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Comptroller General
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Accessible Version

August 12, 2022

The Honorable Lloyd Austin
Secretary of Defense
U.S. Department of Defense
1000 Defense Pentagon
Washington, D.C. 20301-1000
The Honorable Kathleen Hicks
Deputy Secretary of Defense
U.S. Department of Defense
1010 Defense Pentagon
Washington, D.C. 20301-1010

Priority Open Recommendations: Department of Defense

The purpose of this letter is to provide an update on the overall status of the Department of Defense's (DOD) implementation of GAO's recommendations and to call your continued personal attention to areas where open recommendations should be given high priority.¹ In November 2021, we reported that on a government-wide basis, 76 percent of our recommendations made during the past 4 fiscal years were implemented.² As of July 2022, DOD had 1,129 open recommendations with an implementation rate of 68 percent. Fully implementing these open recommendations could significantly improve DOD's operations.

In addition to focusing on implementing GAO's recommendations, I request your assistance in addressing an issue that is negatively affecting our ability to complete our audit work in a timely manner. Specifically, GAO teams are experiencing significant delays obtaining the department's official comments on and sensitivity reviews of our draft reports. This has led to delays in the issuance of our work and, thus, the delivery of key information to Congress. Given the prolonged nature of some of these delays, we have issued some reports without DOD's comments. This is a decision we made reluctantly, as obtaining and reflecting official input on our reports is a valuable part of our reporting process. I ask for your support in addressing this issue moving forward.³

Since our August 2021 letter to you on open priority recommendations, DOD has implemented 12 of our 81 priority recommendations. Specifically:

¹Priority recommendations are those that GAO believes warrant priority attention from heads of key departments or agencies. They are highlighted because, upon implementation, they may significantly improve government operation—for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a [high-risk](#) or [duplication](#) issue.

²GAO, *Performance and Accountability Report: Fiscal Year 2021*, [GAO-22-4SP](#) (Washington, D.C.: November 2021).

³The House bill for the National Defense Authorization Act for Fiscal Year 2023 includes a provision focusing on DOD's delays in providing agency comments on GAO reports. This provision, if enacted, would require GAO to report periodically to Congress on the extent to which DOD has provided agency comments and sensitivity reviews of GAO reports in a timely manner. It would also require DOD, in follow-on reports to Congress, to identify factors that contributed to any delays and to outline plans for improvement. See H.R. 7900, 117th Cong. § 1069 (2022).

- DOD has implemented one recommendation from our 2017 report about financial management and remediating audit readiness deficiencies.⁴ The Army enhanced its policies and procedures to track and prioritize notices of findings and recommendations and develop and monitor corrective action plans. Additionally, DOD-wide policies and procedures were updated to include detailed instructions for tracking and prioritizing audit findings as well as developing and monitoring action plans within DOD's database, as we recommended in that report.
- The F-35 program office, among other things, revised its F-35 Reliability and Maintainability Improvement Program Instruction to note specific and measurable Reliability and Maintainability objectives. These actions met the intent of our 2018 recommendation to identify the steps needed to ensure the F-35 meets reliability and maintainability requirements before each variant reaches maturity and update the Reliability and Maintainability Improvement Program with these steps.⁵
- In response to four recommendations in our 2019 report, U.S. Cyber Command developed standard operating procedures and other documentation that provides the services with information to understand how many personnel they require for each team and the training needed to maintain the size and capacity of the cyber mission force teams.⁶
- In response to three recommendations in our 2019 report, the Deputy Secretary of Defense issued a memorandum for senior Pentagon leadership, Combatant Commanders, and Defense Agency and DOD Field Activity Directors on Principles and Standards for Analysis Supporting Strategic Decisions.⁷ The memorandum provides guidance that analysis used for decision support will examine multiple excursions, include multiple options rather than a single recommendation, and explore alternatives in warfighting approaches and capabilities before recommending changes to strategic objectives. In addition, the Deputy Secretary of Defense issued a memorandum that directed the establishment of a separate body, the Analysis Working Group, to guide the department's analytic capabilities.
- The Army Office of the Chief Systems Engineer published guidance to help implement a systems engineering process to improve cyber resilience and survivability, as we recommended in our 2021 report.⁸ The guidance included planning considerations and tasks to inform procurement and contracting as well as an implementation process to determine the appropriate cyber requirements for each acquisition program.

⁴GAO, *DOD Financial Management: Significant Efforts Still Needed for Remediating Audit Readiness Deficiencies*, [GAO-17-85](#) (Washington, D.C.: Feb. 9, 2017).

⁵GAO, *F-35 Joint Strike Fighter: Development Is Nearly Complete, but Deficiencies Found in Testing Need to Be Resolved [Reissued with Revisions Jun. 13, 2018]*, [GAO-18-321](#) (Washington, D.C.: June 5, 2018).

⁶GAO, *DOD Training: U.S. Cyber Command and Services Should Take Actions to Maintain a Trained Cyber Mission Force*, [GAO-19-362](#) (Washington, D.C.: Mar. 6, 2019).

⁷GAO, *Defense Strategy: Revised Analytic Approach Needed to Support Force Structure Decision-Making*, [GAO-19-385](#) (Washington, D.C.: Mar. 14, 2019).

⁸GAO, *Weapon Systems Cybersecurity: Guidance Would Help DOD Programs Better Communicate Requirements to Contractors*, [GAO-21-179](#) (Washington, D.C.: Mar. 4, 2021).

- In response to two 2021 recommendations, the Navy is using crew requirements to track and report positions that are filled and issued a memorandum in December 2021 directing that this practice continue. It is also now reviewing crew targets annually and adjusting them based on risk assessments.⁹

We also determined that one recommendation related to enterprise-wide business reform was no longer relevant and closed it as unimplemented because of changes related to the dissolution of the Office of the Chief Management Officer and the Reform Management Group.¹⁰

We ask for your continued attention to the remaining 66 open priority recommendations identified in the 2021 letter.¹¹ We are also adding 18 new recommendations related to Navy readiness, cybersecurity and the information environment, defense management, federal contracting, and financial management. This brings the total number of current priority recommendations to 84. (See the enclosure for the list of recommendations and actions needed to implement them.)

DOD's 84 priority recommendations fall into the following eight areas.

- 1. Acquisitions and Contract Management.** Fifteen of the 22 recommendations in this area, if implemented, would help DOD improve management of its costliest weapon acquisition programs. DOD expects these programs will cost more than \$1.79 trillion to acquire, but many of these programs continue to fall short of cost, schedule, and performance goals.¹²

⁹GAO, *Navy Readiness: Additional Efforts Are Needed to Manage Fatigue, Reduce Crewing Shortfalls, and Implement Training*, [GAO-21-366](#) (Washington, D.C.: May 27, 2021).

¹⁰This recommendation was intended to ensure that DOD had a process for identifying and prioritizing available funding to develop and implement initiatives from cross-functional reform teams so that the DOD's reform teams would be able to adequately plan for and execute their reform initiatives. According to a DOD Office of the Director for Administration and Management officials, all cross-functional teams have dissolved and DOD does not plan to reestablish them. Consequently, this recommendation is now obsolete. GAO has an ongoing review assessing DOD's reform efforts as a result of these organizational changes. GAO, *Defense Management: DOD Needs to Implement Statutory Requirements and Identify Resources for Its Cross-Functional Reform Teams*, [GAO-19-165](#) (Washington, D.C.: January 17, 2019).

¹¹We determined that two recommendations no longer warrant priority attention. The first was for DOD to collect information about the cost of its headquarters functions. Our recent work has placed a greater emphasis on broader reviews of DOD's overall business operations beyond those contained in headquarters functions. Our recommendation will remain open until the department formalizes definitions in guidance and improves its functional coding. GAO, *Defense Headquarters: Improved Data Needed to Better Identify Streamlining and Cost Savings Opportunities by Function*, [GAO-16-286](#) (Washington, D.C.: June 30, 2016).

The second recommendation identified a need for the department to report certain cost information for individual ships in its Selected Acquisition Reports for the Ford-class aircraft carrier. In February 2022, we issued a report examining DOD's plans for replacing Selected Acquisition Reporting. See, GAO, *Defense Acquisitions: Additional Actions Needed to Implement Proposed Improvements to Congressional Reporting*, [GAO-22-104687](#) (Washington, D.C.: Feb. 28, 2022). DOD concurred with our recommendation to implement leading practices for managing reform efforts as it develops its plan. While reporting certain cost information for the Ford-class aircraft carrier remains important, given that DOD is in the process of implementing a system to replace its Selected Acquisition Reports, it is more appropriate to monitor progress department-wide, instead of for one particular program. Our recommendation will remain open until the department includes a cost summary and funding information for each individual Ford-class aircraft carrier in its reporting. GAO, *Ford-Class Aircraft Carrier: Follow-On Ships Need More Frequent and Accurate Cost Estimates to Avoid Pitfalls of Lead Ship*, [GAO-17-575](#) (Washington, D.C.: June 13, 2017).

¹²See GAO, *Weapon Systems Annual Assessment: Updated Program Oversight Approach Needed*, [GAO-21-222](#) (Washington, D.C.: June 8, 2021) and *Weapon Systems Annual Assessment: Challenges to Fielding Capabilities Faster Persist*, [GAO-22-105230](#) (Washington, D.C.: June 8, 2022).

As a result, DOD faces challenges delivering innovative technologies to the warfighter to keep pace with evolving threats, including those posed by strategic competitors, such as China and Russia.

To address this, we recommended, for example, that DOD define a science and technology management framework that includes emphasizing greater use of existing flexibilities to more quickly initiate and discontinue projects to respond to the rapid pace of innovation. We also recommended that DOD revise a Capability Portfolio Management directive in accordance with best practices and promote the development of better tools to enable more integrated portfolio reviews and analyses of weapon system investments. Implementation of the remaining seven recommendations in this area, including having the Army, Navy, and Air Force use a balanced set of performance metrics to manage their departments' procurement organizations, including outcome-oriented metrics, would help to address risks involving contracted services and operational contract support.

2. **Rebuilding Readiness and Force Structure.** The 20 recommendations in this area relate to rebuilding and maintaining readiness and developing the force structure needed to execute the missions specified in the National Defense Strategy. The National Defense Strategy identifies building a resilient joint force as one of four defense priorities.¹³ For example, we recommended that the Navy use collected data on sailor fatigue to identify, monitor, and evaluate factors that contribute to fatigue and inadequate sleep such as the effects of crew shortfalls, work requirements, administrative requirements, and collateral duties. Implementation of these priority recommendations would help DOD field a more joint and ready force.
3. **Financial Management.** Implementing the 20 recommendations in this area would move the department closer to its objective of an unmodified ("clean") financial audit opinion. Material weaknesses include intragovernmental transactions and intradepartmental eliminations, suspense accounts, legacy systems, and real property. Further, many of our recommendations also align with DOD's fiscal year 2022 audit priority areas. For example, having a universe of transactions and improving internal controls over financial reporting are critical audit remediation efforts.
4. **Driving Enterprise-Wide Business Reform.** Implementing these four recommendations would help DOD reform its business operations to achieve greater performance and minimize fraud, waste, and abuse. Specifically, we recommended that DOD develop and institutionalize formal policies or agreements as they relate to DOD reform and efficiency collaboration efforts, in order for these efforts to be sustained beyond any leadership and organizational changes.
5. **Cybersecurity and the Information Environment.** Implementing these nine recommendations would assist DOD in addressing cyber and electromagnetic spectrum threats to U.S. national and economic security, which are increasing in frequency, scale, sophistication, and severity of impact. In particular, they would drive improvements in work roles, cyber hygiene, personnel vetting, and electromagnetic spectrum operations. For example, we recommended that DOD direct a component to monitor the extent to which practices are implemented to protect the department's network from key cyberattack techniques.
6. **Health Care.** By implementing five recommendations related to TRICARE's improper payments and DOD's military treatment facilities, DOD would be better positioned to reduce

¹³Department of Defense, *Fact Sheet: 2022 National Defense Strategy*, p. 1.

or manage duplication, improve efficiencies, and reduce improper payments. To address improper payments, for example, we recommended that DOD implement a more comprehensive TRICARE improper payment measurement methodology that includes medical record reviews and develop more robust corrective action plans that address underlying causes of improper payments. Because health care costs are a significant driver of DOD's budget, with the Defense Health Program accounting for \$36.9 billion in DOD's fiscal year 2023 budget request, focusing on health care is critical.

