

GAO Highlights

Highlights of [GAO-23-105812](#), a report to the Committee on Armed Services, House of Representatives

Why GAO Did This Study

The U.S. government relies on over 4 million personnel with security clearances to provide critical public services, including national defense. In October 2019, the Department of Defense (DOD) became the federal government's primary background investigation service provider through a new agency, DCSA, which considers security clearances for millions of federal and contractor personnel. DCSA established a WCF to finance its personnel vetting activities.

House Report 117-118, accompanying a bill for the National Defense Authorization Act for Fiscal Year 2022, included a provision for GAO to evaluate, among other things, the extent to which DCSA maintained its monthly cash balances within established operating ranges and calculated cash requirements correctly, and managed its WCF in accordance with key operating principles for WCFs.

To address these objectives, GAO assessed whether WCF monthly cash balances were within operating ranges; compared DCSA's calculation of its operating range with DOD's cash management guidance; assessed DCSA's WCF management; and interviewed officials.

What GAO Recommends

GAO is making six recommendations to the Secretary of Defense, including that DCSA issues and implements guidance for correctly calculating its WCF operating range; evaluate its WCF performance measures; establish performance targets; and implement a systematic and reliable method for analyzing customer satisfaction. DOD concurred with these recommendations.

View [GAO-23-105812](#). For more information, contact Alissa H. Czyz at (202) 512-3058 or czyza@gao.gov.

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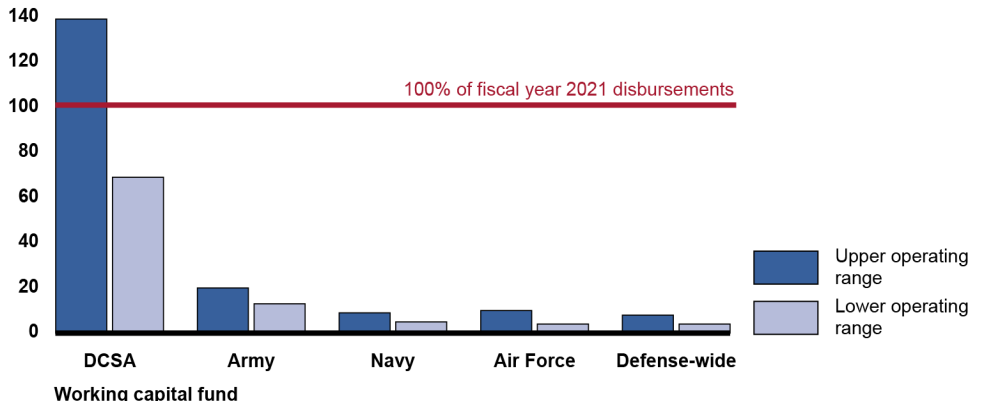
PERSONNEL VETTING

DOD Should Improve Management and Operation of Its Background Investigation Working Capital Fund

What GAO Found

The Defense Counterintelligence and Security Agency (DCSA) uses a working capital fund (WCF) to recover the costs of providing personnel vetting products and services, such as background investigations. Defense WCFs must plan to maintain monthly cash balances within an operating range. DCSA generally did so for fiscal years 2020 through 2022. However, GAO found DCSA miscalculated one element of its operating range in fiscal year 2021, resulting in an operating range being more than five times that of other defense WCFs. If calculated correctly, DCSA could have reduced prices and saved customers hundreds of millions of dollars.

Defense Working Capital Funds' Operating Ranges, Fiscal Year 2021
Percentage of disbursement



Source: GAO analysis of Defense Counterintelligence Security Agency (DCSA) and DOD data. | GAO-23-105812

DCSA implemented two of four key operating principles for effective WCF management.

Assessment of DCSA's Management of Its Working Capital Fund

Key operating principle	GAO analysis
Clearly delineate roles and responsibilities	●
Ensure self-sufficiency by recovering the agency's actual costs	●
Measure performance	◐
Build in flexibility to obtain customer input and meet customer needs	◐

Legend: ● Implemented ◐ Partially Implemented

Source: GAO analysis of Defense Counterintelligence Security Agency (DCSA) documents and GAO-12-56. | GAO-23-105812

GAO found that DCSA's management of its WCF is limited by the following:

- DCSA has not aligned performance measures with its strategic goal for its WCF or developed targets for those performance measures, hindering its ability to evaluate and improve WCF performance.
- DCSA could improve its understanding of customer needs by developing a systematic and reliable method for obtaining and analyzing information on customer satisfaction with WCF performance.