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U.S. Department of Defense  
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Washington, D.C. 20301-1000

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### **Priority Open Recommendations: Department of Defense**

I appreciated my recent meeting with Secretary Austin and look forward to a constructive working relationship between our two institutions. As we discussed, the purpose of this letter is to provide an update on the overall status of the Department of Defense's (DOD) implementation of GAO's recommendations and to call your personal attention to areas where open recommendations should be given high priority.<sup>1</sup> Many of the recommendations in this letter directly address key challenges that significantly affect DOD's ability to accomplish the department's mission, such as rebuilding readiness, mitigating cyber threats, and controlling costs.

In November 2020, we reported that federal agencies government-wide had implemented 77 percent of our recommendations made in fiscal year 2016.<sup>2</sup> As of July 29, 2021, DOD had implemented 65 percent of our recommendations from fiscal year 2016; 66 recommendations from that fiscal year remain open.<sup>3</sup> Additionally, as of July 29, 2021, DOD had 1,001 recommendations that remained open from other fiscal years, bringing the total number of open recommendations to 1,067. Of these recommendations, 83 were made prior to fiscal year 2016—the year used to calculate DOD's implementation rate. We examined the recommendations in this category carefully to ensure that they remain relevant. We closed those recommendations that were obsolete or would no longer substantially improve DOD's

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<sup>1</sup>"Priority recommendations" are those that GAO believes warrant priority attention from heads of key departments or agencies. They are highlighted because, upon implementation, they may significantly improve government operation—for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a [high-risk](#) or [duplication](#) issue.

<sup>2</sup>GAO, *Performance and Accountability Report: Fiscal Year 2020* [GAO-21-4SP](#) (Washington, D.C.: Nov. 16, 2020).

<sup>3</sup>DOD's implementation rate represents the percentage of recommendations from fiscal year 2016 GAO unclassified and sensitive (e.g., For Official Use Only) products that DOD had implemented as of June 30, 2021. The rate does not include classified recommendations.

operations. For all other recommendations, we continue to encourage DOD to implement them, as doing so could result in key improvements in the department's operations.

In our May 4, 2020 letter, we identified 81 priority open recommendations.<sup>4</sup> We have since removed 26 of these recommendations from our priority recommendations letter. DOD implemented 21 of them to address issues pertaining to F-35 sustainment, Navy shipyard operations, contracted services, science and technology, cybersecurity, readiness rebuilding efforts, and financial management and improper payments, thereby enabling DOD to better achieve its mission.

Additionally, as discussed below, we determined that four recommendations related to DOD enterprise-wide business reform were no longer relevant and closed them. Finally, we determined that one open recommendation related to acquisition oversight no longer warranted priority attention because of actions taken by the military departments to pilot approaches for streamlining the milestone decision process.<sup>5</sup>

We ask for your attention to the remaining 55 open priority recommendations identified in the 2020 letter. We are also adding 26 new priority recommendations related to the F-35 program, cybersecurity and the information environment, defense management, and diversity, equity, and inclusion, bringing the total to 81. These 81 recommendations fall into seven areas addressed in last year's letter (acquisitions and contract management; rebuilding readiness and force structure; financial management; cybersecurity and the information environment; health care; driving enterprise-wide business reform; and preventing sexual harassment), as well as a new area we have added pertaining to DOD's efforts to strengthen diversity, equity, and inclusion within the department.<sup>6</sup>

**Acquisitions and Contract Management** (21 priority recommendations). These recommendations, if implemented, would help DOD improve the management of its costliest weapon programs portfolio, which is expected to cost more than \$1.79 trillion to acquire. Our work has shown that many of these programs continue to fall short of cost, schedule, and performance goals. As a result, DOD faces challenges delivering innovative technologies to the warfighter to keep pace with evolving threats, including those posed by strategic competitors such as China and Russia.<sup>7</sup>

Acquisition policies and processes. We have 13 priority recommendations to improve acquisition policies and processes that affect a wide range of DOD programs.

*Army modernization.* There are two priority recommendations related to Army modernization. The first recommendation is for the Army Futures Command to apply leading practices for technology development. As of March 2021, the Army was including soldier engagement in the development of its Integrated Visual Augmentation System, consistent with leading practices in technology development that call for incorporating user input. According to Army Futures Command, there are also examples of demonstrating technologies in an operational

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<sup>4</sup>GAO, Priority Open Recommendations: Department of Defense [GAO-20-446PR](#) (Washington, D.C.: May 4, 2020).

<sup>5</sup>Our recommendation will remain open until the military departments report on the results of their pilots.

<sup>6</sup>See enclosure I for a list of these recommendations and the actions needed to implement them.

<sup>7</sup>See GAO, *Weapon Systems Annual Assessment: Updated Program Oversight Approach Needed*, [GAO-21-222](#) (Washington, D.C.: June 8, 2021).

environment. To make these practices consistent in the future, the Army needs to implement them across all of its technology development efforts. The second recommendation is for the Secretary of the Army to complete an assessment of the resources needed for the requirements development process. The Army Futures Command plans to perform a comprehensive review, which will include a manpower assessment of the requirements development workforce. To fully implement these recommendations, the Army should follow leading practices of demonstrating technology in an operational environment for all of the technologies it is developing for its systems and it should complete its manpower assessment of the requirements development workforce for Army Futures Command.

*Science and technology for weapon system development.* We have three priority recommendations for the Under Secretary of Defense for Research and Engineering to annually define the desired mix of innovation investments for each military department; assess the desired mix of these investments; and to define, in policy or guidance, a framework for managing its science and technology efforts. In March 2021, a senior official within this Under Secretary's office stated that the military departments are better positioned to define an appropriate mix of investments and assess the achievement of that mix. To fully implement our recommendations, DOD should define its desired mix of incremental and disruptive innovation investments, either across its science and technology enterprise or specific to individual military departments, and define a science and technology management framework that emphasizes the greater use of existing flexibilities to quickly initiate and discontinue projects.

*Contracting for weapon systems cybersecurity.* We have three priority recommendations, one to the Secretary of the Army and two to the Secretary of the Navy, to improve guidance for acquisition programs on how to incorporate cybersecurity in weapon systems contracts. Improved guidance would help DOD programs better communicate cybersecurity requirements to the contractors developing weapon systems and would allow the government to verify that the contractors met the requirements. Because this report was published in March 2021, DOD has had limited time to act on these recommendations. We will continue to monitor DOD's efforts to implement these recommendations moving forward.

*Navy shipbuilding.* Four priority recommendations address long-standing challenges the Navy has faced in meeting its cost, schedule, and performance goals for its ship programs. These recommendations call for changes to the definition for setting operational availability for ships; a requirement that all shipbuilding programs develop and update life-cycle sustainment plans per DOD policy; changes to the Navy's ship delivery policy; and an evaluation of whether warranties on ship construction contracts would provide value to the department.

As of February 2021, officials from the Office of the Secretary of Defense said they planned to review operational availability requirements in updates to DOD's joint capability development policies, but have no timetable to do so. They also noted that the Navy does not plan to take any action to address our recommendations for improving life-cycle sustainment plans or make any changes to the Navy ship delivery policy. While Navy officials have updated Navy guidance on ship guarantees, they stated that they do not plan to take any action to evaluate the feasibility of using a warranty in shipbuilding contracts. We continue to believe that the Navy needs to evaluate the feasibility of using warranties in shipbuilding contracts because, in the absence of this evaluation, it may be prematurely discounting their use as a mechanism to improve ship quality and cost.

To fully implement these recommendations, DOD and the Navy need to (a) define operational availability requirements for ships by mission area and determine the schedule for updating

applicable guidance; (b) complete and update life-cycle sustainment plans for all ship classes per DOD policy; (c) revise the Navy's ship delivery policy to clearly define what constitutes a complete ship and by when that should be achieved; and (d) collect additional data to help determine cases in which warranties could contribute to improvements in the cost and quality of Navy ships.

*Portfolio management.* We have one priority recommendation that the Secretary of Defense revise its DOD Directive 7045.20, *Capability Portfolio Management*, to incorporate best practices, among other things. According to the official responsible for the update, as of March 2021, a draft had been completed, but the department was awaiting the confirmation of a new Under Secretary of Defense for Acquisition and Sustainment to finalize the directive. To fully implement this recommendation, DOD needs to update its capability portfolio management directive to align with best practices, designate a senior official responsible for implementing the directive, and take action to ensure that officials have sufficient analytical tools to conduct integrated portfolio reviews.

Acquisition programs. We have four priority recommendations related to three of the department's costliest and most challenging acquisition programs.

*Missile defense.* There are two priority recommendations to DOD for the Missile Defense Agency to include the full program lifecycle costs in its baseline cost estimates and stabilize its acquisition programs' baselines. In 2020, DOD requested that we close these recommendations because the Missile Defense Agency uses joint cost estimates with the military services to capture certain program costs and has made adjustments to its baseline reporting to track some changes. We have an ongoing review to assess the extent to which the Missile Defense Agency's efforts address these recommendations. We anticipate completing this assessment by September 2021.

*Ford-class aircraft carrier.* We have one priority recommendation to the Secretary of Defense that the department include certain cost information for individual ships in its Selected Acquisition Reports. In March 2021, DOD stated that its system for populating Selected Acquisition Reports is not configured to provide a per-ship cost summary, and its replacement system, which DOD expects to transition to next fiscal year, will also lack this capability. We maintain that Selected Acquisition Reports represent the primary means for DOD to report on program status. Grouping average unit costs for all Ford-class ships obscures individual ship cost growth and does not provide Congress with adequate transparency to monitor this over \$47 billion program. To fully implement this recommendation, DOD should develop a capability in the replacement system to report cost information for individual aircraft carriers that are part of the *Ford*-class program in its Selected Acquisition Report replacement.

*F-35 Joint Strike Fighter.* We have one priority recommendation to the Secretary of Defense to direct the F-35 Program Office to identify the steps needed to ensure that the F-35 meets reliability and maintainability requirements. According to an F-35 program official, as of March 2021, the F-35 program office had taken some steps to address this recommendation, including starting to revise its plan for improving F-35 reliability and maintainability performance. However, this official noted that the reliability and maintainability requirements, as defined in the Operational Requirements Document at the start of the development effort, are not achievable and DOD is considering revising those requirements. To fully implement this recommendation, DOD needs to finalize its revision of the F-35 reliability and maintainability requirements.

Contract management. Four priority recommendations are intended to improve how DOD plans for and manages over \$400 billion contracted annually for goods and services—including for operational contract support for troops in Iraq and Afghanistan.

*Service contracts.* We have three priority recommendations that pertain to the almost \$190 billion obligated by DOD for service contracts in 2019. We recommended that the Navy and Air Force each revise its guidance, and that DOD establish a mechanism to coordinate the military departments' efforts to integrate service contract costs into the programming process. The Navy and Air Force have not yet revised their guidance. In February 2021, we reported that the department was reviewing systems that may allow DOD components to collect and report data on funding requirements for service acquisitions, but it has not established a schedule for selecting and implementing this system.<sup>8</sup> To fully implement these three priority recommendations, DOD should ensure that data are collected consistently across the military departments and include funding requirements for service acquisitions beyond the budget year, and ensure the Navy and Air Force each revise its programming guidance, as appropriate, to support this system.

*Operational contract support.* We have one priority recommendation to the Secretary of Defense that DOD develop guidance to vet foreign vendors to ensure that it is not contracting with prohibited organizations. DOD has established a foreign vendor vetting working group chartered to develop this guidance that will define vendor vetting as a distinct function and address risks associated with relying on commercial vendors. To fully implement this recommendation, DOD should finalize and issue this guidance.

**Rebuilding Readiness and Force Structure** (20 priority recommendations). These recommendations relate to rebuilding and maintaining readiness and developing the force structure needed to execute the missions specified in the National Defense Strategy. The National Defense Strategy identifies rebuilding military readiness and building a more lethal Joint Force as being the first of three critical lines of effort. The strategy emphasizes the importance of fielding sufficient and ready forces capable of defeating our enemies and developing a joint force that possesses decisive advantages for any likely conflict. We have identified a number of challenges that complicate the department's efforts to field a joint and ready force, including inadequate metrics for assessing progress, incomplete data collection and analysis, and a lack of essential plans, strategies, and guidance.

Navy readiness. We have eleven priority recommendations intended to help address the Navy's acute readiness challenges.

*Navy shipyards and overseas homeports assignments.* We have four priority recommendations related to the operations and performance of Navy shipyards and the assignment of ships to overseas homeports. For the first three recommendations, we recommended that the Secretary of the Navy (1) complete development of its shipyard infrastructure optimization plan, with an emphasis on metrics and more accurate cost estimates; (2) fully analyze the use of overtime; and (3) develop a monitoring process for shipyard performance. The fourth recommendation is for the Secretary of Defense to direct the Secretary of the Navy to implement sustainable operational schedules for ships homeported overseas.

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<sup>8</sup>GAO, *Service Acquisitions: DOD's Report to Congress Identifies Steps Taken to Improve Management, but Does Not Address Some Key Planning Issues*, [GAO-21-267R](#) (Washington, D.C.: Feb. 22, 2021).

As of February 2021, the Navy has taken some steps to address these recommendations. The Navy intends to develop metrics after it has completed the shipyard area development plans in fiscal year 2025. Navy officials told us that their priority at some shipyards is to complete dry docks upgrades to ensure the Navy can conduct necessary repairs and that completing their area development plans by 2025 will require the dry dock projects to be completed first. The Navy also plans to analyze factors affecting overtime and develop a digital dashboard to communicate the results of data analyses. Additionally, the Navy had approved a change to the operational schedule for ships homeported overseas and revised its guidance. However, to fully implement these recommendations, the Navy needs to adhere to its revised schedules, finalize its optimization plan, complete its analysis of factors affecting overtime, among other things, and monitor process to address unplanned work and workforce weaknesses.

*Reducing crew fatigue in the surface fleet.* We have seven priority recommendations to the Secretary of the Navy intended to better manage crew fatigue and address its root-causes. In May 2021, we recommended that the Navy revise its guidance and practices to measure sailor fatigue, address the factors causing fatigue, and use required positions when reporting crew sizes and projecting personnel needs, among other related actions. The Navy concurred with these recommendations. Because this report was published in May 2021, DOD has had limited time to act on these recommendations. We will monitor DOD's efforts to implement these recommendations moving forward.

