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Report to Congressional Committees

January 2019

PREPOSITIONED STOCKS

DOD Needs Joint Oversight of the Military Services' Programs

GAO-19-244

GAO Highlights

Highlights of GAO-19-244, a report to congressional committees

January 2019

PREPOSITIONED STOCKS

DOD Needs Joint Oversight of the Military Services' Programs

Why GAO Did This Study

The military services preposition stocks worth billions of dollars at strategic locations around the world to provide U.S. forces with critical assets before supply chains have been established. In the 2018 National Defense Strategy, DOD emphasized that prepositioned stocks provide key logistical support for the department's missions. For many years, GAO has identified the potential for duplication among the military services' prepositioned stock programs due to a fragmented management approach and limited joint oversight within DOD.

In the NDAA for Fiscal Year 2014, Congress required DOD to develop an implementation plan to manage prepositioned stock programs. DOD finalized its plan in August 2017. The act included a provision for GAO to review the plan and report on related issues. GAO assessed the extent to which (1) DOD's implementation plan addresses mandated reporting elements and (2) DOD has made progress in implementing a joint oversight approach for managing the services' prepositioned stock programs.

GAO compared the implementation plan and DOD's joint oversight approach with congressional requirements and federal standards for internal control and interviewed DOD officials.

What GAO Recommends

GAO is making six recommendations, including that DOD provide information required by the NDAA, fully implement joint oversight of prepositioned stock programs, and update Congress on progress made. DOD concurred with all of the recommendations.

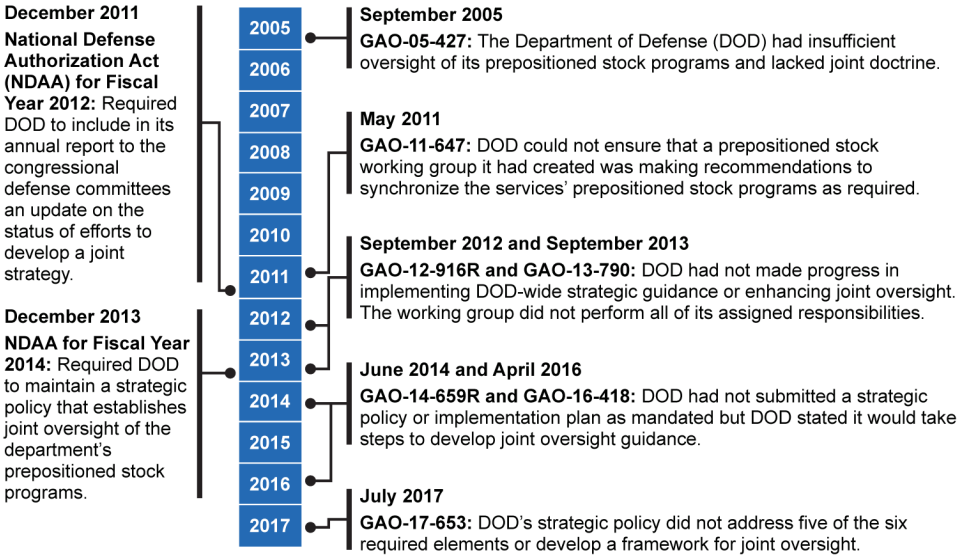
View GAO-19-244. For more information, contact Cary B. Russell, (202) 512-5431 or russellc@gao.gov.

What GAO Found

The Department of Defense's (DOD) implementation plan for managing the military services' prepositioned stock programs does not fully address four of the seven elements required by the National Defense Authorization Act (NDAA) for Fiscal Year 2014. For example, DOD's plan did not include all information required by the NDAA, such as a complete list of the services' programs, information on how DOD would pursue key initiatives, or the resources required to implement the plan. DOD officials told GAO that they developed a plan without detail to allow the services to determine for themselves how to implement their programs. However, absent an implementation plan that fully addresses NDAA requirements, DOD continues to provide incomplete information to Congress on the department's prepositioned stock programs.

Since 2011 when Congress required DOD to take action and since 2005 when GAO first reported on the issue, DOD has not fully implemented a joint oversight approach for managing prepositioned stock programs (see figure).

Congressional Requirements and GAO Reporting Related to DOD's Limited Progress with the Joint Oversight of Prepositioned Stock Programs



Source: GAO analysis of of congressional requirements and prior GAO reports. | GAO-19-244

DOD's recent approach for implementing joint oversight has been to update guidance documents and develop other efforts, such as a working group, but the services continue to manage their programs with little joint oversight. Without taking steps to fully implement joint oversight, including providing detailed information on how to achieve this in guidance and reviewing other efforts, DOD's management will continue to be fragmented and it risks duplication and inefficiencies among the services' programs. Moreover, updating Congress on DOD's progress would help assure decision makers that DOD intends to follow their direction in establishing joint oversight of prepositioned stock programs.

Contents

Letter		1
	Background	4
	DOD's Prepositioned Stock Implementation Plan Does Not Fully Address Four of the Seven Required Elements	6
	DOD Has Made Little Progress in Implementing a Joint Oversight Approach for Managing the Military Services' Prepositioned Stock Programs	13
	Conclusions	20
	Recommendations for Executive Action	20
	Agency Comments and Our Evaluation	21
Appendix I	Offices That We Contacted	24
Appendix II	Comments from the Department of Defense	25
Appendix III	GAO Contact and Staff Acknowledgments	28
Tables		
	Table 1: Comparison of Required Elements with the Department of Defense's (DOD) Implementation Plan for Managing Prepositioned Stocks	6
	Table 2: Comparison of Service-Identified Prepositioned Stock Programs with the List in the Department of Defense's (DOD) Implementation Plan	8
Figures		
	Figure 1: Equipment Being Offloaded from a Marine Corps Prepositioning Ship (left) and Vehicles Stored at a Marine Corps Prepositioning Site (right)	5
	Figure 2: Congressional Requirements and GAO Reporting Related to DOD's Limited Progress with Joint Oversight of Prepositioned Stock Programs	14

Abbreviations

DOD Department of Defense
NDAA National Defense Authorization Act

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U.S. GOVERNMENT ACCOUNTABILITY OFFICE
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Congressional Committees

