

GAO Highlights

Highlights of [GAO-18-330](#), a report to congressional committees

Why GAO Did This Study

DOD obligated about \$150 billion on contracted services—such as information technology support and maintenance of defense facilities—in fiscal year 2016. DOD has faced long-standing challenges in effectively managing its service acquisitions.

The National Defense Authorization Act for Fiscal Year 2017 amended existing requirements for DOD to annually collect data on contracted services and to compile and review an inventory of the functions performed by contractor personnel. The Act also contained a provision for GAO to report on the status of this data collection and to assess DOD's use of the inventory. This report addresses how DOD (1) collected data to create an inventory of fiscal year 2016 contracted services and (2) used the inventory to inform workforce planning, workforce mix, and budget decisions. GAO has reported on DOD's inventory of contracted services since 2010.

GAO reviewed OSD and the military departments' guidance, as well as the military departments' inventory submissions to OSD. GAO also analyzed contracted services data and interviewed OSD and military department officials.

What GAO Recommends

GAO is not making new recommendations in this report. Seven of 18 prior GAO recommendations related to the inventory remain open, including a recommendation for DOD to identify officials at the military departments responsible for developing plans and enforcement mechanisms to use the inventory. In its comments, DOD stated it is committed to improving its inventory processes. View [GAO-18-330](#). For more information, contact Timothy J. DiNapoli at (202) 512-4841 or dinapoli@gao.gov.

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DOD CONTRACTED SERVICES

Long-Standing Issues Remain about Using Inventory for Management Decisions

What GAO Found

GAO found that the Department of Defense (DOD) used the same sources as it did in prior years to collect data and create an inventory of fiscal year 2016 contracted services, which is intended, in part, to help DOD make more strategic workforce decisions and better align resources. Office of the Secretary of Defense (OSD) guidance, issued in September 2017 to implement congressional direction, required the military departments to include in their submissions, at a minimum, purchases of services with a total contract value of \$3 million or more, and in four services acquisition portfolio groups—logistics management, equipment-related, knowledge-based, and electronics and communications.

As permitted under OSD's inventory guidance, the military departments varied somewhat in how they reported their contracted services data to OSD. For example, the Army and Air Force included purchases both over and under \$3 million and the Air Force also identified purchases by the four portfolio groups. The Navy submitted summary data of contracted services but did not provide a list of purchases in time to be included in an inventory summary for Congress. An OSD official said, however, that the information provided was sufficient to prepare the inventory summary, which OSD submitted to Congress in February 2018. The Navy subsequently provided a list of its fiscal year 2016 service purchases to OSD in March 2018.

Military departments generally have not developed plans to use the inventory for workforce and budget decisions, as statutorily required. This is consistent with what GAO found in November 2014 and October 2016. GAO's analysis found that the military departments' guidance generally does not require using the inventory in workforce and budget decisions (see table).

Military Department Guidance for Workforce and Budget Decisions, as of February 2018

Total number of guidance documents for workforce and budget decisions	14
Number of guidance documents that direct use of the inventory	2

Source: GAO analysis of military department documents. | GAO-18-330

Army manpower officials told GAO that inventory information such as the number of contractor full-time equivalents and the functions performed can be used to inform workforce mix decisions. However, workforce and budget officials at the Army, Navy, and Air Force stated they make limited use of the inventory to inform decision-making, in part because by the time the inventory is available, the data reflected are often too outdated to inform strategic decisions. GAO has previously recommended ways to improve use of the inventory. In November 2014, for example, GAO found that a lack of officials at the military departments who are accountable for integrating the use of the inventory leaves the department at continued risk of not complying with the legislative requirement to use the inventory to support management decisions. This issue persists, as the military departments have not made final designations for accountable officials responsible for developing plans and enforcement mechanisms to use the inventory.