

GAO@100 Highlights

Highlights of [GAO-21-103](#), a report to congressional committees

Why GAO Did This Study

Pandemics such as COVID-19 can impact the productivity of critical DOD depots that maintain weapon systems if essential personnel are unable to report for work. Navy and Air Force WCFs must also maintain cash balances sufficient for the activities they support, including the eight depots operated by the Marine Corps, Navy, and Air Force, to sustain readiness.

GAO was asked to assess the effects of COVID-19 on WCF and depot operations as part of its CARES Act oversight. This report (1) describes how COVID-19 impacted Marine Corps, Navy, and Air Force depot productivity; (2) examines the extent to which depot actions in response to COVID-19 addressed key practices to support the workforce, continue operations, and improve crisis response; and (3) examines the extent to which WCF cash management policy ensured financial solvency and reflected current guidance. GAO reviewed DOD guidance, depot revenue data for fiscal year 2020, and documents related to the impact of COVID-19 on productivity and WCF solvency; and interviewed depot and financial management officials.

What GAO Recommends

GAO is making nine recommendations, including that DOD develop guidance and a communication plan for mission-essential depot personnel; update contingency plans and exercises; record lessons learned from COVID-19; and publish WCF cash management policy. DOD concurred with GAO's recommendations.

View [GAO-21-103](#). For more information, contact Diana Maurer at (202) 512-9627 or MaurerD@gao.gov or Asif A. Khan at (202) 512-9869 or KhanA@gao.gov.

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DEPOT MAINTENANCE

DOD Should Improve Pandemic Plans and Publish Working Capital Fund Policy

What GAO Found

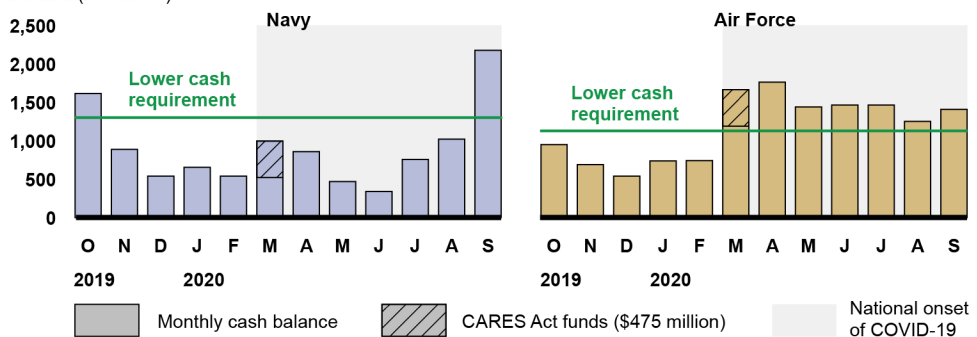
The Coronavirus Disease 2019 (COVID-19) pandemic exacerbated productivity challenges Marine Corps, Navy, and Air Force depots already faced, such as not having enough personnel to perform maintenance. At half of the eight depots GAO reviewed, productivity was lower than planned every month during fiscal year 2020. For example, revenue at one Air Force depot was about 10 to 30 percent less than planned throughout fiscal year 2020. Prior to COVID-19, depot revenue was decreased due to fewer orders than planned at Marine Corps and Navy depots, and fewer flying hours than planned at Air Force depots, according to officials. After the onset of COVID-19, all eight depots reported that some of the challenges they were already facing worsened, such as personnel shortages.

Marine Corps, Navy, and Air Force management supported their workforce during COVID-19, but had challenges continuing operations and improving crisis response, according to GAO analysis. Depots supported the workforce by considering local conditions, adjusting operating schedules, and using remote work. However, depots did not consistently address key practices for continuing operations. Depot officials said that adapting existing contingency plans for natural disasters to COVID-19 added to confusion among mission-essential personnel early in the pandemic. Additionally, depots did not consistently document lessons learned. Improving guidance to depots, updating contingency plans to address a long-term crisis impacting the depot workforce, and using lessons learned from the COVID-19 pandemic to develop exercises, will help the depots protect the workforce and maintain productivity during a future crisis.

Congress and the Department of Defense (DOD) took steps to ensure the Navy and Air Force Working Capital Funds (WCFs) were solvent at the end of fiscal year 2020, but DOD's cash management policy is not reflected in current guidance. In March 2020, Congress provided the Navy and Air Force WCFs \$475 million each through the CARES Act. In addition, DOD, Navy, and Air Force officials used a cash management policy in draft since July 2015 to raise cash balances above the lower cash requirement by the end of fiscal year 2020. However, DOD's cash management policy is not reflected in published DOD *Financial Management Regulation*. Publishing the guidance would improve transparency and the ability of Congress to oversee DOD WCFs.

Fiscal Year 2020 Working Capital Fund Cash Balances

Dollars (in millions)



Source: GAO analysis of Navy and Air Force Working Capital Funds cash data. | GAO-21-103