

# GAO Highlights

Highlights of [GAO-15-466](#), a report to congressional committees

## Why GAO Did This Study

DOD's weapon system acquisition programs have a total estimated acquisition cost of over \$1.4 trillion. Portfolio management is an approach used by organizations to evaluate, select, prioritize, and allocate resources to projects that best accomplish strategic or organizational goals. In March 2007, GAO recommended that DOD implement a department-wide portfolio management approach for weapon system investments.

Senate Report 113-44 accompanying the National Defense Authorization Act for Fiscal Year 2014 included a provision that GAO review DOD processes for identifying duplicative and inefficient acquisitions. This report assesses the extent to which (1) DOD uses portfolio management to optimize weapon system investments; (2) DOD conducts integrated portfolio reviews; and (3) the military services conduct portfolio reviews. GAO compared DOD and military service policies and portfolio reviews with best practices and standards for portfolio management.

## What GAO Recommends

GAO recommends that DOD update its portfolio management policy, designate a senior official responsible for its implementation; conduct annual portfolio reviews that integrate key information from the requirements, acquisition, and budget processes; and invest in analytical tools to support its portfolio management efforts. DOD partially concurred with the recommendations. However, as discussed in the report, DOD's planned actions will not fully address the issues GAO identified.

View [GAO-15-466](#). For more information, contact Michael J. Sullivan, (202) 512-4841 or [sullivanm@gao.gov](mailto:sullivanm@gao.gov).

August 2015

## WEAPON SYSTEM ACQUISITIONS

### Opportunities Exist to Improve the Department of Defense's Portfolio Management

## What GAO Found

The Department of Defense (DOD) is not effectively using portfolio management to optimize its weapon system investments, as evidenced by affordability challenges in areas such as shipbuilding and potential duplication among some of its programs. Best practices recommend assessing investments collectively from an enterprise-wide perspective and integrating requirements, acquisition, and budget information, but several factors inhibit DOD's ability to do so.

- **Fragmented governance:** DOD has numerous processes, organizations, and decision makers to oversee weapon system investments that operate in stove-pipes, not as an integrated whole. The requirements and acquisition processes also focus on individual programs rather than assessing investments collectively, as best practices recommend.
- **Lack of sustained leadership and policy:** DOD stopped implementing its portfolio management efforts and policy, in part due to changes in leadership. DOD's policy is also dated, does not fully reflect best practices, and does not identify an office with sufficient authority to implement it.
- **Perceived lack of decision-making authority:** Enterprise-level involvement is key to optimizing investments across DOD because the military services prioritize needs and optimize investments within their services rather than across the military. Title 10, which gives the services responsibility over equipping the force, does not preclude enterprise-level influence over service investment decisions, but some DOD officials said it limits their influence.

DOD's enterprise-level requirements, acquisition, and budgeting communities, meaning those at the at the Office of the Secretary of Defense, Joint Chiefs of Staff, and Joint Staff level, are not consistently conducting portfolio reviews or collaborating to integrate key information. As a result, DOD may be missing opportunities to better leverage its resources and identify investment priorities that best reflect DOD-wide needs. Best practices and portfolio management standards state that organizations should conduct regular reviews to adjust to strategic changes, among other reasons. The Joint Staff, which is responsible for validating warfighting needs, has taken the most concrete actions to conduct portfolio reviews, but even these efforts did not integrate key requirements, acquisition, and budget information. Requirements and acquisition officials said they lacked the resources, readily accessible data, and analytical tools to effectively conduct reviews. For example, the Joint Staff lacks a database that pulls together current information to help it manage its portfolios and has to rely on repeated data calls, which are inefficient and time consuming.

The military services have conducted reviews more consistently than the enterprise level and their experiences at the service level may offer lessons for DOD. They have used the reviews to reduce redundancies, plan for budget uncertainty, and realign resources. Nevertheless, their reviews lack some of the key information needed to provide an integrated assessment of needs, investments, and resources and are limited to the services' own programs. A more integrated approach to portfolio reviews at both the enterprise and military-service levels would better position DOD to conduct sound investment planning.