- 7. Preventing Sexual Harassment.** The two recommendations in this area relate to unwanted sexual behaviors in the military that undermine core values, unit cohesion, combat readiness, and public goodwill. This includes sexual harassment, sexual assault, and domestic violence involving sexual assault. Specifically, we recommended that DOD develop a strategy for holding individuals in positions of leadership accountable for promoting, supporting, and enforcing the department's sexual harassment policies and programs. Also, DOD should ensure that the Office of Diversity Management and Equal Opportunity develops and aggressively implements an oversight framework to help guide the department's efforts. Implementation of our recommendations would help address the weaknesses we found in DOD's approach to instituting effective policies and programs on sexual harassment.

- 8. Strengthening Diversity, Equity, and Inclusion within DOD.** The two recommendations in this area would help DOD become a workplace of choice that is characterized by diversity, equality, and inclusion and is free from barriers that may prevent personnel from realizing their potential and rising to the highest levels of responsibility. Specifically, we recommended that DOD ensure the services receive guidance on recruitment and retention efforts of female active-duty servicemembers and that DOD conduct an evaluation to identify and take steps to address the causes of any disparities in the military justice system. Implementation of our recommendations would strengthen the department's efforts to recruit and retain female servicemembers, as well as better understand the reasons for racial and gender disparities in the military justice system.

In March 2021, we issued our biennial update to our [High Risk List](#), which identifies government operations with greater vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges.¹⁴ DOD bears primary responsibility for five of our high-risk areas: [DOD Weapon Systems Acquisition](#), [DOD Financial Management](#), [DOD Business Systems Modernization](#), [DOD Approach to Business Transformation](#), and [DOD Contract Management](#).

Several government-wide [high-risk](#) areas also have direct implications for DOD and its operations, including (1) [improving the management of information technology acquisitions and operations](#), (2) [improving strategic human capital management](#), (3) [managing federal real property](#), (4) [ensuring the cybersecurity of the nation](#),¹⁵ and (5) [improving government-wide](#)

¹⁴GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021).

¹⁵With regard to cybersecurity, we also urge you to use foundational information and communications technology supply chain risk management practices set forth in our December 2020 report: *GAO, Information Technology: Federal Agencies Need to Take Urgent Action to Manage Supply Chain Risks*, [GAO-21-171](#) (Washington, D.C.: Dec. 15, 2020).

[personnel security clearance process](#). We urge your attention to the five high-risk issues for which DOD bears primary responsibility and the government-wide high-risk issues as they relate to DOD. Progress on high-risk issues has been possible through the concerted actions and efforts of Congress, the Office of Management and Budget, and the leadership and staff in agencies, including within DOD. In March 2022, we issued a report on key practices to successfully address high-risk areas, which can be a helpful resource as your agency continues to make progress to address high-risk issues.¹⁶

Copies of this letter are being sent to the Director of the Office of Management and Budget and appropriate congressional committees including the Committees on Armed Services, Appropriations, Budget, and Homeland Security and Governmental Affairs, the United States Senate; and the Committees on Armed Services, Appropriations, Budget, and Oversight and Reform, House of Representatives. In addition, the letter will be available on the GAO website at <https://www.gao.gov>.

I appreciate DOD's commitment to these important matters. If you have any questions or would like to discuss any of the issues outlined in this letter, please do not hesitate to contact me or Cathleen A. Berrick, Managing Director, Defense Capabilities and Management, at berrickc@gao.gov or (202) 512-3404. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Our teams will continue to coordinate with DOD staff on all of the 1,129 open recommendations, as well as those additional recommendations in the [high-risk](#) areas for which DOD has a primary or leading role. Thank you for the department's attention to these matters.



Gene L. Dodaro
Comptroller General
of the United States

Enclosure – 1

cc: The Honorable Shalanda Young, Director, Office of Management and Budget
The Honorable Christine Wormuth, Secretary of the Army
The Honorable Frank Kendall, Secretary of the Air Force
The Honorable Carlos Del Toro, Secretary of the Navy
General David Berger, Commandant of the Marine Corps
The Honorable William A. LaPlante, Under Secretary of Defense for Acquisition and Sustainment
The Honorable Heidi Shyu, Under Secretary of Defense for Research and Engineering
The Honorable Gilbert Cisneros, Under Secretary of Defense for Personnel and Readiness
The Honorable Michael McCord, Under Secretary of Defense, Comptroller

¹⁶GAO, *High-Risk Series: Key Practices to Successfully Address High-Risk Areas and Remove Them from the List*, [GAO-22-105184](#) (Washington, D.C.: Mar. 3, 2022).

The Honorable Colin Kahl, Under Secretary of Defense for Policy
Susanna Blume, Director, Cost Assessment and Program Evaluation
The Honorable Seileen Mullen, Acting Assistant Secretary of Defense for Health Affairs
The Honorable Carol Spangler, Assistant Secretary of the Army, Financial Management and Comptroller
Vice Admiral Jon Hill, Director, Missile Defense Agency
James Hursch, Director, Defense Security Cooperation Agency
Sean J. Burke, Program Executive Officer, F-35 Lightning II Joint Program Office and
Lieutenant General Michael J. Schmidt, Program Executive Officer, F-35 Joint Program Office

Enclosure

Priority Open Recommendations to the Department of Defense (DOD)

1. Acquisitions and Contract Management

Army Modernization: Steps Needed to Ensure Army Futures Command Fully Applies Leading Practices. [GAO-19-132](#). Washington, D.C.: January 23, 2019.

Recommendation: The Secretary of the Army should ensure that the Commanding General of Army Futures Command applies leading practices as they relate to technology development, particularly that of demonstrating technology in an operational environment, prior to starting system development.

Action needed: The Army concurred with this recommendation. Army officials acknowledged the importance of the recommendation and said they have taken actions to identify and remove infeasible or immature technologies. In April 2022, an Army official indicated that Army Futures Command has multiple initiatives for technology maturation and is working to provide relevant documentation. To fully implement this recommendation, the Army will need to demonstrate that all of the technologies it is developing are matured in accordance with leading practices. By doing so, the Army will be better able to reduce the risk that technologies will not operate as intended or desired.

High-Risk area: [DOD Weapon Systems Acquisition](#)

Director: Jon Ludwigson

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Army Weapon Systems Requirements: Need to Address Workforce Shortfalls to Make Necessary Improvements. [GAO-17-568](#). Washington, D.C.: June 22, 2017.

Recommendation: The Secretary of the Army should conduct a comprehensive assessment to better understand the resources necessary for the requirements development process and determine the extent to which the shortfalls can be addressed given other funding priorities.

Actions Needed: The Army concurred with our recommendation. In August 2021, Army officials told us that Army Futures Command planned to conduct a comprehensive workforce assessment, which will consider the resources needed for the requirements development process. In February 2022, Army Futures Command officials told us that they expect to complete this assessment in 2022. Without implementation of our recommendation, the Army cannot be certain it has the capabilities to effectively determine program requirements and achieve positive acquisition outcomes.

High-Risk area: [DOD Weapon Systems Acquisition](#)

Director: Jon Ludwigson

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Defense Science and Technology: Adopting Best Practices Can Improve Innovation Investments and Management. GAO-17-499 Washington, D.C.: June 29, 2017.

Recommendations:

1-2. To ensure that DOD is positioned to counter both near- and far-term threats, consistent with its science and technology framework, the Secretary of Defense should direct the new Under Secretary of Defense for Research and Engineering to (a) annually define the mix of incremental and disruptive innovation investments for each military department; and (b) annually assess whether that mix is achieved.

3. To ensure that DOD is positioned to more comprehensively implement leading practices for managing science and technology programs, the Secretary of Defense should direct the new Under Secretary of Defense for Research and Engineering to define, in policy or guidance, a science and technology management framework that includes emphasizing greater use of existing flexibilities to more quickly initiate and discontinue projects to respond to the rapid pace of innovation.

Actions Needed: DOD did not concur with these three recommendations, stating at the time our report was published that implementing them would be premature, since the Secretary of Defense had not made final decisions on the role of the new Under Secretary of Defense for Research and Engineering (USD(R&E)). In July 2018, DOD finalized the organizational structures, roles, and responsibilities for the new Under Secretary.

In March 2021, a senior official in the Office of the USD(R&E) stated that the military departments are better positioned than the USD(R&E) to define, in their military department-specific science and technology strategies, an appropriate mix of investments for their respective departments and to assess performance toward achieving that mix.

However, in May 2022, a senior official within the office expressed skepticism on whether any desired mix of incremental and disruptive innovation should be defined in strategy—either at the Under Secretary’s level or at the military department level—and questioned the utility of assessing performance toward achieving that mix. This official added that DOD’s Communities of Interest—a component of DOD’s overarching Reliance 21 framework for science and technology coordination—provide senior leadership with sufficient visibility through annual budget and portfolio reviews to the types of science and technology investments being made by DOD.

However, Communities of Interest are limited to an advisory capacity, and lack authority to direct military department science and technology investments. We believe that an approach where the military departments define this mix in their science and technology strategies would address the intent of our recommendations, which is for the military departments to be intentional and deliberate with how they are approaching science and technology investments. Until DOD implements these recommendations, DOD lacks visibility over whether the technologies it is developing will provide capabilities responsive to countering future and emerging adversarial threats consistent with the pace of innovation.

High-Risk area: [DOD Weapon Systems Acquisition](#)

Managing Director: Timothy J. DiNapoli

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Weapon Systems Cybersecurity: Guidance Would Help DOD Programs Better Communicate Requirements to Contractors. GAO-21-179. Washington, D.C.: March 4, 2021.

Recommendations:

1. The Secretary of the Navy should develop guidance for acquisition programs on how to incorporate tailored weapon systems cybersecurity requirements, acceptance criteria, and verification processes into contracts.

2. The Secretary of the Navy should take steps to ensure the Marine Corps develops guidance for acquisition programs on how to incorporate tailored weapon systems cybersecurity requirements, acceptance criteria, and verification processes into contracts.

Actions Needed: The Navy concurred with our recommendation to develop guidance for Navy acquisition programs and partially concurred with our recommendation to develop Marine Corps guidance, stating that a separate recommendation to the Marine Corps was unnecessary given that the Navy and Marine Corps operate under a single acquisition construct.

We determined that separate recommendations to each component were appropriate because each maintains independent policies and guidance relevant to cybersecurity. In April 2022, the Navy issued an updated instruction governing the Department's program acquisition and sustainment policies and procedures. The instruction includes a new enclosure on cybersecurity requirements, which reinforces the importance of cybersecurity as a design and systems engineering consideration throughout the program lifecycle. However, the instruction does not address contracting for cybersecurity requirements as called for by our recommendations. By implementing our recommendations, DOD would better communicate cybersecurity requirements to the contractors developing weapon systems and would be better able to verify that the contractors met the requirements.

High-Risk area: [DOD Weapon Systems Acquisition](#)

Director: W. William Russell

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Navy Shipbuilding: Increasing Focus on Sustainment Early in the Acquisition Process Could Save Billions. [GAO-20-2](#). Washington, D.C.: March 24, 2020.

Recommendations:

1. The Secretary of Defense should change its definition for setting operational availability for ships in its Joint Capabilities Integration and Development System policy by adding information that defines the operational availability requirement by mission area in addition to the ship level and includes all equipment failures that affect the ability of a ship to perform primary missions.

2. The Secretary of the Navy should direct the Assistant Secretary of the Navy for Research, Development and Acquisition to ensure that all shipbuilding programs develop and update life-cycle sustainment plans in accordance with DOD policy demonstrate how a ship class can be affordably operated and maintained while meeting sustainment requirements, including associated business case analyses and identifying sustainment risk.

Actions Needed: DOD partially concurred with our first recommendation, and in March 2022, officials said they planned to include the operational availability key performance parameter when they update the Joint Capabilities Integration and Development System policy. To fully implement this recommendation, DOD should develop ship reliability requirements that ensure the Navy's ships and submarines are sufficiently reliable.

The Navy initially agreed with our second recommendation, but in March 2022, Navy officials said that the Navy did not need to take additional action. The Navy said that they have provisions in their broader acquisition guidance that meets the recommendation. We maintain that in accordance with DOD's policy, the Navy needs to complete Life Cycle Sustainment Plans for all of its shipbuilding programs—something the Navy had not done as of March 2022. Implementing our recommendations would help the Navy make decisions that ensure it acquires ships that it can affordably sustain.

High-Risk area: [DOD Weapon Systems Acquisition](#)

Director: Shelby S. Oakley

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Navy Shipbuilding: Policy Changes Needed to Improve the Post-Delivery Process and Ship Quality. [GAO-17-418](#). Washington, D.C.: July 13, 2017.

