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### **Is the Department of Defense a High-Risk Anomaly: Theory to Practice**

August 25, 2021

**Dr. Douglas A. Brook, Visiting Professor**  
**Danelle Gamble, Graduate Research Intern**

Duke University

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## **Abstract**

In phase one of this research, (Gamble, 2020, Brook 2020), DoD areas on the GAO's High-Risk List (HRL) were compared to similar longstanding high-risk non-Defense programs to determine if the DoD is a high-risk anomaly. Three attributes characterizing risk emerged: (1) the more technical programs have greater risk; (2) defense and national security areas have greater financial risk; (3) larger programs have greater, more prolonged risk. The study concluded DoD is a high-risk anomaly as the agency, and every area within, has two of the three attributes; but is not an anomaly in one as this attributes are present in non-Defense areas as well.

From this analysis questions emerged regarding whether the DoD can ever get off the HRL and whether the DoD should prioritize getting off the HRL. Additionally, we perceived a theory of interaction between the DoD, the GAO and Congress that would influence the answers. To explore these questions, we examined the interaction theory and its practice, and interviewed over twenty current and former officials and staff experts in the GAO, the DoD and on Capitol Hill. The analysis amplifies the earlier findings and reveals mixed and inconclusive views on whether the DoD could ever get off or should even prioritize getting off the HRL in its management agenda.



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## Introduction

This research report is a continuation of research conducted for presentation at the 17th Annual Acquisition symposium exploring DoD management and specifically, the persistent presence of DoD areas on the Government Accountability Office's (GAO) High-Risk List (Gamble 2020). Efforts to improve DOD management are persistent. Brook (2020) reports that proposals and initiatives come from a variety of internal and external sources, including internal sources such as politically-appointed leaders including the Chief Management Officer and internal advisors such as the Defense Business Board. External sources addressing Defense management include special commissions, presidential management initiatives, defense-related think tanks, and Congressional mandates.

The GAO, however, is arguably the source of the largest volume of studies, audits, initiatives and recommendations for Defense management. For instance, between 2014 and 2017 the GAO made a total of 1,122 individual recommendation to the DOD, averaging 280 per year. Of those reports, the GAO's High-Risk List stands alone in that it is a biennial report which can be used to track the persistence and prominence of major management issues over time. It also can reveal historical changes in the GAO's approach.

These GAO reports also provide information to the Congress. They can review and recommend actions that the Congress have taken or could take to support DoD management reforms. The GAO reports are used for congressional oversight of DoD management through committee hearings and they sometimes pique the interests of individual members with constituency concerns over the topics addressed.



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## Review of Prior Research

In phase one of this research, we considered whether DoD's persistent presence on the GAO HRL classifies the Department as a risk anomaly. As of the 2017 High-Risk Update, DoD owned half of the high-risk areas that remained on the list since its inception in 1990. The Department's efforts since 1990 have resulted in removal of only two areas: DoD Supply Chain Management recently removed in the 2019 report after 29 years on the list; and DoD Personnel Security Clearance Program. But, as of the 2019 HRL update report, the DoD still owns half of the areas that have been on the list for more than two decades. The Department's persistent presence on the list brought to question whether the DoD is a risk anomaly. Utilizing comparison analysis of longstanding DoD high-risk areas (DoD Contract Management and DoD Weapons Acquisitions) with comparable longstanding non-DoD high-risk areas (DoE Contract Management and NASA Acquisition Management), we determined that DoD is and is not a high-risk anomaly. The analysis revealed three high-risk trends that assist in answering the question: (1) the more technical the program, the greater and more prolonged the risk; (2) association with defense and national security lends to greater financial risk; and (3) the larger the program and portfolio, the greater and more prolonged the risk (Gamble 2020). The DoD meets the anomaly qualification in that its high-risk areas are always related to defense and the DoD will always be a large organization managing large and costly portfolios. However, we found that "DoD is not a high-risk anomaly in that it is not the only agency that succumbs to these high-risk trends" (Gamble 2020). For instance, the DoD is not the only HRL-listed agency that deals with highly technical matters or matters related to defense that appear to increase their propensity for risk. So, by this analysis, the DoD *is* and *is not* a high-risk anomaly.

These findings led to additional questions. What is the theoretical framework that appears to undergird the HRL?<sup>1</sup> Does this apparent framework actually work in practice? Is it plausible to think that the DoD will ever get off the HRL? Should getting

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<sup>1</sup> This framework is the authors' analytical construct derived from this and prior research.



off the HRL be a management objective for the DoD's chief management officer? How do the DoD and GAO view this list and the roles they play?





# Methodology

To explore these and other questions, we first undertook an extensive documentary search consisting of GAO reports and Congressional testimony. We then gathered the observations, opinions and viewpoints of subject matter experts (SMEs). We analyzed the data from these documents and interviews to draw a more complete picture of how the theoretical framework operates in practice and to understand the viewpoints of knowledgeable current and former officials and staff experts about the DoD’s presence on the HRL.

We identified a small number of current and former officials and staff experts in the GAO, the DoD and on Capitol Hill. In each case we employed the *snowball* technique asking all the interviewees to identify others whom they recommended for interviews. In total, we conducted 18 interview sessions involving individuals with a total of a total of 27 organizational affiliations, interviewed either singly or in small groups from one office. The tally of interviewees by organization is shown below. Some interviewees had experience in more than one organization and are therefore counted in more than one category.