The Department of Defense (DOD) positions equipment and materiel worth billions of dollars—including items such as combat vehicles, rations, medical supplies, and repair parts—at strategic locations around the world. By positioning stocks ashore and afloat before the initial phases of an operation (i.e., by "prepositioning" them), DOD is able to provide assets to U.S. forces during the initial phases of an operation until follow-on capabilities are available and the supply chain has been established. In the 2018 National Defense Strategy, DOD emphasized the importance of maintaining a dynamic, flexible force for the department's new focus on long-term, interstate strategic competition.[1] The strategy describes a corresponding priority on the investment in prepositioned stocks to provide key logistical support for the department's missions.[2]

In the National Defense Authorization Act (NDAA) for Fiscal Year 2014, Congress required DOD to maintain a strategic policy regarding the department's programs for prepositioned stocks that takes into account national security threats, strategic mobility, service requirements, and the requirements of the combatant commands.[3] In addition, the act required DOD, not later than 120 days after the enactment of the law, to develop an implementation plan on its prepositioned stock programs.[4] The implementation plan is to address required elements in the law, such as how the department will achieve the vision for prepositioning programs and the resources required. In March 2017, DOD issued a strategic policy

[1] Department of Defense, *Summary of the 2018 National Defense Strategy of The United States of America* (Washington, D.C.: 2018).

[2] In Chairman of the Joint Chiefs of Staff Instruction 4310.01D, the Department of Defense refers to prepositioned stocks as prepositioned war reserve materiel (PWRM). PWRM consists of capabilities (i.e., unit type sets of equipment both ashore and afloat) and stocks (i.e., stockpiles of materiel strategically positioned to provide sustainment to the capabilities or materiel support military operations) that facilitate a timely response in support of combatant command requirements during the initial phases of an operation. For the purposes of this report, we use the term prepositioned stocks to refer to PWRM.

[3] Pub. L. No. 113-66, § 321(a) (Dec. 26, 2013) (*codified as amended at* 10. U.S.C. § 2229(a)).

[4] Pub. L. No. 113-66, § 321(b).

for the management of prepositioned stock programs, and in August 2017 the department finalized the implementation plan.[5]

For many years, we have identified the potential for duplication in the services' respective prepositioning stock programs due to a fragmented management approach within DOD, and we have made related recommendations.[6] For example, in May 2011, we recommended that DOD develop a department-wide strategy and strengthen joint oversight to integrate and synchronize at a DOD-wide level the services' prepositioned stock programs, in order to maximize efficiency in managing prepositioned stocks across the department and to reduce potentially unnecessary duplication.[7] In July 2017, we reported that the strategic policy that DOD issued on March 7, 2017, for managing its prepositioned stock programs did not address five of the six mandated elements and that DOD had not yet completed the mandated implementation plan.[8] We recommended that DOD revise or include in other department-wide guidance a description of the department's vision and desired end state for its prepositioned stock programs as well as interim goals to achieve the vision and end state. DOD concurred with our recommendations and stated that it would issue an implementation plan that would include these elements.

Section 321 of the NDAA for Fiscal Year 2014 includes a provision for us to review and report on DOD's implementation plan for managing prepositioned stock programs as well as provide additional information relating to the plan as appropriate.[9] This report assesses the extent to which (1) DOD's implementation plan addresses mandated reporting elements and (2) DOD has made progress in implementing a joint

[5] DOD Directive 3110.07, *Pre-Positioned War Reserve Materiel (PWRM) Strategic Policy* (Mar. 7, 2017) (incorporating Change 1, June 19, 2018). DOD did not formally issue the implementation plan.

[6] See, for example, GAO, *2017 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, GAO-17-491SP (Washington, D.C.: Apr. 26, 2017).

[7] GAO, *Warfighter Support: Improved Joint Oversight and Reporting on DOD's Prepositioning Programs May Increase Efficiencies*, GAO-11-647 (Washington, D.C.: May 16, 2011).

[8] GAO, *Prepositioned Stocks: DOD Needs to Develop a Department-wide Vision and Goals to Guide Program Management*, GAO-17-653 (Washington, D.C.: July 31, 2017).

[9] Pub. L. No. 113-66, § 321(c).

oversight approach for managing the services' prepositioned stock programs.

To address objective one, we compared the information in the implementation plan with the seven required elements. One GAO analyst coded the information and a different analyst checked the initial coding for accuracy. The analysts discussed and reconciled any coding disagreements and then tallied their responses. We assessed an element as "addressed" if DOD's implementation plan addressed all parts of the element. We assessed an element as "partially addressed" if one or more—but not all—parts of the required element were explicitly addressed. We assessed an element as "not addressed" if the plan did not explicitly address any part of the required element. In addition to assessing how the implementation plan met the seven elements in section 321, we assessed the plan using *Standards for Internal Control in the Federal Government*, which call for, among other things, agencies to establish objectives defined in specific and measureable terms that clearly define what is to be achieved, who is to achieve it, how it will be achieved, and the time frames for achievement.[10] We also interviewed officials from the Office of the Secretary of Defense and the Joint Staff regarding the implementation plan and its development.

To address objective two, we reviewed key DOD documents related to prepositioned stocks (i.e., DOD's strategic policy, joint service instructions, services' policies for prepositioned stock programs), recent DOD prepositioned stock annual reports to Congress, and other DOD guidance documents. We assessed the joint oversight language found in those documents against *Standards for Internal Control in the Federal Government*, which state that objectives should be defined in specific and measureable terms that clearly define what is to be achieved, who is to achieve it, how it will be achieved, and the time frames for achievement as well as that management should evaluate performance and hold individuals accountable for their responsibilities.[11] We also reviewed our past work in the area of duplication, overlap, and fragmentation related to the services' respective prepositioning stock programs.[12] "Fragmentation"

[10] GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sept. 2014).

[11] GAO-14-704G.

[12] GAO, *2017 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, GAO-17-491SP (Washington, D.C.: Apr. 26, 2017).

refers to those circumstances in which more than one organization within an agency is involved in the same broad area of national need and opportunities exist to improve service delivery. We also reviewed documentation and observed a meeting of DOD's Global Prepositioned Materiel Capabilities Working Group, which DOD identified as responsible for addressing joint issues concerning war reserve materiel requirements and positioning. In addition, we interviewed officials from the Office of the Secretary of Defense, the Joint Staff, the four military services, and a geographic combatant command to determine the extent to which DOD was employing joint oversight through the working group and key guidance documents. (See app. I for a complete list of offices we met with during our review).

