

# Is DoD a High-Risk Anomaly?

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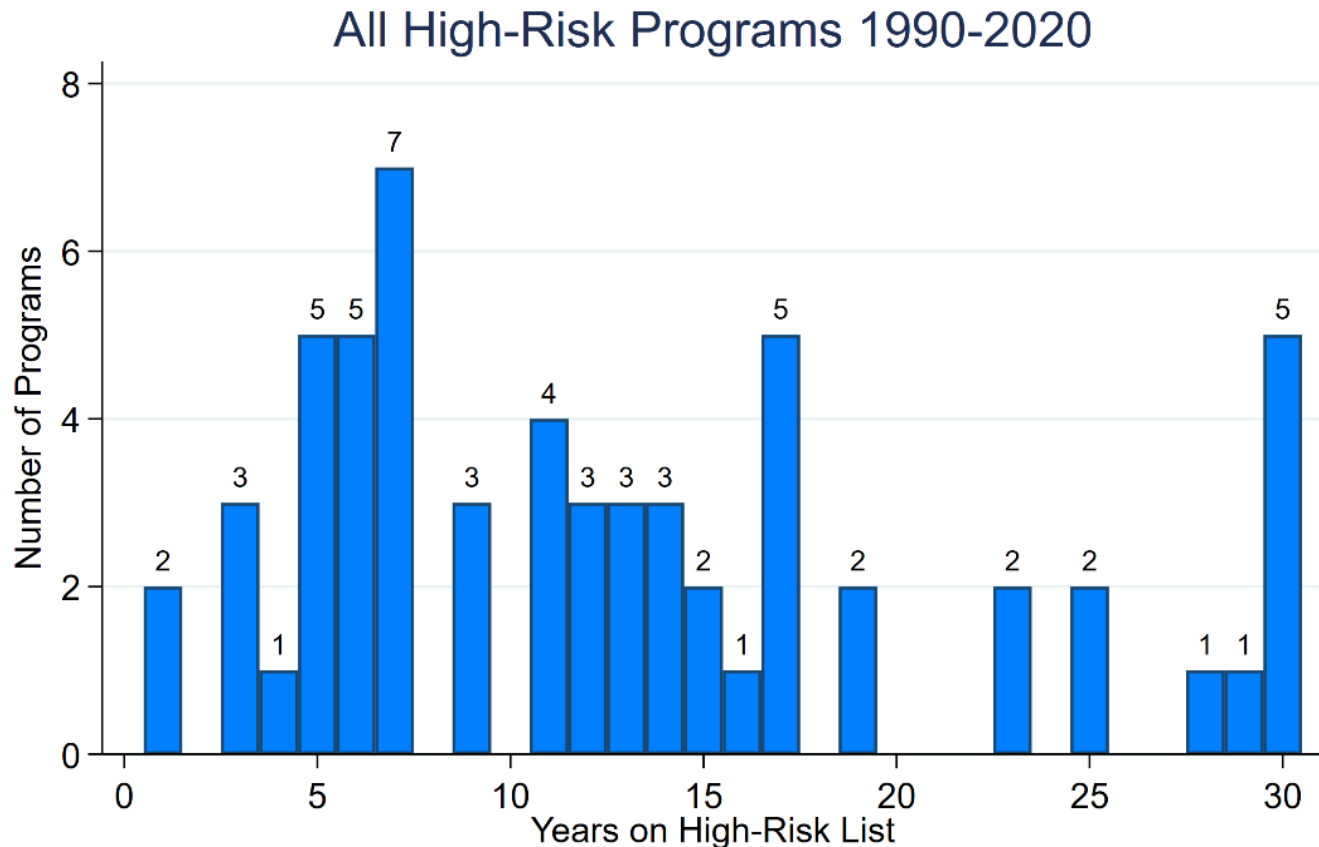
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# General Accounting Office High Risk List

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- Developed in 1990
- Forcing function for agencies to take corrective action on internal control and financial management shortcomings
- Programs with greater vulnerability to waste, fraud, abuse, and mismanagement
- Assessed through:
  - qualitative (detrimental to health and safety, national security, economic growth, etc)
  - quantitative (minimum \$1 billion risk)
  - agency planned or executed corrective action measures