**Table 1: Organizational Affiliations of Interviewees**

GAO	13
DoD	8
Capitol Hill	2
Other Agencies	4

Due to restrictions required by COVID-19, all interviews were conducted remotely, most on Zoom and a few on conference call. All interviews were conducted on a not-for-attribution basis so as to encourage open and candid conversations. Thus, interviewees will be identified only as “SME #” with the date of the interview.<sup>2</sup> The interviews were recorded and transcribed. The transcripts were then coded and

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<sup>2</sup> Interviews with each SME took place only once. The full and proper citation with the date of the interview is included in the first reference to each respective interviewee. For ease of reading, in subsequent references for each interviewee, the full citation is omitted and only the SME# is identified.



examined to identify common themes and particularly salient statements. Finally, the data was categorized and this categorization is reflected in the following discussion and analysis.

All the interviews were conducted as in-depth interviews, utilizing an interview guide from San Jose State University (SJSC 2020). The expressed purposes of the interviews were to generate ideas, test hypotheses from the phase one study, and gain insights based on expert opinion. A short list of questions was prepared for each interview and supplementary questions and neutral probes were employed to draw out the interviewees' responses. Each interview was closed with a catch-all question, such as: "is there anything else you would like to tell us?" To assure completeness and reduce interviewer bias, both researchers participated in the interviews.



## **Theory to Practice Construct**

Although not mandated by Congress, GAO publishes the high-risk list “to keep the Congress up to date on areas needing attention” within the federal government (GAO 2000). Since 1990 the GAO’s process for evaluating areas and making a high-risk designation has evolved. Ten years into the high-risk list program, the GAO developed rating criteria, as displayed in a five-point star, that shows each area’s progress in leadership commitment, action plan, monitoring, demonstrated progress, and capacity. Multiple congressional testimonies and reports from GAO contend that GAO’s framework for determining and subsequently addressing high-risk areas will result in removal from the high-risk list, provided each participant in the process takes the recommended actions. During phase two of this research, we sought to identify how GAO’s theory plays out in practice with respect to the DoD. Interviews provided more detailed information on GAO’s process and how each member of the process – GAO, Congress, OMB, and the agency (the DoD in this case) – experience it.

### **The GAO High-Risk List, in Theory**

GAO publications and testimonies dating back to 1990 provide a robust account of what the HRL is, why it exists, and how the program is intended to function. An agency of the Congress, the GAO is the legislative branch’s “investigative arm” and the HRL provides “marching orders” for congressional subcommittees on government oversight (Cummings 2019; Jordan 2019). As the investigative arm, the GAO developed a Performance and Accountability Series that focused on “major program and mission areas” within each federal agency that meets certain criteria (GAO 2000). This Series is managed by the GAO’s Strategic Issues Team which further designates program or mission areas as high-risk when they meet quantitative and qualitative criteria as outlined in our report from phase one. A new addition to the HRL is never a surprise, whether added to the HRL as a result of ongoing work that rises to the designation of high-risk, such as the recent addition of Veteran’s Affairs Acquisitions added in 2019, or added as a new area like The Year 2000 Problem.



The GAO's commitment to the high-risk program is based on the belief that it is the mechanism needed to address the inaction of federal agencies to correct deficiencies and problems within management (GAO 1990). However, during the course of research it became apparent that the success of the high-risk program is predicated on underlying assumptions and the interplay between participants. One of the underlying theoretical assumptions the program operates from is that each area on the list can successfully be removed with improvements to agency management of the area. The GAO maintains this assumption despite more than a third of the original 14 areas remaining on the HRL after three decades. To identify why success has been illusive for most DoD high-risk areas, we must first understand the theoretical framework that the GAO utilizes. To do this, we identified what we've classified as key principles and assumptions, and examined the expectations of interplay amongst participants.

### **Key Principles and Assumptions**

During the course of research, we identified several key principles that the GAO applies to the high-risk program. The first principle we identified is that the HRL is the mechanism to bring about change within the federal government to reduce agency fraud, waste, abuse, and mismanagement in high-risk areas. The second principle we saw is that risk does not have to be eliminated in order to achieve success. Rather, the GAO views success as risk management that results in a reduction in vulnerability to fraud, waste, abuse, and mismanagement (personal communication December 17, 2019). Our third observed principle is that the GAO's framework relies on transparency and cooperation between participants. The GAO's work is only as good as the information it receives from agencies, the OMB, and the Congress. Lastly, the GAO high-risk program and framework demand a non-partisan approach aimed solely at reducing risk.

In addition to these key principles, the GAO also employs three key assumptions in the high-risk program framework. First, the GAO assumes it is possible for all areas on the list to successfully get off the list. Secondly, the GAO assumes that the federal government should maintain each of the areas on the HRL and work towards removal



from the list as opposed to eliminating the area. Finally, the GAO's framework assumes that agencies want to get off the list and will make an effort to do so.

### **Participants Theoretical Interplay**

In addition to the principles and assumptions, the GAO high-risk program framework relies on an interplay between participants. The high-risk program involves four key participants: the GAO, the Congress, the federal agency in charge of the high-risk area, and the OMB. GAO's framework assigns roles and expectations to each of these with the aim of achieving success. These roles and expectations are best understood when considering how GAO envisions the interactions amongst the participants.

### ***The GAO and the Federal Agency***

As the creators and managers of the HRL program, the GAO expects to play an active role throughout an agency's tenure on the list. Utilizing core teams for each area, the GAO's Strategic Issues Team engages with agency points of contact for high-risk areas both prior to and during tenure on the HRL. By the time an area is added to the HRL, the GAO team is expected to be fairly familiar with the area and agency. Likewise, GAO expects the agency to have a minimum of one agency point of contact or team to communicate with GAO on the high-risk issues (personal communication May 29, 2020). The GAO's framework design expects the GAO and agency teams to meet periodically to review the status of the high-risk area and any actions taken by the agency. The GAO's framework does not prescribe the frequency of meetings between the GAO and the agencies, but the GAO's best practices encourage agencies to have regular engagements with GAO teams. The GAO's best practices for HRL progress and removal focus heavily on the agency. Agencies must:

- Know the criteria for removal and how GAO is assessing them
- Develop action plans with measures and agreed upon goals
- Engage with GAO as actions taken
- Demonstrate sustained senior leadership commitment and build congressional support
- Ensure support and capacity to execute plans
- Demonstrate sustained progress, capable of spanning Administrations



- Coordinate on shared and government-wide areas (GAO 2019a).