We conducted this performance audit from March 2018 to January 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The military services preposition stocks ashore and afloat so that DOD is able to respond to multiple scenarios during the initial phases of an operation until the supply chain has been established. The military services maintain their own configurations and types of equipment and stocks to support their respective prepositioned stock programs:

- The Army stores sets of combat brigade equipment, supporting supplies, and other stocks at land sites in several countries and aboard ships.
- The Marine Corps stores equipment and supplies for its forces aboard ships stationed around the world and at land sites in Norway (see fig. 1).
- The Navy's prepositioned stock program provides construction support, equipment for off-loading and transferring cargo from ships to shore, and expeditionary medical facilities to support the Marine Corps.
- The Air Force's prepositioned stock programs include assets such as direct mission support equipment for fighter and strategic aircraft as well as base operating support equipment to provide force,

infrastructure, and aircraft support during wartime and contingency operations.

Figure 1: Equipment Being Offloaded from a Marine Corps Prepositioning Ship (left) and Vehicles Stored at a Marine Corps Prepositioning Site (right)

Source: Department Defense. | GAO-19-244

Prepositioned stocks are employed by the geographic combatant commanders, who have the authority to, among other things, organize and employ forces assigned to them as they deem necessary to accomplish assigned missions. DOD apportions the services' prepositioned stocks among the geographic combatant commands according to joint guidance, and the afloat prepositioned stocks may be apportioned to more than one geographic combatant command. Requirements for prepositioned stocks are developed based on an approved operation plan. The services determine how best to meet the needs of the geographic combatant commanders, which may include the use of prepositioned stocks. Geographic combatant commanders periodically review their plans, assess the risk to those plans, and report the results to the Chairman of the Joint Chiefs of Staff. The approval of the Secretary of Defense is generally required to use the prepositioned stocks.

DOD's Prepositioned Stock Implementation Plan Does Not Fully Address Four of the Seven Required Elements

DOD's implementation plan for managing prepositioned stocks includes information that addresses three of the seven required elements enumerated in section 321 of the NDAA for Fiscal Year 2014. However, the plan, which is 5 pages in length, lacks the detail needed to fully address the remaining four required elements (see table 1).

The Assistant Secretary of Defense for Logistics and Materiel Readiness approved the implementation plan on August 29, 2017,[13] but an official from the Office of the Secretary of Defense told us that DOD did not formally issue the plan. As such, it does not bear a DOD seal, signature, or issuance number and most prepositioning service officials we spoke with were not aware of the plan's existence.

Table 1: Comparison of Required Elements with the Department of Defense's (DOD) Implementation Plan for Managing Prepositioned Stocks

Required element	Our assessment	Information DOD provided in the implementation plan for managing prepositioned stocks
Detailed guidance for how DOD achieve the vision, end state, and goals outlined in the strategic policy.	Addressed	As we recommended in our July 2017 report, the plan identifies DOD's vision, desired end state, and goals for DOD's prepositioned stock programs. The plan states that DOD will achieve its goals by updating prepositioned stock policies, employing proper governance structures, and using established performance measures.
A comprehensive list of the department's prepositioned materiel and equipment programs.	Partially addressed	The plan lists the department's prepositioned stock programs by service including six from the Army, two from the Marine Corps, four from the Navy, and three from the Air Force. However, the list is not comprehensive because there are one Army and eight Air Force prepositioned programs not listed in the implementation plan.
A detailed description of how the plan will be implemented.	Partially addressed	The plan describes actions that the department will take through the policy, governance, and assessment initiatives to meet the stated goals. However, the descriptions for these actions lack detail.
A schedule with milestones for the implementation of the plan.	Addressed	The plan lists implementation milestones for the key initiatives. Each milestone includes a date by which the milestone has been or will be completed.

[13] Pursuant to the National Defense Authorization Act for Fiscal Year 2017, effective February 1, 2018, the DOD restructured the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)). Pub. L. No. 114-328, § 901 (2016) (codified at 10 U.S.C. §§ 133a and 133b). The position has been divided into the Under Secretary of Defense for Research and Engineering and the Under Secretary of Defense for Acquisition and Sustainment.

Required element	Our assessment	Information DOD provided in the implementation plan for managing prepositioned stocks
An assignment of roles and responsibilities for the implementation of the plan.	Addressed	The plan assigns roles and responsibilities for conducting activities related to the policy, governance, and assessment initiatives. The plan also assigns the Global Prepositioned Materiel Capabilities Working Group to execute joint oversight for the department's prepositioned stock programs.[a]
A description of the resources required to implement the plan.	Not addressed	The plan does not provide a description of the resource amounts required to implement the plan. Rather, the plan states that prepositioned stock programs are resourced and managed by the services in support of combatant command operational and training requirements. It also states that the services provide the required resources to implement their respective prepositioning programs through the use of service programming, budgets, and agencies that manage supply chain operations.
A description of how the plan will be reviewed and assessed to monitor progress.	Partially addressed	The plan describes how the department will monitor progress in its prepositioned stock capabilities and readiness but not how the plan itself will be reviewed or assessed to monitor progress. For example, the plan states that DOD will use standard metrics to monitor prepositioned stock capabilities and readiness and that the services would begin reporting this information in the first quarter of fiscal year 2018. The plan also states that the services and the combatant commands will assess their prepositioned stock programs and postures, and the plan assigns the Global Prepositioned Capabilities Working Group to assess actions to ensure that desired results are achieved. However, the plan does not describe how DOD will review or assess the implementation plan as a tool for achieving the department's stated vision and desired end state for DOD's prepositioned stock programs.

Source: GAO's analysis of section 321 of the National Defense Authorization Act for Fiscal Year 2014 and of DOD's implementation plan. | GAO-19-244

[a]DOD's Global Prepositioned Materiel Capabilities Working Group is responsible for addressing joint issues concerning prepositioned stocks and comprises officials from the services, the Defense Logistics Agency, joint organizations, and entities within the Office of the Secretary of Defense.

As shown in the table, DOD fully addressed three elements in section 321 of the NDAA for Fiscal Year 2014 by describing how the department will achieve its vision, desired end state, and goals, assigning roles and responsibilities, and including a schedule for the implementation of the plan. However, we assessed the remaining elements as partially addressed or not addressed because DOD did not provide the required information in its implementation plan. Specifically:

- **Element two (comprehensive list of DOD's prepositioned materiel and equipment programs, partially addressed).** DOD's implementation plan contains a list of the department's prepositioned stock programs but that list omits one Army and eight Air Force prepositioned stock programs. In table 2, we compare the list of

prepositioned stock programs that service officials provided to us with the list in DOD's implementation plan.

