

GAO Highlights

Highlights of [GAO-18-592](#), a report to the Committee on Armed Services, U.S. Senate

Why GAO Did This Study

DOD spends billions of dollars annually to maintain business functions that support the warfighter. Many of these functions are performed by the DAFAs—DOD's 19 defense agencies and 8 field activities intended to provide department-wide consolidated support functions. GAO has previously identified instances of fragmentation, overlap, and duplication among the DAFAs.

Senate Report 115-125, accompanying a bill for the National Defense Authorization Act for Fiscal Year 2018, included a provision that GAO review the DAFAs. This report evaluates the extent to which (1) DOD has assessed the continuing need for each DAFA; (2) any overlap or fragmentation among the DAFAs that provide human resources services has affected service delivery; and (3) DOD has monitored and evaluated the results of its efficiency initiatives that affect the DAFAs. GAO reviewed legal requirements, assessed prior DOD reports, and analyzed DOD's human resources activities and documentation tracking past efficiency initiatives.

What GAO Recommends

GAO is making five recommendations, including for DOD to develop internal guidance to conduct and record its reviews of DAFAs; collect consistent performance information and comprehensive overhead cost information; establish time frames and deliverables for key reform efforts; and ensure routine and comprehensive monitoring and evaluation of ongoing efficiency initiatives. DOD concurred with GAO's recommendations.

View [GAO-18-592](#). For more information, contact Elizabeth Field at (202) 512-2775 or fielde1@gao.gov

September 2018

DEFENSE MANAGEMENT

DOD Needs to Address Inefficiencies and Implement Reform across Its Defense Agencies and DOD Field Activities

What GAO Found

The Department of Defense (DOD) does not comprehensively or routinely assess the continuing need for its defense agencies and DOD field activities (DAFAs). DOD was statutorily required to review the services and supplies each DAFA provides to ensure there is a continuing need for each and that the provision of services and supplies by each DAFA, rather than by the military departments, is more effective, economical, or efficient. A DOD directive requires the recording of the review. DOD previously issued biennial reports to Congress to record its review. Since 2012, DOD has relied on existing processes to fulfill the requirement; such as the annual budget process and the day-to-day management of the DAFAs. However, DOD did not provide sufficient evidence that these processes satisfy the statute. For example, while DOD reviews the DAFAs during the budget process, it does not specifically review the provision of services by the DAFAs rather than the military departments. Further, DOD does not have internal guidance that provides clear direction for conducting and recording its response to the statutory requirement. Without such guidance, DOD is limited in its ability to clearly define or target the scope of its reviews and any resulting reports. As such, DOD and congressional decision makers may not have reasonable assurance of a continuing need for the DAFAs, or that the provision of services and supplies is effective, economical, and efficient.

There is fragmentation and overlap within the DAFAs that provide human resources services to other defense agencies or organizations within DOD. At least six DOD organizations, including three DAFAs, perform human resources services for other parts of the department. One DAFA receives human resources services from all six organizations. This has resulted in negative effects, such as inconsistent performance information regarding hiring, fragmented information technology systems, and inefficiencies associated with overhead costs. For example, DOD officials stated that there are over 800 fragmented information technology systems used to store and record training records across the department, which are costly to maintain. DOD established a reform team to reduce inefficiencies within this business function. However, the team lacks comprehensive information on overhead costs that could guide reform and does not have time frames or deliverables for completing certain reform initiatives. With consistent human resource performance information, comprehensive information on overhead costs, and clear time frames in place, the team would be better positioned to thoroughly assess the department's system for human resources service delivery and develop and implement long-term solutions for better coordination or consolidation of this function.

DOD has taken some steps to monitor and evaluate the results of key efficiency initiatives that affect the DAFAs. However, DOD has not always established baselines or performed ongoing monitoring of its initiatives. Further, DOD has focused on whether steps have been taken, rather than outcomes achieved. For example, DOD did not evaluate whether a prior efficiency initiative called the Core Business Process Review achieved any of its intended savings or led to expected efficiencies. Without ensuring that efficiency initiatives are fully monitored and evaluated against established baselines over time, DOD lacks a systematic basis for evaluating whether its various initiatives have improved the efficiency or effectiveness of its programs or activities.