# Composition of High Risk List



Data obtained from <https://www.gao.gov/highrisk/overview>

Figure 2: Histogram of current and removed high-risk programs

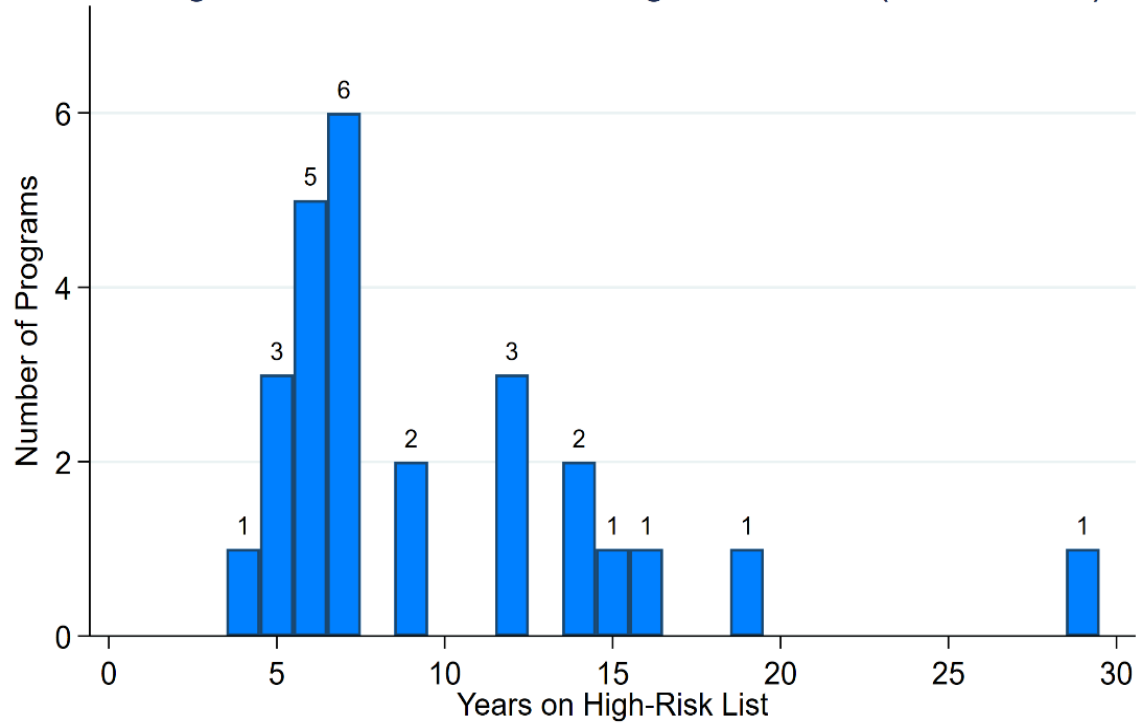
- 60 programs
- 8 are DoD specific\*\*
- 6 additional are national security or defense related\*
- 7 have contract or acquisition in title\*

