



Highlights of [GAO-09-5](#), a report to the Chairman, Subcommittee on National Security and Foreign Affairs, Committee on Oversight and Government Reform, House of Representatives

### Why GAO Did This Study

The Department of Defense (DOD) relies on thousands of suppliers to provide weapons, equipment, and raw materials to meet U.S. national security objectives. Yet, increased globalization in the defense industry and consolidation of the defense supplier base into a few prime contractors has reduced competition and single-source suppliers have become more common for components and subsystems.

For this report, GAO (1) assessed DOD’s efforts to monitor the health of its defense supplier base, and (2) determined how DOD identifies and addresses gaps that might exist in its supplier base. To conduct its work, GAO reviewed supplier-base-related laws, regulations, and guidelines; met with officials from DOD’s Office of Industrial Policy, defense contractors, and other DOD officials; and surveyed 20 major DOD weapon acquisition program officials on potential supplier-base gaps.

### What GAO Recommends

GAO is recommending that DOD fully apply criteria to identify and monitor supplier-base concerns and create reporting requirements for when to elevate concerns about supplier-base gaps. DOD agreed to fully apply and publish criteria for elevating supplier-base concerns, but does not agree that formal reporting requirements are needed for prime contractors. We maintain that DOD needs a mechanism to ensure that information flows to the program office and higher levels within DOD as needed.

To view the full product, including the scope and methodology, click on [GAO-09-5](#). For more information, contact Ann Calvaresibarr at (202) 512-4841 or [calvaresibarra@gao.gov](mailto:calvaresibarra@gao.gov).

## DEPARTMENT OF DEFENSE

### A Departmentwide Framework to Identify and Report Gaps in the Defense Supplier Base Is Needed

#### What GAO Found

DOD’s efforts to monitor its supplier base lack a departmentwide framework and consistent approach. Its monitoring efforts generally respond to individual program supplier-base concerns or are broader assessments of selected sectors. As part of its supplier-base monitoring efforts, DOD has also previously identified lists of critical items—which according to DOD’s Office of Industrial Policy (Industrial Policy) do not reflect the dynamic changes that occur in industry, technology, and DOD requirements. While DOD recently established criteria for identifying supplier-base characteristics that could be problem indicators—such as sole-source suppliers and obsolete or emerging technologies—these criteria have primarily been applied to the missile and space sectors and have not been used to guide the identification and monitoring of supplier-base concerns for all sectors departmentwide.

DOD uses an informal approach to identify supplier-base concerns, often relying on the military services, program offices, or prime contractors to identify and report these concerns, including gaps or potential gaps. As no requirement for when to report such gaps to higher-level offices exist, knowledge of defense supplier-base gaps across DOD may be limited. While 16 of the 20 program officials GAO surveyed reported that they identified supplier gaps or potential gaps over the past 5 years, only 4 reported sharing this information with Industrial Policy. These gaps included obsolescence of components and items with only one available supplier. Program offices often relied on the prime contractor to identify and help address supplier-base gaps, and prime contractors and programs generally used their discretion as to when to report gaps to higher levels. As a result, Industrial Policy may not be receiving information to help it activate available tools, such as the authorities under the Defense Production Act, to mitigate supplier-base gaps.

**Programs Surveyed That Identified Obsolescence or Sole Sources within the Last 5 Years**

Program	Obsolescence	Sole source
AGM-114 Hellfire Air-to-Ground/Air-to-Air Guided Missile	X	X
B-2 Spirit Multi-Role Bomber	X	X
CH-53K Super Stallion Heavy-Lift Replacement Helicopter	X	
F/A-18E/F Super Hornet Navy Fighter Attack Aircraft		X
F/A-22 Raptor Fighter Attack Aircraft	X	X
Joint Tactical Radio System—Ground Mobile Radio	X	X
MQ-8B Navy Fire Scout Unmanned Helicopter		X
MQ-9 Reaper Armed Unmanned Aerial Vehicle		X
Patriot Advanced Capability Missile-3	X	X
RIM-162 NATO Evolved SEASPARROW Missile System	X	X
RQ-4 Global Hawk Unmanned Aerial Vehicle		X
Space-Based Infrared System High (Satellite)	X	X
Space Tracking Surveillance System (Satellite)	X	X
UH-60 Black Hawk Tactical Transport Helicopter		X
V-22 Osprey Joint Service Tilt-Rotor Aircraft	X	X
VH-71 Presidential Helicopter	X	X

Source: GAO analysis of survey responses from and interviews with 20 selected DOD weapon program officials.