Recommendations:

1. The Secretary of Defense should direct the Secretary of the Navy to revise the Navy's ship delivery policy to clarify what types of deficiencies need to be corrected and what mission capability (including the levels of quality and capability) must be achieved (1) at delivery and (2) when the ship is provided to the fleet (at the obligation work limiting date). In doing so, the Navy should clearly define what constitutes a complete ship and when that should be achieved.
2. The Secretary of Defense should direct the Secretary of the Navy to reconcile policy with practice to support the Navy Board of Inspection and Survey's (INSURV) role in making a recommendation for fleet introduction. Accomplishing this may require a study of the current timing of ship trials, and the costs and benefits associated with adding an INSURV assessment prior to providing ships to the fleet.

Actions Needed: DOD did not concur with our recommendations, but in June 2022, the Office of the Secretary of Defense (OSD) stated that they would consider our recommendations during regularly scheduled policy updates. With regard to our first recommendation, we maintain that the Navy's ship delivery policy is a key instruction for ensuring that the fleet receives complete, mission-capable ships. Implementing our first recommendation would improve the likelihood of identifying and correcting deficiencies before fleet introduction and increase consistency in how the Navy defines quality.

Regarding our second recommendation, DOD noted that the current timing of INSURV trials provides the Navy with an opportunity to ensure contractual obligations have been met and identify construction deficiencies for correction during the post-delivery period. However, we found that significant construction deficiencies identified prior to delivery were not corrected until the post-delivery period and, therefore, INSURV generally did not have an opportunity to inspect these corrections before ships were provided to the fleet. In June 2022, DOD stated that current policy allows for conducting a special trial at the end of the post-delivery period to address any significant deficiencies that remain following INSURV's initial assessment. However, Navy officials stated that the use of a special trial is not codified in the ship delivery policy. In June 2022, OSD stated that the Navy will incorporate criteria for requesting special trials when it updates the ship delivery policy, which it expects to complete by December 2022. If the Navy completes this update, our recommendation would be implemented. Without implementation of our second recommendation, the Navy may be missing an opportunity to improve the quality of ships delivered to the operational fleet.

High-Risk area: [DOD Weapon Systems Acquisition](#)

Director: Shelby S. Oakley

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Navy and Coast Guard Shipbuilding: Navy Should Reconsider Approach to Warranties for Correcting Construction Defects. [GAO-16-71](#). Washington, D.C.: March 3, 2016.

Recommendation: To improve the use of warranties and guarantees in Navy shipbuilding, the Secretary of Defense should direct the Secretary of the Navy, for future ship construction contracts, to determine whether or not a warranty, as provided in the Federal Acquisition Regulation, provides value and to document the costs, benefits, and other factors used to make this decision. To inform this determination, the Navy should begin differentiating the government's and shipbuilder's respective responsibilities for defects, and should track the costs to correct all defects after ship delivery.

Actions Needed: DOD partially concurred with our recommendation. It agreed to study policy changes with regard to warranties, but disagreed that DOD needs additional cost data to inform its decisions, and questioned whether warranties are suitable for ship acquisitions. In January

2018, the Navy issued guidance to help contracting officers determine when and how to use a warranty or guarantee, but the Navy has attempted to collect only two warranty cost proposals and, going forward, Navy officials stated that they do not have plans to systemically collect such data. As of March 2022, the Navy's position was unchanged.

To fully implement this recommendation, the Navy needs to collect additional data to determine cases in which warranties could contribute to improvements in the cost and quality of Navy ships. Until the Navy implements our recommendation, it will not be positioned to know whether warranties would improve the quality of Navy ships when they are provided to the fleet.

High-Risk area: [DOD Weapon Systems Acquisition](#)

Director: Shelby S. Oakley

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Weapon System Acquisitions: Opportunities Exist to Improve the Department of Defense's Portfolio Management. [GAO-15-466](#) Washington, D.C.: August 27, 2015.

Recommendation: To improve DOD's use of portfolio management for its weapon system investments and ensure that its investment plans are affordable, strategy-driven, balance near- and long-term needs, and leverage efforts across the military services, as well as to provide a solid foundation for future portfolio management efforts at the enterprise-level, the Secretary of Defense should revise DOD Directive 7045.20 on Capability Portfolio Management in accordance with best practices and promote the development of better tools to enable more integrated portfolio reviews and analyses of weapon system investments.

Key elements of this recommendation would include (1) designating the Deputy Secretary of Defense or some appropriate delegate responsibility for implementing the policy and overseeing portfolio management in DOD; (2) requiring annual enterprise-level portfolio reviews that incorporate key portfolio review elements, including information from the requirements, acquisition, and budget processes; (3) directing the Joint Staff, the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Office of Cost Assessment and Program Evaluation to collaborate on their data needs and develop a formal implementation plan for meeting those needs either by building on the database the Joint Staff is developing for its analysis or investing in new analytical tools; and (4) incorporating lessons learned from military service portfolio reviews and portfolio management activities, such as using multiple risk and funding scenarios to assess needs and re-evaluate priorities.

Actions Needed: DOD partially concurred with our recommendation. DOD agreed with the need to further develop portfolio management tools, ensure access to authoritative data, and incorporate lessons learned by others performing portfolio management. However, DOD stated that other aspects of our recommendation were redundant to, and would conflict with, other processes and activities in place to perform portfolio management. However, as of April 2022, DOD is continuing its efforts to implement this recommendation. The Office of the Under Secretary of Defense for Acquisition and Sustainment—one of two offices that assumed responsibilities from the former office of the Under Secretary of Defense for Acquisition, Technology, and Logistics in 2018—began revising DOD Directive 7045.20 in summer 2019. DOD completed a draft of the directive, but had been awaiting the confirmation of the new Under Secretary, which occurred in April 2022, to finalize it. In April 2022, DOD officials told us they expect to finalize the directive by October 2022.

In the interim, the Deputy Secretary of Defense and the Joint Requirements Oversight Council each issued a memorandum establishing portfolio reviews. The reviews established by the Deputy Secretary of Defense are referred to as Integrated Acquisition Portfolio Reviews. The stated goal of these reviews is to identify acquisition portfolio interdependencies and critical risks. The review established by the Joint Requirements Oversight Council, called the Capability Portfolio Management Review, intends to identify key findings and recommendations related to

priority capability gaps, redundancies, tradeoffs, opportunities, and effects of recent budgetary decisions. We will continue to monitor DOD's progress in implementing this recommendation, as it is too soon to know if the new portfolio reviews and the planned updates to DOD Directive 7045.20 will address the recommendation. Implementing our recommendation would provide DOD with the foundation for improved weapon system investment planning and management.

High-Risk area: [DOD Weapon Systems Acquisition](#)

Director: Shelby S. Oakley

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Missile Defense: Opportunity to Refocus on Strengthening Acquisition Management. [GAO-13-432](#). Washington, D.C.: April 26, 2013.

Recommendations:

1. To provide decisionmakers insight into the full costs of missile defense acquisition programs, the Secretary of Defense should direct the Missile Defense Agency (MDA) to include all lifecycle costs in its resource baseline cost estimates, specifically the military services' operations and support costs.

2. To enable meaningful comparisons of progress over time, the Secretary of Defense should direct MDA to stabilize its acquisition programs' baselines.

Actions Needed: DOD partially concurred with our first recommendation and noted that both MDA and the military services have operations and sustainment costs for the weapon systems that are part of the Missile Defense System. In 2020, DOD requested closure of this recommendation as implemented, citing MDA's preparation of joint cost estimates (JCE) with the military services to capture their respective operations and sustainment costs.

However, in February 2022 we found that not all applicable weapon systems have a JCE as required by policy, some existing JCEs are outdated, and none of the JCEs has been independently verified by DOD's office of Cost Assessment and Program Evaluation, as advised by policy. We also found that for those weapon systems without a JCE, the operations and sustainment costs were captured in multiple and disparate sources that were not connected in any centralized way. In addition, we found that MDA does not include the JCEs or other sources for the operations and sustainment costs in its lifecycle cost estimates or baseline reporting, which made it difficult or, in some instances, impossible for us to quantify the full lifecycle costs for certain weapon systems. Accordingly, we advised MDA to add a citation in its lifecycle cost estimates and baseline reporting to the JCE or other source(s) for the operations and sustainment costs. By doing so, MDA will better ensure decision makers have necessary insight into the full lifecycle costs of these weapon systems.

DOD concurred with our second recommendation, but noted that MDA has the authority to adjust baselines to remain responsive to evolving requirements and threats. In 2020, DOD requested closure of this recommendation as implemented, citing MDA's addition of a list of significant changes to its annual baseline reporting. According to MDA, a program's cost performance can be discerned by simply collating the list of significant changes from each annual baseline reporting. However, in February 2022, we found that MDA continues to make untraced adjustments to program baselines and shifts costs across and outside of program baselines, which complicates and sometimes prevents the collation and reconciliation of adjustments. Thus, we determined that MDA's actions do not meet the intent of our recommendation and advised MDA to explore and take appropriate corrective actions. Implementing our recommendation would ensure MDA's program baselines are a useful oversight tool for Congress.

High-Risk area: [DOD Weapon Systems Acquisition](#)

Acting Director: John Sawyer

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DOD Service Acquisition: Improved Use of Available Data Needed to Better Manage and Forecast Service Contract Requirements. [GAO-16-119](#). Washington, D.C.: February 18, 2016.

Recommendations:

1. To ensure that senior leadership within the Office of the Secretary of Defense and the military departments are better positioned to make informed decisions regarding the volume and type of services that should be acquired over the future year defense program, the Secretary of the Air Force should revise their programming guidance to collect information on how contracted services will be used to meet their requirements beyond the budget year.
2. To ensure that senior leadership within the Office of the Secretary of Defense and the military departments are better positioned to make informed decisions regarding the volume and type of services that should be acquired over the future year defense program, the Secretary of the Navy should revise its programming guidance to collect information on how contracted services will be used to meet its requirements beyond the budget year.
3. To ensure the military departments' efforts to integrate services into the programming process and senior service managers' efforts to develop forecasts on service contract spending provide the department with consistent data, the Secretary of Defense should establish a mechanism, such as a working group of key stakeholders—which could include officials from the programming, budgeting, and requirements communities as well as the military departments' senior services managers—to coordinate these efforts.

Actions Needed: DOD partially concurred with our first two recommendations and noted that, while its guidance will continue to direct the efficient use of contracted services, the volatility of requirements and each budget cycle constrain the department's ability to accurately quantify service contract requirements beyond the budget year. DOD also partially concurred with our third recommendation, but did not indicate any actions it planned to take to implement this recommendation.

In February 2021, we reported that the Air Force and the Navy had not revised their programming guidance, and DOD had not identified steps to develop forecasts on service contract spending.¹⁷ Subsequently, the joint explanatory statement accompanying the National Defense Authorization Act for Fiscal Year 2022, directed the Secretary of Defense to submit to the congressional defense committees a plan by June 1, 2022, that (1) assigns responsibilities to specific offices; (2) identifies what changes, if any, are needed to military department and defense agency programming guidance; and (3) establishes milestones to track progress to ensure that projected spending on services is integrated into and clearly identified in DOD's future years defense program. The Secretary of Defense did not submit this plan by June 1, 2022. Once the Secretary of Defense submits this plan, we will assess the extent to which it addresses the three recommendations. Without implementation of these recommendations, DOD may be at risk of having inconsistent data that will hinder it from moving forward on an enterprise-wide basis.

High-Risk area: [DOD Contract Management](#)

Director: W. William Russell

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Federal Contracting: Senior Leaders Should Use Leading Companies' Key Practices to Improve Performance. [GAO-21-491](#). Washington, D.C.: July 27, 2021.

¹⁷GAO, *Service Acquisitions: DOD's Report to Congress Identifies Steps Taken to Improve Management, But Does Not Address Some Key Planning Issues*, [GAO-21-267R](#) (Washington, D.C.: Feb. 22, 2021).