\*Only one program removed from high risk since start of program

\*\*Two programs removed from high risk since start of program

# Composition of High Risk List

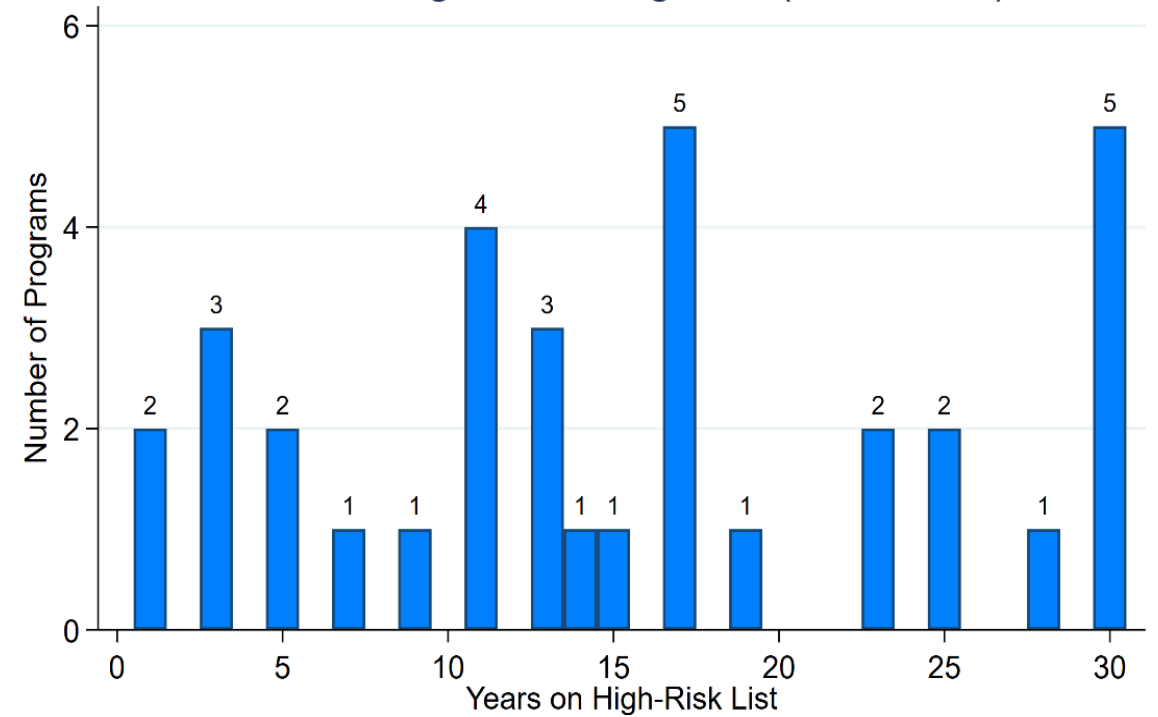
## Programs Removed from High-Risk List (1990-2020)



Data obtained from <https://www.gao.gov/highrisk/overview>

Figure 3: Histogram of programs removed from high-risk list by number of years on list

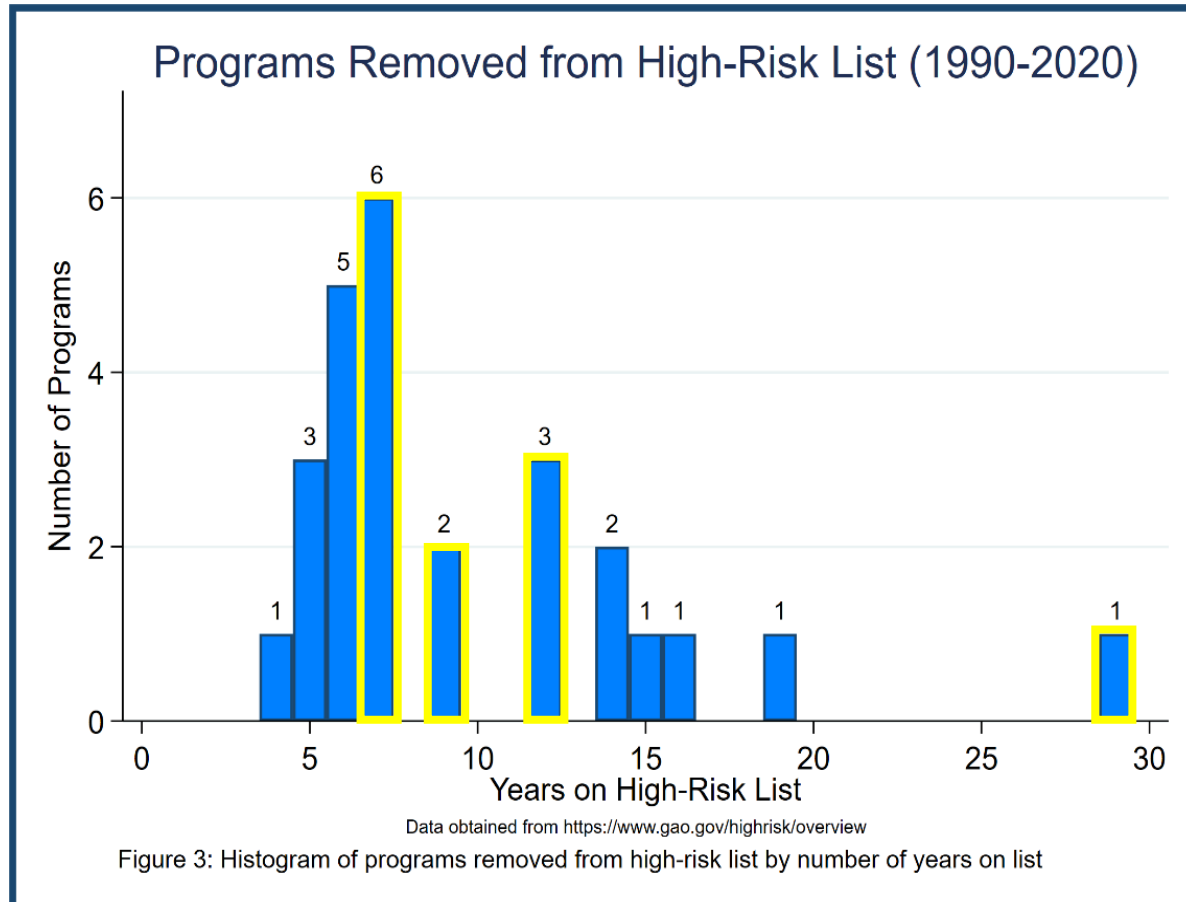
## Current High-Risk Programs (1990-2020)



