

Highlights of [GAO-12-482](#), a report to the Subcommittee on Readiness, Committee on Armed Services, House of Representatives

Why GAO Did This Study

IUID technology allows DOD to assign a unique number to an item and use that number to manage that item in a variety of logistics processes. In 2003, DOD began implementation of IUID and has estimated that it could improve the accountability and maintenance of its property and equipment and save from \$3 billion to \$5 billion per year. Also, integrating and sharing UII data across DOD's enterprise information systems could enable DOD to track equipment as it moves between its components. GAO evaluated the extent to which DOD has (1) incorporated key elements of best management practices into its framework for IUID implementation, (2) marked items with IUID labels, and (3) developed the capability to share UII data across DOD in its enterprise information systems. GAO reviewed documents, interviewed cognizant officials, and reviewed DOD and GAO key practices for its analysis.

What GAO Recommends

GAO is making nine recommendations for enhancing DOD's implementation of IUID. They include actions to improve DOD's management of IUID implementation through best practices; enable the components to report complete data for marking items with IUID labels; and enable the components to share UII data across DOD enterprise information systems. DOD concurred with eight recommendations and partially concurred with one related to updating estimated financial costs and benefits of IUID implementation. DOD stated it will continue to identify such costs, but GAO continues to believe that updating benefits is also important, as discussed more fully in the report.

View [GAO-12-482](#). For more information, contact Zina Merritt at (202) 512-5257 or merrittz@gao.gov.

DEFENSE LOGISTICS

Improvements Needed to Enhance DOD's Management Approach and Implementation of Item Unique Identification Technology

What GAO Found

The Department of Defense (DOD) has taken some steps to improve its approach to managing and implementing Item Unique Identification (IUID) technology, but has yet to incorporate some key elements of best management practices into its evolving framework for management of IUID implementation. These include internal controls and analysis of return on investment. DOD has included certain internal controls, such as defining key areas of authority for IUID implementation, and it is revising policy to incorporate IUID. However, DOD does not have performance measures, such as reliable schedules for predicting when its enterprise information systems will be able to manage items using IUID data, or a full estimate of IUID's cost and benefits. Without a management framework that includes such key practices, DOD has faced challenges in implementing IUID technology and may not be well positioned to achieve potential financial and nonfinancial benefits.

DOD's data on the number of items already in its inventory—legacy items—marked with IUID labels to date is incomplete and DOD lacks assurance that contractors are sufficiently marking newly-acquired items and government-furnished property. The military services mark legacy items and have reported marking more than 2 million items. However, DOD does not have complete information on the total number of legacy items its components have marked and must mark in the future; does not have a full set of quantifiable goals or interim milestones corresponding to its IUID marking criteria—such as certain items that cost \$5,000 or more—and does not use consistent criteria among its components to track progress. Without the components reporting complete and comparable data, DOD's ability to assess progress in marking legacy items will remain limited. Also, DOD does not have assurance that contractors are sufficiently marking newly-acquired items and government-furnished property. DOD reported that as of January 2012, over 2,500 contractors had marked or registered over 11 million items. However, DOD does not require the components to examine and report on all types of contracts that should include IUID marking clauses, nor does it have policies and procedures that provide for systematic assessment of the sufficiency of data contained in these items' labels. Hence, DOD cannot know the full extent to which contractors are supplying IUID labels with the data needed to track items.

DOD's ability to track and share unique item identifier (UII) data across components is hampered by the lack of full integration of data into components' enterprise information systems. DOD has made some progress but faces challenges as it proceeds with its integration plans. DOD is revising its supply chain management policy and guidance to include IUID use, but has not fully defined requirements for using UII data, nor developed complete, integrated master schedules for integrating IUID, DOD-wide and within components' systems. Such schedules enable agencies to predict the cost and timelines of their systems' development. Without such requirements and schedules, DOD cannot adequately predict when the systems will be able to use UII data, or whether DOD will meet its fiscal year 2015 goal for using UII data to manage items throughout their life cycle.