Recommendations:

1. The Secretary of the Navy should ensure the Deputy Assistant Secretary of the Navy (Procurement) uses a balanced set of performance metrics to manage the department's procurement organizations, including outcome-oriented metrics to measure (a) cost savings/avoidance, (b) timeliness of deliveries, (c) quality of deliverables, and (d) end-user satisfaction.
2. The Secretary of the Army should ensure the Deputy Assistant Secretary of the Army (Procurement) uses a balanced set of performance metrics to manage the department's procurement organizations, including outcome-oriented metrics to measure (a) cost savings/avoidance, (b) timeliness of deliveries, (c) quality of deliverables, and (d) end-user satisfaction.
3. The Secretary of the Air Force should ensure the Deputy Assistant Secretary of the Air Force (Contracting) uses a balanced set of performance metrics to manage the department's procurement organizations, including outcome-oriented metrics to measure (a) timeliness of deliveries, (b) quality of deliverables, and (c) end-user satisfaction.

Actions Needed: The Navy and Army concurred with these recommendations. In January 2022, DOD communicated that the Navy was developing tools, such as dashboards, that would provide the Deputy Assistant Secretary of the Navy (Procurement) greater visibility and real-time access to existing metrics and data, and an ability to create new metrics as needed. DOD estimated the Navy would complete this effort by the first quarter of fiscal year 2025. In January 2022, DOD communicated that the Deputy Assistant Secretary of the Army (Procurement) was establishing metrics for cost, schedule, and performance outcomes, with a focus on customer service. In February 2022, DOD provided a status update on the Army's ongoing efforts to establish these metrics, which have the potential to address the recommendation, and stated it was aiming to implement the metrics by August 2022.

The Air Force did not concur with this recommendation. However, in January 2022, DOD communicated that the Air Force had established teams to review existing contracting metrics and develop new contracting metrics. DOD estimated that the Air Force would complete this effort in July 2022. This action has the potential to address the recommendation if the new contracting metrics assess (a) timeliness of deliveries, (b) quality of deliverables, and (c) end-user satisfaction. Implementing our recommendations would assist agencies' senior leaders in setting priorities and allocating resources intended to improve their organizations' performance.

High-Risk area: [DOD Contract Management](#)

Managing Director: Timothy J. DiNapoli

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Operational Contract Support: Additional Actions Needed to Manage, Account for, and Vet Defense Contractors in Africa. [GAO-16-105](#). Washington, D.C.: December 17, 2015.

Recommendation: The Secretary of Defense should develop guidance that clarifies the conditions under which combatant commands should have a foreign vendor vetting process or cell in place to determine whether potential vendors actively support any terrorist, criminal, or other sanctioned organizations.

Actions Needed: DOD concurred with our recommendation. As of March 2022, DOD had taken steps to develop foreign vendor vetting guidance, but had not issued that guidance. According

to the Office of the Secretary of Defense and Joint Staff, the department was working to publish a DOD directive on vendor threat mitigation that would incorporate interim vendor vetting guidance and emerging best practices identified by the vendor vetting community of interest.

Pending publication of the directive, the Deputy Secretary of Defense issued a directive-type memorandum in April 2018, which establishes policy and assigns responsibility for developing vendor vetting guidance to the Under Secretary of Defense for Acquisition and Sustainment, the Under Secretary of Defense for Policy, the Under Secretary of Defense for Intelligence, and the Chairman of the Joint Chiefs of Staff. Additionally, DOD developed a charter for its vendor vetting working group in January 2020. This group was established to, among other things, develop guidance that will define foreign vendor vetting as a distinct function and provide combatant commanders with guidance on addressing the risks associated with relying on commercial vendors. In July 2022, as this letter was in final stages of publication, DOD issued DOD Directive 3000.16, Vendor Threat Mitigation; we will assess this guidance and other planned steps to determine whether they meet the intent of 2015 recommendation. Until DOD implements our recommendation, AFRICOM is at risk of not exercising the appropriate level of vendor vetting on the African continent to protect DOD personnel from insider threats.

High-Risk area: [DOD Contract Management](#)

Director: Cary Russell

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2. Rebuilding Readiness and Force Structure

Navy Ship Maintenance: Actions Needed to Monitor and Address the Performance of Intermediate Maintenance Periods. [GAO-22-104510](#). Washington, D.C.: February 8, 2022.

Recommendation: The Secretary of the Navy should ensure that the Navy's maintenance-related strategic planning and initiatives, such as the Navy's Performance to Plan efforts, include issues associated with the performance of intermediate maintenance periods.

Actions Needed: The Navy concurred with our recommendation. In January 2022, the Navy stated it will leverage the Performance to Plan and Naval Sustainment System forums to drive improvements to maintenance as a whole, encompassing both intermediate and depot-level maintenance. To fully implement this recommendation, the Navy should ensure it includes in strategic documentation the issues associated with intermediate maintenance periods. Without implementation of our recommendation, the Navy risks negatively affecting the readiness of the fleet, and intermediate maintenance periods may continue to result in thousands of days of maintenance delay for the Navy's submarines, surface ships, and aircraft carriers.

Director: Diana Maurer

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Navy Shipyards: Actions Needed to Address the Main Factors Causing Maintenance Delays for Aircraft Carriers and Submarines. [GAO-20-588](#). Washington, D.C.: August 20, 2020.

Recommendations:

1. The Secretary of the Navy should ensure that the Naval Sea Systems Command fully analyzes the use of overtime among shipyard production shops, and updates workforce requirements to avoid the consistent use of overtime to meet planned maintenance requirements.

2. The Secretary of the Navy should ensure that the Naval Sea Systems Command develops and implements goals, action plans, milestones, and a monitoring process for its Shipyard

Performance to Plan initiative to address the main factors contributing to maintenance delays and improve the timely completion of ship maintenance at Navy shipyards.

Actions Needed: The Navy concurred with our recommendations. The Navy stated in December 2020 that to address our first recommendation Naval Sea Systems Command will analyze each factor affecting the overtime. In its May 2022 update, the Navy stated that during DOD's Planning, Programming, Budgeting, and Execution cycle for fiscal year 2022, the Naval Sea Systems Command analyzed its planned maintenance requirements to provide a balanced and executable workload within the public shipyards. However, the Navy did not complete a dedicated analysis of overtime rates. Further, in the Navy's fiscal year 2022 Execution Guidance, the Navy continued to include overtime requirements at its shipyards ranging from 14.9 percent to 16.9 percent.

To fully implement our recommendation, the Navy should conduct a dedicated analysis of overtime rates in the shipyard production shops to determine the impact of consistent, high-levels of overtime on the timely completion of maintenance. The Navy should then update its workforce requirements based on that analysis. Through implementation of our recommendation, the Navy could better meet planned maintenance requirements and respond to emergency requirements without further degrading the readiness of the fleet.

Naval Sea Systems Command stated in December 2020 that to address our second recommendation, the command has developed metrics for the identified drivers of maintenance delays and is working to identify levers that can be used to facilitate improvements. Since that time, the Navy has developed goals, milestones, and monitoring for the top-tier performance metrics it has identified. The Navy needs to fully develop action plans to address those metrics. Implementation of our recommendation could increase the overall availability of aircraft carriers and submarines to perform needed training and operations in support of their various missions and improve readiness.

Director: Diana Maurer

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Naval Shipyards: Actions Needed to Improve Poor Conditions That Affect Operations. [GAO-17-548](#). Washington, D.C.: September 12, 2017.

Recommendation: The Secretary of the Navy should develop a comprehensive plan for shipyard capital investment that establishes the desired goal for the shipyards' condition and capabilities; an estimate of the full costs to implement the plan, addressing all relevant requirements, external risk factors, and associated planning costs; and metrics for assessing progress toward meeting the goal that include measuring the effectiveness of capital investments.

Actions Needed: The Navy concurred with this recommendation and produced a Shipyard Infrastructure Optimization Plan in February 2018 to guide the improvement of the naval shipyards. This plan includes some of the recommended elements, but not others. For example, the plan includes only a preliminary cost estimate. According to the Navy, it is working to determine the full costs to address relevant requirements and risk factors, among other things. In addition, as of February 2022, the plan did not include metrics for assessing progress toward meeting each goal. Navy officials have stated that they intend to develop metrics to meet this element during a second phase, which will be complete in fiscal year 2024. Implementing our recommendation by developing a more comprehensive cost estimate and metrics for assessing progress would help ensure that key decision makers and Congress have the information they need to assess the effectiveness of the Navy's capital investment program at the shipyards.

Director: Diana Maurer

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Navy Force Structure: Sustainable Plan and Comprehensive Assessment Needed to Mitigate Long-Term Risks to Ships Assigned to Overseas Homeports. [GAO-15-329](#). Washington, D.C.: May 29, 2015.

Recommendation: The Secretary of Defense should direct the Secretary of the Navy to develop and implement a sustainable operational schedule for all ships homeported overseas.

Actions Needed: DOD concurred with our recommendation. As of April 2022, the Navy approved a change to the operational schedule for ships homeported in Japan and other overseas homeports and included this change in Navy guidance. The Navy also established the Naval Surface Group Western Pacific to oversee surface ship maintenance, training, and certification for ships based in Japan. To fully implement this recommendation, the Navy will need to adhere to the revised schedules. Without an operational schedule that balances presence demands and long-term sustainability for ships homeported overseas, the Navy risks continuing the pattern of deferred ship maintenance, which leads to higher maintenance costs over the long term and threatens achievement of full ship service lives.

Director: Diana Maurer

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Navy Readiness: Additional Efforts Are Needed to Manage Fatigue, Reduce Crewing Shortfalls, and Implement Training. [GAO-21-366](#). Washington, D.C.: May 27, 2021.

Recommendations:

1. The Secretary of the Navy should ensure that the Office of Chief of Naval Operations and the Commander, U.S. Fleet Forces Command and Commander, U.S. Pacific Fleet revise guidance to require systematic collection of quality and timely fatigue data from sailors that are accessible to operational commanders to support underway decision-making.
2. The Secretary of the Navy should ensure that the Office of Chief of Naval Operations and the Commander, U.S. Fleet Forces Command and Commander, U.S. Pacific Fleet use collected data on sailor fatigue to identify, monitor, and evaluate factors that contribute to fatigue and inadequate sleep such as the effects of crew shortfalls, work requirements, administrative requirements, and collateral duties.
3. The Secretary of the Navy should ensure that the Office of Chief of Naval Operations and the Commander, U.S. Fleet Forces Command and Commander, U.S. Pacific Fleet take actions to address the factors causing sailor fatigue and inadequate sleep.
4. The Secretary of the Navy should ensure that the Office of Chief of Naval Operations and the Commander, U.S. Fleet Forces Command and Commander, U.S. Pacific Fleet establish a process for identifying and assisting units that have not implemented its fatigue management policy.
5. The Secretary of the Navy should ensure that the Office of Chief of Naval Operations uses crew requirements to project future personnel needs.

Actions Needed: DOD concurred with these recommendations and has several efforts underway to address them. These include collecting biometric sleep data to aid scheduling watch periods and analyzing fatigue information from existing systems and those in development to identify and assist crews experiencing fatigue issues. The Navy stated in April 2022 that it expects to complete these efforts over the next 2 years. Implementation of our recommendations would help address the Navy's acute readiness challenges.

Director: Cary Russell

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Navy Readiness: Actions Needed to Evaluate and Improve Surface Warfare Officer Career Path. [GAO-21-168](#). Washington, D.C.: June 17, 2021.

Recommendations:

1. The Secretary of the Navy should ensure the Commander, Naval Surface Forces, uses information gathered on Surface Warfare Officer separation rates to develop a plan with clearly defined goals; performance measures that identify specific retention rates or determine if initiatives to improve retention are working as planned; and timelines to improve Surface Warfare Officer retention rates.
2. The Secretary of the Navy should ensure the Commander, Naval Surface Forces, establishes and implements regular evaluations of the effectiveness of the current Surface Warfare Officer career path, training, and policies in successfully developing and retaining proficient Surface Warfare Officers. The initial evaluation should include at a minimum: (a) an evaluation of the Navy's approach against other career path and proficiency models of other navies and maritime communities, such as specialized career tracks and ship command requirements, identified in our review and (b) input from Surface Warfare Officers at all levels.

Actions Needed: DOD concurred with these two recommendations. In March 2022, Navy officials stated that they developed overall retention goals, measures of effectiveness, timelines, and a mitigation strategy and risk assessment for improving Surface Warfare Officer retention. The officials also outlined plans to use the results from the recently concluded Junior Surface Warfare Officer survey and from planned focus groups to evaluate the effectiveness of various initiatives and generate ideas for future initiatives to improve Surface Warfare Officer retention. In addition, Navy officials stated that they are currently evaluating training, policies, and career path options—in comparison to other navies and maritime communities—to determine if current Surface Warfare Officer training is successful in developing proficient Surface Warfare Officers.