F-35 sustainment. Five priority recommendations to the Under Secretary of Defense for Acquisition and Sustainment, the F-35 Program Executive Officer, and the military departments are intended to address sustainment and readiness challenges for the F-35 Lightning II aircraft. We recommended that these officials (1) clearly define the strategy by which DOD will manage the F-35 supply chain; (2) re-examine metrics to hold contractors accountable; (3) ensure that DOD has sufficient knowledge of the actual costs of sustainment and technical characteristics of the aircraft before entering into performance-based contracts; (4) establish a performance-measurement process for the F-35's Autonomic Logistics Information System; and (5) develop a long-term Intellectual Property strategy.

As of February 2021, DOD had taken some actions to implement each of these recommendations, to include negotiating with the prime contractor on a proposed performance based logistics contract arrangement; starting a business case analysis to examine the F-35 program's product support strategy; announcing its intent to replace its logistics information system with the F-35 Operational Data Integrated Network; and developing a comprehensive intellectual property strategy for the F-35 program. To fully implement these recommendations, DOD needs, among other things, to clearly define the strategy it will use to manage the F-35 supply chain; establish a performance-measurement process for Autonomic Logistics Information System; and develop a long-term Intellectual Property strategy.

Supporting customs and border protection. We have one priority recommendation to the Secretary of Defense intended to enable DOD to better manage the impact to the department of supporting Customs and Border Protection Operations on the Southwest Border. We recommended that the Secretary, in collaboration with the Department of Homeland Security, define a common outcome for DOD's support. DOD has not taken actions to address this recommendation because it did not concur with it when we published our report. Given the continuing influx of migrants to the Southwest Border and the Department of Homeland Security's plan to request assistance from DOD in fiscal year 2022, we continue to believe this recommendation warrants action and will continue to monitor DOD's efforts to implement it moving forward.

Force structure. There are three priority recommendations to organizations within the Office of the Secretary of Defense for DOD to develop and update the analytic products needed to evaluate force structure options, issue specific guidance requiring the full analysis of force structure alternatives and key assumptions, and develop an approach for conducting joint analysis. DOD issued guidance in April 2019 addressing some aspects of these recommendations during the fiscal year 2021 budget process. In March 2021, DOD stated that it may take additional actions in the near future. To fully implement these recommendations, DOD needs to provide direction in an enduring guidance or policy document, require the services to conduct sensitivity analyses on key assumptions, and establish an approach for conducting comparisons or joint analyses.

**Financial Management** (15 priority recommendations). These recommendations are related to audit remediation, improper payments, financial management systems, real property records, and administrative funds management. After many years of working toward financial statement audit readiness, DOD underwent full financial statement audits in fiscal years 2018, 2019 and 2020. These audits resulted in numerous material weaknesses in internal control over financial reporting and thousands of audit findings issued by auditors. In November 2020, the DOD Office of Inspector General issued a disclaimer of opinion on the fiscal year 2020 department-wide financial statements due, in part, to the 26 material weaknesses identified at the department-wide level and 144 material weaknesses identified at the DOD component level. These material weaknesses include areas such as reconciling fund balances, internal controls, and lack of supporting documentation for beginning balances. We encourage the department to continue its efforts to address both the material weaknesses identified by the Inspector General and our recommendations in this area.

Audit remediation. We have three priority recommendations in this area, two to the Office of the Secretary of Defense's Deputy Chief Financial Officer and one to the Army's Accountability and Audit Readiness Directorate.

*Corrective action plan and root-cause analysis.* There are two priority recommendations to the Office of the Deputy Chief Financial Officer state that DOD should improve its corrective action plan review process and update its guidance to require that components document root-cause analyses. In March 2021, officials representing the Deputy Chief Financial Officer told us they developed a control activity to be performed monthly to improve DOD's corrective action plan review process and that they plan to implement this control in April 2021. To date, DOD has not provided us with details on the design of the control, so we are unable to assess its adequacy. They also told us they held training focused on the significance of performing root-cause analyses in January 2021. Holding training that focuses on the importance of performing root-cause analyses is important, but to fully address the second priority recommendation the department needs to update the *Department of Defense Internal Control Over Financial Reporting Guide* last issued in May 2018 to instruct DOD and its components to document root-cause when appropriate.

*Audit finding and recommendation oversight.* We have one priority recommendation to the Army's Accountability and Audit Readiness Directorate to enhance the Army's policies and procedures for prioritizing audit findings and recommendations and for developing and monitoring corrective action plans. Based on documentation received as of February 2021, the Army enhanced its Working Capital Fund policies and procedures for tracking and prioritizing findings and developing and monitoring corrective action plans, as demonstrated by a comprehensive

Standard Operating Procedure. However, the Army has not similarly enhanced the policies and procedures for its General Fund. To achieve full implementation, the Army needs to enhance its General Fund policies and procedures related to tracking and prioritizing findings and developing and monitoring corrective action plans.

Improper payments. Improper payments are a long-standing problem in the federal government, estimated at about \$206 billion for fiscal year 2020. We have one priority recommendation to the Under Secretary of Defense (Comptroller) to establish and implement key quality assurance procedures to ensure that the populations from which it draws samples to test for improper payments are accurate and complete.<sup>9</sup> DOD recently established the Payment Integrity Working Group – Improper Payment Estimates/Completeness. This group is working with the Defense Finance and Accounting Service (DFAS) to update DFAS’s standard operating procedures for testing improper payments and developing a document that will detail the data, systems and reconciliations used to estimate improper payments for each payment program. The group intends to accomplish this work by the end of September 2021, so that these new processes and procedures can be implemented during the FY 2022 improper payment testing effort. These efforts should help ensure that reliable improper payment estimates are generated and reported for each payment program. To implement this recommendation, DOD needs to resolve its material weakness relating to the universe of transactions and work with the Defense Finance and Accounting Service to implement key quality assurance procedures.

Financial management systems. We have one priority recommendation to DOD that the department limit its investments in financial management systems to only what is essential to maintain functioning systems and help ensure system security until it implements the other recommendations in the same report.<sup>10</sup> In April 2021, an official from the former Office of the Chief Management Officer told us that an internal team intended to revise the defense business system review and certification processes to include criteria to ensure that investments align with the relevant strategies, among other things. However, these actions do not clearly state how DOD will limit investments to only essential systems while it works to address our other recommendations. To implement this recommendation, the department should update its defense business systems review and certification process to clearly state how it will ensure investments are for essential systems and system security.

Real property records. We have eight priority recommendations to improve serious real property control issues regarding the existence, completeness, and accuracy of DOD’s real property asset records. Having property records and systems that reflect an accurate and complete inventory of its assets is essential for DOD to (1) make informed management decisions and (2)

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<sup>9</sup>See the Payment Integrity Information Act of 2019 (PIIA), Pub. L. No. 116-117 (Mar. 2, 2020), which repealed certain laws governing executive agency improper payment estimation and instead enacted substantially similar requirements as a new subchapter in Title 31 of the U.S. Code. 31 U.S.C. §§ 3351-3358. PIIA defines an improper payment as any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. 31 U.S.C. § 3351(4). Further, when an executive agency’s review is unable to discern, because of lacking or insufficient documentation, whether a payment was proper, the agency must treat the payment as improper in producing an improper payment estimate. 31 U.S.C. § 3352(c)(2).

<sup>10</sup>This recommendation called for the Secretary of Defense to direct the Chief Management Officer and other entities, as appropriate to implement the recommendation. The William M (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 repealed the Chief Management Officer position as of January 2021. As we stated in our March 2021 high-risk report, DOD needs to implement the new statutory requirements regarding the future of the roles and responsibilities for business systems, including financial management systems, which were previously assigned to the Chief Management Officer.

properly report its real property in various financial and programmatic reports to the Congress and the American people.

*Data quality and asset controls.* We have three priority recommendations made to the Under Secretary of Defense for Acquisition and Sustainment and the Under Secretary of Defense (Comptroller) to develop department-wide strategies to identify and address risks to real property data quality, remediate real property asset control deficiencies, and develop a department-wide instruction for performing existence and completeness verifications. In September 2020, we reported that the military services had independently developed corrective actions to address asset control deficiencies. However, these actions to improve data quality were largely uncoordinated and will likely result in inconsistent approaches, which may have contributed to data inaccuracies. To fully implement the recommendations, DOD needs common solutions to these asset control deficiencies and sustainable, routine processes to help ensure accurate real property records and, ultimately, auditable information for department financial reporting. DOD also needs to develop one department-wide strategy that identifies and addresses risks to data quality and information accessibility, including establishing time frames and performance metrics for addressing related risks.

*Corrective action plans and decision-making.* We have two priority recommendations made to the Under Secretary of Defense for Acquisition and Sustainment to define the data elements that are most significant for decision-making and coordinate corrective action plans to remediate discrepancies in significant data elements. As of March 2021, DOD was in the process of conducting a review of all data elements in the Real Property Assets Database and had begun monitoring for accuracy, with an estimated completion date of 2023. DOD also had established quarterly reporting and a senior leader board to monitor accuracy compliance, and officials plan to assess the corrective actions after several sessions of the board. To fully implement these recommendations, DOD needs to prioritize the development of a common automated real property data platform, including defining data elements and remediating any discrepancies, so that DOD has accurate and complete information to use for its real property management decisions.

*Monitoring processes and evaluation.* We have three priority recommendations made to the military departments that focus on requiring monitoring of the processes used for recording all required real property information—to include evaluating on an ongoing basis the extent to which these activities are being carried out—and remediating any identified deficiencies. As of March 2021, each military department was developing corrective actions for its management to provide oversight and monitoring of the service's process used for recording all required real property information. To fully implement these recommendations, the military departments should complete their corrective actions to require monitoring of the processes for recording all necessary real property information.

Administrative Funds Management. We have two priority recommendations to the Defense Security Cooperation Agency to improve DOD's financial oversight of fees charged to foreign government purchasers through its Foreign Military Sales program. These recommendations seek to improve the reliability of the data on administrative funds DOD obtains from its components. As of April 2021, agency officials informed us that DOD had taken some steps to implement our recommendations, including establishing an automatic interface with certain DOD components' accounting systems to provide the Defense Security Cooperation Agency with daily information and data on those components' actual spending of these funds. Agency officials also noted that DOD is working toward establishing automatic interfaces for the other components that receive these funds. To fully implement these recommendations, DOD needs to ensure that the Defense Security Cooperation

Agency takes steps to work with the Defense Finance and Accounting Service and DOD components to collect reliable data on all DOD components' use of Foreign Military Sales administrative and contract administration services funds, including execution data.

**Driving Enterprise-Wide Business Reform** (4 priority recommendations). These recommendations are intended to support DOD's goal of reforming its business operations to achieve greater performance. We have reported for years on DOD business reform and found weaknesses that hurt efficiency and effectiveness and render DOD's operations vulnerable to waste, fraud, and abuse.

Business reform initiatives We have three priority recommendations to the Secretary of Defense that DOD (1) evaluate ongoing efficiency initiatives within the department, (2) establish a process for identifying and prioritizing available funding for reform, and (3) institutionalize formal policies or agreements as they relate to DOD reform and efficiency collaboration efforts. These recommendations were directed to the Chief Management Officer. However, that position was eliminated as required by the National Defense Authorization Act for Fiscal Year 2021. In addition, in implementing this statutory requirement, the Deputy Secretary of Defense disestablished the Reform Management Group, which had been responsible for overseeing the department's business reform efforts, and transferred its responsibilities to the Defense Business Council. We continue to believe that these recommendations are important for the department to sustain progress in reforming its business operations, and will carefully monitor the department's ability to implement them under this new structure.

However, we also closed three priority recommendations in the driving enterprise-wide business reform area because of the dissolution of the Office of the Chief Management Officer. These recommendations were intended to resolve a number of outstanding questions related to the Chief Management Office's authority within the department.<sup>11</sup> With the disestablishment of the Chief Management Officer position, those recommendations became obsolete.

Cost of headquarters functions. We have one priority recommendation to the Secretary of Defense that DOD collect information about the cost of its headquarters functions. As of March 2021, DOD had made progress on this recommendation by, among other things, documenting that it had aligned manpower and total obligation authority in the Future Years Defense Program to major headquarters activities. To fully address this recommendation, DOD should establish a timeline for finalizing its approach to collect reliable information on the costs associated with functions within headquarters organizations, as well as finalize the definition of major headquarters' activities in its guidance.

Additionally, there was one headquarters related priority recommendation, from our May 2013 report, that we closed. This recommendation was for the Secretary of Defense to conduct comprehensive, periodic evaluations of whether the combatant commands are sized and structured to efficiently meet assigned missions.<sup>12</sup> DOD has taken limited actions to control management headquarters authorized positions and funding levels across the department, including those at the combatant commands, through the budget process. However, after meeting with DOD officials we concluded that this recommendation should be closed because

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<sup>11</sup>*Defense Business Operations: DOD Should Take Steps to Fully Institutionalize the Chief Management Officer Position*, [GAO-19-199](#) (Washington, D.C.: Mar. 14, 2019).

<sup>12</sup>*Defense Headquarters: DOD Needs to Periodically Review and Improve Visibility of Combatant Commands' Resources*, [GAO-13-293](#) (Washington, D.C.: May 15, 2013).

the recommendation is now obsolete, given some of the actions DOD has taken to manage combatant command headquarters over the last 8 years. Additionally, in a January 6, 2020 memorandum, the Secretary of Defense announced plans to lead a series of reviews with the combatant commands to focus on strategic priorities and opportunities to reduce costs and realign forces and manpower, among other things.

**Cybersecurity and the Information Environment** (12 priority recommendations). These recommendations are related to cybersecurity and the information environment focused on cybersecurity coordination, work roles, cyber hygiene, and electromagnetic spectrum operations. Cyber and electromagnetic spectrum threats to U.S. national and economic security are increasing in frequency, scale, sophistication, and severity of impact.

Coordination. We have four priority recommendations to the Secretaries of the military departments and the Commandant of the Marine Corps that they coordinate with U.S. Cyber Command to develop plans that comprehensively assess and identify specific Cyber Mission Force training requirements. As of February 2021, officials from all four services estimated they would take the steps needed to implement these recommendations no later than 2022. To implement these recommendations, each service should complete its respective plan.