Additionally, The GAO's dedicated teams and willingness to assist attest to its commitment to the high-risk program. The GAO routinely identifies and publishes best practices for high-risk and program specific issues, and encourages inter-agency crosstalk to share lessons learned.

The biennial high-risk updates prepared for Congress are integral to the high-risk program framework. GAO has set the precedent to supply agencies with a draft of the updates, along with an opportunity to provide feedback, before publication. Agencies are expected to provide feedback to ensure an accurate portrayal of progress is captured. In conjunction with the biennial reports, the GAO provides additional support to the agencies through detailed reports on specific issues within a high-risk area. These reports supplement the high-risk update and provide a more detailed account of each area. The GAO's essential expectation for interaction with agencies is that the agencies are willing to cooperate and work toward change.

### ***The GAO and the Congress***

For over twenty years, the GAO's framework has included issues requiring congressional attention and recommended congressional actions on the high-risk updates (U.S. Congress 2005). In a March 2019 House Committee on Oversight and Reform hearing, Comptroller General Eugene Dodaro testified that "where we've seen progress, congressional hand has been at play" (Dodaro 2019). The GAO has no authority in and of itself to mandate agency action, but as an agency of the Congress, the GAO's framework relies on the Congress's willingness to oversee the management of high-risk areas and encourage or even mandate action. The GAO's expectations of the Congress also include cooperation during preparation for the biennial report publication by providing feedback on drafted recommendations for Congressional actions. With the release of the biennial reports, the Comptroller General testifies before congressional committees with a team of experts to provide robust assessment and feedback on the state of the HRL. The GAO expects that Congress will continue to discuss and act on the recommendations for Congressional action.



## ***The Congress and the Federal Agency***

The high-risk framework includes interactions between the Congress and the agencies via congressional testimony, correspondence, NDAA mandates, and relationship building. Best practices from the GAO include engagement on the side of the agency and the Congress to ensure effective change. The framework also requires Congress to conduct the agency oversight required to ensure mandates are adhered to by the agencies.

## ***The Office of Management and Budget***

The GAO has long-held the view that the Office of Management and Budget, in the Executive Office of the President, needs to take a more active role in the high-risk program by designating an individual to lead the fight against fraud, waste, abuse, and mismanagement (U.S. Congress 2005). The OMB is seen as a key role player as well by Congress, with Senator Voinovich highlighting in a 2005 hearing that the President's Management Agenda has the ability to "create a confluence of ideas and synergy" that can lead to significant reform (Voinovich 2005). However, the OMB's role in the high-risk process was only a recommendation until late 2016 with the passing of the Program Management Improvement Accountability Act (PMIAA). The PMIAA is an example of Congress fulfilling expectations and acting on GAO recommendations. Specifically, the PMIAA mandates the OMB's Deputy Director for Management to review HRL area portfolios and receive recommendations from a Program Management Policy Council focused on improving management and high-risk areas (GAO 2019b). The theoretical GAO framework relies on the active participation of the Deputy Director of Management to mandate and oversee the implementation of recommended changes to high-risk areas. Additionally, the principle of transparency applies to the OMB. Between high-risk update issuances, the GAO provides the OMB with a draft of the HRL report and opportunity to provide feedback on the assessment and recommendations (U.S. Congress 2019). In order for the high-risk program to be successful, the theoretical framework requires OMB's active participation, transparency, and cooperation with GAO.



In theory then, with a synergistic approach by the GAO, the Congress, the DoD (agency), and the OMB, one could expect each evaluation criterion in the DoD's high-risk areas to be eventually satisfied and the areas removed from the HRL. However, five DoD areas remain on the list after two decades with progress fluctuating over the course of the tenure. We attempt to answer why by assessing how the theory plays out in practice.