To fully implement these recommendations, the Navy should finalize and implement its plan to improve Surface Warfare Officer retention rates and codify how it will regularly evaluate and make any necessary changes to the Surface Warfare Officer career path. Implementation of our recommendation would better position the Navy to retain a diverse and combat-ready community of Surface Warfare Officers.

Director: Cary Russell

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F-35 Aircraft Sustainment: DOD Needs to Address Substantial Supply Chain Management Challenges. [GAO-19-321](#). Washington, D.C.: April 25, 2019.

Recommendation: The Secretary of Defense should ensure that the Under Secretary of Defense for Acquisition and Sustainment, together with the F-35 Program Executive Officer, the Secretaries of the Air Force and Navy, and the Commandant of the Marine Corps, clearly defines the strategy by which DOD will manage the F-35 supply chain in the future and update key strategy documents accordingly, to include any additional actions and investments necessary to support that strategy.

Actions Needed: DOD concurred with this recommendation. As of February 2022, DOD documentation indicated that the department had completed a Business Case Analysis of its Product Support Strategy. This analysis examines the full strategy and evaluates each alternative, to include quantitative and qualitative assessments, risk analysis, and recommendations. DOD stated that the F-35 program is assessing the findings of the analysis and working to gain stakeholder agreement on the path forward. According to DOD, it will then

formally define the program's future supply chain strategy. DOD officials estimated that this effort would not be complete until at least summer of 2022.

To fully implement this recommendation, DOD needs to clearly define the strategy by which DOD will manage the F-35 supply chain in the future and update key strategy documents accordingly. This should include determining the roles of both the prime contractor and DOD in managing the supply chain and the investments in technical data needed to support DOD-led management. Until DOD implements our recommendations and clearly defines its strategy for managing the F-35 supply chain in the future—to include any additional actions and investments necessary to support that strategy—the F-35 program will lack the certainty and unity of effort needed to meaningfully improve supply chain performance and reduce costs.

Director: Diana Maurer

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F-35 Aircraft Sustainment: DOD Needs to Address Challenges Affecting Readiness and Cost Transparency. [GAO-18-75](#). Washington, D.C.: October 26, 2017.

Recommendations: The Under Secretary of Defense for Acquisition, Technology, and Logistics,¹⁸ in coordination with the F-35 Program Executive Officer, should take the following actions:

1. Re-examine the metrics that it will use to hold the contractor accountable under the fixed-price, performance-based contracts to ensure that such metrics are objectively measurable, are fully reflective of processes over which the contractor has control, and drive desired behaviors by all stakeholders.
2. Prior to entering into multi-year, fixed-price, performance-based contracts, ensure that DOD has sufficient knowledge of the actual costs of sustainment and technical characteristics of the aircraft after baseline development is complete and the system reaches maturity.

Actions Needed: DOD concurred with these two recommendations. According to a DOD official, as of May 2022, the F-35 Joint Program Office is in negotiations with the prime contractor on a Performance Based Logistics contract arrangement, which includes discussions of whether agreement on metrics can be reached under such a contract. According to a DOD official, DOD has committed to seeking better data transparency from both of its prime vendors and is negotiating with the prime vendors to incorporate new and revised data requirements and delivery information into existing sustainment contracts. This effort is anticipated to be completed by the end of 2022.

To fully implement these recommendations, DOD needs to ensure, prior to entering into performance-based contracts, that the key metrics it will use to hold the contractor accountable are objectively measurable and fully reflective of the processes over which the contractor has control. In addition, DOD must have sufficient knowledge of the actual costs of sustainment and technical characteristics of the aircraft after baseline development is complete and the system reaches maturity. Without implementation of our recommendations, DOD risks overpaying the contractor for sustainment support that does not meet warfighter requirements.

Director: Diana Maurer

¹⁸The priority recommendations from this report were directed to the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)). Pursuant to the National Defense Authorization Act for Fiscal Year 2017, effective February 1, 2018, DOD restructured the USD(AT&L). Pub. L. No. 114-328, § 901 (2016) (codified at 10 U.S.C. §§ 133a and 133b). The position has been divided into the Under Secretary of Defense for Acquisition and Sustainment and the Under Secretary of Defense for Research and Engineering.

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F-35 Sustainment: Need for Affordable Strategy, Greater Attention to Risks, and Improved Cost Estimates. [GAO-14-778](#). Washington, D.C.: September 23, 2014.

Recommendations: The Secretary of Defense should direct the F-35 Program Executive Officer to:

1. Establish a performance-measurement process for the Autonomic Logistics Information System (ALIS) that includes, but is not limited to, performance metrics and targets that are based on intended behavior of the system in actual operations and tie system performance to user requirements.
2. Develop an Intellectual Property Strategy to include, but not be limited to, the identification of current levels of technical data rights ownership by the federal government and all critical technical data needs and their associated costs.

Actions Needed: DOD concurred with these two recommendations. According to a DOD official, as of February 2022, DOD had not developed a performance-measurement process for ALIS. However, DOD plans to modernize ALIS's hardware and software to effectively create a new system called the Operational Data Integrated Network. The department has already created the foundation of a performance-measurement process for the network; however, DOD officials are unclear how long it will take for it to become operational. Additionally, as of February 2022, DOD had not completed an Intellectual Property Strategy for the F-35 program. According to officials, the completion of an Intellectual Property Strategy depends on knowing the future of the F-35 enterprise, which has yet to be fully determined.

To fully implement these recommendations, DOD needs to develop a performance-measurement process for ALIS because it remains the logistics system of record for the F-35 program and will be for the foreseeable future. Until DOD implements our recommendations and develops an Intellectual Property Strategy for the F-35 program, the department will not know critical aspects of technical data ownership, needs, and associated costs that could help shape the future of sustainment for the aircraft.

Director: Diana Maurer

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Southwest Border Security: Actions Are Needed to Address the Cost and Readiness Implications of Continued DOD Support to U.S. Customs and Border Protection. [GAO-21-356](#). Washington, D.C.: February 23, 2021.

Recommendation: The Secretary of Defense, together with the Secretary of Homeland Security, should define a common outcome for DOD's support to the Department of Homeland Security (DHS), consistent with best practices for interagency collaboration, and articulate how that support will enable DHS to achieve its southwest border security mission in fiscal year 2021 and beyond.

Actions Needed: DOD did not concur with our recommendation. DOD disagreed that it would be appropriate to develop a common outcome with DHS for DOD support beyond fiscal year 2021 and expressed concern that doing so could create an impression that DOD has a border security mission, among other things. We agree that DOD is not responsible for the border security mission and stated this point throughout our report. However, DOD's and DHS's disagreement on the outcome for the DOD support in fiscal year 2021 and beyond is not consistent with the operational reality at the southwest border and may be shortsighted. Additionally, DOD has actively supported DHS's operations at the southern border in varying

capacities since DHS's inception nearly 2 decades ago. Moreover, DHS officials told us at the time of our report that they planned to request assistance from DOD for at least the next 3-5 years. A failure to agree upon the desired outcome of DOD support to DHS in the future increases the risk to DOD both financially and in terms of military readiness, which are two of the Defense Support of Civil Authorities criteria that DOD uses to evaluate Requests for Assistance.

As of February 2022, DOD continues to non-concur with this recommendation and has not taken action. However, the Secretary of Defense stated in an April 2022 testimony to Congress that it approved an additional Request for Assistance from DHS, underscoring the importance of this recommendation.¹⁹ Implementation of our recommendation could enable DOD to more effectively plan for the resources it will need to support DHS and enable DHS to plan to manage its border security mission more effectively with its own assets.

Director: Elizabeth A. Field

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Littoral Combat Ship: Actions Needed to Address Significant Operational Challenges and Implement Planned Sustainment Approach. [GAO-22-105387](#). Washington, D.C.: February 24, 2022.

Recommendations: The Secretary of the Navy should ensure that:

1. The Littoral Combat Ship (LCS) program office, in coordination with the Chief of Naval Operations, develops a comprehensive plan, including estimated costs and time frames, for addressing deficiencies in the seaframes, performing adequate testing of mission modules, and implementing lessons learned from completed deployments.
2. The Chief of Naval Operations, to the extent practicable, makes future operational deployments contingent on demonstrated progress in addressing gaps between desired and demonstrated capabilities.

Actions Needed: DOD concurred with our recommendations. In January 2022, the Navy reported that it had merged the LCS Strike Team into the newly established Task Force LCS to identify reliability issues with both LCS variants. The Navy also reported that the surface warfare mission package has completed operational testing and achieved initial operational capability. The Navy plans to complete formal testing aboard the LCS and achieve initial operational capability for the anti-submarine warfare and mine countermeasures mission packages by the end of fiscal year 2022. Further, the Navy plans to conduct additional testing of the anti-submarine warfare and mine countermeasure mission packages based in part on the Director, Operational Test and Evaluation's Integrated Evaluation Framework Process. Navy officials said that lessons learned from these testing efforts, as well as Task Force LCS's efforts to identify reliability issues, should inform the development of a comprehensive plan to address deficiencies in the seaframes and implement lessons learned from completed deployments. In addition, in January 2022, Navy officials stated that some planned operational deployments had been paused, pending correction of performance challenges. Navy officials told us that Navy Commanders now conduct recurring readiness briefs to address and resolve identified issues prior to operational deployments. Navy officials stated that they plan to complete actions to address our second recommendation by the first quarter of fiscal year 2024. In May 2022, the Navy asked Congress to decommission all ships that were to carry these packages, but no decisions have been made to do so. We will monitor developments as DOD and Congress

¹⁹Hearing to Receive Testimony on the Department of Defense Budget Posture in Review of the Defense Authorization Request for Fiscal Year 2023 and the Future Years Defense Program, 117th Cong. 102 (2022) (statement of Secretary of Defense Lloyd Austin).

make decisions about this program overall. As the Navy identifies and takes corrective actions to address performance challenges and resolve issues prior to operational deployments, it will begin to address gaps between desired and demonstrated capabilities for the LCS.

Director: Diana Maurer, Defense Capabilities and Management

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3. Financial Management

Department of Defense: Actions Needed to Improve Accounting of Intradepartmental Transactions. [GAO-21-84](#). Washington, D.C.: January 14, 2021.

Recommendation: The Under Secretary of Defense (Comptroller) should develop a strategy to identify short-term solutions that can be implemented in advance of the full implementation of the Government Invoicing (G-Invoicing) system to address the intradepartmental eliminations material weakness. Such solutions should include documented procedures to (1) identify the causes for intradepartmental differences, (2) monitor the results of action plans prepared by components, and (3) measure whether implemented action plans are effective in addressing the causes for intradepartmental differences.

Actions Needed: DOD concurred with this recommendation. In its response, DOD stated the department (1) had established a working group to identify and develop procedures to reduce interdepartmental differences; (2) would request its components provide an action plan for reducing intradepartmental differences; and (3) would develop a dash-boarding tool to track the status of reconciliations and eliminations. Additionally, in April 2022, DOD stated it had developed a corrective action plan, which included actions for analyzing on a quarterly basis the journal voucher action plans database in Advanced Analytics and assessing if progress has been made to resolve interdepartmental differences. The expected completion timeframe for this action is October 2022.

To fully implement this recommendation, DOD needs to ensure that the working group identifies and develops procedures to reduce interdepartmental differences and that these procedures are properly implemented by its components. Without implementation of our recommendation, DOD may miss the opportunity to resolve some root causes of intradepartmental differences prior to the full implementation of G-Invoicing. This may result in an increased risk that DOD will not achieve measurable progress in addressing its intradepartmental eliminations material weakness and that long-term efforts will not fully address the underlying causes.

High-Risk area: [DOD Financial Management](#)

Director: Kristen A. Kociolek

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DOD Financial Management: Continued Efforts Needed to Correct Material Weaknesses Identified in Financial Statement Audits. [GAO-21-157](#). Washington, D.C.: October 13, 2020.

Recommendations: The Secretary of Defense should direct the Deputy Chief Financial Officer to take the following actions:

1. Incorporate appropriate steps to improve its corrective action plan review process, including ensuring that (a) data elements not included in corrective action plans are appropriately identified and communicated to components and resolved, (b) Notice of Findings and Recommendations are appropriately linked to the correct corrective action plans to address them, and (c) components document their rationale for accepting the risk associated with certain

deficiencies and appropriately identify such instances in the Notice of Findings and Recommendations Database.

2. Update DOD guidance to instruct DOD and components to document root-cause analysis when needed to address deficiencies auditors identified.

