



Highlights of [GAO-04-919](#), a report to the Committee on Armed Services, U.S. Senate

Why GAO Did This Study

GAO was mandated to assess the effectiveness of defense agency performance contracts as management tools. As agreed, GAO also reviewed other tools (performance plans and balanced scorecards) and focused on three defense agencies—the Defense Logistics Agency (DLA), the Defense Information Systems Agency (DISA), and the Department of Defense Education Activity (DODEA). GAO addressed (1) the extent that the defense agencies initially used performance contracts, including whether this tool addressed attributes associated with results-oriented management; (2) defense agencies' efforts to implement performance plans using lessons learned from the initial contracts; and (3) the extent DOD established mechanisms to share lessons learned. GAO reviewed the content of these tools, but not the actual or reported performance. DISA has not yet finalized its scorecard, thus this report discusses only DISA's plans for its scorecard.

What GAO Recommends

GAO is making recommendations to DOD aimed at improving guidance to make performance plans and scorecards more informative and useful and further strengthen the potential of these tools for measuring and managing agency performance.

In its comments, DOD generally concurred with GAO's recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-04-919.

To view the full product, click on the link above. For more information, contact Sharon Pickup at (202) 512-4300 or pickups@gao.gov or Patricia Dalton at (202) 512-6806 or daltonp@gao.gov.

DEFENSE MANAGEMENT

Tools for Measuring and Managing Defense Agency Performance Could Be Strengthened

What GAO Found

Since fiscal year 1998, the Department of Defense (DOD) has implemented various tools to help manage and oversee the performance of defense agencies. Between fiscal year 1999 and 2003, DLA, DISA, and DODEA initially used “performance contracts”—internal management agreements—to bring specific problems to the attention of senior DOD and agency leadership. While the contracts produced some useful information for decision makers, this tool would have been more effective for assessing performance, making resource allocation decisions, and taking corrective actions if DOD had required the agencies to include certain attributes associated with results-oriented management. Such attributes include aligning agency performance goals and measures with agency strategic plans and departmentwide goals; identifying individuals accountable for achieving results; providing a comprehensive view of organizational performance; linking resource needs to performance; discussing data quality; and providing contextual information, including external factors that affect reported performance.

Beginning in fiscal year 2003, DOD renamed the performance contracts as “performance plans” and gave the defense agencies the option to use a “balanced scorecard” approach, a tool used in the public and private sectors to assess organizational performance. Based on experiences using the initial contracts, DOD took steps to strengthen performance plans and scorecards by revising the oversight and review process, requiring performance measures to align with agency and departmentwide goals, and requiring measures to provide a more comprehensive view of agency performance. DLA's scorecard, DODEA's performance plan, and DISA's plans for the agency's scorecard incorporated these changes and other attributes to varying degrees. While these tools have the potential to provide information useful to decision makers, they would be strengthened if DOD had required the agencies to include additional attributes such as designating specific individuals responsible for achieving results; identifying the relationship between resource needs and performance; reporting on data quality; and providing contextual information to allow top leaders to understand the extent of progress made, take corrective actions to achieve goals, and establish realistic performance goals for future years. With these attributes, decision makers would potentially gain additional insights into agency performance and areas needing greater management attention.

DOD has developed mechanisms, such as a performance management Web site and roundtables, to help agencies share lessons learned from implementing performance plans and scorecards. In response to GAO's suggestions during this review, DOD recognized the need to continue to hold roundtables more frequently. DLA and DISA have also proactively shared their experiences with each other.