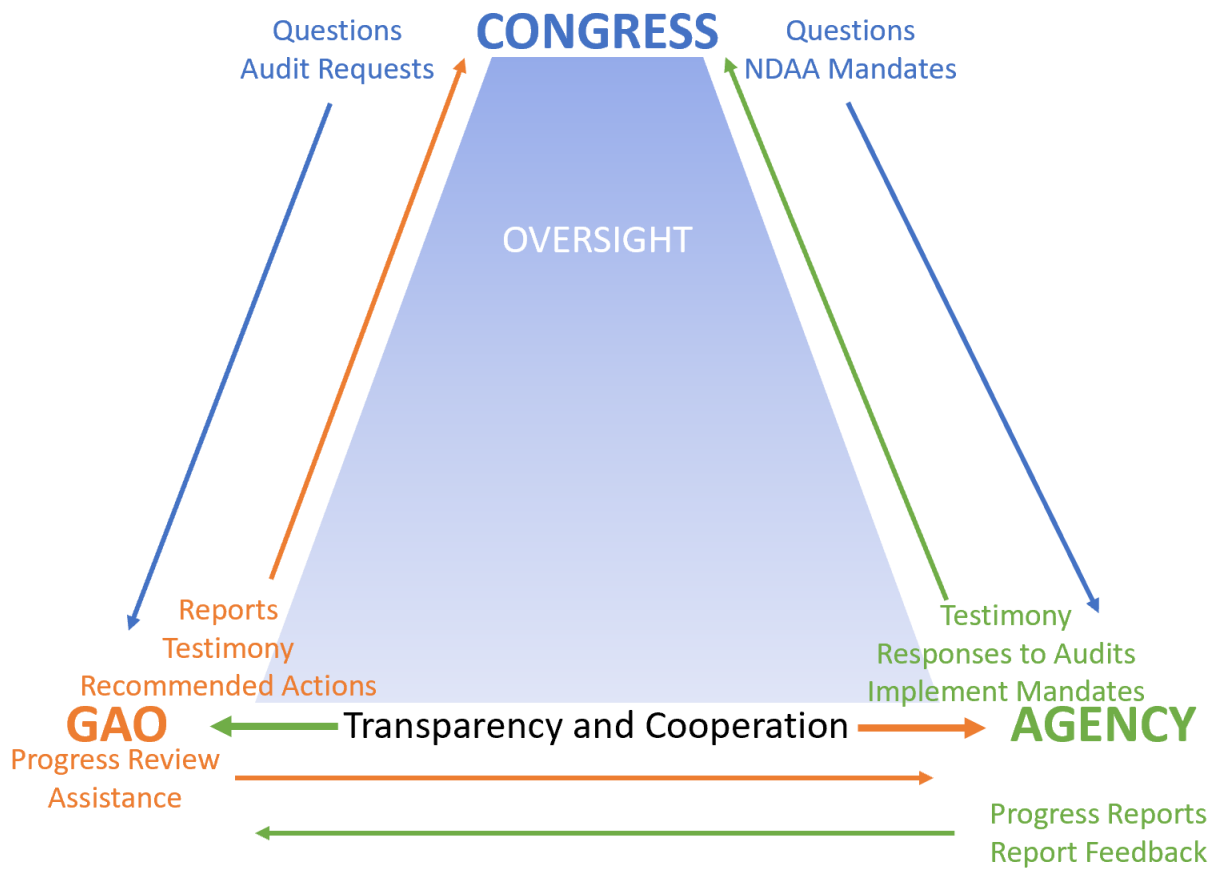


Figure 1: Observed High Risk List Theoretical Framework





## **The High-Risk List in Practice: Challenges to the Apparent Framework**

From the GAO's perspective, the integrity of the framework is often compromised by congressional and agency inaction. GAO officials identified that the HRL is not of the necessary level of importance within the DoD to result in the required progress (personal communication October 28, 2019). Agencies that have seen great progress, such as the Department of Homeland Security, have done so by making the HRL an internal priority and increasing cooperation with the GAO (personal communication August 17, 2020). Across various high-risk areas, the GAO routinely sees a lack of implementation of best practices and recommendations. Agencies may list best practices in their action plan but fail to establish measures of accountability for their implementation.

The GAO, agencies, and the OMB all see leadership as a lynchpin to addressing risk. However, all three players acknowledge that leadership transitions, as often a result of political appointment, greatly hinder agency efforts (U.S. Congress 2005; U.S. Congress 2019). In addition to leadership longevity, much of the effort placed on the HRL by agencies and the OMB is driven by leadership priorities and personality. In 2019, the Comptroller General testified to Congress on the White House's unwillingness to cooperate with the GAO, greatly hindering GAO's assessment of cybersecurity and denying the GAO information regarding the Administration's actions to address issues of concern (U.S. Congress 2019).

From the agency perspective, the framework is unreliable because the GAO fails to meet expectations when it comes to expertise in agency operations. While the GAO attempts to understand the DoD's management practices and processes, a lack of understanding can lead to recommendations that are not feasible for execution.

The GAO's identification of issues requiring congressional attention is necessary, but the framework requires congressional action. While the HRL is an effective tool for Congress and a helpful reference, individual program reports (often mandated by Congress) often garner more attention and subsequent action (personal communication



May 27, 2020). Overall, however, Congressional interest in oversight of agency reform is often limited to just a few members and occasional subcommittee hearings.

After considering challenges of executing the theoretical framework, we took the next step to explore the findings through interviews with subject matter experts. Our purpose was to test and validate the analysis and conclusions that were derived at this point in our research. We sought to determine how the theoretical construct of the HRL plays out in actual practice.



## **Theory to Practice – The Viewpoints of Experts**

Data gathered from interviews, presented below, was categorized and analyzed based first on questions that arose from the phase one study and secondly based on topics which arose in the course of the interviews. The interview data fall into five identifiable categories of research questions: how is the theory of interactions between agencies, GAO, and Congress put into practice concerning the DoD; could the DoD ever get off the HRL; should the DoD prioritize getting off the HRL and, if so, what are proven strategies and best practices for making progress on HRL areas; and ultimately, is the DoD an anomaly?

### **Interactions Between Agencies, GAO and Congress**

The interactions between the three major actors concerned with the HRL, the agencies, the GAO and Congress, reflect the roles each plays in public management. Concerning specifically the DoD's presence on the HRL, the DoD is responsible for the day-to-day and long-term management of the department; the GAO conducts management audits and provides evaluations and advice on management improvement; and the Congress provides oversight, receives reports, and can mandate management actions. Both the bilateral relationship between the GAO and the DoD, and the trilateral interaction between the GAO, the DoD, and Congress, were explored in interviews with current and former officials associated with each participant.

### **Bilateral Interaction between the GAO and the DoD**

The foundational theory behind the HRL suggests that the three actors – the DoD, The GAO and the Congress play specific and complementary roles in a collective effort to reduce the high-cost risk of fraud, waste, abuse or mismanagement. Our interviews indicated that both bilateral and trilateral relationships exist in this framework. The most frequently observed relationship is that between the GAO and the DoD. We explored the nature of that relationship with SMEs from the two organizations. SME 2 (personal communication, July 1, 2020) said that in the early periods of the HRL the relationship between the GAO and the DoD was mostly adversarial, but other



interviewees said the relationship today has more interaction and collaboration. For instance, SME 6 (personal communication, May 25, 2020), a GAO source, observed that DoD and GAO teams touch base several times a year to discuss high risk issues with senior DoD personnel and that GAO meets nearly weekly with mid-level personnel. SME 8 (personal communication, October 28, 2019) cited quarterly senior level meetings between the DoD and GAO and saw there was “a lot of good interaction throughout the year.” SME 12 (personal communication, July 3, 2020), a DoD source, described reaching out to establish relationships with senior staff and instituting consistent ongoing dialogue.