Actions Needed: DOD partially concurred with the first recommendation and concurred with the second recommendation. With respect to the first recommendation, DOD stated that it ensures financial statement audit findings are appropriately linked to corrective action plans and that it identifies and communicates to components the data elements missing from action plans through its corrective action plan quality and monthly data control review processes. However, our review of a generalizable sample of Notice of Findings and Recommendations found that findings and recommendations were not always accurately linked to corrective action plans in the Notice of Findings and Recommendations database. We also found that the corrective action plans for more than half of our sample did not include at least one required data element. DOD stated that its quality review process ensures that components document their (1) rationale for accepting risk, (2) risk response, and (3) risk identification for deferring remediation associated with low-impact deficiencies. However, we found that DOD components did not prepare corrective action plans for 16 of the 98 Notice of Findings and Recommendations in our sample. Moreover, the components did not document their rationale for accepting risks or a clear risk-mitigation strategy for three of the 16 Notice of Findings and Recommendations. To fully implement this recommendation, DOD's Deputy Chief Financial Officer needs to improve DOD's review process to ensure that corrective action plans include all required data elements; update its review checklist; and review the components' risk acceptance rationale for reasonableness and appropriateness. As of April 2022, DOD had not provided us with details of improvements to its corrective action plan review process. Without implementation of this recommendation, DOD and its components may lack sufficient information to ensure the effectiveness of their corrective actions to address identified deficiencies in a timely manner. With respect to the second recommendation, DOD stated that it will update the appropriate DOD guidance to instruct that a corrective action plan include documented evidence that a root-cause analysis was conducted and describe how it was conducted. To implement the recommendation, DOD needs to update the *Department of Defense Internal Control Over Financial Reporting Guide*, to instruct DOD and its components to document root-cause analyses. As of April 2022, DOD had not provided us with an updated reporting guide. Without implementation of this recommendation, DOD lacks assurance that its components are taking appropriate actions to resolve the underlying causes associated with the Notice of Findings and Recommendations and related material weaknesses that collectively prevent the auditability of its financial statements.

High-Risk area: [DOD Financial Management](#)

Director: Asif A. Khan

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DOD Financial Management: Significant Improvements Needed in Efforts to Address Improper Payment Requirements. [GAO-13-227](#). Washington, D.C.: May 13, 2013.

Recommendation: The Secretary of Defense should direct the Under Secretary of Defense (Comptroller) to establish and implement key quality assurance procedures, such as reconciliations, to ensure the completeness and accuracy of the sampled populations.

Actions Needed: DOD concurred with this recommendation. The Office of the Under Secretary of Defense (Comptroller) developed an inventory of approximately 80 DOD systems related to payment functions. As of May 2022, this office was verifying the completeness of this inventory and reconciling it to sampling plans to ensure that all disbursements or payments are subject to review and testing for improper payments. One of the tasks included in this process is to identify

for each system the corresponding DOD payment integrity program (e.g. civilian pay). The office is also working to reconcile its payment populations with its financial statements as well as making the necessary adjustments. However, completing these actions is dependent on DOD being able to resolve its department-wide universe of transactions material weakness, which precludes it from performing the quality assurance procedures needed to ensure that the populations from which the samples are drawn to estimate improper payments are complete and accurate. Therefore, this priority recommendation remains open. Without implementation of this recommendation, DOD remains at risk of continuing to make improper payments and wasting taxpayer funds.

High-Risk area: [DOD Financial Management](#)

Director: Asif A. Khan

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Department of Defense: Additional Actions to Improve Suspense Account Transactions Would Strengthen Financial Reporting. GAO-21-132. Washington, D.C.: March 25, 2021.

Recommendations:

1. The Under Secretary of Defense (Comptroller) should update DOD's Financial Management Regulation (FMR) to clearly define the use of suspense and deposit accounts, in accordance with the Office of Management and Budget (OMB) and Treasury guidance.
2. The Under Secretary of Defense (Comptroller) should establish a process to provide specific implementing guidance to Defense Finance and Accounting Service (DFAS) and DOD components, including field submitters, when new suspense account policy memorandums are issued.
3. The Under Secretary of Defense (Comptroller), in conjunction with the Director of DFAS, should provide guidance on suspense account transactions to DOD components and the DFAS sites to help ensure that they develop consistent policies and procedures that are accurate and up-to-date.
4. The Under Secretary of Defense (Comptroller), in conjunction with the Director of DFAS, should develop and implement DOD-wide guidance, applicable to both DFAS sites and DOD components, for assessing, identifying, and remediating the root causes of control deficiencies in DOD's suspense account processes.

Actions Needed: DOD partially concurred with the first three recommendations and did not concur with the fourth recommendation.

With respect to the first recommendation, DOD stated that the Office of the Under Secretary of Defense (Comptroller) corrected DOD's FMR, volume 8, by removing the one suspense account that was commingled with deposit accounts. However, we identified another FMR section that does not clearly define the use of suspense and deposit accounts. In May 2022, DOD stated that it is in the process of updating the FMR to address this recommendation. DOD expects to complete this action during 2022.

Regarding the second recommendation, DOD stated that the Office of the Under Secretary of Defense (Comptroller) provides implementing guidance to DFAS and DOD components, when appropriate, for complex accounting issues based on professional judgment. In May 2022, DOD stated that it does not plan to establish a process to provide specific implementing guidance because DOD does not anticipate issuing a new suspense account policy. However, without a process for providing guidance that results in consistent implementation of any new or updated

complex suspense account policies department-wide, there is an increased risk that consolidated data reported in DOD's core financial reporting system may be unreliable.

Related to the third recommendation, DOD stated that it plans to update its policy related to certain suspense accounts to ensure that they are used consistently across DOD for recording Intra-Governmental Payment and Collection and interfund transactions. Without guidance on periodic reviews of DOD and DFAS policies and procedures for continued relevance and consistency, policies may continue to become outdated over time, and components and the DFAS sites may be inconsistently recording and consolidating transaction information for suspense accounts. In May 2022, DOD stated that it is finalizing policy updates to ensure the consistent use of certain suspense accounts across DOD for recording Intra-Governmental Payment and Collection and interfund transactions. DOD does not have an implementation date for this recommendation.

With regard to the fourth recommendation, DOD cited several sections of the FMR and an internal control guide for financial reporting that provides guidance on root-cause analysis and the remediation of root causes at DOD. In May 2022, DOD reiterated that it does not concur with this recommendation and that it does not have plans to address it. While the requirement for identifying the root cause is included in the guidance that DOD cited, none of the guidance is specific to suspense account processes. Given the complexity of suspense account processes, the established general guidance that DOD noted in its response is not sufficient to enable identification of root causes and development of comprehensive corrective action plans, even though they are stated objectives of DOD's suspense account initiatives. DOD's initiatives have resulted in suspense account balances that are considerably smaller than they were in previous fiscal years.

To fully implement these recommendations, DOD needs to establish a process for updating and providing guidance that results in consistent implementation of complex suspense account policies department-wide. DOD also needs guidance on periodic reviews of DOD and DFAS policies and procedures to ensure that DOD has complete and up-to-date policies and procedures that are consistently followed. Once fully implemented, these recommendations will help ensure that DOD's suspense account transactions are accurately being recorded, reconciled, removed from suspense account balances and documented in a consistent and timely manner department-wide.

High-Risk area: [DOD Financial Management](#)

Director: Kristen A. Kociolek

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Financial Management: DOD Needs to Implement Comprehensive Plans to Improve its System Environment. [GAO-20-252](#). Washington, D.C.: September 30 2020.

Recommendation: The Secretary of Defense should direct the Chief Management Officer and other entities, as appropriate, to ensure that the department limits investments in financial management systems to only what is essential to maintain functioning systems and help ensure system security until it implements the other recommendations in this report.

Actions Needed: DOD concurred with this recommendation. The National Defense Authorization Act for Fiscal Year 2021 eliminated the DOD Chief Management Officer (CMO) position, which previously had broad oversight responsibilities for DOD business systems. In September 2021, the Deputy Secretary of Defense directed a broad realignment of the responsibilities previously assigned to the CMO. As part of this reassignment, the DOD Chief

Information Officer (CIO) and the Under Secretary of Defense (Comptroller) are now responsible for guidance associated with this recommendation.

In February 2022, the department stated that it plans to address this recommendation in its fiscal year 2023 investment management guidance, which the DOD CIO planned to issue in conjunction with the Office of the Under Secretary of Defense (Comptroller) by the end of May 2022. In contrast, also in February 2022, an official from the Office of the DOD CIO stated that DOD will not make significant updates to its investment management guidance until fiscal year 2024. To implement this recommendation, the department should update its guidance to clearly state how it will ensure investments are limited to maintaining functional systems and system security. Without implementing our recommendation, DOD risks wasting funds on short-term fixes that might not effectively and efficiently support longer-term department goals.

High-Risk area: [DOD Financial Management](#)

Director: Kevin Walsh

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Defense Real Property: DOD-Wide Strategy Needed to Address Control Issues and Improve Reliability of Records. [GAO-20-615](#). Washington, D.C.: September 9, 2020.

Recommendations:

1. The Under Secretary of Defense (Comptroller) should, in collaboration with the Under Secretary of Defense (Acquisition and Sustainment), develop and implement a DOD-wide strategy to remediate real property asset control issues.
2. The Under Secretary of Defense (Comptroller) should, in collaboration with the Under Secretary of Defense (Acquisition and Sustainment), develop department-wide instructions for performing the existence and completeness verifications.

Actions Needed: DOD concurred with our two recommendations. To fully implement the first recommendation, DOD needs to develop and implement a department-wide real property strategy to enable DOD to identify those common control issues and then develop solutions that are not limited to an individual military service. In May 2022, DOD stated that it is reviewing and updating policies and procedures to include the necessary controls to ensure that real property is being accounted for accurately throughout the real property asset lifecycle. However, DOD also stated that the process of updating these documents is not yet complete.

In response to the second recommendation, DOD officials stated that they are committed to placing increased leadership emphasis on real property asset policies and instructions to ensure, among other things, that consistent and repeatable existence and completeness verifications are performed. Without department-wide instructions that specify the methodologies for performing the verifications, DOD may not be able to obtain complete and comparable information needed to create a DOD real property baseline. In May 2022, DOD stated that it had established a working group that will monitor progress of key corrective actions related to real property existence and completeness verifications. However, this group is not yet operational.

Implementation of both recommendations would better position DOD to develop sustainable, routine processes that help ensure accurate real property records and, ultimately, auditable information for financial reporting for the department. In addition, implementation would help DOD achieve an auditable real property baseline and, ultimately, its objective of achieving an unmodified (“clean”) audit opinion.

High-Risk area: [DOD Financial Management](#)

Director: Kristen A. Kociolek

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Defense Real Property: DOD Needs to Take Additional Actions to Improve Management of Its Inventory Data. [GAO-19-73](#). Washington, D.C.: November 13, 2018.

Recommendations:

- 1-3. The Secretaries of the military departments should require monitoring of their services' processes used for recording all required real property information—to include evaluating on an ongoing basis whether or to what extent these activities are being carried out—and remediating any identified deficiencies.
4. The Secretary of Defense should ensure that the Undersecretary of Defense for Acquisition and Sustainment, in collaboration with the military services, defines and documents which data elements within the Real Property Assets Database submissions are most significant for decision-making.
5. The Secretary of Defense should ensure that the Undersecretary of Defense for Acquisition and Sustainment, in collaboration with the military services, coordinates on corrective action plans to remediate discrepancies in significant data elements in its real property data system that are identified by the Office of the Secretary of Defense's verification and validation tool.
6. The Secretary of Defense should ensure that the Undersecretary of Defense for Acquisition and Sustainment, in collaboration with the military services, develops a strategy that identifies and addresses risks to data quality and information accessibility. At a minimum, this strategy should establish time frames and performance metrics for addressing risks related to (1) unfilled real property positions, (2) a lack of a department-wide approach to improving its data, and (3) implementation of the Office of the Secretary of Defense's expanded data platform.

Actions Needed: DOD concurred with the first five recommendations and partially concurred with the sixth recommendation.

As of March 2021, the military departments reported taking action to improve the monitoring of real property records, including developing plans and programs to increase their accuracy and completeness. Further, the Office of the Under Secretary of Defense for Acquisition and Sustainment reported having prioritized the development of a common automated real property data platform, which should help correct the discrepancies in DOD's real property reporting. However, as of June 2022, DOD had not provided documentation of these efforts, so we are unable to determine if they meet the intent of our recommendations.