Table 2: Comparison of Service-Identified Prepositioned Stock Programs with the List in the Department of Defense's (DOD) Implementation Plan

Service	Prepositioned Materiel and Equipment Programs Identified by the Military Services		Program listed in the implementation plan
Army	Activity Sets		—
	Unit Equipment Sets	Brigade Combat Team Equipment Set[a]	✓
		Fires Brigade Set	✓
		Sustainment Brigade Set	✓
		Theater Opening/Port Opening Set	✓
	Operational Projects		✓
	Army War Reserve Sustainment		✓
Marine Corps	Maritime Prepositioning Force	Maritime Prepositioning Ship Squadron	✓
	Marine Corps Pre-positioning Program—Norway		✓
Navy	Naval Support Element		✓
	Naval Construction Element		✓
	Expeditionary Medical Facility		✓
	Shore-Based Expeditionary Medical Facilities		✓
Air Force	Basic Expeditionary Airfield Resource Sets		✓
	Fuel Support Equipment Sets		✓
	Direct Mission Support Equipment Sets		✓
	Rapid Airfield Damage Recovery Sets		—
	Expeditionary Medical Support Sets		—
	Force Protection Sets[b]		—
	Bulk Petroleum (managed by the Air Force Petroleum Office)		—
	Rations (managed by the Air Force Services Agency)		—
	Ammunition (managed by the Global Ammunition Control Point)		—
	Medical supplies (managed by the Air Force Medical Operations Agency)		—
	Aircraft fuel tanks (managed by the Air Force Life Cycle Center)		—

Legend: ✓= listed, — = not listed

Source: GAO analysis of DOD's implementation plan and service prepositioned stock documents. | GAO-19-244

[a]This includes Armored Brigade Combat Team Sets and Infantry Brigade Combat Team Sets.

[b]Air Force officials told us that the Force Protection Set is a relatively new prepositioned stock program that started after the completion of the implementation plan and so would not have appeared in the plan.

An official from the Office of the Secretary of Defense told us in April 2017 as part of a previous review that the department would not address this required element in the implementation plan because the department lists its prepositioned stock programs in its annual report to Congress. The implementation plan notes that DOD submits a comprehensive list of materiel to Congress each year per 10 U.S.C. §2229a. However, the annual report to Congress does not include a comprehensive list of the department's prepositioned materiel and equipment programs. Rather, the annual report describes most of the department's prepositioning programs but it omits one Army and six Air Force programs not listed in the implementation plan. Apart from the statutory requirement, *Standards for Internal Control in the Federal Government* state that management should communicate quality information externally so that external parties can help the entity achieve its goals and address risks. Without a comprehensive list of prepositioned materiel and equipment programs, DOD decision makers do not have all of the information they need to conduct effective oversight to assist the department in achieving its vision and goals.

- **Element three (detailed description of how the plan will be implemented, partially addressed).** The plan identifies policy, governance, and assessment initiatives through which the department aims to achieve its goals. However, the plan does not provide a detailed description of how the department will implement these three initiatives.

  Specifically, the plan states that DOD will identify policy gaps and revise or develop policy at all levels to better oversee prepositioned stocks; assigns the Under Secretary of Defense for Acquisition, Technology, and Logistics,[14] the Chairman of the Joint Chiefs of Staff, and the services to review and revise the current prepositioning

[14] Pursuant to the National Defense Authorization Act for Fiscal Year 2017, effective February 1, 2018, the DOD restructured the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD (AT&L)). Pub. L. No. 114-328, § 901 (2016) (*codified* at 10 U.S.C. §§ 133a and 133b). The position has been divided into the Under Secretary of Defense for Research and Engineering and the Under Secretary of Defense for Acquisition and Sustainment.

policies as appropriate; and tasks the geographic combatant commanders to ensure that theater campaign plans provide clear guidance for service prepositioned stock planning. However, the plan does not provide details on when geographic combatant commanders should finalize clear guidance for service prepositioned stock planning or describe what the guidance should include. The plan also states that DOD will use a governance body composed of the Under Secretary of Defense for Acquisition, Technology, and Logistics; the Chairman of the Joint Chiefs of Staff; the geographic combatant commanders; and the services to provide joint oversight of the prepositioned stock programs. However, the plan is unclear as to whether the Global Prepositioned Materiel Capabilities Working Group is the governance body. For example, the plan states that DOD's joint oversight framework will include the Global Prepositioned Materiel Capabilities Working Group but also assigns the group to present capability shortfalls and gaps to a governance body and implement governance body decisions. Further, the plan states that DOD will use current systems of record and established metrics to evaluate performance and measure prepositioned stock status and capability. However, these are existing mechanisms to monitor the services' programs and do not provide details on how the department will assess implementation of the plan itself.

In 2017, a Joint Staff official told us that the implementation plan would be broad and high-level but would be more detailed than the DOD's strategic policy. However, the plan's descriptions of the implementation initiatives lack sufficient detail on what the department will do to implement the plan. Apart from the statutory requirement, *Standards for Internal Control in the Federal Government* establish that objectives should be defined in specific and measureable terms that clearly define what is to be achieved. Without sufficient detail, DOD risks being unable to fully support the emphasis and high priority that the 2018 National Defense Strategy gives to prepositioned stocks.

- **Element six (description of the resources required to implement the plan, not addressed).** DOD's implementation plan does not describe the resources required to implement the plan. Rather, the plan states that prepositioning programs are resourced and managed by the services in support of combatant command operational and training requirements. In describing the joint oversight framework, the plan states that DOD will leverage the processes that already exist to resource prepositioning stock requirements including a focused effort on prepositioning as part of the annual planning, programming, budget and execution process, and the Joint Capabilities Integration

Development System.[15] Officials from the Office of the Under Secretary of Defense for Policy told us when they were developing the implementation plan that they understood this element as requiring information about the resources such as funding, personnel, and technology that would be needed to implement the plan. However, the plan does not include a description of the funding, personnel, or technology resources required to implement the plan. DOD officials reported that the services received $1.2 billion for prepositioned stocks in fiscal year 2018 and that the annual report to Congress also contains further information on the funding. However, this information does not describe the resources needed to implement DOD's plan for prepositioned stocks as required by the NDAA for Fiscal Year 2014. Apart from the statutory requirement, Standards for Internal Control in the Federal Government establish that organizations should gather relevant operational and financial information for effective monitoring. Without a description of the resources required for implementation, decision makers do not have enough information to understand whether the department has sufficient resources to implement the plan.