Cyber hygiene. We have five priority recommendations to various organizations within the Office of the Secretary of Defense. Specifically, we recommended that (1) the DOD Chief Information Officer implement key cyber hygiene initiatives; (2) DOD components develop plans to achieve performance goals for certain cybersecurity tasks; (3) the Deputy Secretary of Defense identify a DOD component to oversee progress; (4) a DOD component monitor cyber hygiene practice implementation; and (5) the Chief Information Officer assess the extent to which senior leaders have information needed to make risk-based decisions.

As of February 2021, DOD has taken limited action on these recommendations. For example, the office of the Chief Information Officer took steps to implement one of the seven tasks we discussed in our first recommendation. However, a DOD official told us that the department does not plan to implement the other six tasks. We have reported that DOD information technology systems are often riddled with cybersecurity vulnerabilities—both known and unknown. By not implementing the remaining six tasks, or taking more actions to implement our recommendations, DOD is forfeiting an opportunity to mitigate the risks posed by these vulnerabilities. Because DOD's information technology systems and networks are key capabilities in conducting military operations and performing other critical functions, we believe these recommendations warrant urgent action by DOD.

Work roles codes. We have one priority recommendation to the Secretary of Defense that DOD assign appropriate work role codes and assess the accuracy of position descriptions. A key component of the government's ability to mitigate and respond to cybersecurity threats is having a qualified, well-trained cybersecurity workforce. However, skills gaps in personnel who perform information technology, cybersecurity, or other cyber-related functions may impede the federal government from protecting information systems and data that are vital to the nation.

Under the requirements of the *Federal Cybersecurity Workforce Assessment Act of 2015*, federal agencies must, among other things, assign work role codes to their filled and vacant positions that perform information technology, cybersecurity, or cyber-related functions. However, in March 2019, we reported that DOD had assigned an improper work role code to many positions that performed these functions. As a result, the department lacked the reliable information it needed to identify its cybersecurity workforce roles of critical need. In September 2020, DOD stated that it had taken steps to decrease the number of positions that were

assigned inappropriate codes and was continuing to monitor and track coding with the aim of addressing the recommendation by September 2022. However, as of March 2021, DOD had not provided an update on the status of its implementation efforts. To fully implement this recommendation, DOD will need to provide evidence that it has assigned appropriate National Initiative for Cybersecurity Education framework work role codes to its positions in the 2210 Information Technology management occupational series and assessed the accuracy of position descriptions.

Electromagnetic spectrum operations. There are two priority recommendations related to electromagnetic spectrum operations.<sup>13</sup> The first is that the Secretary of Defense provide the authority and resources to a senior official to ensure implementation of the 2020 *DOD Electromagnetic Spectrum Superiority Strategy*. The second is that the Vice Chairman of the Joint Chiefs of Staff propose electromagnetic spectrum reforms to the Secretary of Defense. DOD partially concurred with the first recommendation and concurred with the second recommendation. However, as of March 2021, the Secretary had not reviewed and approved the proposed reforms nor approved the implementation plan associated with the 2020 Electromagnetic Spectrum Superiority Strategy. To fully implement these recommendations, DOD needs to demonstrate that the needed authority and resources have been provided to a senior official to support implementation of the strategy and that the Vice Chairman proposes reforms to the Secretary of Defense in areas such as governance, management, and operations. We will continue to monitor DOD's efforts in this area.

**Health Care** (5 priority recommendations). These recommendations are related to TRICARE improper payments and military treatment facilities. DOD faces challenges overseeing the tens of billions of dollars it spends annually on health care for service members, retirees, and their families. In its Fiscal Year 2020 Agency Financial Report, DOD reported spending approximately \$23.2 billion on the purchased care option of the military health program known as TRICARE, and it reported an estimated improper payment rate of 1.46 percent (\$338.9 million). However, DOD's fiscal year 2020 error rate may have been understated, as discussed below.

TRICARE improper payments. There are two priority recommendations to the Assistant Secretary of Defense for Health Affairs that DOD implement a more comprehensive TRICARE improper payment measurement methodology and, once that methodology is implemented, develop more robust corrective action plans. In April 2020, DOD reported it made progress on incorporating medical record reviews as part of its improper payment rate calculation, but did not incorporate these reviews into its fiscal year 2020 error rate due to a low rate of return from TRICARE providers because of Covid-19. As of May 2021, DOD was conducting another medical record documentation review. To implement these recommendations, DOD should better assess and address the full extent of improper payments in the TRICARE program through medical record reviews.

Management of military treatment facilities. We have three priority recommendations to the Assistant Secretary of Defense for Health Affairs that DOD (1) define and analyze medical functions to determine if they are duplicative; (2) validate headquarters-level personnel requirements; and (3) conduct a comprehensive review to identify the least costly mix of personnel that comply with DOD guidance and meet validated requirements. In 2020, we noted that DOD had issued a March 2019 memorandum regarding the alignment of the 16 operational

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<sup>13</sup>DOD defines electromagnetic spectrum operations as coordinated military actions to exploit, attack, protect, and manage the electromagnetic environment.

and installation-specific medical functions and that further detail was needed regarding DOD's analysis of these functions for duplication. DOD officials said that this analysis is still ongoing. For the second recommendation, DOD officials stated that there had not been an independent assessment of personnel requirements by healthcare functions other than an internal 2018 Defense Health Agency review. Regarding the third recommendation, DOD officials stated that the military departments were still conducting analysis concerning personnel reductions.

In March 2021, DOD officials told us that analysis concerning all three recommendations was still ongoing, in part due to the pause in military treatment facilities transition activities to allow the military departments and the Defense Health Agency to focus all efforts on DOD's COVID-19 response. To implement these recommendations, DOD should define and analyze its 16 operational readiness and installation-specific medical functions for duplication, validate headquarters-level personnel requirements, and identify the least costly mix—per DOD guidance—of military, civilian, and contractors needed to meet validated requirements.

**Preventing Sexual Harassment** (2 priority recommendations). Unwanted sexual behaviors in the military—including sexual harassment, sexual assault, and domestic violence involving sexual assault—undermine core values, unit cohesion, combat readiness, and public goodwill. Recent studies suggest that these behaviors are part of a “continuum of harm,” which DOD defines as a range of interconnected, inappropriate behaviors that are tied to the occurrence of sexual assault and that support an environment that tolerates these behaviors. Our work has found weaknesses in DOD's approach to instituting effective policies and programs on sexual harassment.

We made two priority recommendations to the Under Secretary of Defense for Personnel and Readiness that DOD develop a strategy for holding leaders accountable for implementing DOD's sexual harassment policies and programs and implement an oversight framework to help guide the department's efforts. In December 2020, DOD released an updated instruction that directs the incorporation of compliance standards into components' harassment programs. DOD also planned to develop an oversight framework. However, as of April 2021, DOD had neither developed compliance standards, nor provided us with this framework. To fully implement these recommendations, DOD needs to ensure that component harassment programs include compliance standards and that DOD has implemented its oversight framework.

**Strengthening Diversity, Equity and Inclusion within DOD** (2 priority recommendations). DOD has affirmed its commitment to becoming a workplace of choice that is characterized by diversity, equality, and inclusion and is free from barriers that may prevent personnel from realizing their potential and rising to the highest levels of responsibility. We have recently reported that DOD can strengthen its efforts in this area. Our recommendations, if implemented, would strengthen the department's efforts to recruit and retain females, as well as better understand the reasons for racial and gender disparities in the military justice system.

Female recruitment and retention. We have one priority recommendation intended to better position DOD to recruit and retain females in the military. We recommended that the Under Secretary of Defense for Personnel and Readiness provide guidance to the services to develop plans, with clearly defined goals, to guide and monitor recruiting and retention efforts of female active-duty service members in the military. DOD identifies female recruitment and retention as important to diversity in the military, but it has not issued guidance to the military services to develop plans to guide and monitor such efforts.

According to officials, DOD is currently updating its diversity and inclusion strategic plan; however, neither its prior plan nor the updated plan include goals, performance measures, and timelines for particular demographic groups. DOD officials told us that guidance to the services was estimated for completion in December 2020, but as of May 2021 this information had not been provided to us. To fully implement this recommendation, DOD needs to provide this guidance to the services. Once this recommendation has been implemented, each of the military services is expected to develop its own plan with clearly defined goals, performance measures, and timeframes to guide and monitor its active-duty servicemember recruitment and retention efforts.

Disparities in the military justice system. We have one priority recommendation intended to better position DOD and the military services to identify actions to address racial and gender disparities in the military justice system. We recommended that the Secretary of Defense, in collaboration with the Secretaries of the military services and the Secretary of Homeland Security, conduct an evaluation to identify the causes of any disparities in the military justice system, and take steps to address the causes of these disparities as appropriate. In addition, the National Defense Authorization Act for Fiscal Year 2020 included a provision directing the Secretary of Defense to conduct an evaluation consistent with our recommendation.

While DOD and the military services have taken some steps to study racial and gender disparities in the military justice system, they have not comprehensively evaluated the causes of these disparities. According to DOD officials, as of May 2021, a research proposal has been approved for funding to conduct a study to identify the causes of disparities and the steps to take to address those causes as noted in our recommendation. DOD officials said that the study should be completed around June 2022. To fully implement this recommendation, DOD and the military services need to complete the study to identify potential causes of these disparities and take steps to address the causes, as appropriate.

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In March 2021, we issued our biennial update to our [High Risk List](#), which identifies government operations with greater vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges.<sup>14</sup> Our [High Risk List](#) has served to identify and help resolve serious weaknesses in areas that involve substantial resources and provide critical services to the public. DOD bears primary responsibility for many of the areas we have designated as high risk. A number of these [high-risk](#) areas pertain to the priority recommendations in this letter.

In 2019, our [high-risk](#) list included an area on support infrastructure management, but due to progress that has been made, that area has been removed from this year's list. Among other things, DOD has more efficiently utilized military installation space; reduced its infrastructure footprint and use of leases, reportedly saving millions of dollars; and improved its use of installation agreements, reducing base support costs. We appreciate the work the department has done to address these important issues.

Several government-wide [high-risk](#) areas also have direct implications for DOD and its operations, including (1) [improving the management of information technology acquisitions and operations](#), (2) [improving strategic human capital management](#), (3) [managing federal real property](#), (4) [ensuring the cybersecurity of the nation](#), and (5) improving [government-wide](#)

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<sup>14</sup>GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021).

[personnel security clearance process](#). We urge your attention to these government-wide high-risk issues that relate to DOD. Progress on high-risk issues has been possible through the concerted actions and efforts of Congress, the Office of Management and Budget, and the leadership and staff in agencies, including within DOD.

With respect to the personnel security clearance process, in March 2021, we found that executive branch agencies leading security clearance reform, including DOD, had met our high-risk criterion for leadership commitment and partially met our criteria for capacity, action plan, monitoring, and demonstrated progress. We outlined necessary actions, outcomes, and prior recommendations that have to be addressed for this area to be removed from our High-Risk List. Prior recommendations that require coordination with DOD include developing a government-wide plan, including goals and interim milestones, to meet timeliness objectives for initial personnel security clearance investigations and adjudications.<sup>15</sup>

Copies of this letter are being sent to the Director of the Office of Management and Budget and appropriate congressional committees; the Committees on Armed Services, Appropriations, Budget, and Homeland Security and Governmental Affairs, the United States Senate; and the Committees on Armed Services, Appropriations, Budget, and Oversight and Reform, House of Representatives. In addition, the letter will be available on the GAO website at <https://www.gao.gov>.

I appreciate DOD's commitment to these important matters. If you have any questions or would like to discuss any of the issues outlined in this letter, please do not hesitate to contact me or Cathleen A. Berrick, Managing Director, Defense Capabilities and Management, at [berrickc@gao.gov](mailto:berrickc@gao.gov) or (202) 512-3404. Our teams will continue to coordinate with DOD staff on all of the 1,067 open recommendations, as well as those additional recommendations in the [high-risk](#) areas for which DOD has a primary or leading role. Thank you for the department's attention to these matters.

A handwritten signature in black ink that reads "Gene L. Dodaro". The signature is fluid and cursive, with a long horizontal stroke extending to the right from the end of the name.

Gene L. Dodaro  
Comptroller General  
of the United States

Enclosure – 1

cc: The Honorable Shalanda Young, Deputy Director, Office of Management and Budget  
The Honorable Lloyd Austin, Secretary of Defense  
The Honorable Kathleen Hicks, Deputy Secretary of Defense

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<sup>15</sup>GAO, Personnel Security Clearances: Additional Actions Needed to Ensure Quality, Address Timeliness, and Reduce Investigation Backlog, [GAO-18-29](#) (Washington, D.C.: Dec. 12, 2017). GAO, Personnel Security Clearances: Plans Needed to Fully Implement and Oversee Continuous Evaluation of Clearance Holders, [GAO-18-117](#) (Washington, D.C.: Nov. 21, 2017).

The Honorable Christine Wormuth, Secretary of the Army  
The Honorable John Roth, Acting Secretary of the Air Force  
The Honorable Thomas Harker, Acting Secretary of the Navy  
General David Berger, Commandant of the Marine Corps  
The Honorable Stacy Cummings, Under Secretary of Defense for Acquisition and Sustainment  
The Honorable Barbara McQuiston, Performing the Duties of the Under Secretary of Defense for Research and Engineering  
Ms. Julie Blanks, Executive Director, Under Secretary of Defense for Personnel and Readiness, (vacant)  
The Honorable Anne McAndrew, Performing the Duties of the Under Secretary of Defense, Comptroller  
The Honorable Amanda Dory, Performing the Duties of the Under Secretary of Defense for Policy  
The Honorable Officer Mr. Joseph Nogueira, Acting Director, Cost Assessment and Program Evaluation  
The Honorable Dr. Terry Adirim, Acting Assistant Secretary of Defense for Health Affairs  
The Honorable John Whitley, Assistant Secretary of the Army, Financial Management and Comptroller  
Vice Admiral Jon Hill, Director, Missile Defense Agency  
Ms. Heidi Grant, Director, Defense Security Cooperation Agency  
Lieutenant General Eric Fick, Program Executive Officer, F-35 Lightning II Joint Program Office

## Enclosure I: Priority Open Recommendations to the Department of Defense (DOD)

The 81 priority open recommendations fall into eight areas: acquisitions and contract management (21 recommendations); rebuilding readiness and force structure (20 recommendations); financial management (15 recommendations); cybersecurity and the information environment (12 recommendations); health care (5 recommendations); driving enterprise-wide business reform (4 recommendations); preventing sexual harassment (2 recommendations); and strengthening diversity, equity and inclusion within DOD (2 recommendations)

### Acquisitions and Contract Management

*Army Modernization: Steps Needed to Ensure Army Futures Command Fully Applies Leading Practices.* [GAO-19-132](#). Washington, D.C.: January 23, 2019.

