

**Navy Needs to Fully Address Strategic Planning and Systems Migration Leading Practices**

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A report to congressional committees

Contact: Vijay A. D'Souza at [dsouzav@gao.gov](mailto:dsouzav@gao.gov) or Asif Khan at [khana@gao.gov](mailto:khana@gao.gov)

**What GAO Found**

In response to its December 2020 acknowledgment that it had wasted billions of dollars sustaining redundant and obsolete IT systems, the Department of the Navy initiated an effort to modernize, consolidate, and retire its systems. The Navy reports that this initiative has resulted in terminating at least 11 legacy systems and saved more than \$100 million. In addition, the Navy announced in January 2026 that it had completed its effort to migrate remaining Navy commands to Navy Enterprise Resource Planning, its financial system of record.

Fully adhering to leading practices for strategic and migration planning could strengthen the Navy's systems modernization. Regarding strategic planning, the Navy met two of three leading practices and partially met one. For example, the Navy demonstrated that the portion of its *Navy Financial Management Strategy* associated with financial management systems aligned with relevant Navy and DOD-level strategic plans. However, the Navy did not fully implement performance measurement approaches for seven of the nine fiscal year 2025 metrics that it identified for this portion of its financial management strategy.

**GAO's Assessment of Navy Financial Management Systems Modernization Strategic Planning**

Leading practices	GAO assessment
Align with the overall strategic plan	●
Identify results-oriented goals and performance metrics	●
Identify and implement performance measurement approaches	◐

- Met = The Navy addressed all elements of the corresponding leading practice.
- ◐ Partially met = The Navy addressed some, but not all, elements of the corresponding leading practice.

Source: GAO analysis of Navy documentation. | GAO-26-107119

Regarding migration planning, the Navy met one and partially met three of four leading practices. For example, the Navy's executive management uses Systems Consolidation Action Plans to obtain status reports and monitor system consolidations. Navy actions to fully comply with the remaining migration leading practices could further reduce modernization risks.

**GAO's Assessment of Navy Financial Management Systems Modernization Migration Planning**

Leading practices	GAO assessment
Develop an enterprise roadmap	◐
Provide a mechanism for executive management to monitor the migration effort	●
Schedule periodic reviews	◐
Establish a tracking system for executive management to manage progress, issues, and other action items	◐

- Met = The Navy addressed all elements of the corresponding leading practice.
- ◐ Partially met = The Navy addressed some, but not all, elements of the corresponding leading practice.

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In reviewing the extent to which the Navy established a tracking system to manage progress, issues, and action items, GAO identified at least 111 changes to Navy consolidation plans, including at least 49 system schedule delays. These slippages may limit the Navy's ability to fully support DOD's auditability goals.

**Why GAO Did This Study**

The Department of Defense (DOD) remains the only major federal agency to not achieve an unmodified (clean) audit opinion. Modernizing and consolidating the Department of the Navy's financial management systems is critical to its ability to support DOD's goal of a clean opinion by the end of 2028. Attaining that goal would enable informed department officials to be accountable stewards of scarce federal resources needed for readiness and the warfighter.

This report was developed in connection with GAO's audit of the U.S. government's consolidated financial statements. It examines the extent to which the Navy's consolidation and modernization of its financial management systems (1) are consistent with strategic planning leading practices and (2) align with migration planning leading practices.

GAO compared key Navy strategic planning documentation and associated evidence to leading practices in strategic planning. In addition, GAO compared Navy transition plans to migration planning leading practices and agency guidance. GAO also interviewed key Navy program officials.

**What GAO Recommends**

GAO is making five recommendations to the Navy: four on strategic and migration planning and one on the magnitude of schedule delays and their impact on the critical path to achieving a clean opinion. The Navy concurred with one recommendation; partially concurred with two; and did not concur with two. As discussed in the report, GAO maintains that all five recommendations are warranted.