- **Element seven (description of how the plan will be reviewed and assessed to monitor progress, partially addressed).** DOD's implementation plan describes how the department will monitor the services' prepositioned stock capabilities and readiness but does not describe how the department will review and assess the plan itself. The plan states that the department will use standard metrics contained in the readiness reporting systems of record to monitor prepositioning capability and readiness of the services' programs. The plan assigns the services and combatant commands to assess prepositioned stock programs and posture annually and notes that all of the services are to begin reporting through the Defense Readiness Reporting System in the first quarter of fiscal year 2018. However, similar to element three, the plan does not fully address the mandated element in that it does not describe how the department will review or assess the plan as a tool toward achieving the stated vision and desired end state. The plan directs the Global Prepositioned Materiel Capabilities Working Group—which is responsible for providing oversight of prepositioned stock programs and resolving joint issues concerning prepositioned stocks—to assess actions to ensure desired

[15] The Joint Capabilities Integration Development System is the process DOD's Joint Requirements Oversight Council uses to identify, assess, validate, and prioritize joint military capability requirements.

results are achieved but does not describe how it is to do this. Apart from the statutory requirement, *Standards for Internal Control in the Federal Government* state that management should monitor its internal controls to determine their effectiveness and make modifications as necessary. Without reviewing and assessing the implementation plan, DOD will be unable to determine whether the current plan is helping the department progress toward its identified vision and desired end state for its prepositioned stock programs.

DOD did not fully address the required elements in the implementation plan because, according to officials from the Office of the Secretary of Defense for Policy and the Joint Staff, implementation of the plan for managing prepositioned stock programs is the role of the services. According to these officials, DOD developed the implementation plan without details to allow the services to determine how to implement their respective prepositioning stock programs. Further, an official from the Under Secretary of Defense for Policy noted that DOD's annual report to Congress on prepositioned stock programs contains some of the required information. However, as discussed earlier, we found that the annual report to Congress does not include all of the information to satisfy the required elements, such as a comprehensive list of the department's prepositioned stock programs; and most service officials we spoke with were unaware of the plan. Moreover, section 321 of the NDAA for Fiscal Year 2014 required DOD to develop an implementation plan that contained all seven elements.

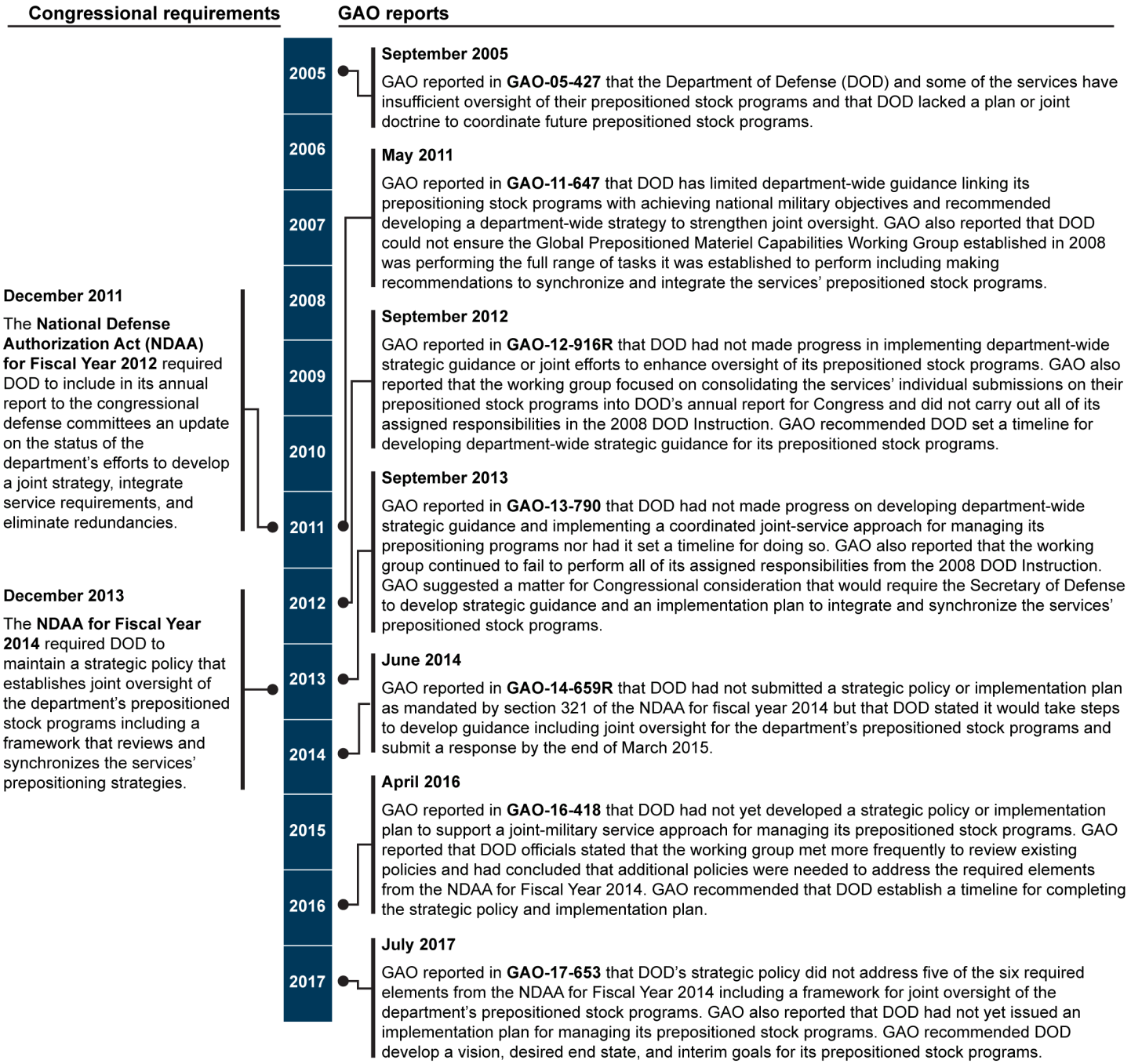
Absent an implementation plan that fully addresses all of the elements required in the NDAA for Fiscal Year 2014 and aligns with internal control standards, DOD continues to provide incomplete information to Congress and stakeholders within the department on its prepositioned stock programs.

DOD Has Made Little Progress in Implementing a Joint Oversight Approach for Managing the Military Services' Prepositioned Stock Programs

DOD's Progress in Establishing a Joint Oversight Approach Has Been Slow

In 2011, Congress began mandating DOD take steps to develop a joint strategy. Beginning in 2005 and subsequently in 2011, we reported that DOD lacked a joint oversight framework of the services' programs. However, as shown in figure 2, DOD has made limited progress in addressing congressional requirements and our reporting recommendations related to joint oversight of prepositioned stock programs.

