and activities. This enacted funding generally has increased each year since fiscal year 2009, with the exception of fiscal year 2013, when sequestration reduced funding for O&M base.

GAO found that DOD used its authorities to realign about \$146.9 billion of its funding from fiscal years 2009 through 2015 (that is, moving funds through transfers from one account to another, and reprogrammings within an account). During GAO's review, the effects of such realignments on base obligations were not readily apparent because DOD did not report its O&M base obligations to Congress separately from its O&M overseas contingency operations (OCO) obligations used to support war-related programs and activities. GAO estimated O&M base obligations since fiscal year 2009 and found that DOD's realignment of funds led to its O&M base obligations exceeding O&M base enacted amounts in each fiscal year and by an annual average of 5.6 percent (see figure).

Enacted and GAO Estimated Obligation Amounts for the Department of Defense's Operation and Maintenance Base Accounts, Fiscal Years 2009–2015



Source: GAO analysis of Department of Defense data. | GAO-16-537

DOD reported to Congress a combination of O&M base and O&M OCO obligations in its budget justification materials and execution reports, but it did not separately report its O&M base obligations by account for each of its multiple O&M base appropriations. These materials and reports are key documents that help Congress appropriate, conduct oversight of, and provide control over funds. The Senate Appropriations Committee has expressed concern in its report accompanying a bill for DOD's fiscal year 2015 appropriations that it does not have a clear understanding of OCO funding used to support DOD's day-to-day programs and activities. The services track O&M obligations by base and OCO appropriations for OCO reporting purposes, but DOD's financial management regulations do not require it to congressionally report O&M base obligations separately for each account in its budget justification materials and execution reports. By revising its guidance to require congressional reporting on O&M base obligations for each account in these materials and reports, DOD could provide complete information to assist Congress in better understanding and overseeing DOD's full funding needs for O&M base.