Notwithstanding this current collaborative environment between the DoD and GAO, there are issues. One is the extent to which DoD believes the GAO understands its business operations. SME 2, a GAO official, said “We know DoD’s business very well from an outsider’s perspective. We will never say that we know the things from the inside.” SME 9 (personal communication, June 15, 2020) a DoD official, claims that the GAO’s findings often tend to corroborate what DoD knows internally but that sometimes GAO recommends actions that DoD probably cannot do; “the organization of the department doesn’t always allow certain solutions for complex problems.” The DoD does attempt to explain its operations to the GAO. SME 12 says the DoD does make an effort to explain the way they do business to the GAO. But, SME 8 is not quite so patient: “When it is just an academic exercise and people don’t have the experience, DoD is not going to listen to them.”

### **Bilateral Interaction between the GAO and Congress and between the DoD and Congress**

A second set of bilateral relationships exist between the GAO and the Congress independent of the DoD and between the DoD and the Congress independent of the GAO.

The GAO was created in the Budget and Accounting Act of 1921 as the General Accounting Office to be the principal financial analytical agency of the Congress. Over time its work expanded to include monitoring executive branch agencies’ programs and spending. In 2004 its name was changed to the Government Accountability Office. The



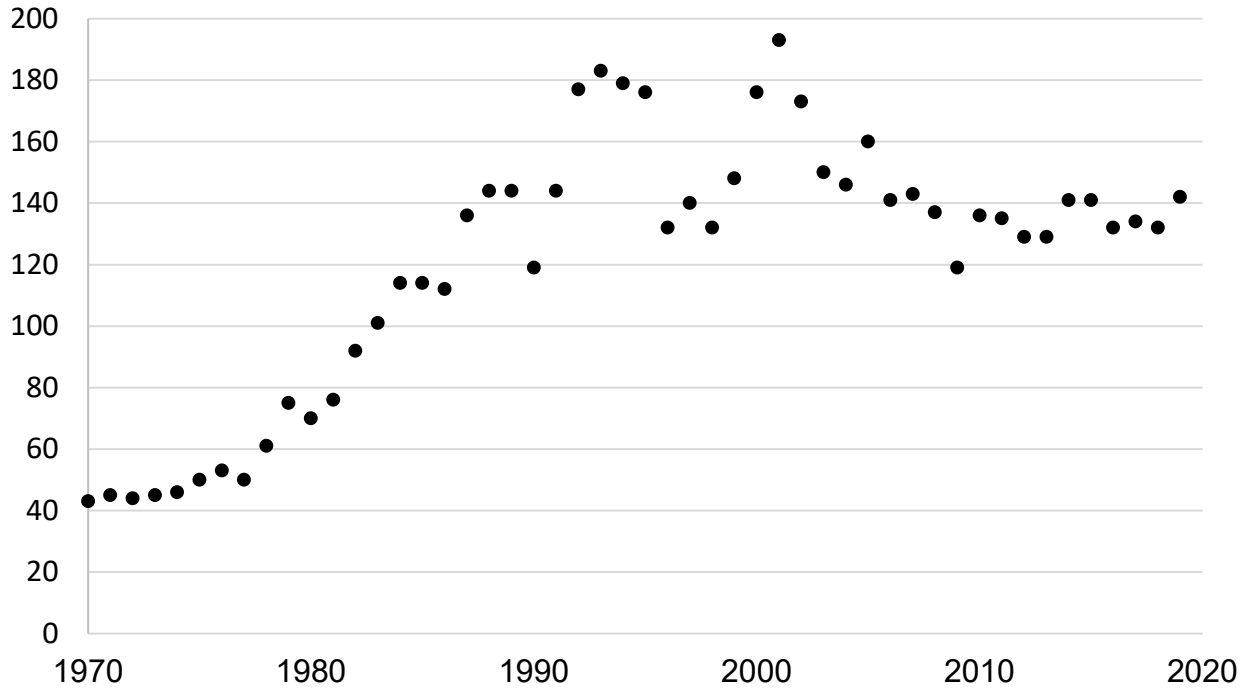
GAO is an agency of the legislative branch and reports to and takes direction from the Congress. (GAO 2020).

As an agency of the Congress, the GAO has a relationship with the Congress and key congressional committees well beyond the topic of the DoD and the HRL. GAO conducts other audits of the DoD, either self-initiated or requested by Congress. The GAO issues individual reports on these audits and its officials testify frequently before congressional committees. Between 2014 and 2017 the GAO made a total of 1122 individual recommendation to the DOD, averaging 280 per year. For this period, it identified 68 priority recommendations in the areas of acquisition and contract management (25 priority recommendations), readiness (14), financial management (11), health care (7), cyber security (5), headquarters management (3), support infrastructure (2), and information technology (1) (GAO, 2018, p. 25). 72% of the GAO's recommendations in this four-year period addressed management issues in categories both similar to and different from those found in the HRL. Any of these reports could become the topic of congressional oversight hearings or a source for legislation. Thus, GAO has much greater potential for interaction with the Congress on DoD-related topics other than the HRL. The biennial HRL, however, is always a subject of congressional hearings with the GAO upon release of the report.

