

GAO Highlights

Highlights of [GAO-19-199](#), a report to congressional addressees

Why GAO Did This Study

DOD spends billions of dollars each year to maintain key enterprise business operations intended to support the warfighter, including systems and processes related to the management of contracts, finances, the supply chain, and support infrastructure. The 2018 National Defense Strategy identified reform of DOD's business practices as one of DOD's three strategic goals. GAO has previously reported that weaknesses in these business operations have resulted in inefficiencies and billions of dollars wasted. GAO has also identified the need for a CMO with significant authority and experience to focus concerted attention on DOD's long-term business transformation efforts. Congress initially established such a position in the National Defense Authorization Act for Fiscal Year 2017.

This report evaluates the extent to which DOD has implemented its CMO position and issued guidance to communicate within the department the authorities and responsibilities of the position. GAO analyzed the statutory authorities and responsibilities assigned to the CMO position and evaluated DOD's actions to implement them.

What GAO Recommends

GAO is making four recommendations, including that DOD should address each of the three unresolved issues that impede its progress in institutionalizing statutory authorities and responsibilities, and issue guidance, such as a chartering directive that addresses how the CMO's authorities should be operationalized. DOD concurred with GAO's recommendations.

View [GAO-19-199](#). For more information, contact Elizabeth Field at 202-512-2775 or fielde1@gao.gov.

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DEFENSE BUSINESS OPERATIONS

DOD Should Take Steps to Fully Institutionalize the Chief Management Officer Position

What GAO Found

The Department of Defense (DOD) has taken steps to implement its Chief Management Officer (CMO) position which has been given the responsibility for managing DOD's business operations; however, unresolved issues remain for DOD to fully institutionalize the CMO's authorities and responsibilities. DOD has restructured the Office of the CMO (OCMO) to more closely align with the CMO's statutory authorities and responsibilities. Further, the OCMO is working to strengthen its data capabilities and has hired a Chief Data Officer and formed a Data Management and Analytics Steering Committee. Additionally, OCMO officials told us they are establishing cost baselines for each of DOD's major business functions.

However, DOD has not fully addressed three key issues related to the CMO's authorities and responsibilities:

- **The CMO's authority to direct the military departments on business reform issues.** The law gave the CMO authority to direct the secretaries of the military departments on matters over which the CMO has responsibility. However, DOD has not determined how the CMO will exercise this authority, particularly when there is disagreement between the departments and the CMO.
- **The CMO's oversight responsibilities of the Defense Agencies and DOD Field Activities (DAFAs).** The CMO is responsible for exercising authority, direction, and control over the designated DAFAs that provide shared business services—those business functions, such as supply chain and logistics and human resources operations, that are provided across more than one DOD organization. However, DOD has not determined how the CMO will exercise this authority, such as which DAFAs will submit their proposed budgets for CMO review.
- **Transfer of responsibilities from the Chief Information Officer to the CMO.** Under the law, the CMO will exercise responsibilities relating to business systems and management that previously belonged to the Chief Information Officer. However, DOD has not determined which, if any, responsibilities will transition from the Chief Information Officer to the CMO or assessed the impact of such a transition on associated resources.

In part because these issues remain unresolved, DOD agreed that it does not have department-wide guidance that fully and clearly articulates how the CMO's authorities and responsibilities should be operationalized. Making determinations on the three unresolved issues and issuing guidance would help ensure a shared understanding throughout the department of the CMO's role in leading DOD's enterprise-wide business reform efforts.