**Recommendation:** The Secretary of the Army should ensure that the Commanding General of Army Futures Command applies leading practices as they relate to technology development, particularly that of demonstrating technology in an operational environment prior to starting system development.

**Action needed:** The Army concurred with this recommendation. As of March 2021, the Army stated that it has taken steps to assist in the identification and removal of infeasible or immature technologies, including soldier engagement in the development of the Integrated Visual Augmentation System. However, demonstrating that those technologies function as expected in an operational environment is equally important. To fully implement this recommendation, the Army needs to follow the leading practice of demonstrating technology in an operational environment prior to starting system development.

#### High-Risk area: [DOD Weapon Systems Acquisition](#)

**Director:** Jon Ludwigson

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*Army Weapon Systems Requirements: Need to Address Workforce Shortfalls to Make Necessary Improvements.* [GAO-17-568](#). Washington, D.C.: June 22, 2017.

**Recommendation:** The Secretary of the Army should conduct a comprehensive assessment to better understand the resources necessary for the requirements development process and determine the extent to which the shortfalls can be addressed given other funding priorities.

**Action needed:** The Army concurred with our recommendation. After the Army Futures Command became fully operational in July 2019, Army officials said that they needed time to fully coordinate and address this recommendation. In April 2021, Army officials said that the Army Futures Command was performing a comprehensive review of overall command performance that would include a manpower assessment of the requirements development workforce. As of April 2021, the expected completion date of this assessment was March 2022. To fully implement this recommendation, the Army needs to finalize its assessment of the requirements development workforce needed to support the requirements process.

#### High-Risk area: [DOD Weapon Systems Acquisition](#)

**Director:** Jon Ludwigson

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*Defense Science and Technology: Adopting Best Practices Can Improve Innovation Investments and Management*, [GAO-17-499](#). Washington, D.C.: June 29, 2017.

**Recommendations:**

- (1-2) To ensure that DOD is positioned to counter both near- and far-term threats, consistent with its science and technology framework, the Secretary of Defense should direct the new Under Secretary of Defense for Research and Engineering to annually (a) define the mix of incremental and disruptive innovation investments for each military department; and (b) annually assess whether that mix is achieved.
- (3) To ensure that DOD is positioned to more comprehensively implement leading practices for managing science and technology programs, the Secretary of Defense should direct the new Under Secretary of Defense for Research and Engineering to define, in policy or guidance, a science and technology management framework that includes emphasizing greater use of existing flexibilities to more quickly initiate and discontinue projects to respond to the rapid pace of innovation.

**Action needed:** DOD did not concur with these three recommendations, stating at the time our report was published that implementing them would be premature, since the Secretary of Defense had not made final decisions on the role of the new Under Secretary of Defense for Research and Engineering. In July 2018, DOD issued a memorandum finalizing the organizational structures, roles, and responsibilities for the new Under Secretary. In March 2021, a senior official within this office stated that the military departments, in their military department-specific science and technology strategies, are better positioned to define an appropriate mix of investments for their respective departments and to assess performance toward achieving that mix. This official added that the Under Secretary's role should be to encourage the military departments to update their science and technology strategies to include this information. However, this official stated that implementing such actions is delayed pending confirmation of a new Under Secretary for Research and Engineering. We believe that this approach should address the intent of our recommendation, which is for the military departments to be intentional and deliberate with how they are approaching science and technology investments.

To fully implement these recommendations, the Secretary of Defense should ensure that the new Under Secretary for Research and Engineering defines the department's desired mix of incremental and disruptive innovation investments, either across its science and technology enterprise or specific to individual military departments, and defines a science and technology management framework that emphasizes the greater use of existing flexibilities to quickly initiate and discontinue projects.

**High-Risk area:** [DOD Weapon Systems Acquisition](#)

**Director:** Timothy J. DiNapoli

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*Weapon Systems Cybersecurity: Guidance Would Help DOD Programs Better Communicate Requirements to Contractors*. [GAO-21-179](#). Washington, D.C.: March 4, 2021.

## Recommendations:

- (1-2) The Secretaries of the Army and Navy should develop guidance for acquisition programs on how to incorporate tailored weapon systems cybersecurity requirements, acceptance criteria, and verification processes into contracts.
- (3) The Secretary of the Navy should take steps to ensure the Marine Corps develops guidance for acquisition programs on how to incorporate tailored weapon systems cybersecurity requirements, acceptance criteria, and verification processes into contracts.

**Action needed:** The Army concurred with our recommendation. The Navy concurred with our recommendation to develop guidance for Navy acquisition programs and partially concurred with our recommendation to develop Marine Corps guidance, stating that a separate recommendation to the Marine Corps was unnecessary given that the Navy and Marine Corps operate under a single acquisition construct. Because this report was recently published in March 2021, DOD has had limited time to act on these recommendations. We will monitor DOD's efforts to implement these recommendations moving forward.

**High-Risk area:** [DOD Weapon Systems Acquisition](#)

**Director:** William Russell

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*Navy Shipbuilding: Increasing Focus on Sustainment Early in the Acquisition Process Could Save Billions.* [GAO-20-2](#). Washington, D.C.: March 24, 2020.

## Recommendations:

- (1) The Secretary of Defense should change its definition for setting operational availability for ships in its Joint Capabilities Integration and Development System policy by adding information that defines the operational availability requirement by mission area in addition to the ship level and includes all equipment failures that affect the ability of a ship to perform primary missions.
- (2) The Secretary of the Navy should direct the Assistant Secretary of the Navy for Research, Development and Acquisition to ensure that all shipbuilding programs develop and update life-cycle sustainment plans in accordance with DOD policy that demonstrate how a ship class can be affordably operated and maintained while meeting sustainment requirements, including associated business case analyses and identifying sustainment risk.

**Action needed:** DOD partially concurred with our first recommendation and, as of February 2021, DOD officials said they planned to include the operational availability key performance parameter as a part of the next update to the Joint Capabilities Integration and Development System policy. However, officials did not say if DOD will implement changes to its operational availability metric for shipbuilding, or if DOD has determined the schedule for the next update. To fully implement this recommendation, DOD should develop ship reliability requirements that ensure that the Navy's ships and submarines are sufficiently reliable.

The Navy initially agreed with our second recommendation, but in February 2021, Navy officials said that the Navy did not need to take any action. Navy officials said that the Navy uses DOD's Life-Cycle Sustainment Plan guidance, which Navy officials said supports the requirements in statute and broader acquisition guidance. We maintain that to fully implement this recommendation, the Navy needs to complete its Life-Cycle Sustainment Plans for all of its shipbuilding programs, something the Navy had not done as of our February 2021 report.

**High-Risk area:** [DOD Weapon Systems Acquisition](#)

**Director:** Shelby S. Oakley

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*Navy Shipbuilding: Policy Changes Needed to Improve the Post-Delivery Process and Ship Quality.* [GAO-17-418](#). Washington, D.C.: July 13, 2017.

**Recommendation:** The Secretary of Defense should direct the Secretary of the Navy to revise the Navy's ship delivery policy to clarify what types of deficiencies need to be corrected and what mission capability (including the levels of quality and capability) must be achieved (1) at delivery and (2) when the ship is provided to the fleet (at the obligation work limiting date). In doing so, the Navy should clearly define what constitutes a complete ship and when that should be achieved.

**Action needed:** DOD did not concur with our recommendation. In the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Congress passed legislation that defines battle force ships as those commissioned United States Ship warships that are capable of contributing to combat operations or United States Naval Ships that contribute directly to Navy warfighting or support missions. As of February 2021, Navy officials stated that they were working on responding to our recommendation. We maintain that the Navy's ship delivery policy is a key instruction for ensuring that the fleet receives complete, mission-capable ships. To fully implement this recommendation, the Navy should revise its ship delivery policy to clearly define what constitutes a complete ship and by when that should be achieved.

**High-Risk area:** [DOD Weapon Systems Acquisition](#)

**Director:** Shelby S. Oakley

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*Navy and Coast Guard Shipbuilding: Navy Should Reconsider Approach to Warranties for Correcting Construction Defects.* [GAO-16-71](#). Washington, D.C.: March 3, 2016.

**Recommendation:**

To improve the use of warranties and guarantees in Navy shipbuilding, the Secretary of Defense should direct the Secretary of the Navy, for future ship construction contracts, to determine whether or not a warranty, as provided in the Federal Acquisition Regulation, provides value and to document the costs, benefits, and other factors used to make this decision. To inform this determination, the Navy should begin differentiating the government's and shipbuilder's respective responsibilities for defects, and should track the costs to correct all defects after ship delivery.

**Action needed:** DOD partially concurred with our recommendation. It agreed to study policy changes with regard to warranties, but disagreed that DOD needs additional cost data to inform its decisions, and questioned whether warranties are suitable for ship acquisitions. In January 2018, the Navy issued guidance to help contracting officers determine when and how to use a warranty or guarantee, but the Navy has attempted to collect only two warranty cost proposals and, going forward, Navy officials stated that they do not have plans to systemically collect such data. As of March 2021, the Navy's position was unchanged. We continue to believe that the Navy needs to evaluate the feasibility of using warranties in shipbuilding contracts because, in the absence of this evaluation, it may be prematurely discounting their use as a mechanism to

improve ship quality and cost. To fully implement this recommendation, the Navy needs to collect additional data to determine cases in which warranties could contribute to improvements in the cost and quality of Navy ships.

**High-Risk area:** [DOD Weapon Systems Acquisition](#)

**Director:** Shelby S. Oakley

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*Weapon System Acquisitions: Opportunities Exist to Improve the Department of Defense's Portfolio Management.* [GAO-15-466](#). Washington, D.C.: August 27, 2015.

**Recommendation:** To improve DOD's use of portfolio management for its weapon system investments and ensure that its investment plans are affordable, strategy-driven, balance near- and long-term needs, and leverage efforts across the military services, as well as to provide a solid foundation for future portfolio management efforts at the enterprise-level, the Secretary of Defense should revise DOD Directive 7045.20 on Capability Portfolio Management in accordance with best practices and promote the development of better tools to enable more integrated portfolio reviews and analyses of weapon system investments.

Key elements of this recommendation would include (1) designating the Deputy Secretary of Defense or some appropriate delegate responsibility for implementing the policy and overseeing portfolio management in DOD; (2) requiring annual enterprise-level portfolio reviews that incorporate key portfolio review elements, including information from the requirements, acquisition, and budget processes; (3) directing the Joint Staff, the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) and the Cost Assessment and Program Evaluation to collaborate on their data needs and develop a formal implementation plan for meeting those needs either by building on the database the Joint Staff is developing for its analysis or investing in new analytical tools; and (4) incorporating lessons learned from military service portfolio reviews and portfolio management activities, such as using multiple risk and funding scenarios to assess needs and reevaluate priorities.

**Action needed:** DOD partially concurred with our recommendation. The Office of the Under Secretary of Defense for Acquisition and Sustainment began revising DOD Directive 7045.20 in the summer of 2019. According to the official responsible for the update, as of March 2021, a draft had been completed, but the department was awaiting the confirmation of a new Under Secretary of Defense for Acquisition and Sustainment to finalize the directive. The official told us that the draft directive reflects lessons learned from the Navy's experience with portfolio management and, once finalized, would address the key elements of our recommendation. The official also stated that DOD is exploring the use of its existing Advanced Analytics tool to improve the data available for portfolio management. In addition, in July 2020, the Joint Staff completed an update to one of its databases on military capabilities and capability requirements. Joint Staff officials said they anticipated the database update would increase speed and provide a better search engine to help the Joint Staff more effectively conduct portfolio reviews, assess potential redundancy, and collect and analyze the information needed to prioritize capabilities across DOD.

To fully implement this recommendation, DOD needs to reissue DOD Directive 7045.20 so that it aligns with best practices, designate a senior official responsible for implementing the policy, and take action to ensure that the department has sufficient analytical tools to conduct integrated portfolio reviews.

**High-Risk area:** [DOD Weapon Systems Acquisition](#)

**Director:** Shelby S. Oakley

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*Missile Defense: Opportunity to Refocus on Strengthening Acquisition Management.* [GAO-13-432](#). Washington, D.C.: April 26, 2013.

**Recommendations:**

- (1) To provide decisionmakers insight into the full costs of missile defense acquisition programs, the Secretary of Defense should ensure the Missile Defense Agency includes all lifecycle costs in its resource baseline cost estimates, specifically the military services' operations and support costs.
- (2) To enable meaningful comparisons of progress over time, the Secretary of Defense should ensure the Missile Defense Agency stabilizes its acquisition programs' baselines.

**Actions needed:** DOD partially concurred with our first recommendation and concurred with our second recommendation. In October 2015, DOD told us that the Missile Defense Agency was using joint cost estimates with the military services to capture each program's operations and sustainment costs. However, as of May 2021, we found that only five of 14 programs have a joint cost estimate as required, some of which are now outdated. Also, the military services were not fully informed of the financial commitments they will bear for these programs when transferred.

With respect to our second recommendation, DOD noted that the Missile Defense Agency has added a section in the agency's baseline reporting to detail the rationale for certain revisions to program baselines. While this addition is useful, it does not necessarily address the reconcilability of the revisions to the program baselines or their stability. We are currently reassessing program costs and baseline reporting to determine if the agency's actions meet the intent of our recommendations and we expect to publicly release the results of our assessment, which also includes additional areas of cost and reporting, in September 2021. To fully implement these recommendations, DOD should ensure that the Missile Defense Agency's baseline reporting (1) accounts for the full lifecycle costs of acquisition programs, including for the military services' operations and sustainment and (2) clearly tracks baseline revisions to enable reconciliation and insight into year to year and longer term program progress.