The DoD was formulated with the creation of the National Military Establishment in 1947 and eventually as the Department of Defense in an amendment to the 1949 National Security Act (DoD, 2020). The organization and functions of the Department are codified in law in USC Title X. Like the GAO, the DoD has multiple interactions with the Congress outside the scope of the HRL. Many of the interactions deal with national security issues, such as the annual posture statement testimonies by DoD and the military departments, but many of them also address management topics. Congress directly addresses DoD management issues when it reviews funding and program authorizations through the annual Defense Appropriations Act and the National Defense Authorization Act, both of which can include mandates and requirements concerning Defense management. In fact, as shown in charts 1 and 2 below, Congress has been steadily increasing its organizational and management mandates through the general



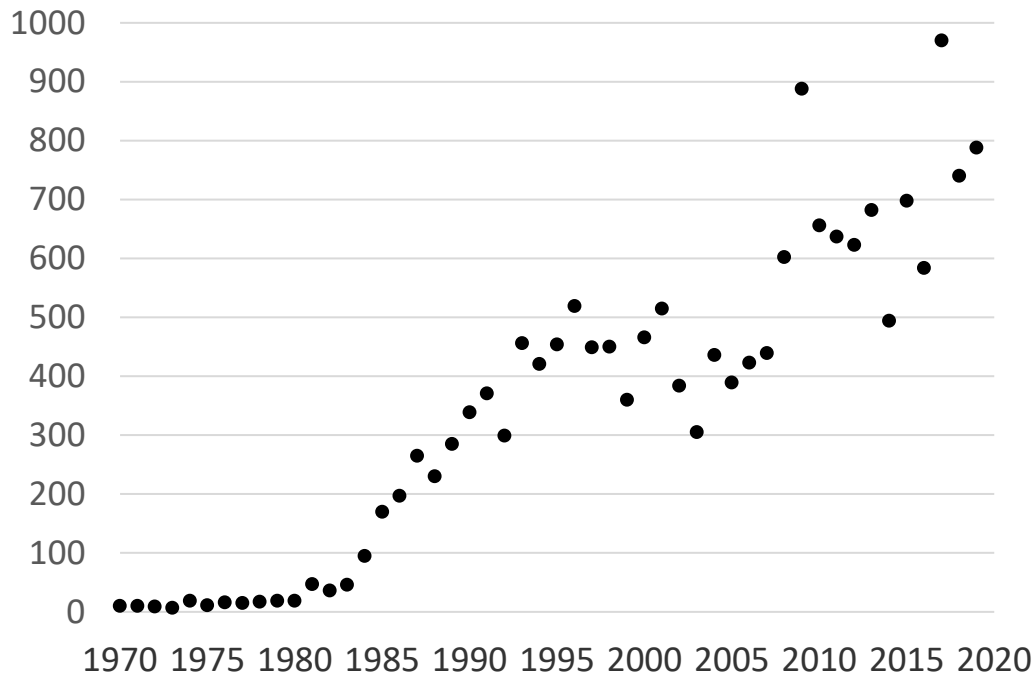
provisions of the annual appropriations act in the overall increase in the size of the annual authorization act.



Source: Candreva (2017), p.47.

**Chart 1: Number of General Provisions in the Defense Appropriations Acts, 1970-2019**





Source: Candreva (2017), p.49.

**Chart 2: Number of Pages in the NDAA**

### **Trilateral Relationship Between the Congress, the GAO and the DoD**

How then does Congress exercise oversight of the DoD and the GAO within the context of the HRL? SME 1 (personal communication, June 10, 2020) explained that the HRL assessment is not “sponsored” (i.e., directed) by Congress. Rather it is an initiative of the GAO (as contrasted with individual studies that are directed by or sponsored in Congress). Nevertheless, the entire biennial HRL update is always the subject of Congressional hearings. These hearings generally take place before the House Committee on Oversight and Reform and the Senate Committee on Homeland Security and Governmental Affairs. In addition, HRL areas specific to the DoD can be the subject of hearings before the respective House and Senate armed services committees. SME 4 (personal communication, November 12, 2019) said there were times when the Senate Armed Service Committee would hold a hearing on the HRL, but it was more likely for the committee to hold a hearing on a set of specific defense management



issues arising from individual GAO reports where the HRL would come out in discussion.

What then is congressional interest in the HRL? SME 11 (personal communication, May 27, 2020) explained that some HRL-related areas have been included in the NDAA. Sponsors of the legislation will cite the HRL when they put something into the NDAA. In hearings, when GAO wants to make a recommendation, it would have some members of Congress reach out and ask about that recommendation and what they could put in the NDAA to fix it. Sometimes Members will have a political agenda that coincides with what is on the HRL and they will use the list to assert their agenda is credible because GAO is producing these reports. SME 9 identified that Capitol Hill interactions on the HRL depend on the broader congressional agenda, explaining that there is no separate callout in saying that “this is on the HRL,” but sometimes there is a concern that aligns with the HRL. SME 6 thinks the HRL also directly influences the NDAA pointing out the 2019 HRL report acknowledges the involvement of Congress, saying “Congress also continues to take important actions. For example, Congress has enacted a number of laws since our last report in February 2017 that are helping to make progress on high-risk issues.” (GAO, 2019b, p. 1) SME 11 noted that the HRL is mostly used as a “helper tool,” not as a standalone product that the Committees look at. Instead, it appears the committees are more interested and responsive to individual GAO reports rather than the broader HRL.

Congressional interest, sometimes encouraged by GAO, can be used to motivate DoD to address areas on the HRL. SME 6 thinks the committee hearings have great impact if the Administration and Congress both support a recommendation. SME 10 agrees, saying when Congress holds hearings, they are well-attended and, in some cases, GAO’s presentation of the HRL to Congress gives reason for DoD to act on its own internally-generated management reforms. Thus, both the GAO and the DoD can use Congress to leverage action on topics in the HRL but according to SME 4, the DoD doesn’t come to the Senate to ask for legislation to help it in dealing with a high-risk program just because it’s on the HRL.