Data obtained from <https://www.gao.gov/highrisk/overview>

Figure 4: Histogram of current high-risk programs by number of years on list

# Composition of High Risk List

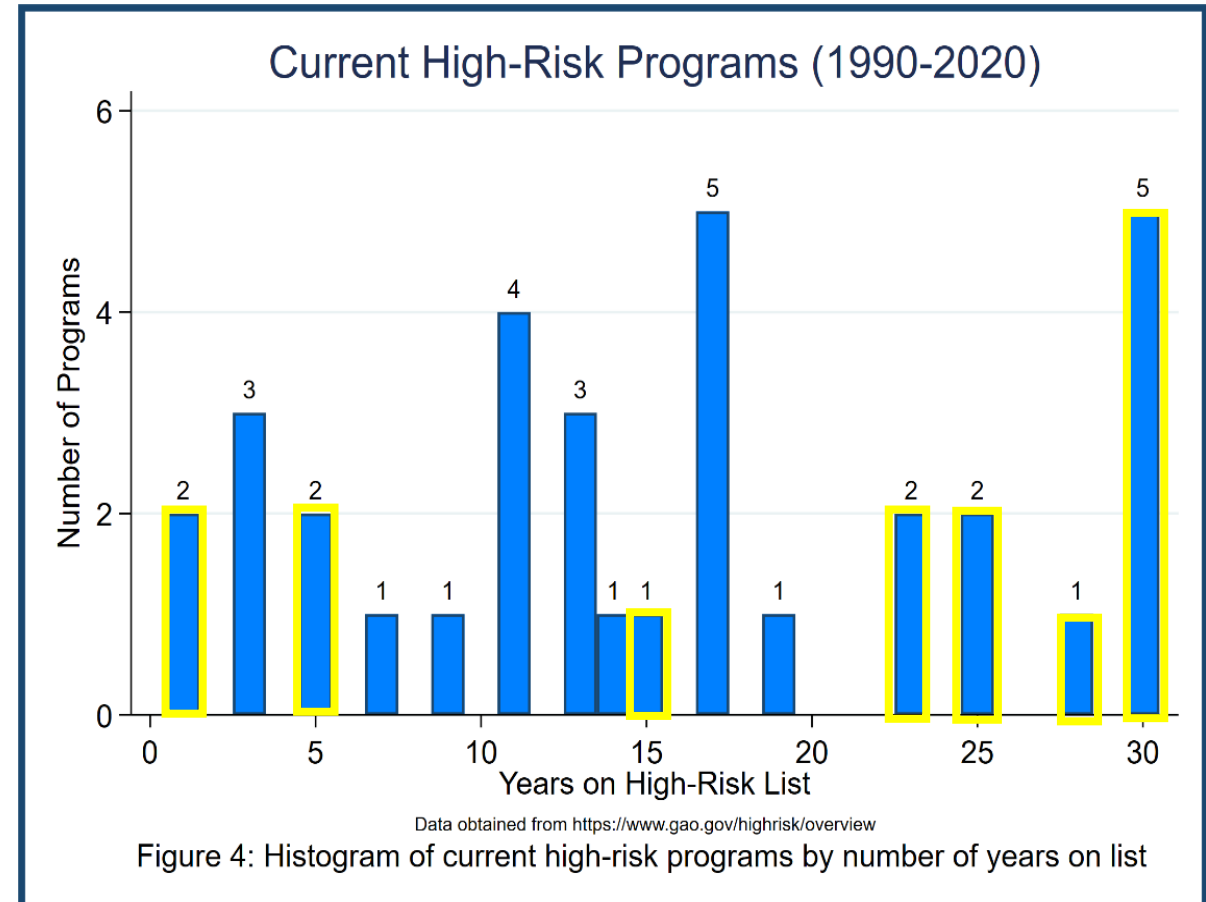


- **DoD** Personnel Security Clearance Program (7 years)
- Management of Interagency Contracting (9 years)
- Establishing Effective Mechanisms for Sharing and Managing Terrorism-Related Information to Protect Homeland Security (13 years)
- **DoD** Supply Chain Management (29 years)

# Composition of High Risk List

- **DoD** Weapon Systems Acquisition (30 years)
- DoE Contract Management for NASA and EM (30 years)
- NASA Acquisition Management (30 years)
- **DoD** Contract Management (28 years)
- **DoD** Business Systems Modernization (25 years)
- **DoD** Financial Management (25 years)
- **DoD** Support Infrastructure Management (23 years)
- Ensuring Security of Federal Info Systems and Cyber Critical Infrastructure (23 years)
- **DOD** Approach to Business Transformation (15 years)
- Improving the Management of IT Acquisitions and Operations (5 years)
- VA Acquisition (1 year)

DoD Average Tenure on HRL: **22.75** Years



# Research Question – Circle One

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Is DoD a high risk anomaly?

**YES**

**NO**

# Long Standing High-Risk Programs

- DoD Weapon Systems Acquisition (30)
- NASA Acquisition Management (30)
- Medicare Program (30)\*+
- Enforcement of Tax Laws (30)\*
- DoE's Contract Management for National Security Administration & Office of Environmental Management (30)
- DoD Contract Management (28)\*
- DoD Financial Management (25)
- DoD Business Systems Modernization (25)
- Ensuring Security of Federal Information Systems & Cyber Critical Infrastructure and Protecting Privacy of PII (23)\*
- DoD Support Infrastructure Management (23)\*

**50%** are DoD Programs  
**4 of 10** are Contract or  
Acquisition

\*require legislation

+no evaluation on the whole due to required legislation



# Long Standing High-Risk Programs

- DoD Weapon Systems Acquisition (30)
- NASA Acquisition Management (30)

• ~~Medicare Program (30)\*+~~

• ~~Enforcement of Tax Laws (30)\*~~

- DoE's Contract Management for National Security Administration & Office of Environmental Management (30)

- DoD Contract Management (28)\*

• ~~DoD Financial Management (25)~~

• ~~DoD Business Systems Modernization (25)~~

• ~~Ensuring Security of Federal Information Systems & Cyber Critical Infrastructure and Protecting Privacy of PII (23)\*~~

• ~~DoD Support Infrastructure Management (23)\*~~

\*require legislation

+no evaluation on the whole due to required legislation

**Non-DoD programs  
selected for comparison  
with DoD programs**

# DoD Weapons Acquisition – 2017

- DoD issued policy to enable better outcomes and assessing acquisition workforce; in past it hasn't converted into practice
- DoD not implementing all best practices across all programs
- Continue to lack competition for product development
- Acquisition workforce still lacking what it needs to resolve risk