**High-Risk area:** [DOD Weapon Systems Acquisition](#)

**Director:** John Sawyer

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*Ford-Class Aircraft Carrier: Follow-on Ships Need More Frequent and Accurate Cost Estimates to Avoid Pitfalls of Lead Ship.* [GAO-17-575](#). Washington, D.C.: June 13, 2017.

**Recommendation:** To improve insight into cost changes for individual ships in the Ford Class, the program office should prepare cost summary and funding summary sections for each individual ship in the class as part of the Selected Acquisition Reports for the overall Ford-class program.

**Action needed:** DOD did not concur with our recommendation, stating that it currently provides progress reports to Congress on costs for *Ford*-class aircraft carriers. However, as we stated in our June 2017 report, grouping average unit costs for all *Ford*-class ships obscures individual ship cost growth and does not provide Congress with adequate transparency to monitor this over \$47 billion program. As of March 2021, DOD continued to not concur with this recommendation. DOD stated that the current system used to populate the Selected Acquisition Reports is not configured to provide a per-ship cost summary and that the replacement system is planned to begin in September 2021. We maintain that Selected Acquisition Reports and the replacement system constitute the primary means for DOD to report on program status. To fully implement this recommendation, DOD should ensure the new system replacing the Selected Acquisition Reports is capable of reporting cost information on individual ships in the *Ford*-class program.

**High-Risk area:** [DOD Weapon Systems Acquisition](#)

**Director:** Shelby S. Oakley

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*F-35 Joint Strike Fighter: Development Is Nearly Complete, but Deficiencies Found in Testing Need to Be Resolved.* [GAO-18-321](#). Washington, D.C.: June 5, 2018.

**Recommendation:** The Secretary of Defense should direct the F-35 program office to identify what steps are needed to ensure the F-35 meets reliability and maintainability requirements before each variant reaches maturity and update the Reliability and Maintainability Improvement Program with these steps.

**Action needed:** DOD concurred with our recommendation. According to an F-35 program official, as of March 2021, the F-35 program office was in the process of revising its plan for improving the F-35's reliability and maintainability, but it had not revised its requirements. Specifically, the program office (1) updated the F-35 Life-Cycle Sustainment Plan to identify relevant performance goals; (2) revised the Reliability and Maintainability Improvement Plan to more clearly identify how improvement projects will drive increased F-35 reliability, availability, and maintainability; and (3) established the 5<sup>th</sup> Generation Maintenance Performance Plan to outline the specific steps the program is taking to achieve the sustainment plan's goal through those projects identified in the improvement plan. The official noted that the requirements, as defined in the Operational Requirements Document at the start of the development effort, are not achievable and that DOD is evaluating what actions it will take to revise those requirements. To fully implement this recommendation, DOD needs to finalize its revision of the F-35 requirements and communicate this information to the services and Congress.

**High-Risk area:** [DOD Weapon Systems Acquisition](#)

**Director:** Jon Ludwigson

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*DOD Service Acquisition: Improved Use of Available Data Needed to Better Manage and Forecast Service Contract Requirements.* [GAO-16-119](#). Washington, D.C.: February 18, 2016.

**Recommendations:**

- (1-2) To ensure that senior leadership within the Office of the Secretary of Defense and the military departments are better positioned to make informed decisions regarding the volume

and type of services that should be acquired over the future year defense program, the Secretaries of the Army, Navy and Air Force should revise their programming guidance to collect information that is already available on how contracted services will be used to meet their requirements beyond the budget year.

- (3) To ensure the military departments' efforts to integrate services into the programming process and senior service managers' efforts to develop forecasts on service contract spending provide the department with consistent data, the Secretary of Defense should establish a mechanism, such as a working group of key stakeholders—which could include officials from the programming, budgeting, and requirements communities as well as the military departments' senior services managers—to coordinate these efforts.

**Actions needed:** DOD partially concurred with our first two recommendations and noted that, while its guidance will continue to direct the efficient use of contracted services, the volatility of requirements and each budget cycle constrain the department's ability to accurately quantify service contract requirements beyond the budget year. The Secretary of the Army has revised the Army's programming guidance to implement a corresponding recommendation to that military department, but the Secretaries of the Navy and Air Force have not yet revised their guidance.

DOD also partially concurred with our third recommendation, but did not provide a reason for its partial concurrence. Effective October 2021, Congress has mandated that DOD include certain information on amounts requested for service contracts in the Future Years Defense Program. In February 2021, we reported that DOD officials told us they are reviewing systems that may allow DOD components to collect and report data on funding requirements for service acquisitions.<sup>16</sup> To fully implement these recommendations, DOD should ensure that data are collected consistently across the military departments and include funding requirements for service acquisitions beyond the budget year, and then ensure the military departments revise their programming guidance, as appropriate, to support this system.

**High-Risk area:** [DOD Contract Management](#)

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*Operational Contract Support: Additional Actions Needed to Manage, Account for, and Vet Defense Contractors in Africa.* [GAO-16-105](#). Washington, D.C.: December 17, 2015.

**Recommendation:** The Secretary of Defense should develop guidance that clarifies the conditions under which combatant commands should have a foreign vendor vetting process or cell in place to determine whether potential vendors actively support any terrorist, criminal, or other sanctioned organizations.

**Action needed:** DOD concurred with our recommendation. DOD has taken steps to develop foreign vendor vetting guidance, but as of March 2021 has not issued that guidance. According to the Office of the Secretary of Defense and Joint Staff, the department is working to publish a DOD directive on vendor threat mitigation that will incorporate interim guidance and emerging best practices identified by the vendor vetting community of interest. Additionally, DOD developed a charter for its vendor threat mitigation working group in January 2020 that will, among other things,

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<sup>16</sup>GAO, *Service Acquisitions: DOD's Report to Congress Identifies Steps Taken to Improve Management, but Does Not Address Some Key Planning Issues*, GAO-21-267R (Washington, D.C.: Feb. 22, 2021).

develop guidance that will define vendor threat mitigation as a distinct function and provide combatant commanders with guidance on addressing the risks associated with relying on commercial vendors, according to officials. Pending publication of the vendor threat mitigation directive, the Office of the Secretary of Defense issued a directive-type memorandum in April 2018 that establishes policy and assigns responsibility for developing vendor vetting guidance to the Under Secretary of Defense for Acquisition and Sustainment, the Under Secretary of Defense for Policy, the Under Secretary of Defense for Intelligence, and the Chairman of the Joint Chiefs of Staff. DOD extended its directive type memorandum to December 2021. To fully implement this recommendation, DOD should finalize and issue foreign vendor vetting guidance.

**High-Risk area:** [DOD Contract Management](#)

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### **Rebuilding Readiness and Force Structure**

*Navy Shipyards: Actions Needed to Address the Main Factors Causing Maintenance Delays for Aircraft Carriers and Submarines.* [GAO-20-588](#). Washington, D.C.: August 20, 2020.

#### **Recommendations:**

- (1) The Secretary of the Navy should ensure that the Naval Sea Systems Command fully analyzes the use of overtime among shipyard production shops, and updates workforce requirements to avoid the consistent use of overtime to meet planned maintenance requirements.
- (2) The Secretary of the Navy should ensure that the Naval Sea Systems Command develop and implements goals, action plans, milestones, and a monitoring process for its Shipyard Performance to Plan initiative to address the main factors contributing to maintenance delays and improving the timely completion of ship maintenance at Navy shipyards.

**Actions needed:** The Navy concurred with our recommendations. To address our first recommendation, the Navy stated in December 2020 that Naval Sea Systems Command will analyze each factor affecting the overtime including trade-skill make-up of the workforce and workload variation, the anticipated level of organic workforce, the amount of work required to be conducted in remote sites (away from the Naval shipyards), and an achievable level of contracting support to ensure the future overtime requirement is established optimally in terms of schedule adherence, executability, and affordability. To fully implement this recommendation, the Navy should complete this analysis as well as update its workforce requirements to avoid the use of excessive overtime that diminishes workforce productivity.

To address our second recommendation, Naval Sea Systems Command stated in December 2020 that it has developed metrics for the identified drivers of maintenance delays and is working to identify levers that can be used to facilitate improvements. Additionally, Naval Sea Systems Command stated that the Shipyard Performance to Plan team is developing a digital dashboard that will be used to communicate data analysis results to project teams for tactical use and to senior Navy leadership for strategic planning and decision-making. To fully implement this recommendation, the Navy should ensure that, in addition to developing metrics, it implements related goals, action plans, milestones, and a monitoring process to address unplanned work and workforce weaknesses.

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*Naval Shipyards: Actions Needed to Improve Poor Conditions That Affect Operations.* [GAO-17-548](#). Washington, D.C.: September 12, 2017.

**Recommendation:** The Secretary of the Navy should develop a comprehensive plan for shipyard capital investment that establishes the desired goal for the shipyards' condition and capabilities; an estimate of the full costs to implement the plan, addressing all relevant requirements, external risk factors, and associated planning costs; and metrics for assessing progress toward meeting the goal that include measuring the effectiveness of capital investments.

**Actions needed:** DOD concurred with our recommendation. To address this recommendation, the Navy produced the first phase of a Shipyard Infrastructure Optimization Plan in February 2018 to guide the overhaul and improvement of the naval shipyards. This plan included some of the recommended elements, but not others. For example, we reported in November 2019 that the cost estimate contained in the Navy's plan did not follow best practices and did not include costs for inflation and environmental remediation, among others, that could add billions to the preliminary cost estimate.<sup>17</sup> In addition, as of February 2021, the optimization plan did not include metrics for assessing progress toward meeting its goals. Navy officials also told us that their priority at some shipyards is to complete dry docks upgrades to ensure the Navy can conduct necessary repairs and that completing their area development plans by 2025 will require the dry dock projects to be completed first. Navy officials have told us that they intend to develop metrics after they have completed the shipyard area development plans in fiscal year 2025. To fully implement this recommendation, the Navy should complete its optimization plan, develop a reliable cost estimate addressing all relevant requirements, risks, and planning costs, and develop metrics to help it assess progress toward meeting its goal that include measuring the effectiveness of capital investments.

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*Navy Force Structure: Sustainable Plan and Comprehensive Assessment Needed to Mitigate Long-Term Risks to Ships Assigned to Overseas Homeports.* [GAO-15-329](#). Washington, D.C.: May 29, 2015.

**Recommendation:** The Secretary of Defense should direct the Secretary of the Navy to develop and implement a sustainable operational schedule for all ships homeported overseas.

**Action needed:** DOD concurred with our recommendation. As of February 2021, the Navy approved a change to the operational schedule for ships homeported in Japan and other overseas homeports, and included this change in Navy guidance. The Navy also established the Commander, Naval Surface Group, Western Pacific to oversee surface ship maintenance, training, and certification for ships based in Japan. To fully implement this recommendation, the Navy will need to adhere to the revised schedules. We will continue to monitor the Navy's

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<sup>17</sup>GAO, *Naval Shipyards: Key Actions Remain to Improve Infrastructure to Better Support Navy Operations*, [GAO-20-64](#) (Washington, D.C.: Nov. 25, 2019).

implementation and adherence to the revised schedules before closing this recommendation as implemented.

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*Navy Readiness: Additional Efforts Are Needed to Manage Fatigue, Reduce Crewing Shortfalls, and Implement Training.* [GAO-21-366](#). Washington, D.C.: May 27, 2021.

**Recommendations:**

- (1) The Secretary of the Navy should ensure that the Office of Chief of Naval Operations and the Commander, U.S. Fleet Forces Command and Commander, U.S. Pacific Fleet revise guidance to require systematic collection of quality and timely fatigue data from sailors that are accessible to operational commanders to support underway decision-making.
- (2) The Secretary of the Navy should ensure that the Office of Chief of Naval Operations and the Commander, U.S. Fleet Forces Command and Commander, U.S. Pacific Fleet use collected data on sailor fatigue to identify, monitor, and evaluate factors that contribute to fatigue and inadequate sleep such as the effects of crew shortfalls, work requirements, administrative requirements, and collateral duties.
- (3) The Secretary of the Navy should ensure that the Office of Chief of Naval Operations and the Commander, U.S. Fleet Forces Command and Commander, U.S. Pacific Fleet take actions to address the factors causing sailor fatigue and inadequate sleep.
- (4) The Secretary of the Navy should ensure that the Office of Chief of Naval Operations and the Commander, U.S. Fleet Forces Command and Commander, U.S. Pacific Fleet establish a process for identifying and assisting units that have not implemented its fatigue management policy.
- (5) The Secretary of the Navy should ensure that the Office of Chief of Naval Operations and the Commander, U.S. Fleet Forces Command and Commander, U.S. Pacific Fleet revise guidance to institutionalize the practice of using crew requirements to track and report positions that are filled.
- (6) The Secretary of the Navy should ensure that the Commander, U.S. Fleet Forces Command and Commander, U.S. Pacific Fleet establish crewing targets that are based on analysis and assessment of risk.
- (7) The Secretary of the Navy should ensure that the Office of Chief of Naval Operations uses crew requirements to project future personnel needs.

**Action needed:** DOD concurred with these recommendations. Because this report was recently published in May 2021, DOD has had limited time to act on these recommendations. We will monitor DOD's efforts to implement these recommendations moving forward.

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*F-35 Aircraft Sustainment: DOD Needs to Address Substantial Supply Chain Management Challenges.* [GAO-19-321](#). Washington, D.C.: April 25, 2019.

**Recommendation:** The Secretary of Defense should ensure that the Under Secretary of Defense for Acquisition and Sustainment, together with the F-35 Program Executive Officer, the Secretaries of the Air Force and Navy, and the Commandant of the Marine Corps, clearly defines the strategy by which DOD will manage the F-35 supply chain in the future and update key strategy documents accordingly, to include any additional actions and investments necessary to support that strategy.

**Action needed:** DOD concurred with this recommendation. As of February 2021, documentation provided by DOD stated that it has begun a business case analysis of its Product Support Strategy—that is, its strategy to support and sustain the F-35 aircraft. According to a DOD official, this business case analysis will examine the full Product Support Strategy and provide evaluation and recommendations for each alternative, to include quantitative assessment, qualitative assessment, and risk analysis. Following the business case analysis, this official said that the F-35 Product Support Manager will re-assess the existing Product Support Strategy in 24 months, based on the business case analysis recommendations, and incorporate any changes into the F-35 program's plans for execution. We will continue to monitor DOD's efforts in this area.