## **Role of the Office of Management and Budget**

The GAO framework envisions a significant role for the Office of Management and Budget. We explored this issue with SMEs knowledgeable about the OMB's involvement with the HRL. SME 7 said there were times when OMB tried to broker agreements on some management issues in sessions with the GAO and the DoD. SME 9 said it depended on who the "risk owners" were. The DoD owns the risks specific to it and OMB is more concerned with government-wide risks. SME 17 (personal communication, July 20, 2020), an OMB official, agreed that OMB's interests were in management themes crosscutting across agencies but said there was "no systematic connection between HRL and the OMB-managed President's Management Agenda." Nor has OMB analyzed what would be required to get off the HRL. In fact, the President's Management Agenda addresses only some of the GAO's high-risk issues.

In summary, it seems clear in the interviews that there is a good deal of HRL-related interaction between staffs of the GAO and the DoD, including periodic meetings at very senior levels. If the relationship between them was once adversarial it appears to be more collaborative today, though not without some friction points. Collaboration can vary by high-risk area and in some cases the collaboration amounted to periodic pro forma meetings, after which both the DoD and GAO returned to doing things their own way. There also appears to be significant bilateral interaction between the GAO and Congress, as one might expect. As an agency of Congress, the GAO reports regularly to the relevant committees about Defense management issues including the HRL. But the greater attention seems to be paid to individual GAO studies and reports rather than to the every-two-years HRL. The GAO can also leverage its position with Congress to motivate the DoD to address certain issues including those on the HRL. There seems to be less bilateral direct interaction between the DoD and Congress regarding the HRL outside of committee hearings and periodic meetings with congressional staff. Finally, there is scant evidence from the SMEs to suggest much productive trilateral collaborative interaction on HRL areas between the three entities.



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## Getting Off the HRL

A second theme that arises deals with the issue of getting off the HRL. This theme considers questions about (1) whether the DoD could ever really get off the list, and (2) whether the DoD's management agenda should prioritize getting off the list, and, if so, what successful practices could the DoD employ to make progress toward removal from the HRL.

### Could the DoD Ever Get Off the HRL?

The long-tenure of some of the DoD's areas on the HRL raise questions about whether the DoD could ever get completely off the list. Some of the interviewees were skeptical, others were more optimistic. Virtually all of the GAO officials we interviewed expressed the opinion that the DoD could get its areas off the HRL. Some in the DoD, principally those who had been involved with a successful effort to get an item off the list were also somewhat optimistic. But most DoD officials we interviewed saw the DoD's HRL areas to be inherently risky and costly, and thus think the DoD will always be on the list. GAO officials, however, tended to acknowledge that risk exists in the DoD's areas and cannot be eliminated completely, but with proper management reform the DoD can come off the list. SME 4 acknowledges that good Defense management is important but that the HRL is largely not a list of solvable problems for the DoD. SME 7 agrees, saying everyone wants the DoD to be more efficient but the complexity of everything that DoD manages is going to bring risk.

On the other hand, SME 3 and SME 2, both of them GAO officials, are more positive. They point out that the DoD has recently had two high-risk areas removed from the list - personnel security clearances and supply chain management - and other complex HRL areas like terrorism and information sharing have come off the list. High-risk areas don't have to eliminate risk to get off the HRL, they need only to move from "high risk" to "risk". SME 9 a DoD official, somewhat concurs, observing that the Department's management agenda now is looking more closely at HRL areas in addition to individual GAO reports. So, there is a perceived difference in perspective



here. While the GAO views getting off the list as managing the risk so that it is lower, the DoD perspective seems to some to mean eliminating the risk.

### **Should the DoD Prioritize Getting Off the HRL?**

If there is at least disagreement over whether DoD could ever get off the list, the obvious next question is whether the DoD should prioritize getting off the list. This question involves both the probability of success and the incentives for trying. There is some disagreement among the SMEs interviewed about the extent to which the DoD should prioritize getting off the HRL in its management agenda. SME 5 makes the case for trying, saying that being on the HRL is fair but that getting off the list is not really central to the DoD management agenda. Both SME 10 a GAO official and SME 12, a DoD official answered simply “yes” to a question about whether DoD should be trying to get off the list, SME 12 adding emphatically, “I want to get off the list.”

SME 8 believes the DoD just isn’t going to prioritize the HRL. Instead, they are going to do things aligned with executing the national security strategy, prioritizing the mission over the HRL. Added to the negative argument now is the disestablishment of the Office of the Chief Management Officer in the FY 2021 NDAA. Some SMEs had pointed to the CMO as the logical responsible party to take ownership of the high-risk areas. Furthermore, neither the incentives nor disincentives clearly align with getting off the list. There seems to be little penalty for being on the list, except for some discomfort in occasional congressional hearings on the subject of the HRL. SME 16, a DoD official said “Congressional pressure has been the biggest” incentive to get DoD off the HRL. Conversely, SME 15, a GAO interviewee said “It should be in their (DoD’s) interest because they could get more money.” There is little indication however that Defense appropriations decisions are influenced by the HRL; SME 8 argued that the DoD did not receive any more money for recently getting areas off the HRL. Even though SME 15 said it is “embarrassing” to be on the HRL, there are few rewards for getting off the list aside from the intrinsic reward felt by individual managers whose areas make progress or get off the list. SME 8 said the only incentive was “personal satisfaction and that is it.”



## Successful Practices Toward Removal from the HRL

If DoD were to prioritize getting areas off the HRL are there successful practices that it might follow? Reflecting on the early days of the HRL, SME 2 said that at the time DoD contract management and weapons systems came onto the HRL, a lot of the decisions about what to put on the list were judgement calls, not very objective or methodical. In some cases, such as weapons systems acquisition, size and visibility were the major factors in getting on the list. SME-10 (personal communication, December 17, 2019), speaking from a GAO perspective, admitted that when the HRL began there were also no clear criteria for getting on or off the list. Now, however, the GAO's use of the five-pointed star rubric for measuring progress provide some credit for DoD efforts. SME 5 (personal communication, June 8, 2020), a DoD official, doesn't disagree that the DoD belongs on the high-risk list, but just wants the GAO to "give us credit for where progress is being made."