Figure 2: Congressional Requirements and GAO Reporting Related to DOD's Limited Progress with Joint Oversight of Prepositioned Stock Programs



Source: GAO analysis of congressional requirements and prior GAO reports. | GAO-19-244

DOD's Guidance on Joint Oversight Lacks Detail and Other Related Efforts Have Limitations

DOD's recent approach to joint oversight has been to update guidance and implement other related efforts. For example, over the past 2 years, the Office of the Secretary of Defense and the Joint Staff have updated existing documents and issued new policy documents, which each contain broad statements about the need for joint oversight of the services' prepositioned stock programs:

- In December 2016, the Chairman of the Joint Chiefs of Staff updated its *Logistics Planning Guidance for Prepositioned War Reserve Materiel*.[16] The document states that all service prepositioned stock programs require joint alignment with national priorities and global combatant command requirements across the full range of military operations. The instruction specifically directs the Joint Staff to develop a framework for joint oversight processes for synchronizing the services' prepositioning strategies to minimize duplicative efforts and to maximize efficiencies and return on investment for prepositioned stocks. However, this document does not detail how the Joint Staff is to develop this framework and does not describe the elements that are to be included as a part of an effective approach for joint oversight.
- In March 2017, the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics issued its *Pre-Positioned War Reserve Materiel Strategic Policy*.[17] One of the purposes of the document is to establish joint oversight of the military services' pre-positioning efforts to maximize efficiencies across DOD. The directive assigns the Chairman of the Joint Chiefs of Staff with the responsibility to develop a framework for synchronizing the services' prepositioning strategies to minimize duplicative efforts and to maximize efficiency and return on investment across DOD. However, similar to the instruction above, this document does not detail how the Joint Staff is to develop this framework or describe the elements that are to be included as a part of an effective approach for joint oversight.
- In August 2017, the Assistant Secretary of Defense for Logistics and Materiel Readiness finalized DOD's implementation plan for managing

[16]Chairman of the Joint Chiefs of Staff Instruction 4310.01D, *Logistics Planning Guidance for Prepositioned War Reserve Materiel* (Dec. 30, 2016).

[17]DOD Directive 3110.07, *Pre-Positioned War Reserve Materiel (PWRM) Strategic Policy* (Mar. 7, 2017) (incorporating Change 1, June 19, 2018).

prepositioned stock programs, which we discuss earlier in this report.[18] The plan calls for improved DOD guidance that builds a framework and establishes joint oversight to synchronize service prepositioned stock programs with DOD's strategic guidance and priorities. The plan also calls for balancing service prepositioned stock programs to maximize effectiveness and efficiency while minimizing potential duplication across the department. However, in addition to the shortcomings of the plan that we discuss earlier in this report, the plan also does not provide a detailed discussion of what is needed to implement a department-wide framework for joint oversight. Further, although the plan states that clear policy is the foundation for joint oversight, the plan itself was not issued as formal guidance, and, as noted earlier, most prepositioning service officials we spoke with were not aware of the plan's existence. DOD officials stated that they are continuing to update existing guidance as needed and that the services are responsible for implementing and managing their own prepositioned stock programs.

DOD also provides Congress annual reports on the status of the services' prepositioned stock programs. However, in June 2015, we reported that the annual report provided inconsistent information among the services' programs using a nonstandardized definition of "prepositioned stocks" and that the annual report is not an effective tool for joint oversight.[19] We recommended that DOD develop a standardized definition of "prepositioning" for its annual report that is consistent with the definition used in the department's joint service guidance and apply this definition consistently to identify prepositioning materiel and equipment across DOD. DOD concurred with our recommendations. However, as of October 2018, DOD continued to use varying definitions of prepositioned stocks. A broad definition exists at the strategic level, but service-level definitions vary depending on what each service's prepositioned stock needs are. For example, the Army's definition of prepositioned stocks is based on the equipment and stocks required to meet the unique mission requirements of brigade combat team configurations. Within this definition, the Army includes equipment sets used for training units, but

[18]Assistant Secretary of Defense (Logistics and Materiel Readiness) Action Memorandum, *Prepositioned War Reserve Materiel (PWRM) Strategic Implementation Plan* (Aug. 29, 2017).

[19]GAO, *Prepositioned Stocks: Additional Information and a Consistent Definition Would Make DOD's Annual Report More Useful,* GAO-15-570 (Washington, D.C.: June 16, 2015).

the other services do not. DOD officials stated that although there is a broad definition of prepositioned stocks, the services are responsible for managing their individual programs to include what equipment and stocks are a part of their respective programs based on their mission and needs.

Further, in 2008, DOD directed the establishment of the Global Prepositioned Materiel Capabilities Working Group and assigned it responsibility for addressing joint issues concerning war reserve materiel requirements and positioning.[20] According to DOD's prepositioned stock implementation plan, the working group is DOD's focused joint oversight framework effort to execute the following for prepositioned stock programs:

- analyze service and combatant commander input in the annual report to Congress,
- identify potential opportunities to enhance efficiency and reduce operational risk,
- present capability shortfalls/gaps to a governance body for consideration,
- implement governance body decisions in coordination with the services and combatant commands, and
- assess actions to ensure desired results are achieved.

According to DOD guidance,[21] the Assistant Secretary of Defense for Sustainment and the Chairman of the Joint Chiefs of Staff appoint co-chairs for the working group, which will include members from the military services, the Defense Logistics Agency and the combatant commands and meet annually or more often, as needed. However, since 2011, our work has shown that DOD has been unable to ensure that the working group's activities include the full range of the tasks the group was established to perform because the working group lacks clear oversight and reporting relationships to authoritative bodies within DOD.[22] We recommended that DOD assess the continued relevance of the Global

[20]DOD Instruction 3110.06, *War Reserve Materiel (WRM)* (Jan. 7, 2019).

[21]DOD Instruction 3110.06.

[22]GAO, *Warfighter Support*: *Improved Joint Oversight and Reporting on DOD's Prepositioning Programs May Increase Efficiencies*, GAO-11-647 (Washington, D.C.: May 16, 2011).