To fully implement this recommendation, DOD needs to clearly define the strategy by which DOD will manage the F-35 supply chain in the future and update key strategy documents accordingly. This should include determining the roles of both the prime contractor and DOD in managing the supply chain, and the investments in technical data needed to support DOD-led management.

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*F-35 Aircraft Sustainment: DOD Needs to Address Challenges Affecting Readiness and Cost Transparency.* [GAO-18-75](#). Washington, D.C.: October 26, 2017.

**Recommendations:** The Under Secretary of Defense for Acquisition, Technology, and Logistics,<sup>18</sup> in coordination with the F-35 Program Executive Officer, should take the following actions:

- (1) Re-examine the metrics that it will use to hold the contractor accountable under the fixed-price, performance-based contracts to ensure that such metrics are objectively measurable, are fully reflective of processes over which the contractor has control, and drive desired behaviors by all stakeholders.
- (2) Prior to entering into multi-year, fixed-price, performance-based contracts, ensure that DOD has sufficient knowledge of the actual costs of sustainment and technical characteristics of the aircraft after baseline development is complete and the system reaches maturity.

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<sup>18</sup>The priority recommendations from this report were directed to the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)). Pursuant to the National Defense Authorization Act for Fiscal Year 2017, effective February 1, 2018, DOD restructured the 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 Acquisition and Sustainment and the Under Secretary of Defense for Research and Engineering.

**Actions needed:** DOD concurred with these two recommendations. As of February 2021, documentation provided by DOD stated that the F-35 Joint Program Office was currently in negotiations with the prime contractor on a proposed performance based logistics contract arrangement, which include discussions to determine whether agreement on appropriate metrics can be reached under such a contract. According to a program office official and DOD documentation, DOD has also begun a full business case analysis to examine the F-35 program's product support strategy. According to DOD documentation, these two efforts will inform DOD's decision on whether to proceed with a performance based logistics contract and on how to structure it to provide best value to the warfighter.

To fully implement these recommendations, DOD needs to ensure, prior to entering into performance based contracts, that the key metrics it will use to hold the contractor accountable are objectively measurable and fully reflective of processes over which the contractor has control, and that DOD has sufficient knowledge of the actual costs of sustainment and technical characteristics of the aircraft after baseline development is complete and the system reaches maturity.

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*F-35 Sustainment: Need for Affordable Strategy, Greater Attention to Risks, and Improved Cost Estimates.* [GAO-14-778](#). Washington, D.C.: September 23, 2014.

**Recommendations:**

- (1) To help DOD address key risks to F-35 affordability and operational readiness, and to improve the reliability of its operating and support cost estimates for the life-cycle of the program, the Secretary of Defense should direct the F-35 Program Executive Officer, to enable DOD to better identify, address, and mitigate performance issues with the Autonomic Logistics Information System (ALIS) that could have an effect on affordability, as well as readiness, to establish a performance-measurement process for ALIS that includes, but is not limited to, performance metrics and targets that (a) are based on intended behavior of the system in actual operations and (b) tie system performance to user requirements.
- (2) To help DOD address key risks to F-35 affordability and operational readiness, and to improve the reliability of its operating and support cost estimates for the life-cycle of the program, the Secretary of Defense should direct the F-35 Program Executive Officer, to promote competition, address affordability, and inform its overarching sustainment strategy, to develop a long-term Intellectual Property Strategy to include, but not be limited to, the identification of (a) current levels of technical data rights ownership by the federal government and (b) all critical technical data needs and their associated costs.

**Actions needed:** DOD concurred with both recommendations. To address the first recommendation, DOD announced in early 2020 that it intended to replace the Autonomic Logistics Information System with a future system that it has named the F-35 Operational Data Integrated Network. As part of the development of the integrated network, DOD developed performance metrics and targets. These performance metrics and targets were finalized in September 2020. We believe that establishing these metrics and targets is a critically important early step for improving the performance of the F-35 logistics system. However, the integrated network has not yet been implemented and, as of March 2021, it was unclear how long it will take for it to become operational. For this reason, and since the Autonomic Logistics Information System will remain the logistics system of record for the F-35 until it is replaced, this

recommendation will remain open. To fully implement this recommendation, DOD needs to make the F-35 Operational Data Integrated Network operational.

For the second recommendation, DOD program office officials told us in February 2021 that the F-35 Joint Program Office is in the process of developing a comprehensive Intellectual Property strategy for the F-35 program, which will identify the technical data the program needs in order to support the F-35 enterprise going forward. Officials told us that this effort began in mid-2020, and they expect it to be completed in mid-2021. To fully implement this recommendation, DOD needs to finalize this strategy and demonstrate that it includes the identification of current levels of technical data rights ownership and all critical technical data needs and associated costs.

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*Southwest Border Security: Actions Are Needed to Address the Cost and Readiness Implications of Continued DOD Support to U.S. Customs and Border Protection. GAO-21-356.* Washington, D.C.: February 23, 2021.

**Recommendation:**

The Secretary of Defense, together with the Secretary of Homeland Security, should define a common outcome for DOD's support to DHS, consistent with best practices for interagency collaboration, and articulate how that support will enable DHS to achieve its Southwest Border security mission in fiscal year 2021 and beyond.

**Action needed:** DOD did not concur with our recommendation. DOD disagreed that it would be appropriate to develop a common outcome with the Department of Homeland Security for DOD support beyond fiscal year 2021 and expressed concern that doing so could create an impression that DOD has a border security mission. We agree that DOD is not responsible for the border security mission and stated this point throughout our report. However, DOD and the Department of Homeland Security's disagreement on the outcome for support in fiscal year 2021 and beyond is not consistent with the operational reality that DOD has actively supported the Department of Homeland Security at the southern border in varying capacities since the Department of Homeland Security's inception nearly 2 decades ago. Moreover, Department of Homeland Security officials plan to request assistance from DOD for at least the next 3-5 years. Disagreement on the desired outcome of DOD support to the Department of Homeland Security in the future increases the risk to DOD both financially and in terms of military readiness, which are part of the Defense Support of Civil Authorities criteria that DOD uses to evaluate Requests for Assistance.

Because this report was recently published at the end of February 2021, DOD has had limited time to act on these recommendations. We will continue to monitor DOD's efforts to implement these recommendations moving forward.

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*Defense Strategy: Revised Analytic Approach Needed to Support Force Structure Decision-Making. GAO-19-385.* Washington, D.C.: March 14, 2019.

**Recommendations:** The Secretary of Defense should take the following actions:

- (1) Ensure that the Office of the Under Secretary of Defense for Policy; the Office of the Chairman of the Joint Chiefs of Staff; and the Office of the Director, Cost Analysis and Program Evaluation—in consultation with the services—determine the analytic products needed and the level of detail that is sufficient to serve as a common starting point but flexible to allow for variation of analysis to support senior leader decisions, and update these products to reflect current strategy and intelligence estimates, as well as the anticipated operational approaches needed to address future threats.
- (2) Ensure that the Office of the Under Secretary of Defense for Policy provide specific guidance requiring the services to explore a range of innovative force structure approaches relevant to the key threats identified in the National Defense Strategy, including identifying key assumptions on which the services must conduct sensitivity analyses.
- (3) Establish an approach for comparing competing analyses and conducting joint analyses for force structure to support senior leaders as they seek to implement the National Defense Strategy. This could include establishing a separate body with these capabilities and/or specifying the organizational responsibilities and processes for conducting these comparisons and analyses.

**Actions needed:** DOD concurred with our three recommendations and has taken some steps to address them. For example, in April 2019, the Secretary of Defense issued the Fiscal Year 2021–2025 Defense Planning Guidance, which identified analytic products that would serve as the department’s starting point for analysis and discussed the need to explore a range of innovative force structure approaches. It also included steps that could lay the groundwork for DOD to compare competing analyses and conduct joint force structure analyses. However, the Defense Planning Guidance was limited to budget guidance for fiscal years 2021–2025. In March 2021, DOD stated that the subject of our report is being re-examined by current leadership, and additional DOD actions related to our recommendations may occur in the near future. To fully implement these recommendations, DOD needs to provide direction in an enduring guidance or policy document and require the services to conduct excursions and sensitivity analyses on key assumptions.

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## Financial Management

*DOD Financial Management: Continued Efforts Needed to Correct Material Weaknesses Identified in Financial Statement Audits.* [GAO-21-157](#). Washington, D.C.: October 13, 2020.

**Recommendations:** The Secretary of Defense should direct the Deputy Chief Financial Officer to take the following actions:

- (1) Incorporate appropriate steps to improve its corrective action plan review process, including ensuring that (a) data elements not included in corrective action plans are appropriately identified and communicated to components and resolved, (b) Notice of Findings and Recommendations are appropriately linked to the correct corrective action plans to address them, and (c) components document their rationale for accepting the risk associated with certain deficiencies and appropriately identify such instances in the Notice of Findings and Recommendations Database.

- (2) Update DOD guidance to instruct DOD and components to document root-cause analysis when needed to address deficiencies auditors identified.

**Actions needed:** DOD partially concurred with the first recommendation and concurred with the second recommendation. With respect to the first recommendation, DOD stated that it ensures financial statement audit findings are appropriately linked to the right corrective action plans and that data elements missing from action plans are identified and communicated to components through its corrective action plan quality and monthly data control review processes. However, based on our testing of Corrective Action Plans associated with Notice of Findings and Recommendations included in our generalizable sample, we found that Notice of Findings and Recommendations were not always linked to the correct Corrective Action Plans in the Notice of Findings and Recommendations Database. For example, one Notice of Findings and Recommendations we reviewed was linked to three Corrective Action Plans—one that was not related to the Notice of Findings and Recommendations, another that had been superseded, and another that actually addressed the Notice of Findings and Recommendations. We also found that the Corrective Action Plans for more than half of these Notice of Findings and Recommendations were missing at least one of the data elements defined in the Implementation Guide for OMB Circular A-123.

Further, DOD stated that its quality review process ensures that components document their rationale for accepting risk, risk response, and risk identification for deferring remediation activity associated low-impact deficiencies. However, we found that DOD components did not prepare Corrective Action Plans for 16 of the 98 Notice of Findings and Recommendations in our sample because they accepted the risks associated with the deficiencies the auditors identified. However, the components did not document their rationale for accepting such risks and a clear risk-mitigation strategy for three of these 16 Notice of Findings and Recommendations. To fully implement this recommendation, DOD's Chief Financial Officer needs to improve DOD's review process to ensure that plans include all data elements defined in the Implementation Guide for OMB Circular A-123; update its review checklist to include questions specifically related to whether corrective action plans were linked to the right audit findings in the Notice of Findings and Recommendations Database; and review the components' risk acceptance rationale for reasonableness and appropriateness.

With respect to the second recommendation, DOD stated that it will update the appropriate DOD guidance to specifically instruct that a Corrective Action Plan include documented evidence that a root-cause analysis was conducted and an explanation as to how it was conducted. To fully implement the second recommendation, DOD needs to update the *Department of Defense Internal Control Over Financial Reporting Guide*, which was last issued in May 2018, to instruct DOD and its components to document root-cause analysis when needed. We will continue to monitor DOD's progress.

**High-Risk area:** [DOD Financial Management](#)

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*DOD Financial Management: Significant Efforts Still Needed for Remediating Audit Readiness Deficiencies.* [GAO-17-85](#). Washington, D.C.: February 9, 2017.

**Recommendation:** The Secretary of the Army should direct the Accountability and Audit Readiness Directorate under the Assistant Secretary of the Army, Financial Management and Comptroller, to enhance the directorate's policies and procedures for (1) tracking and prioritizing

all financial management-related audit findings and recommendations under its purview; and (2) developing and monitoring corrective action plans for all such recommendations so that they include sufficient details, such as the criteria used to prioritize the corrective action plans, the recommended corrective action plan elements, and the process for monitoring and documenting the progress and status of corrective action plans.

**Action needed:** The Army concurred with our recommendation. In our February 2017 report, the Army stated that the Accountability and Audit Readiness Directorate had completed actions to enhance its current standard operating procedures to include (1) updating its corrective action plan database and reporting tool, (2) documenting its reporting procedures, and (3) updating its corrective action plan template to include additional elements recommended by the Implementation Guide for OMB Circular A-123. In addition, the Army stated that its policies and procedures included steps to incorporate external financial management-related audit findings assigned to the Accountability and Audit Readiness Directorate by the Internal Review Directorate and that the existing process the Army used to prioritize findings and the related corrective action plan and to monitor the progress and status of those plans had been documented.

We reviewed documentation from the Army in February 2021 and concluded that the actions taken by the Army were not sufficient to close this recommendation. Specifically, we determined that to fully implement this recommendation, the Army needs to develop or enhance its General Fund policies and procedures related to tracking and monitoring the status of audit recommendations.

**High-Risk area:** [DOD Financial Management](#)

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*DOD Financial Management: Significant Improvements Needed in Efforts to Address Improper Payment Requirements.* [GAO-13-227](#). Washington, D.C.: May 13, 2013.

**Recommendation:** The Secretary of Defense should direct the Under Secretary of Defense (Comptroller) to establish and implement key quality assurance procedures, such as reconciliations, to ensure the completeness and accuracy of the sampled populations.

**Action needed:** DOD concurred with this recommendation. DOD recently established the Payment Integrity Working Group – Improper Payment Estimates/Completeness. This group is working with the Defense Finance and Accounting Service (DFAS) to update DFAS’s standard operating procedures for testing improper payments and developing a document that will detail the data, systems and reconciliations used to estimate improper payments for each payment program. The group intends to accomplish this work by the end of September 2021, so that these new processes and procedures can be implemented during the FY 2022 improper payment testing effort. These efforts should help ensure that reliable improper payment estimates are generated and reported for each payment program. However, to fully implement this recommendation, DOD needs to resolve its material weakness relating to the universe of transactions, which is precluding the department from being able to perform the quality assurance procedures needed to ensure that the populations, from which the samples are drawn to estimate improper payments, are complete and accurate.

**High-Risk area:** [DOD Financial Management](#)

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*Financial Management: DOD Needs to Implement Comprehensive Plans to Improve its System Environment.* [GAO-20-252](#). Washington, D.C.: September 30 2020.

**Recommendation:** The Secretary of Defense should direct the Chief Management Officer and other entities, as appropriate, to ensure that the department limits investments in financial management systems to only what is essential to maintain functioning systems and help ensure system security until it implements the other recommendations in this report.

