June 2016

DEFENSE HEADQUARTERS

Improved Data Needed to Better Identify Streamlining and Cost Savings Opportunities by Function

Why GAO Did This Study

Facing budget pressures, DOD is seeking to reduce its headquarters activities by identifying streamlining opportunities. DOD has multiple layers of headquarters activities with complex, overlapping relationships, such as OSD, the Joint Staff, the military service secretariats and staffs, and defense agencies.

Committee reports accompanying bills for the National Defense Authorization Act for Fiscal Year 2015 included provisions for GAO to identify DOD's headquarters reduction efforts to date and patterns in functional areas related to DOD's headquarters activities. This report (1) describes the status of DOD's initiatives since 2014 to improve the efficiency of headquarters organizations and identify related cost savings, and (2) assesses the extent to which DOD has reliable data to assess headquarters functions and their associated costs.

GAO assessed DOD-wide headquarters-related efficiency efforts, and a DOD-wide data set that identifies positions with headquarters functions.

What GAO Recommends

To further DOD's efforts to identify headquarters-related efficiency opportunities, GAO recommends that DOD align its data on positions that have headquarters-related DOD function codes with the revised definition of major DOD headquarters activities and collect information on costs associated with functions within headquarters organizations. DOD concurred with the recommendations.

View GAO-16-286. For more information, contact John H. Pendleton at (202) 512-3489 or pendletonj@gao.gov.

What GAO Found

Since 2014, and in part to respond to congressional direction, the Department of Defense (DOD) has undertaken initiatives intended to improve the efficiency of headquarters organizations and identify related cost savings, but it is unclear to what extent these initiatives will help the department achieve the potential savings it has identified. In a 2015 review of its six business processes, DOD identified $62 billion to $84 billion in potential cumulative savings opportunities for fiscal years 2016 through 2020. According to DOD officials, the department is currently pursuing four headquarters-related initiatives, but these were not completed, or results were not available, in time for GAO to assess their effect. The table below provides a description of these initiatives.

Department of Defense (DOD) Headquarters-Related Efficiency Initiatives since 2014

Initiative	Description
Business Process and System Reviews	These reviews of selected Office of the Secretary of Defense (OSD)- related organizations are intended to assess business processes and supporting systems. As of April 2016, DOD had completed five of nine planned reviews. Some organizations have begun implementing efficiency opportunities identified by these reviews.
OSD Organizational Delayering Initiative	This review of OSD-related organizations is intended to reduce layers of management and staff. As of March 2016, DOD stated that it would issue a report at an unspecified time that includes the cost savings identified by this initiative.
Services Requirements Review Board	This review of organizations outside the military departments is intended to assess whether valid requirements remain for contracted services and whether opportunities exist to better employ the funds. DOD did not specify when it would issue a report that includes the cost savings identified by this initiative.
Review of the Organization and Responsibilities of DOD	This department-wide review is intended to recommend changes to organizational relationships and authorities. The results were not available at the time of GAO's review. DOD officials stated that a report on the results of this review may be issued later in 2016.

Source: GAO analysis of DOD information. | GAO-16-286

DOD has taken steps to improve some available data on headquarters organizations, but does not have reliable data for assessing headquarters functions and associated costs. Consistent with a GAO recommendation, DOD has established a framework for major DOD headquarters activities, is working to identify which organizations or portions of organizations meet a new definition of major DOD headquarters activities, and plans to update a key database to improve visibility of headquarters resources. However, the one department-wide data set that identifies military and civilian positions by specific DOD headquarters functions contains unreliable data because DOD has not aligned these data with its revised headquarters definition. Further, DOD does not have plans to collect information on costs associated with functions within headquarters organizations. This may hinder DOD's ability to conduct an in-depth review for purposes of consolidating and streamlining headquarters functions. Without alignment of headquarters function data with the revised headquarters definition and collection of reliable information on costs associated with headquarters functions, DOD may be unable to accurately assess specific functional areas or identify potential streamlining and cost savings opportunities.

_____ **United States Government Accountability Office**