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Is the DoD a High-Risk Anomaly? An Analysis of the Government Accountability Office's High-Risk List's Persistent Residents

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Is DoD a High-Risk Anomaly?

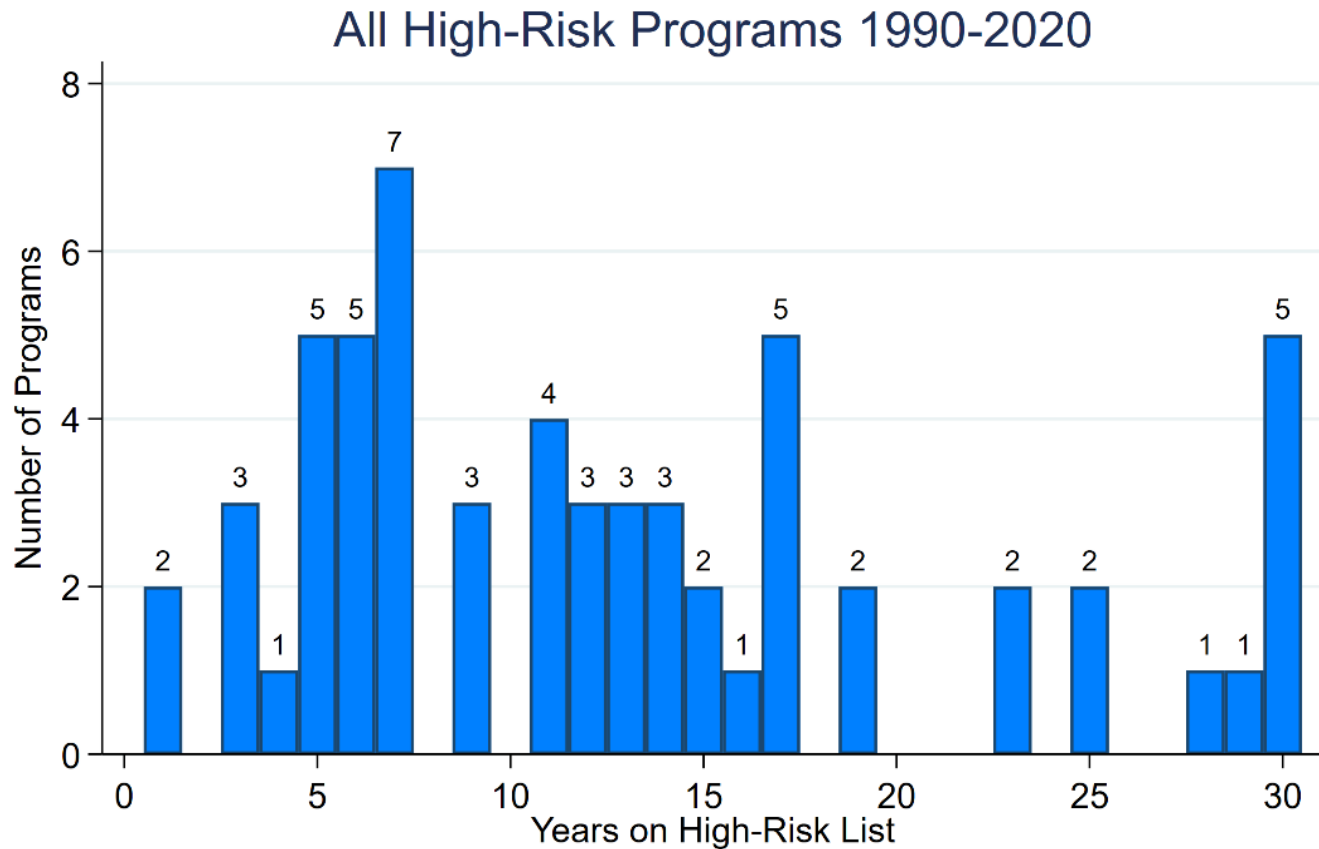
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Presented to
17th Annual Acquisition Research Symposium
May 13, 2020