Prepositioned Materiel Capabilities Working Group's assigned tasks, and DOD concurred. In September 2012, we reported that, according to DOD officials, the main responsibility of the working group had been to consolidate the services' individual submissions on their prepositioned stock programs into DOD's annual report for Congress, and that the working group had met only sporadically and had not yet addressed many of the duties specified in its charter.[23] This continues to be the case. We found that, according to DOD officials, quarterly working group meetings were frequently postponed, attendance was not fully representative of all stakeholders, and the discussions during a September 2018 meeting we observed were primarily focused on gathering information from the services for preparations for the upcoming annual report to Congress and receiving service updates on the current status of their respective prepositioned stock programs.

DOD has not fully implemented joint oversight of the services' prepositioned stock programs because the department's guidance lacks detail and the department has not fully implemented requirements within other intended joint oversight efforts, such as the working group. Instead, DOD's approach has been for the services to manage their own respective programs with limited oversight at the department level. *Standards for Internal Control in the Federal Government* state that objectives should be defined in specific and measureable terms that clearly define what is to be achieved, who is to achieve it, how it will be achieved, and the time frames for achievement. These standards also state that management should evaluate performance and hold individuals accountable for their internal control responsibilities. In addition, the NDAA for Fiscal Year 2014 mandates a framework for joint departmental oversight that reviews and synchronizes the military services' prepositioned stock strategies to minimize potentially duplicative efforts and maximize efficiencies in prepositioned stocks across the DOD.[24] Further, our prior work in the area of fragmentation, overlap, and duplication in the federal government has found that Congress and executive branch agencies have opportunities to contribute toward fiscal

[23]GAO, *Prepositioned Materiel and Equipment: DOD Would Benefit from Developing Strategic Guidance and Improving Joint Oversight,* GAO-12-916R (Washington, D.C.: Sept. 20, 2012). We have made recommendations in past reports regarding the effectiveness of the Global Prepositioned Materiel Capabilities Working Group to provide joint oversight.

[24]Pub. L. No. 113-66, §321(a)

sustainability and act as stewards of federal resources.[25] These include taking actions to reduce, eliminate, or better manage duplication, overlap, or fragmentation among federal agencies and programs; achieve cost savings; or enhance revenues. “Fragmentation” refers to those circumstances in which more than one organization within an agency is involved in the same broad area of national need and opportunities exist to improve service delivery.

Without strengthening joint oversight across the department, DOD continues to have a fragmented approach to its management of prepositioning programs, which has led to inefficiencies. For example, according to Joint Staff officials, there is no uniform process by which the services are reporting the readiness of prepositioned stock assets. Joint Staff officials also said that having a joint oversight approach would help them have a more complete picture on the readiness of prepositioned stocks across the services and help the services in developing more consistent reporting methods. Service officials we interviewed have also noted that there may be duplication among DOD’s prepositioned stock programs resulting from limited joint oversight. For example, Navy officials stated that because each service utilizes medical assets as a part of its prepositioned stock programs, there is potential duplicative medical equipment across the services, which may result in inefficiencies. Finally, our ongoing classified work is finding a lack of joint oversight related to DOD’s management of prepositioned stocks in Europe.

Although DOD’s current approach relies on the services managing their own prepositioned stock programs and Title 10 requires the services to train, man, and equip their forces, without fully implementing joint oversight—including providing more detailed information on how to implement such an approach in its guidance and reviewing its other efforts, such as the working group—DOD will continue to experience fragmented management of its prepositioned stock programs. Further, given the lack of progress DOD has made in the past several years, providing information to Congress on its efforts in this area could help hold the department to greater accountability.

[25]GAO, *Government Efficiency and Effectiveness*: *Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, GAO-18-571T (Washington, D.C.: May 23, 2018).

Conclusions

Prepositioned stocks play a pivotal role during the initial phases of an operation. We have reported for over a decade on the importance of DOD having a department-wide strategic policy and joint oversight of the services' prepositioned stock programs, and Congress has required that DOD take action in this area. DOD issued guidance to include an implementation plan for managing prepositioned stock programs. However, the plan does not address all of the required elements enumerated in section 321 of the National Defense Authorization Act for Fiscal Year 2014, and DOD's various guidance documents include broad direction for joint oversight. Without revising the implementation plan to have more complete information—including a full list of programs, a detailed description of how DOD will implement key initiatives, a description of the resources required, and an approach for monitoring and assessing the plan itself—the services will continue to operate their prepositioned stock programs with limited direction from DOD. Further, without fully implementing joint oversight, including providing more details in guidance and reviewing related efforts, and providing accountability to Congress on how the department will implement such oversight, DOD's current fragmented management approach will continue to exist, which creates the potential for duplication and inefficiencies among the services' prepositioned stock programs.

Recommendations for Executive Action

We are making the following six recommendations to DOD:

The Secretary of Defense should ensure that the Assistant Secretary of Defense for Sustainment, in coordination with the Chairman of the Joint Chiefs of Staff, issue a more detailed implementation plan or include implementation plan details in identified formal department-wide guidance to include an updated list to provide quality information, including all of DOD's prepositioned materiel and equipment programs. (Recommendation 1)

The Secretary of Defense should ensure that the Assistant Secretary of Defense for Sustainment, in coordination with the Chairman of the Joint Chiefs of Staff, issue a more detailed implementation plan or include implementation plan details in identified formal department-wide guidance to include a detailed description of how DOD will implement the three key initiatives in the plan—policy, governance, and assessment—including clearly identifying what is to be achieved in these areas. (Recommendation 2)

The Secretary of Defense should ensure that the Assistant Secretary of Defense for Sustainment, in coordination with the Chairman of the Joint Chiefs of Staff, issue a more detailed implementation plan or include implementation plan details in identified formal department-wide guidance to include a description of the resources (i.e., relevant operational and financial information) required to implement the plan including dollar and personnel amounts. (Recommendation 3)

The Secretary of Defense should ensure that the Assistant Secretary of Defense for Sustainment, in coordination with the Chairman of the Joint Chiefs of Staff, issue a more detailed implementation plan or include implementation plan details in identified formal department-wide guidance to include a description of how the department will review and assess the implementation plan for effectiveness. (Recommendation 4)

The Secretary of Defense should ensure that the Assistant Secretary of Defense for Sustainment, in coordination with the Chairman of the Joint Chiefs of Staff, take steps to fully implement joint oversight of DOD's prepositioned stock programs, including providing detailed information on how to implement such an oversight approach in department guidance and reviewing other joint oversight efforts, in order to synchronize the military services' preposition stock strategies to avoid fragmentation. (Recommendation 5)

The Secretary of Defense should ensure that the Assistant Secretary of Defense for Sustainment, in coordination with the Chairman of the Joint Chiefs of Staff, update Congress on the department's progress in joint oversight management in the prepositioned stock annual report or in a separate report. (Recommendation 6)

Agency Comments and Our Evaluation

We provided a draft of this report to DOD for review and comment. In its comments, reproduced in appendix II, DOD concurred with each of the six recommendations and described planned actions it will take to implement them.