**Action needed:** The department concurred with this recommendation. In April 2021, an official from the former Office of the Chief Management Officer told us that the Defense Business Operations and Enterprise Business Operations Directorate planned to evaluate the current defense business systems review and certification process in order to include additional criteria in that process to ensure that investments align with the financial management systems strategy and enterprise roadmap. To fully implement this recommendation, the department should complete this evaluation and update its defense business systems review and certification process to ensure that the department limits investments in financial management systems to only what is essential to maintain functioning systems and help ensure system security. The department provided an estimated completion date of October 2021 for this recommendation and we will continue to follow-up with the department as appropriate.

**High-Risk area:** [DOD Financial Management](#)

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*Defense Real Property: DOD-Wide Strategy Needed to Address Control Issues and Improve Data Reliability of Records.* [GAO-20-615](#). Washington, D.C.: September 9, 2020.

**Recommendations:**

- (1) The Under Secretary of Defense (Comptroller) should, in collaboration with the Under Secretary of Defense (Acquisition and Sustainment), develop and implement a DOD-wide strategy to remediate real property asset control issues.
- (2) The Under Secretary of Defense (Comptroller) should, in collaboration with the Under Secretary of Defense (Acquisition and Sustainment), develop department-wide instructions for performing the existence and completeness verifications.

**Actions needed:** DOD concurred with our two recommendations. In its response to the first recommendation, DOD stated it is committed to placing increased leadership emphasis on real property asset controls, and it gave examples of new systems, processes, and controls being developed that department officials think should enhance the completeness and accuracy of real property data. In response to the second recommendation, DOD officials stated that they are committed to placing increased leadership emphasis on real property asset policies and instructions to ensure, among other things, that consistent and repeatable existence and completeness verifications are performed. We plan to continue to monitor its activities to implement them.

**High-Risk area:** [DOD Financial Management](#)

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*Defense Real Property: DOD Needs to Take Additional Actions to Improve Management of Its Inventory Data.* [GAO-19-73](#). Washington, D.C.: November 13, 2018.

**Recommendations:**

- (1-3) The Secretaries of the military departments should require monitoring of their services' processes used for recording all required real property information—to include evaluating on an ongoing basis whether or to what extent these activities are being carried out—and remediating any identified deficiencies.
- (4) The Secretary of Defense should ensure that the Undersecretary of Defense for Acquisition and Sustainment, in collaboration with the military services, defines and documents which data elements within the Real Property Asset Database submissions are most significant for decision-making.
- (5) The Secretary of Defense should ensure that the Undersecretary of Defense for Acquisition and Sustainment, in collaboration with the military services, coordinates on corrective action plans to remediate discrepancies in significant data elements in its real property data system that are identified by Office of the Secretary of Defense's verification and validation tool.
- (6) The Secretary of Defense should ensure that the Undersecretary of Defense for Acquisition and Sustainment, in collaboration with the military services, develops a strategy that identifies and addresses risks to data quality and information accessibility. At a minimum, this strategy should establish time frames and performance metrics for addressing risks related to (1) unfilled real property positions, (2) a lack of a department-wide approach to improving its data, and (3) implementation of the Office of the Secretary of Defense's expanded data platform.

**Actions needed:** DOD concurred with the first five recommendations and partially concurred with the sixth recommendation.

To fully implement the first three recommendations, the military services need to require monitoring of their processes for recording all required data in the Real Property Assets Database and remediating any identified deficiencies. To fully implement the fourth and fifth recommendations, the Under Secretary of Defense for Acquisition and Sustainment needs to identify data elements most significant for decision-making and work with the military services to develop corrective action plans to remediate identified discrepancies in data. With respect to the sixth recommendation, DOD stated that it plans to collaborate with the military services on separate service strategies that reflect each military service's operating environment. To fully implement this recommendation, DOD needs to develop one department-wide strategy to improve data quality and information accessibility.

As of March 2021, the military departments had taken action to improve the monitoring of real property records, including developing plans and programs to increase their accuracy and completeness. Further, the Office of the Under Secretary of Defense for Acquisition and Sustainment had prioritized the development of a common automated real property data platform, which should help it correct the discrepancies in DOD's real property reporting.

**High-Risk area:** [DOD Financial Management](#)

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*Foreign Military Sales: Financial Oversight of the Use of Overhead Funds Needs Strengthening.* GAO-18-553. Washington, D.C.: July 30, 2018.

**Recommendations:** The Secretary of Defense should ensure that the Director of the Defense Security Cooperation Agency takes steps to work with the Defense Finance and Accounting Service—the Defense Security Cooperation Agency's financial service provider—and other DOD components, as appropriate, to improve the reliability of the data that the Defense Security Cooperation Agency obtains on all DOD components' use of:

- (1) Foreign Military Sales administrative funds, including actual execution data, at an appropriate level of detail, such as by object class.
- (2) Contract administration services funds, including actual execution data, at an appropriate level of detail, such as by object class.

**Actions needed:** DOD concurred with both recommendations. In May 2019, Defense Security Cooperation Agency officials told us that the agency had established an interface with some DOD components' accounting systems that provides information daily on those components' expenditures of Foreign Military Sales administrative and contract administration services funds. In October 2019, Agency officials said they were working on establishing automatic interfaces for the other components that receive these funds. As of April 2021, officials informed us that they continue to work toward implementation of these recommendations. To fully implement these two recommendations, DOD needs to ensure that the Defense Security Cooperation Agency obtains reliable data on all DOD components' use of Foreign Military Sales administrative funds and Foreign Military Sales Contract administration services funds, to include execution data.

**High-Risk area:** [DOD Financial Management](#)

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### **Driving Enterprise-Wide Business Reform**

*Defense Reform: DOD Has Made Progress, but Needs to Further Refine and Formalize Its Reform Efforts.* GAO-21-74. Washington, D.C.: November 5, 2020.

**Recommendation:** The Secretary of Defense should ensure that the Chief Management Officer, Under Secretary of Defense (Comptroller), and Director of Cost Assessment and Program Evaluation develop and institutionalize formal policies or agreements as they relate to DOD reform and efficiency collaboration efforts, in order for these efforts to be sustained beyond any leadership and organizational changes.

**Action needed:** DOD concurred with this recommendation and stated that these DOD components will continue to evolve and improve formal reform processes. Action in this area is particularly important in light of the January 2021 disestablishment of the Chief Management Officer. As of May 2021, DOD officials stated that they planned to (1) determine which functions will be implemented by the Office of the Under Secretary of Defense (Comptroller) and Cost Assessment and Program Evaluation, and (2) issue formal agreements between the Office of the Under Secretary of Defense (Comptroller) and Cost Assessment and Program Evaluation to

coordinate efforts on reform and performance management for enterprise business operations. To fully implement this recommendation, DOD should complete these planned actions.

**High-Risk area:** [DOD Approach to Business Transformation](#)

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*Defense Management: DOD Needs to Implement Statutory Requirements and Identify Resources for Its Cross-Functional Reform Teams.* [GAO-19-165](#). Washington, D.C.: January 17, 2019.

**Recommendation:** The Secretary of Defense should ensure that the Chief Management Officer establishes a process for identifying and prioritizing available funding to develop and implement initiatives from the cross-functional reform teams.

**Action needed:** DOD concurred with this recommendation, and officials from the former Office of the Chief Management Officer told us that they had developed a Defense Enterprise Reform Management Framework in collaboration with the Office of the Under Secretary of Defense (Comptroller) and the Office of Cost Assessment and Program Evaluation. According to those officials, this process established a simple, standard, repeatable process for identifying and prioritizing the departments' business reform initiatives and required stakeholder buy-in throughout the initiatives' life-cycle. However, as of February 2021, we were awaiting specific documentation to demonstrate how this process addresses this recommendation. Further, the status of this process is unclear, due to the elimination of the Chief Management Officer position in the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, and DOD's related disestablishment of the Reform Management Group, which oversaw this process.

To fully implement this recommendation, DOD needs to provide documentation of the Defense Enterprise Reform Management Framework, showing that it has established a simple, standard, repeatable process for identifying and prioritizing available funding for the Departments' business reform initiatives.

**High-Risk area:** [DOD Approach to Business Transformation](#)

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*Defense Management: DOD Needs to Address Inefficiencies and Implement Reform across Its Defense Agencies and DOD Field Activities.* [GAO-18-592](#). Washington, D.C.: September 6, 2018.

**Recommendation:** The Secretary of Defense should ensure that the Chief Management Officer routinely and comprehensively monitors and evaluates ongoing efficiency initiatives within the department, including those related to the reform teams. This monitoring should include establishing baselines from which to measure progress, periodically reviewing progress made, and evaluating results.

**Action needed:** DOD concurred with this recommendation and has taken steps to address this recommendation. DOD's corrective action plan to evaluate results and financial savings associated with its efficiency initiatives was based on oversight and review to be provided

through the Chief Management Officer as part of DOD's Reform Management Group. The Reform Management Group was established to provide oversight and guidance, make decisions on recommendations, and monitor progress on the reform teams' efforts that focused on various department-wide business functions. However, in January 2021, DOD eliminated the Chief Management Officer position, disestablished the Reform Management Group and assigned the group's responsibilities to the Defense Business Council. According to DOD officials, as of May 2021, DOD had not finalized how responsibilities transferred from the Reform Management Group to the Defense Business Council were to be implemented. To fully implement this recommendation, DOD needs to finalize its decision about who will be responsible for evaluating its efficiency initiatives, and fully implement its efforts to refine baselines, so the department will be able to systematically evaluate whether its various initiatives have been effective.

To fully implement this recommendation, DOD needs to finalize its decision about who will be responsible for evaluating its efficiency initiatives, and fully implement its efforts to refine baselines, so the department will be able to systematically evaluate whether its various initiatives have been effective.

**High-Risk area:** [DOD Approach to Business Transformation](#)

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*Defense Headquarters: Improved Data Needed to Better Identify Streamlining and Cost Savings Opportunities by Function.* [GAO-16-286](#). Washington, D.C.: June 30, 2016.

**Recommendation:** The Secretary of Defense should collect reliable information on the costs associated with functions within headquarters organizations—through revisions to the existing Inherently Governmental / Commercial Activities inventory, or another method—in order to provide detailed information for use in estimating resources associated with specific headquarters functions, and in making decisions, monitoring performance, and allocating resources.

**Action needed:** DOD concurred with our recommendation and, as of March 2021, had taken some steps to address it. As of March 2021, DOD had made progress on this recommendation by documenting that it had aligned manpower and total obligation authority in the Future Years Defense Program to major headquarters activities. DOD also stated that it had begun internal efforts to address functional coding, including establishing a working group in November 2020 to update DOD Instruction 5100.73 *Major DOD Headquarters Activities* related to determining the workforce mix; however, DOD does not have a timeline for when these efforts will be completed. Moreover, as of March 2021, the department had not finalized the definition of major headquarters activities in its guidance.

To fully implement this recommendation, DOD should establish a timeline for finalizing its approach to collect reliable information on the costs associated with functions within headquarters organizations, as well as finalize the definition of major headquarters' activities in its guidance.

**High-Risk area:** [DOD Approach to Business Transformation](#)

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## Cybersecurity and the Information Environment

*DOD Training: U.S. Cyber Command and Services Should Take Actions to Maintain a Trained Cyber Mission Force.* [GAO-19-362](#). Washington, D.C.: March 6, 2019.

### Recommendations:

- (1-4) The Secretaries of the military departments and the Commandant of the Marine Corps should coordinate with U.S. Cyber Command to develop plans that comprehensively assess and identify specific Cyber Mission Force training requirements for all phases of training in order to maintain the appropriate sizing and deployment of personnel across Cyber Mission Force teams.<sup>19</sup>

**Actions needed:** DOD concurred with these four recommendations. In February 2021, DOD provided an update on the implementation of plans for each of the military services. Army officials estimate the Army will fully implement its plan in October 2021. Similarly, Navy officials estimate the Navy will fully implement its plan in October 2021. Air Force officials estimate that the Air Force will fully implement its plan in 2022. Additionally, the Marine Corps officials estimated that the Marine Corps will fully implement its plan in March 2021. In addition, each of the services noted that it is waiting for the U.S. Cyber Command or the National Security Agency to take key actions, such as finalizing a list of tasks that would need to be covered in training or allowing the training to be delivered in a different venue before they can develop their training plans. To fully implement the recommendations, each service should coordinate with the U.S. Cyber Command or the National Security Agency in developing individual plans to assess and identify training requirements.

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*Cybersecurity: DOD Needs to Take Decisive Actions to Improve Cyber Hygiene.* [GAO-20-241](#). Washington, D.C.: April 13, 2020.

**Recommendations:** The Secretary of Defense should:

- (1) Ensure that the DOD Chief Information Officer (CIO) takes appropriate steps to ensure implementation of the DOD Cybersecurity Culture and Compliance Initiative tasks.
- (2) Ensure that DOD components develop plans with scheduled completion dates to implement four tasks in the department's Cybersecurity Discipline Implementation Plan that are overseen by the DOD CIO.
- (3) Ensure that the Deputy Secretary of Defense identifies a DOD component to oversee the implementation of the seven tasks in the Cybersecurity Discipline Implementation Plan that are not overseen by the DOD CIO and report on progress implementing them.
- (4) Direct a component to monitor the extent to which practices are implemented to protect the department's network from key cyberattack techniques.
- (5) Ensure that the DOD CIO assesses the extent to which senior leaders' have more complete information to make risk-based decisions—and revise the recurring reports (or develop a new report) accordingly. Such information could include DOD's progress on implementing

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<sup>19</sup>GAO first made these recommendations to DOD in a sensitive report that was issued in November 2018. GAO, *DOD Training: U.S. Cyber Command and Services Should Take Actions to Maintain a Trained Cyber Mission Force*, GAO-19-142SU (Washington, D.C.: Nov. 6, 2018).

(a) cybersecurity practices identified in cyber hygiene initiatives and (b) cyber hygiene practices to protect DOD networks from key cyberattack techniques.

**Actions needed:** DOD partially concurred with the first, second, and fifth recommendations and provided an update on each recommendation in February 2021.