To fully implement the first three recommendations, the military services need to require monitoring—such as by issuing new or updating existing guidance—of their processes for recording all required data in the Real Property Assets Database and remediating any identified deficiencies. To fully implement the fourth and fifth recommendations, the Under Secretary of Defense for Acquisition and Sustainment needs to identify data elements most significant for decision-making and work with the military services to develop corrective action plans to remediate identified discrepancies in data.

With respect to the sixth recommendation, DOD stated that it plans to collaborate with the military services on separate service strategies that reflect each military service's operating environment. To fully implement this recommendation, DOD needs to develop one department-wide strategy to improve data quality and information accessibility.

Without implementation of our recommendations, DOD may miss the opportunity to reasonably ensure that the information needed for effective decision making by DOD, Congress, and other federal agencies is available to meet real property accountability and reporting objectives.

High-Risk area: [DOD Financial Management](#)

Director: Elizabeth A. Field

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Foreign Military Sales: Financial Oversight of the Use of Overhead Funds Needs Strengthening. [GAO-18-553](#). Washington, D.C.: July 30, 2018.

Recommendations: The Secretary of Defense should ensure that the Director of the Defense Security Cooperation Agency takes steps to work with the Defense Finance and Accounting Service (DFAS)—the Defense Security Cooperation Agency’s financial service provider—and other DOD components, as appropriate, to improve the reliability of the data that the Defense Security Cooperation Agency obtains on all DOD components’ use of:

1. Foreign Military Sales administrative funds, including actual execution data, at an appropriate level of detail, such as by object class.
2. Contract administration services funds, including actual execution data, at an appropriate level of detail, such as by object class.

Actions Needed: DOD concurred with both recommendations. In May 2019, Defense Security Cooperation Agency officials told us that the agency had established an interface with some DOD components’ accounting systems that provides information daily on those components’ expenditures of Foreign Military Sales administrative and contract administration services funds. Further, agency officials said they were working on establishing automatic interfaces for the other components that receive these funds. In February 2022, DOD officials told us that they continue to work toward implementation of these recommendations. To fully implement these two recommendations, DOD needs to ensure that the Defense Security Cooperation Agency takes steps to work with DFAS and the DOD components to collect reliable data on all DOD components’ use of Foreign Military Sales administrative and contract administration services funds, including execution data. Without implementation of our recommendations, the Defense Security Cooperation Agency raises the risk of unallowable or unapproved payments that could lead to fraud, waste, or abuse of funds.

High-Risk area: [DOD Financial Management](#)

Director: Jason Bair

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DOD Financial Management: Air Force Needs to Improve Its System Migration Efforts. [GAO-22-103636](#). Washington, D.C.: February 28, 2022.

Recommendation: The Assistant Secretary of the Air Force (Financial Management and Comptroller) should develop a systems migration plan based on leading migration practices to more timely transition from the Air Force’s General Accounting and Finance System—Reengineered (GAFS-R) environment to the Defense Enterprise Accounting and Management System (DEAMS).

Actions Needed: DOD concurred with this recommendation. In its response, DOD stated that the department is developing a systems migration plan to transition transactions from GAFS-R to the target general ledger systems, including DEAMS and the Maintenance Repair and Overhaul initiative. DOD further stated that the plan includes identifying dependencies on

personnel, logistics, and other business area management applications necessary to transition to a modern system environment. After DOD completes its plan we will determine if it meets the intent of our recommendation. Implementation of this recommendation could help result in the more timely resolution of issues plaguing the GAFS-R environment.

High-Risk area: [DOD Financial Management](#)

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4. Driving Enterprise-Wide Business Reform

Defense Infrastructure: DOD Should Better Manage Risks Posed by Deferred Facility Maintenance. [GAO-22-104481](#) Washington, D.C.: January 31, 2022.

Recommendations:

1. The Secretary of Defense should ensure that the Under Secretary of Defense for Acquisition & Sustainment, in coordination with the DOD components, sets milestones and holds component leadership accountable for implementing the Sustainment Management System (SMS).

2. The Secretary of Defense should ensure that the Under Secretary of Defense for Acquisition & Sustainment, in coordination with the DOD components, conducts an assessment of the SMS implementing guidance to determine which elements of SMS should be applied consistently across the components, and uses the results of that assessment to update the guidance for SMS condition assessments to ensure that facility condition data are comparable across the department.

Actions Needed: DOD concurred with these two recommendations and has taken steps to address both. DOD's initial corrective action plan as of February 2022 calls for identifying relevant milestones and completion dates for implementing SMS, periodically briefing senior leaders on the status of these milestones to enhance accountability, and issuing policy that sets out components' responsibilities for implementing SMS.

DOD's corrective action plan as of February 2022 also lays out steps the department is taking to determine which elements of SMS should be standardized and consistently applied by all DOD components. DOD stated that it would issue policy detailing the degree of standardization DOD components are to use in SMS, which would meet the intent of our recommendation.

We will continue to monitor DOD's efforts to implement these recommendations. Implementation of our recommendations will better position DOD officials to formulate, evaluate, and communicate their strategic investment decisions, including managing risks associated with DOD's \$137 billion facility maintenance backlog (as of fiscal year 2020).

High-Risk area: [DOD Approach to Business Transformation](#)

Director: Elizabeth A. Field

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Defense Reform: DOD Has Made Progress, but Needs to Further Refine and Formalize Its Reform Efforts. [GAO-21-74](#). Washington, D.C.: November 5, 2020.

Recommendation: The Secretary of Defense should ensure that the Chief Management Officer, Under Secretary of Defense (Comptroller), and Director of Cost Assessment and

Program Evaluation develop and institutionalize formal policies or agreements as they relate to DOD reform and efficiency collaboration efforts, in order for these efforts to be sustained beyond any leadership and organizational changes.

Actions Needed: DOD concurred with this recommendation and stated that these DOD components will continue to evolve and improve formal reform processes. Since the disestablishment of the Chief Management Officer in January 2021, DOD has taken actions to institutionalize some DOD reform efforts, such as issuing a charter to establish the Defense Business Council in January 2022 and developing a conceptual framework for improving DOD's management and performance. In April 2022, DOD stated that revised guidance related to this recommendation would be produced as part of a working group on the implementation of DOD's Performance Improvement Framework, once that framework is established. However, as of July 2022, that framework was still under review. To fully implement this recommendation, DOD should complete these planned actions. Without implementation of our recommendation, current progress may be lost, and future coordination efforts could be hindered.

High-Risk area: [DOD Approach to Business Transformation](#)

Director: Elizabeth A. Field

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Defense Management: DOD Needs to Address Inefficiencies and Implement Reform across Its Defense Agencies and DOD Field Activities. [GAO-18-592](#). Washington, D.C.: September 6, 2018.

Recommendation: The Secretary of Defense should ensure that the Chief Management Officer routinely and comprehensively monitors and evaluates ongoing efficiency initiatives within the department, including those related to the reform teams. This monitoring should include establishing baselines from which to measure progress, periodically reviewing progress made, and evaluating results.

Actions Needed: DOD concurred with this recommendation and has taken steps to address it. DOD's initial corrective action plan was for the Chief Management Officer, as part of DOD's Reform Management Group, to evaluate results and financial savings associated with efficiency initiatives.

However, in January 2021, as part of its realignment of the functions of the recently eliminated Chief Management Officer position, DOD disestablished the Reform Management Group and assigned the group's responsibilities to the Defense Business Council. An updated charter for the Defense Business Council, issued in January 2022, identifies the council's organization, roles, and responsibilities for prioritizing and assessing DOD efficiency initiatives, an important step in transitioning these responsibilities from the Chief Management Office. However, as of March 2022, DOD had not provided documentation showing that the Defense Business Council has a formalized, documented, and systematic process for evaluating whether various DOD efficiency initiatives have been effective. Until the department fully develops and implements such a process, it will be unable to ensure that desired outcomes across its business functions are being achieved.

High-Risk area: [DOD Approach to Business Transformation](#)

Director: Elizabeth A. Field

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5. Cybersecurity and the Information Environment

Cybersecurity: DOD Needs to Take Decisive Actions to Improve Cyber Hygiene. [GAO-20-241](#). Washington, D.C.: April 13, 2020.

Recommendations: The Secretary of Defense should:

1. Ensure that the DOD Chief Information Officer (CIO) takes appropriate steps to ensure implementation of the DOD Cybersecurity Culture and Compliance Initiative tasks.
2. Ensure that DOD components develop plans with scheduled completion dates to implement four tasks in the department's Cybersecurity Discipline Implementation Plan that are overseen by the DOD CIO.
3. Ensure that the Deputy Secretary of Defense identifies a DOD component to oversee the implementation of the seven tasks in the Cybersecurity Discipline Implementation Plan that are not overseen by the DOD CIO and report on progress implementing them.
4. Direct a component to monitor the extent to which practices are implemented to protect the department's network from key cyberattack techniques.
5. Ensure that the DOD CIO assesses the extent to which senior leaders' have more complete information to make risk-based decisions—and revise the recurring reports (or develop a new report) accordingly. Such information could include DOD's progress on implementing (a) cybersecurity practices identified in cyber hygiene initiatives and (b) cyber hygiene practices to protect DOD networks from key cyberattack techniques.

Actions Needed: DOD partially concurred with the first, second, and fifth recommendations and did not concur with the third and fourth recommendations.

DOD CIO issued a July 2021 report in response to a provision in section 1742 of the National Defense Authorization Act for Fiscal Year 2021 that included the status of DOD's implementation of our recommendations.

- For the first recommendation, the report included status updates for seven of the 11 Cybersecurity Culture and Compliance Initiative tasks. Based on the information provided, we determined that the seven tasks have not been implemented. For example, DOD has not fully implemented a task requiring that cybersecurity training briefs be developed for training leadership throughout the department. While U.S. Cyber Command developed two training briefs for DOD leadership, the briefs were not disseminated across DOD, according to DOD officials. To fully implement this recommendation, DOD needs to complete all tasks in the DOD Cybersecurity Culture and Compliance Initiative.
- DOD did not provide an update on actions taken to implement the second recommendation and as such DOD components still need to develop plans with scheduled completion dates for the four remaining Cybersecurity Discipline Implementation Plan tasks overseen by the DOD CIO.
- For the third recommendation, the department reported that it has completed the various Cybersecurity Discipline Implementation Plan tasks. However, to fully implement the third recommendation, DOD needs to identify a DOD component to oversee the seven tasks in the Cybersecurity Discipline Implementation Plan that are not overseen by the CIO and report on their progress.
- DOD did not provide an update on actions taken to implement the fourth recommendation. To implement this recommendation, DOD needs to direct a component to monitor the extent

to which practices are implemented to protect the department's network from key cyberattack techniques.

- For the fifth recommendation, DOD reported that it uses three cybersecurity scorecards and that the DOD CIO is reviewing each of these to identify opportunities to provide leadership with complete information. However, it is not clear which leaders within DOD components receive these reports. To implement this recommendation the CIO needs to complete its review of the scorecards, decide what actions related to providing cybersecurity information it will take as a result of the review, and follow through on those decisions.

As of May 2022, DOD had not provided an update on the status of these recommendations. We maintain that implementing these recommendations would help secure DOD information and systems against malicious cyber activity.

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Cybersecurity Workforce: Agencies Need to Accurately Categorize Positions to Effectively Identify Critical Staffing Needs. [GAO-19-144](#). Washington, D.C.: March 12, 2019.

Recommendation: The Secretary of Defense should take steps to review the assignment of the "000" code to any positions in the department in the 2210 Information Technology management occupational series, assign the appropriate National Initiative for Cybersecurity Education framework work role codes, and assess the accuracy of position descriptions.

Actions Needed: DOD concurred with our recommendation and reported in September 2020 that it had taken steps to decrease the number of positions that were assigned inappropriate codes. However, as of May 2022, DOD had not adequately demonstrated that appropriate and accurate work role codes had been assigned. To fully implement this recommendation, DOD will need to provide evidence that it has assigned appropriate National Initiative for Cybersecurity Education framework work role codes to its positions in the 2210 Information Technology management occupational series and assessed the accuracy of position descriptions. Without implementation of our recommendation, DOD is diminishing the reliability of the information it will need to identify workforce roles of critical need.

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Electromagnetic Spectrum Operations: DOD Needs to Address Governance and Oversight Issues to Help Ensure Superiority. [GAO-21-64](#). Washington, D.C.: December 10, 2020.