We are providing copies of this report to the appropriate congressional committees; the Secretary of Defense; the Assistant Secretary of Defense for Sustainment; and the Chairman of the Joint Chiefs of Staff. In addition, this report is available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-5431 or russellc@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

Cary B. Russell
Director, Defense Capabilities and Management

List of Committees

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Chairman
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United States Senate

The Honorable Richard Shelby
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The Honorable Mac Thornberry
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable Pete J. Visclosky
Chairman
The Honorable Ken Calvert
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Appendix I: Offices That We Contacted

To obtain information for our review, we met with officials from the following organizations from the Department of Defense:

- Assistant Secretary of Defense for Logistics and Materiel Readiness
- Joint Chiefs of Staff, Logistics Directorate
- U.S. Army, Headquarters
- U.S. Army Materiel Command, Army Prepositioned Stocks
- U.S. Navy, Headquarters, Naval Operations
- U.S. Air Force, Headquarters, Logistics, Operations, Plans, and Programs Division
- U.S. Marine Corps, Headquarters, Plans, Policies, and Operations and Expeditionary Policies Branch
- U.S. Indo-Pacific Command

Appendix II: Comments from the Department of Defense

ASSISTANT SECRETARY OF DEFENSE
3500 DEFENSE PENTAGON
WASHINGTON, DC 20301-3500

SUSTAINMENT

JAN 2 3 2019

Mr. Cary Russell
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Russell:

This is the Department of Defense (DOD) response to the Government Accountability Office (GAO) Draft Report, GAO-19-244, "PREPOSITIONED STOCKS: DOD Needs Joint Oversight of the Military Services' Programs" dated December 14, 2018 (GAO Code 102696). Detailed comments on the report recommendations are enclosed.

Sincerely,

Robert H. McMahon

Enclosure:
As stated

GAO Draft Report Dated December 14, 2018
GAO-19-244 (GAO CODE 102696)

"PREPOSITIONED STOCKS: DOD NEEDS JOINT OVERSIGHT OF THE MILITARY SERVICES' PROGRAMS"

DEPARTMENT OF DEFENSE COMMENTS TO THE GAO RECOMMENDATIONS

RECOMMENDATION 1: The Secretary of Defense should ensure that the Assistant Secretary of Defense for Sustainment, in coordination with the Chairman of the Joint Chiefs of Staff, issue a more detailed implementation plan or include implementation plan details in identified formal department-wide guidance to include an updated list to provide quality information, including all of DOD's prepositioned materiel and equipment programs.

DoD RESPONSE: Concur. The DOD will update the 2017 Prepositioned War Reserve Materiel (PWRM) Strategic Implementation Plan to include all of DOD's prepositioned materiel and equipment programs along with a clear DOD-level definition of prepositioned stocks. Estimated publication date, 1st quarter 2020.

RECOMMENDATION 2: The Secretary of Defense should ensure that the Assistant Secretary of Defense for Sustainment, in coordination with the Chairman of the Joint Chiefs of Staff, issue a more detailed implementation plan or include implementation plan details in identified formal department-wide guidance to include a detailed description of how DOD will implement the three key initiatives in the plan—policy, governance, and assessment—including clearly identifying what is to be achieved in these areas.

DoD RESPONSE: Concur. The DOD will update the 2017 PWRM Strategic Implementation Plan with a detailed plan of action and milestones for the effort required to continue the implementation of the three key plan initiatives. Estimated publication date, 1st quarter 2020.

RECOMMENDATION 3: The Secretary of Defense should ensure that the Assistant Secretary of Defense for Sustainment, in coordination with the Chairman of the Joint Chiefs of Staff, issue a more detailed implementation plan or include implementation plan details in identified formal department-wide guidance to include a description of the resources (i.e., relevant operational and financial information) required to implement the plan including dollar and personnel amounts.

DoD RESPONSE: Concur. To the extent practicable, the DOD will update the 2017 PWRM Strategic Implementation Plan to include the resources required to implement the plan. Estimated publication date, 1st quarter 2020.

RECOMMENDATION 4: The Secretary of Defense should ensure that the Assistant Secretary of Defense for Sustainment, in coordination with the Chairman of the Joint Chiefs of Staff, issue a more detailed implementation plan or include implementation plan details in identified formal

department-wide guidance to include a description of how the department will review and assess the implementation plan for effectiveness.

DoD RESPONSE: Concur. The DOD will update the 2017 PWRM Strategic Implementation Plan with detailed descriptions of the efforts required to assess the effectiveness of the plan itself. Estimated publication date, 1st quarter 2020.

RECOMMENDATION 5: The Secretary of Defense should ensure that the Assistant Secretary of Defense for Sustainment, in coordination with the Chairman of the Joint Chiefs of Staff, take steps to fully implement joint oversight of DOD's prepositioned stocks programs, including providing detailed information on how to implement such an oversight approach in department guidance and reviewing other joint oversight efforts, in order to synchronize the military services' prepositioned strategies to avoid fragmentation.

DoD RESPONSE: Concur. The DOD will update the 2017 PWRM Strategic Implementation Plan to include the activities required to fully execute joint oversight of the prepositioned stock programs. Additionally, the updated plan will include a clearly defined governance structure and roles and responsibilities. Estimated publication date, 1st quarter 2020.

RECOMMENDATION 6: The Secretary of Defense should ensure that the Assistant Secretary of Defense for Sustainment, in coordination with the Chairman of the Joint Chiefs of Staff, update Congress on the department's progress in joint oversight management in its prepositioned stocks annual report or in a separate report.

DoD RESPONSE: Concur. A section will be added to the 2019 prepositioned stocks annual report that discusses progress made in executing joint oversight of the DOD's prepositioned stocks programs. Estimated publication date, 2nd quarter 2020.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Cary B. Russell, (202) 512-5431 or russellc@gao.gov

Staff Acknowledgments

In addition to the contact named above, individuals who made key contributions to this report include Alissa H. Czyz, Assistant Director; Vincent M. Buquicchio; Pamela Davidson; Mae Jones; Cody Knudsen; and Yong Song.

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