And, in fact, the DoD has been successful recently in getting two areas off the HRL. SME 13 (personal communication, July 30, 2020) explained the DoD's process for getting supply chain management off the HRL. It essentially involved attacking each element of GAO's five-star evaluation system separately or sequentially. Initially the focus was on leadership, getting the two-star logisticians to establish a plan. Next came a comprehensive action plan and the dedication of resources. Metrics were established and periodic monitoring took place and policies were changed as needed. DoD was transparent throughout the process with the GAO in attendance for the DoD's internal meetings.

Goal setting and accountability are cited by SME 1 (personal communication, June 10, 2020) pointing out that the Department of Homeland Security has prioritized getting off the HRL within three years. They hold their executives accountable toward addressing the GAO's recommendations. SME 16 (personal communication, August 17, 2020) said Congress played a role in motivating DHS by requiring DHS to cooperate more with GAO. DHS thus realized over time that the HRL was going to be the cause of a lot of congressional pressure so the department's leadership there got pretty serious about it. With DHS's approach being mentioned multiple times as a model, the question



arises: are the DoD and DHS analogous when it comes to the HRL? SME 3 answered “yes” but was quick to point out the difference in scale. For instance, both agencies have business systems modernization on the HRL but DHS’s total IT budget was \$9 billion while DoD’s spending for business systems alone would exceed that amount. SME 16 however, thought DHS is just as complicated if not more than DoD. SME 16 went on to say that the argument that DoD is unique is convenient, getting off the list is just a matter of how much the leadership in each department wants to take it seriously.

Is the DoD making any progress toward getting more high-risk areas off the list? SME 6 currently sees a strong commitment in DoD to address high risk issues. There is more leadership commitment scored in the latest report and they are trying to create robust action plans. That is what is needed now. SME 17 advises that if DoD wants to prioritize getting off the list it should work to get specific language in support of those efforts into the NDAA.

In summary, the SMEs who participated in the interviews reflect mixed views of the questions about whether the DoD could get off the HRL and if it should even prioritize doing so. Strong arguments suggest that the DoD’s size, complexity and the nature of its programs will always result on exceeding the GAO’s threshold for high risk. Other equally powerful arguments, that an agency consuming half of the nation’s discretionary budget has a responsibility to strive for better management and that success is possible as seen with the removal of two DoD areas from the HRL, prove that it should and can be done. In either case, it’s clear that there are steps that the DoD could take to make progress on HRL areas, get credit for progress, and work toward getting at least some of them off the list.

Again, the question of getting off the HRL and whether the DoD should prioritize it seems highly influenced by the perspectives of DoD and GAO officials. The GAO perspective is that the DoD doesn’t need to eliminate risk, just manage it to a lower, more acceptable level. But the apparent DoD perspective is that its programs are inherently risky because they are large in scale, high cost, and usually involve development of new technologies and new products. The perspective of those SMEs



who were involved with areas that got off the list, saw it as possible and worth striving for. Perspective seems to be a material consideration in this question.

### ***Is DoD an Anomaly?***

To return to our original research question, is the DoD a high-risk anomaly? We end up in the same position as in the first phase of this research (Gamble 2020) as indicated in the views of three SMEs: SME 6 says yes, DoD is huge in scope and that makes it different; SME-12 (personal communication, June 30, 2020) disagrees, at least when compared to some other large complex agencies like DHS; SME 17 cautions that the DoD's scale may be a factor in GAO's capacity for analyzing defense management even though it devotes more of its capacity to national security than to any other area.



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## Conclusion and Observations

The answer to the question of whether the DoD is a high-risk anomaly remains ambiguous. The DoD is certainly characterized by the three main attributes of high-risk. But, so are some other agencies on the HRL. On the other hand, some DoD areas have managed to get off the HRL. When asked about the DoD's presence on the HRL, GAO, DoD and Congressional subject matter experts disagreed, with most GAO experts and a few DoD experts believing that it would be possible for the DoD to get off the list. More DoD experts thought the DoD could never get completely off the list owing to its size, complexity and high-dollar programs.

Our analysis concludes the theoretical framework of the HRL, with its expected roles and responsibilities for the GAO, the DoD, the OMB and the Congress is not fully functional in practice. It is true that there is cooperation and collaboration between the GAO and the DoD at both the functional and senior leadership levels that can lead to management improvement even if not achieving complete removal from the HRL. But the roles of the OMB and the Congress seem less active. The OMB's response to the PMIAA by citing the HRL in its circular A-11 doesn't appear to actually require the agencies or Deputy Director to do anything to further the goal of getting off the HRL other than to make a report. Similarly, the interest of Congress in the HRL seem only episodic and person- or constituency-driven. Interviews across the agencies suggest that the individual GAO audit reports receive more attention and prompt more corrective action than does the HRL. In the absence of tangible incentives there seems to be little in the way of motivation for the DoD to prioritize getting off the HRL. Instead, as more than one DoD SME argued, if the Department just works to improve its management policies and practices, making progress on the HRL and perhaps even getting off the list, would be a pleasant by-product.

Finally, it is clear that the HRL is an invention of the GAO. The HRL was not mandated by Congress nor does it have a particular congressional owner, either a committee or individual legislators. The GAO also lacks enforcement authority beyond persuasion and the public scrutiny that comes from biennial congressional hearings.



Ultimately, though the DoD is and is not a high-risk anomaly, whether or not it prioritizes making progress and getting off the HRL is a question that characterizes all of the DoD's management initiatives. The DoD will undertake to respond to the HRL when doing so directly serves the mission of the Department.



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