- For the first recommendation, an official representing the DOD Chief Information Officer told us that the department took steps to implement one of the seven tasks we discussed in our first recommendation; but that the department does not plan on ensuring that DOD components complete the remaining six tasks that the Secretary of Defense and the Chairman of the Joint Chiefs of Staff directed them to take through the DOD Cybersecurity Culture and Compliance Initiative. In April 2020, the department stated that some tasks were implemented or have been overcome by events; however, no evidence was provided to support this statement. We have reported that DOD information technology systems are often riddled with cybersecurity vulnerabilities—both known and unknown. By not implementing the remaining six tasks, or taking more actions to implement our recommendations, DOD is forfeiting an opportunity to mitigate the risks posed by these vulnerabilities. Because DOD's information technology systems and networks are key capabilities in conducting military operations and performing other critical functions, we believe these recommendations warrant urgent action by DOD. To fully implement this recommendation, DOD needs to complete the tasks in the DOD Cybersecurity Culture and Compliance Initiative.
- For the second recommendation, DOD did not provide an update on any actions taken to implement this recommendation in its February 2021 update. To fully implement this recommendation, DOD components need to develop plans with scheduled completion dates for the four remaining Cybersecurity Discipline Implementation Plan tasks overseen by the DOD Chief Information Officer.
- With regard to the fifth recommendation, an official from the Chief Information Officer's office stated in July 2020 that DOD planned to merge two key reports provided to senior DOD leaders—the Cyber Hygiene Scorecard, which identifies practices for managing the most common and pervasive cybersecurity risks facing organizations, and the Top-10 Scorecard, which provides a quarterly assessment of the department's cybersecurity risk reduction progress. As of February 2021, the Chief Information Officer's office had yet to implement this planned merger. To fully implement this recommendation, DOD needs to complete plans to merge the Cyber Hygiene and Top 10 Scorecards to provide more complete information for senior leaders to make risk-based decisions.

DOD did not concur with the third and fourth recommendations, and in February 2021, an official from the DOD Chief Information Officer's office reiterated that the department does not plan to implement them. We maintain that implementing these recommendations would help secure DOD information and systems against malicious cyber activity. To fully implement the third recommendation, DOD needs to identify a DOD component to oversee the seven tasks in the Cybersecurity Discipline Implementation Plan that are not overseen by the Chief Information Officer and report on their progress. To fully implement the fourth recommendation, DOD needs to direct a component to monitor the extent to which practices are implemented to protect the department's network from key cyberattack techniques.

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*Cybersecurity Workforce: Agencies Need to Accurately Categorize Positions to Effectively Identify Critical Staffing Needs.* [GAO-19-144](#). Washington, D.C.: March 12, 2019.

**Recommendation:** The Secretary of Defense should take steps to review the assignment of the "000" code to any positions in the department in the 2210 Information Technology management occupational series, assign the appropriate National Initiative for Cybersecurity Education framework work role codes, and assess the accuracy of position descriptions.

**Action needed:** DOD concurred with our recommendation. While DOD reported in September 2020 that it had taken steps to decrease the number of positions that were assigned inappropriate codes, the department was continuing to monitor and track coding with the aim of addressing the recommendation by September 2022. As of March 2021, DOD had not yet provided an update on the status of its implementation efforts. To fully implement this recommendation, DOD will need to provide evidence that it has assigned appropriate National Initiative for Cybersecurity Education framework work role codes to its positions in the 2210 Information Technology management occupational series and has assessed the accuracy of position descriptions.

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*Electromagnetic Spectrum Operations: DOD Needs to Address Governance and Oversight Issues to Help Ensure Superiority.* [GAO-21-64](#). Washington, D.C.: December 10, 2020.

**Recommendations:** The Secretary of Defense should:

- (1) Ensure that the Vice Chairman of the Joint Chiefs of Staff as Senior Designated Official of the Electromagnetic Spectrum Operations Cross-Functional Team proposes Electromagnetic Spectrum governance, management, organizational, and operational reforms to the Secretary.
- (2) Assign clear responsibility to a senior official with authority and resources necessary to compel action for the long-term implementation of the 2020 strategy in time to oversee the execution of the 2020 strategy implementation plan.

**Actions needed:** DOD partially concurred with the first recommendation and concurred with the second recommendation. DOD agreed that successful implementation of the 2020 Electromagnetic Spectrum Superiority Strategy requires clear authorities and proper resourcing. DOD stated that it is developing organizational reform recommendations, which will provide the Secretary of Defense options for Electromagnetic Spectrum organization and governance. Similarly, DOD acknowledged that the Vice Chairman of the Joint Chiefs of Staff, as Senior Designated Official, has been given the responsibility to propose governance, management, organizational, and operational reforms to the Secretary after review and comment by the Electronic Warfare Executive Committee. As of March 2021, the Secretary had not reviewed and approved the proposed reforms nor the implementation plan associated with the 2020 Electromagnetic Spectrum Superiority Strategy. To fully implement these recommendations, DOD needs to demonstrate that the needed authority and resources have been provided to a senior official to support implementation of the strategy and that the Vice Chairman has proposed reforms to the Secretary of Defense in areas such as governance, management, and operations. We will continue to monitor DOD's efforts to implement these recommendations moving forward.

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## Health Care

*Improper Payments: TRICARE Measurement and Reduction Efforts Could Benefit from Adopting Medical Record Reviews.* [GAO-15-269](#). Washington, D.C.: February 18, 2015.

**Recommendations:** The Secretary of Defense should direct the Assistant Secretary of Defense for Health Affairs to:

- (1) Implement a more comprehensive TRICARE improper payment measurement methodology that includes medical record reviews, as done in other parts of its existing post-payment claims review programs.
- (2) Once a more comprehensive improper payment methodology is implemented, develop more robust corrective action plans that address underlying causes of improper payments, as determined by the medical record reviews.

**Actions needed:** DOD concurred with our two recommendations. With regard to our first recommendation, the Defense Health Agency (DHA) had taken some actions, as of May 2021, to incorporate medical record reviews in its improper payment estimate. DHA awarded a contract for TRICARE claims review services, which according to DHA officials, will allow the agency to implement a more comprehensive improper payment measurement methodology using retrospective medical records reviews. In April 2020, DOD reported it made progress on incorporating medical record reviews as part of its estimated improper payment rate calculation, but did not incorporate these reviews into its fiscal year 2020 error rate due to a low rate of return on its request for medical records from TRICARE providers due to COVID-19. As of May 2021, DOD was conducting another medical record documentation review, but preliminary results continued to show a low response rate. As a result, DHA did not plan to include the medical record reviews in its 2021 error rate, but did plan to footnote the results.

With regard to the second recommendation, DHA has not yet fully implemented and reported out on its more comprehensive measurement methodology and has not developed more robust corrective action plans.

To fully implement these recommendations, DOD should implement its methodology for estimating improper payments that includes medical record reviews and develop robust corrective action plans to address the underlying causes of improper payments.

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*Defense Health Care: DOD Should Demonstrate How Its Plan to Transfer the Administration of Military Treatment Facilities Will Improve Efficiency.* [GAO-19-53](#). Washington, D.C.: October 30, 2018.

**Recommendations:** The Secretary of Defense should ensure that:

- (1) The Assistant Secretary of Defense for Health Affairs, in coordination with the Director of the Defense Health Agency (DHA) and the Surgeons General of the military departments, define and analyze the 16 operational readiness and installation-specific medical functions currently excluded from transfer to the DHA to determine whether opportunities exist to reduce or better manage duplicative functions and improve efficiencies in the administration of the military

treatment facilities.

- (2) The Assistant Secretary of Defense for Health Affairs, in coordination with DHA Assistant Director for Health Care Administration and the Secretaries of the military departments, validate headquarters-level personnel requirements to determine that they are established at the minimum levels necessary—per DOD guidance—to accomplish missions and achieve objectives before transferring authority, direction, and control of the military treatment facilities to the DHA for the third phase.
- (3) The Assistant Secretary of Defense for Health Affairs, in coordination with DHA Assistant Director for Health Care Administration and the Secretaries of the military departments, conduct a comprehensive review to identify the least costly mix—per DOD guidance—of military, civilian, and contractors needed to meet validated requirements—that is, to perform the functions identified at the DHA headquarters and intermediate management organizations and at the military departments’ headquarters and intermediate commands. Additionally, this comprehensive review should be completed before transferring authority, direction, and control of the military treatment facilities to the DHA for the third phase.

**Actions needed:** DOD concurred with all three of our recommendations. For our first recommendation, we noted in 2020 that DOD had issued a March 2019 memorandum regarding the alignment of the operational and installation-specific medical functions, but further detail was needed regarding what analysis DOD completed to assess the 16 functions for duplication. In March 2021, DOD officials stated that the Assistant Secretary of Defense for Health Affairs, DHA, and the military departments conducted an assessment that included some of the 16 functions, such as occupational and environmental health. However, DOD officials said that this analysis was still ongoing.

For the second recommendation, DOD officials told us in March 2021 that there had not been an independent assessment of healthcare delivery functions that were not included in the 2018 review of DHA personnel requirements. As we stated in our report, the 2018 review of DHA personnel requirements did not validate personnel requirements.

Regarding the third recommendation, DOD officials stated in March 2021 that the military departments were still conducting analysis concerning personnel reductions. According to DOD officials, the analysis is still ongoing in part due to the pause in military treatment facilities transition activities to allow the military departments and DHA to focus all efforts on DOD’s COVID-19 response. This pause was announced in a March 2020 memorandum from the Under Secretary of Defense for Personnel and Readiness. Since DOD is still conducting analysis for each of the recommendations and military treatment facilities transition activities were paused due to COVID-19, we will continue to monitor DOD’s implementation efforts in these areas.

To fully implement these recommendations, DOD should analyze all the 16 operational readiness and installation-specific medical functions for duplication, validate headquarters-level personnel requirements, and identify the least costly mix of personnel.

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## Preventing Sexual Harassment

*Preventing Sexual Harassment: DOD Needs Greater Leadership Commitment and an Oversight Framework*, [GAO-11-809](#). Washington, D.C.: September. 21, 2011.

**Recommendations:** The Under Secretary of Defense for Personnel and Readiness should take the following actions:

- (1) Develop a strategy for holding individuals in positions of leadership accountable for promoting, supporting, and enforcing the department's sexual harassment policies and programs.
- (2) Ensure that the Office of Diversity Management and Equal Opportunity develops and aggressively implements an oversight framework to help guide the department's efforts. At a minimum, such a framework should contain long-term goals, objectives, and milestones; strategies to accomplish goals; criteria for measuring progress; and results-oriented performance measures to assess the effectiveness of the department's sexual harassment policies and programs. Such a framework should also identify and include a plan for ensuring that adequate resources are available to carry out the office's oversight responsibilities.

**Actions needed:** DOD concurred with both recommendations.

With respect to our first recommendation, DOD released a December 2020 update to DOD Instruction 1020.03, Harassment Prevention and Response in the Armed Forces, which directs DOD's Office of Diversity, Equity, and Inclusion to ensure that DOD components' harassment prevention and response programs incorporate, at a minimum, compliance standards for promoting, supporting, and enforcing policies, plans, and programs, among other things. However, as of March 2021, DOD had not completed development of a strategy that incorporates the compliance standards. With respect to our second recommendation, as of March 2021, DOD had not developed and aggressively implemented an oversight framework, as we recommended. However, according to officials with DOD's Office of Diversity, Equity, and Inclusion, they are planning to issue a new sexual harassment prevention strategy sometime in 2021.

Recent legislation effectively mandates implementation of our recommendations. Specifically, in the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Congress required the Secretary of Defense to develop and implement a DOD-wide strategy that consists of an oversight framework for the department's efforts to promote, support, and enforce policies and programs on sexual harassment and to ensure that individuals in positions of leadership in the department are held accountable for doing so. This legislation requires that the department report to the defense committees on the actions it has taken to implement these recommendations not later than 1 year after the law's enactment. We will continue to monitor DOD actions on this issue.

To fully implement these recommendations, DOD needs to provide documentation that its components' harassment prevention and response programs incorporate, at a minimum, compliance standards for promoting, supporting, and enforcing policies, plans, and programs. DOD also needs to provide documentation that the oversight framework elements outlined in our recommendation are being implemented.

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## **Strengthening Diversity, Equity and Inclusion within DOD**

*Female Active-Duty Personnel: Guidance and Plans Needed for Recruitment and Retention Efforts*, [GAO-20-61](#). Washington, D.C.: May 19, 2020.

**Recommendation:**

The Secretary of Defense should ensure that the Under Secretary of Defense for Personnel and Readiness provides guidance to the services, for example, in its forthcoming diversity and inclusion strategic plan, to develop plans, with clearly defined goals, performance measures, and timeframes, to guide and monitor recruitment and retention efforts of female active-duty servicemembers in the military.

**Action needed:** DOD concurred with our recommendation. In November 2020, DOD officials indicated that the department would provide guidance to the services to develop and implement plans to guide and monitor their efforts to recruit and retain female servicemembers in its forthcoming DOD Diversity and Inclusion Instruction and Diversity and Inclusion Strategic Plan. According to DOD officials, these documents were estimated for completion in December 2020, but as of May 2021 the strategic plan had not been provided to us. To fully implement this recommendation, DOD needs to provide guidance to the services to develop plans with clearly defined goals, performance measures, and timeframes. Once this recommendation has been implemented, each of the military services is expected to develop its own plan with clearly defined goals, performance measures, and timeframes to guide and monitor its active-duty servicemember recruitment and retention efforts.

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*Military Justice: DOD and the Coast Guard Need to Improve Their Capabilities to Assess Racial and Gender Disparities*, [GAO-19-344](#). Washington, D.C.: May 30, 2019.

**Recommendation:**

The Secretary of Defense, in collaboration with the Secretaries of the military services and the Secretary of Homeland Security, should conduct an evaluation to identify the causes of any disparities in the military justice system, and take steps to address the causes of these disparities as appropriate.

**Action needed:** DOD partially concurred with our recommendation. In March 2021, DOD officials said that the department is exploring the feasibility of conducting a research project to explore the differences in military justice data to inform implementation of this recommendation. The officials told us that this research will also seek to identify potential factors that contribute to observed racial/ethnic disparities, identify potential disparity indicators, and develop standardized tracking elements so trends can be monitored across DOD. DOD estimated that this research could be concluded in October 2022. To fully implement this recommendation, DOD needs to identify the causes of any disparities in the military justice system, and take steps to address the disparities.

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