

GAO Highlights

Highlights of [GAO-25-106868](#), a report to congressional committees

Why GAO Did This Study

DOD's contractors track and manage billions of dollars in government property. This report, developed in connection with fulfilling GAO's mandate to audit the U.S. government's consolidated financial statements, examines DOD's (1) monitoring of contractors' tracking of CAP assets associated with selected major defense acquisition programs and (2) identifying and accounting for certain specialized and high-dollar CAP assets.

GAO reviewed relevant audit reports, DOD policy and guidance, and federal regulations; interviewed agency and contractor officials; and reviewed DOD's documented oversight for nine selected contracts. In addition, GAO visited three contractor locations, one each for the Army, Navy, and Air Force, and tested 90 CAP assets at each location. GAO's testing focused on whether key data were accurately recorded for these assets in the contractors' property management systems.

What GAO Recommends

GAO is making three recommendations to DOD to (1) develop monitoring procedures to help ensure that DCMA follows existing policies for conducting oversight of CAP assets, (2) evaluate whether the Navy's oversight procedures provide a sufficient level of CAP oversight, and (3) clarify its policy for accounting for certain specialized and high-dollar CAP assets.

DOD concurred with the recommendations.

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DOD FINANCIAL MANAGEMENT

Greater Accountability Needed over Contractor-Acquired Property

What GAO Found

The Department of Defense (DOD) reported \$4.1 trillion in assets in fiscal year 2024. DOD's assets include those in its physical custody as well as those in the possession of contractors. These assets include those procured and held by contractors on DOD's behalf, referred to as contractor-acquired property (CAP). DOD relies on its contractors to track and manage CAP assets. DOD is responsible for ensuring that these contractors follow DOD policies and federal regulations. DOD policy requires components to assess the accuracy of contractors' CAP records. Some DOD components regularly delegate these assessments to the Defense Contract Management Agency (DCMA). The Department of the Navy conducts its own assessments.

Storage of Contractor Acquired Property



Source: GAO. | GAO-25-106868

GAO found that for five of nine selected major defense acquisition program contracts, DOD officials did not perform all required contractor oversight procedures. In addition, GAO found that the Navy's written procedures lacked a sufficient level of contractor oversight. GAO also found that out of the 270 CAP asset records tested, 116 had errors in the data recorded for them in the contractors' property management systems. Inaccurate or incomplete CAP asset data could negatively affect DOD's financial reporting and could also result in inefficient program management.

Additionally, GAO found that DOD did not consistently follow its policy for managing specialized and high-dollar CAP assets at the Air Force and Navy. Specifically, GAO found that DOD officials did not timely direct delivery or record 917 assets valued at approximately \$109 million. Developing written procedures to ensure sufficient contractor oversight and clarifying policy for the management of specialized, high-dollar CAP could help DOD address its long-standing control issues related to property in the possession of contractors.