- DoD reduced costs by removing programs, not reforming ongoing ones; overall cost-growth improved
- Larger programs cost growth increased



- DoD lacks comprehensive action plan

- DoD issues annual performance reports for some programs
- DoD no longer subscribes to GAO/OMB cost growth metrics developed in 2008

# NASA Acquisition Management – 2017

- guidance and implementation tools to reduce risk not always consistent with best practices for cost schedule estimates
- continued issues on costliest projects
- Resource constraints to implement GAO recommendations

- difficulty managing most expensive and complex projects
- 3 costliest programs have unreliable cost estimates, ambitious deadlines, limited reserves, and extended operating periods
- limited visibility into long-term costs
- inconsistency with measuring progress in reducing acquisition risks



- reports metrics on semiannual basis, performs within parameters outlined in plan

- Established own metrics to monitor progress; metrics reflect improved performance

# Acquisition

**DoD**

- Largest federal acquisition program
- Recommends changes that would require changes to DoD organizational policies
- Monitoring criteria a combined effort with GAO and OMB, DoD no longer subscribes
- No recorded impact of leadership commitment

**NASA**

- Cost increases, schedule delays, development problems
- Unrealistic planning due to higher anticipated budget
- Technical and large programs have continued risk

- More detailed, program specific report
- Programs tightly interconnected
- Small organization
- GAO displayed understanding of NASA organization and functioning
- Able to develop own monitoring criteria
- Lacked significant management and structure early on

# DoD Contract Management – 2017

(Acquisition Workforce, Service Acquisition, and Operational Contract Support)

- Need career field growth
- Skills gap in workforce not yet addressed

- Lack verification that current composition will meet future needs
- Limited guidance on collecting acquisition information
- Lack implementation of some OCS recommendations



- Lacks ensuring right people for right career field
- Lacks plan to prepare annual inventory of contracted services to inform workforce and budget decisions
- No service acquisition action plan

- Needs metrics to track progress for workforce plan strategy
- Acquisition lacks spending monitoring or savings goals

# DoE Contract Management – 2017

- Lack people and resources
- lacking in cost and schedule performance evaluation and oversight of major projects and programs
- Lack training to implement governance model

- recent reforms require time to evaluate
- struggle with cost and schedule estimates for major projects, and project management
- recent reforms don't address contract management



Secretary memo not comprehensive by failing to address:

- (1) Major contract acquisition planning
- (2) the quality of enterprise-wide cost information available to DOE managers and key stakeholders
- (3) DOE's need for a program management policy
- (4) how DOE's new requirements will be applied to the department's major legacy projects

- recent improvements not assessed yet for sustainability of corrective measures
- not comprehensive
- depends on availability of reliable enterprise-wide cost information

# Contract Management

DoD

- Multiple branches often delays implementation
- Robust workforce, made significant progress in manning
- Did not track acquisition spending and no targets for savings

DoE

- Non-competitive contracts awarded to subcontractors
- Too little, too late oversight on contractors; little to none on subcontractors
- Contract overpricing and overpayment
  - Largest contracting budgets
  - Difficulty in future projections

- Able to narrow down to two specific, large programs
- Senior leadership committed to changing culture
- Less resources, may require additional legislation to address

# High Risk Trends

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- The more technical the program, the greater the risk
- Association with defense and national security lends to greater risk
- The larger the program, the greater the risk



# High Risk Trends

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Is DoD a high risk anomaly?

NO

Common issues across risk areas no matter size of program or relation to defense

YES

DoD is always defense related and will continue to be large

# GAO should modify approach

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- Given GAO recommended changes to weapon acquisition, they should consider recommending legislation
- Pending legislation, GAO should assess weapon acquisition at individual program level to see immediate impact
- GAO should push for overall government contract reform, change how the government handles all contracts to change the contracting culture

# Phase 2

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Phase two of this research will include interviews from within DoD, GAO, and other organizations evaluated to assess whether recommendations are viable.

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# Questions