Recommendations: The Secretary of Defense should:

1. Ensure that the Vice Chairman of the Joint Chiefs of Staff as Senior Designated Official of the Electromagnetic Spectrum Operations Cross-Functional Team proposes Electromagnetic Spectrum governance, management, organizational, and operational reforms to the Secretary.
2. Assign clear responsibility to a senior official with authority and resources necessary to compel action for the long-term implementation of the 2020 strategy in time to oversee the execution of the 2020 strategy implementation plan.

Actions Needed: DOD partially concurred with the first recommendation and concurred with the second recommendation. DOD agreed that successful implementation of the 2020 Electromagnetic Spectrum Superiority Strategy requires clear authorities and proper resourcing.

DOD stated that it is developing organizational reform recommendations, which will provide the Secretary of Defense options for Electromagnetic Spectrum organization and governance. Similarly, DOD stated that the Vice Chairman of the Joint Chiefs of Staff, as Senior Designated Official, has been given the responsibility to propose governance, management, organizational, and operational reforms to the Secretary after review and comment by the Electronic Warfare Executive Committee. DOD released an implementation plan in July 2021 associated with the 2020 Electromagnetic Spectrum Superiority Strategy, but, as of June 2022, organizational changes to support the plan and our recommendations were waiting for approval by the Secretary of Defense.

To fully implement these recommendations, DOD needs to demonstrate that the needed authority and resources have been provided to a senior official to support implementation of the strategy and that the Vice Chairman has proposed reforms to the Secretary of Defense in areas such as governance, management, and operations. By doing so, DOD could capitalize on progress that it has already made and better support ensuring Electromagnetic Spectrum superiority.

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Personnel Vetting: Actions Needed to Implement Reforms, Address Challenges, and Improve Planning. [GAO-22-104093](#). Washington, D.C.: December 9, 2021.

Recommendation: The Secretary of Defense should ensure that the Director of the Defense Counterintelligence and Security Agency (DCSA) revises the National Background Investigation Services (NBIS) system schedule to meet all the characteristics of a reliable schedule as defined in GAO's best practice guides for scheduling and Agile software development.

Actions Needed: DOD concurred with our recommendation. In September 2021, the department stated that the NBIS Executive Program Manager will continue to refine program milestones based on resourcing and evolving policy requirements using Agile software development best practices. This is a positive step and, should DCSA align the NBIS schedule with the characteristics of a reliable schedule, it will have a more reliable road map to guide the execution of the system, gauge system progress, identify and resolve potential problems, and promote accountability. As of May 2022, we have a review underway that will include an analysis of whether the DCSA Director has revised the NBIS system schedule. Implementation of our recommendation could give DOD and Congress greater confidence in the system's schedule, including the likelihood of on-time completion, and improved decision-making over the remaining years of the development of these IT services for the government-wide personnel vetting process.

Director: Brian M. Mazanec

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6. Health Care

Improper Payments: TRICARE Measurement and Reduction Efforts Could Benefit from Adopting Medical Record Reviews. [GAO-15-269](#). Washington, D.C.: February 18, 2015.

Recommendations: The Secretary of Defense should direct the Assistant Secretary of Defense for Health Affairs to:

1. Implement a more comprehensive TRICARE improper payment measurement methodology that includes medical record reviews, as done in other parts of its existing post-payment claims review programs.

2. Once a more comprehensive improper payment methodology is implemented, develop more robust corrective action plans that address underlying causes of improper payments, as determined by the medical record reviews.

Actions Needed: DOD concurred with our two recommendations. With regard to our first recommendation, as of February 2022, the Defense Health Agency (DHA) had taken some actions, to incorporate medical record reviews in its improper payment estimate. For example, DHA reported that it had completed 2 years of medical record reviews. However, it did not incorporate the reviews into its fiscal years 2020 or 2021 improper payment rate estimates due to challenges. According to the agency, DHA reported a low response rate on its requests for medical records from TRICARE providers. DHA told us that it ultimately found that medical record reviews would artificially increase improper payments due to documentation errors and that, instead of reporting these rates, the best use of the medical record reviews was to conduct focused studies based on claim type or other criteria outside of sampling and estimation for improper payments.

With regard to the second recommendation, the agency reported in 2022 that the medical record reviews did not uncover identifiable root causes or trends to warrant corrective action plans. However, the reviews had significant documentation problems that could be addressed. Of the TRICARE claims that DHA sampled for medical record review in fiscal year 2021, 28 percent in the east TRICARE region and 67 percent in the west region had no or insufficient documentation returned for review.

To fully implement these recommendations, DHA will need to publicly note the results of its medical record reviews, including why the results cannot be incorporated in its improper payment calculations and take corrective action to address the causes of documentation and other errors identified by the reviews. Without implementation of our recommendations, DHA cannot effectively identify root causes and take steps to address practices that contribute to improper payments.

Director: Alyssa M. Hundrup

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Defense Health Care: DOD Should Demonstrate How Its Plan to Transfer the Administration of Military Treatment Facilities Will Improve Efficiency. [GAO-19-53](#). Washington, D.C.: October 30, 2018.

Recommendations: The Secretary of Defense should ensure that:

1. The Assistant Secretary of Defense for Health Affairs, in coordination with the Director of the Defense Health Agency (DHA) and the Surgeons General of the military departments, define and analyze the 16 operational readiness and installation-specific medical functions currently excluded from transfer to the DHA to determine whether opportunities exist to reduce or better manage duplicative functions and improve efficiencies in the administration of the military treatment facilities.

2. The Assistant Secretary of Defense for Health Affairs, in coordination with DHA Assistant Director for Health Care Administration and the Secretaries of the military departments, validate headquarters-level personnel requirements to determine that they are established at the minimum levels necessary—per DOD guidance—to accomplish missions and achieve objectives before transferring authority, direction, and control of the military treatment facilities to the DHA for the third phase.

3. The Assistant Secretary of Defense for Health Affairs, in coordination with DHA Assistant Director

for Health Care Administration and the Secretaries of the military departments, conduct a comprehensive review to identify the least costly mix—per DOD guidance—of military, civilian, and contractors needed to meet validated requirements—that is, to perform the functions identified at the DHA headquarters and intermediate management organizations and at the military departments’ headquarters and intermediate commands. Additionally, this comprehensive review should be completed before transferring authority, direction, and control of the military treatment facilities to the DHA for the third phase.

Actions Needed: DOD concurred with all three of our recommendations. For our first recommendation, we noted in 2020 that DOD had issued a March 2019 memorandum regarding the alignment of the operational and installation-specific medical functions, but further detail was needed regarding what analysis DOD completed to assess the 16 functions for duplication. In March 2021, DOD officials stated that the Assistant Secretary of Defense for Health Affairs, DHA, and the military departments had conducted an assessment that included some of the 16 functions, such as occupational and environmental health. However, DOD officials stated in February 2022 that this analysis was still ongoing.

For the second recommendation, DOD officials told us in February 2022 that DOD’s study to define functions and personnel requirements is ongoing. Specifically, officials acknowledged that the 2018 review of DHA personnel requirements did not provide a complete assessment of personnel requirements because it did not assess the military departments’ headquarters and intermediate commands. Further, officials stated that DOD completed a 90-day review of medical headquarters requirements in October 2021, which prompted DOD to conduct the ongoing study noted above.

DOD officials stated in February 2022 that the department was still working to implement our third recommendation. Officials noted that they anticipate that DOD will complete a comprehensive review concerning the optimal mix of civilian and contractors by June 2023. The analysis is still ongoing in part due to the pause in military treatment facilities’ transition activities during 2020 to allow the military departments and DHA to focus all efforts on DOD’s COVID-19 response, according to officials.

To fully implement these recommendations, DOD should analyze all 16 operational readiness and installation-specific medical functions for duplication, validate headquarters-level personnel requirements, and identify the least costly mix of personnel. Without implementation of our recommendations, DOD and congressional decision makers are not positioned to know how, whether, and to what extent undertaking this significant reform effort will improve effectiveness and efficiency in the administration of the military treatment facilities.

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7. Preventing Sexual Harassment

Preventing Sexual Harassment: DOD Needs Greater Leadership Commitment and an Oversight Framework. [GAO-11-809](#). Washington, D.C.: September 21, 2011.

Recommendations: The Under Secretary of Defense for Personnel and Readiness should take the following actions:

1. Develop a strategy for holding individuals in positions of leadership accountable for promoting, supporting, and enforcing the department’s sexual harassment policies and programs.
2. Ensure that the Office of Diversity Management and Equal Opportunity develops and aggressively implements an oversight framework to help guide the department’s efforts. At a

minimum, such a framework should contain long-term goals, objectives, and milestones; strategies to accomplish goals; criteria for measuring progress; and results-oriented performance measures to assess the effectiveness of the department's sexual harassment policies and programs. Such a framework should also identify and include a plan for ensuring that adequate resources are available to carry out the office's oversight responsibilities.

Actions Needed: DOD concurred with both recommendations.

In May 2021, DOD issued a Harassment Prevention Strategy for the Armed Forces for fiscal years 2021–2026 that it said would address the leadership accountability strategy and oversight framework we recommended that DOD develop. In reviewing the strategy, we found that it includes the long-term goals element of strategic planning needed to implement the leadership accountability strategy and oversight framework. However, the strategy does not include other key elements of strategic planning that are needed to help ensure the successful implementation of both efforts, such as milestones, strategies to accomplish goals, and performance measures. Further, the harassment prevention strategy is not a formal tasking or directive, and thus the offices responsible for holding leaders accountable and implementing the oversight framework may not carry them out.

As of February 2022, DOD was in the process of revising the strategy to include the missing elements needed to fully implement our recommendations. DOD expects to complete its work by the end of fiscal year 2022. In addition to finalizing the revised strategy, DOD needs to provide documentation that the military services have been formally tasked to implement the leadership accountability strategy and the oversight framework. Full implementation of our recommendations would improve DOD's response to incidents of sexual harassment.

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8. Strengthening Diversity, Equity, and Inclusion within DOD

Female Active-Duty Personnel: Guidance and Plans Needed for Recruitment and Retention Efforts, GAO-20-61. Washington, D.C.: May 19, 2020.

Recommendation: The Secretary of Defense should ensure that the Under Secretary of Defense for Personnel and Readiness provides guidance to the services, for example, in its forthcoming diversity and inclusion strategic plan, to develop plans, with clearly defined goals, performance measures, and timeframes, to guide and monitor recruitment and retention efforts of female active-duty servicemembers in the military.

Actions Needed: DOD concurred with our recommendation. DOD officials said that the department would provide guidance to the services, in its forthcoming DOD Diversity and Inclusion Instruction and Diversity and Inclusion Strategic Plan, to develop and implement plans to guide and monitor efforts to recruit and retain female servicemembers. However, as of June 2022, DOD had not issued its plan—the DOD Diversity, Equity, Inclusion, and Accessibility Strategic Plan—or provided sufficient documentation to support the actions the department identified as having taken to close this recommendation as implemented.

To fully implement this recommendation, DOD needs to provide guidance to the services to develop plans with clearly defined goals, performance measures, and timeframes. Once this recommendation has been implemented, each of the military services is expected to develop its own plan to guide and monitor its active-duty servicemember recruitment and retention efforts. Implementation of our recommendation would assist DOD with achieving its goals of maintaining a ready force that includes the best and the brightest and is representative of the population it serves.

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Military Justice: DOD and the Coast Guard Need to Improve Their Capabilities to Assess Racial and Gender Disparities. [GAO-19-344](#). Washington, D.C.: May 30, 2019.

Recommendation: The Secretary of Defense, in collaboration with the Secretaries of the military services and the Secretary of Homeland Security, should conduct an evaluation to identify the causes of any disparities in the military justice system, and take steps to address the causes of these disparities as appropriate.

Actions Needed: DOD partially concurred with this recommendation. As of March 2022, DOD's Office for Diversity, Equity, and Inclusion (ODEI) had contracted with a federally funded research and development center to conduct a study, which officials said would be completed in late July 2022. According to ODEI officials, the multidisciplinary study team will use a combination of qualitative and quantitative research methods to develop a comprehensive picture of military justice outcomes and make recommendations for data collection and policy formulation. ODEI officials said that they plan to use the findings and recommendations from this study to identify the causes of any disparities and steps to take to address those causes, as noted in our recommendation. ODEI officials also said that DOD will be better equipped to provide time frames for the implementation of any recommendations from this external study once it has been completed.

To fully implement our recommendation, DOD needs to use the results of the study to take actions to address the causes of any disparities in the military justice system that have been identified, so that DOD and the military services can help ensure that the military justice system is fair and just.

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