General Accounting Office High Risk List

- 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

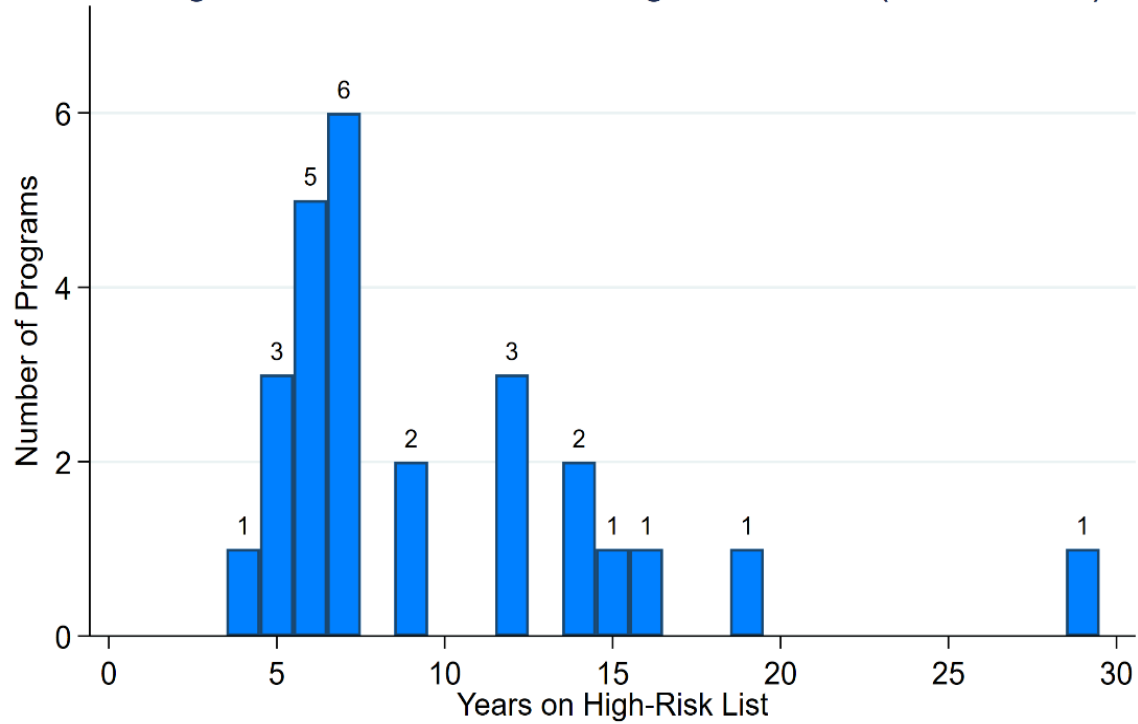
- 60 programs
- 8 are DoD specific**
- 6 additional are national security or defense related*
- 7 have contract or acquisition in title*

*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

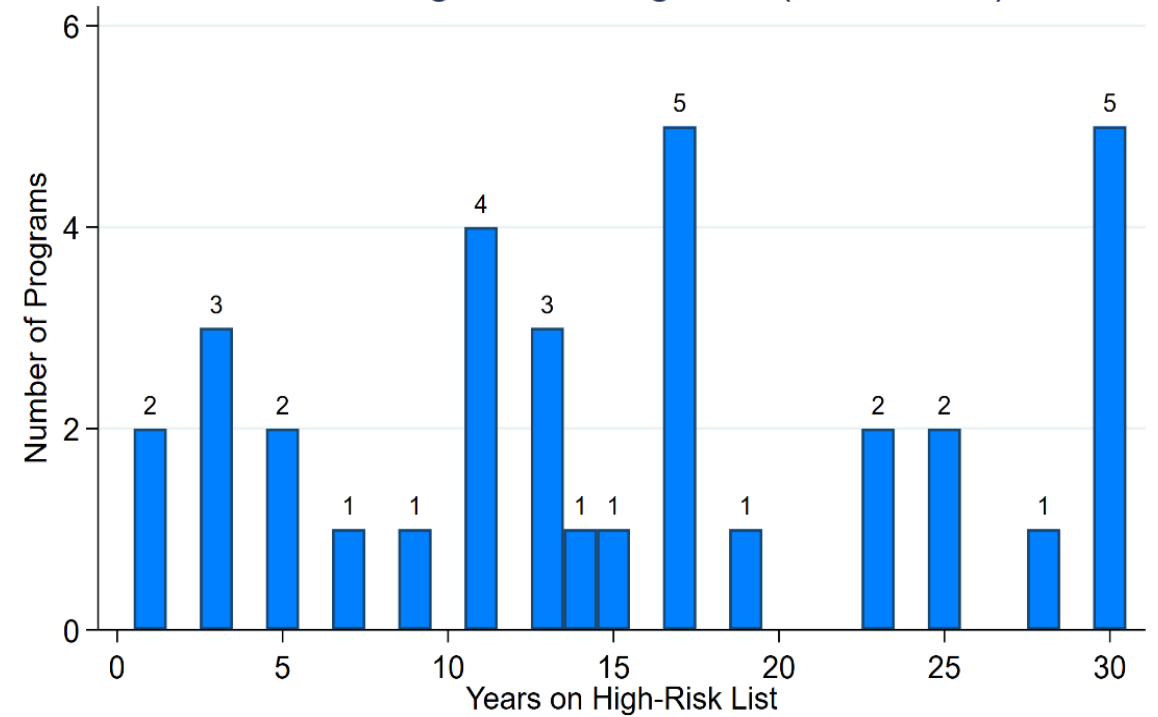
Programs Removed from High-Risk List (1990-2020)



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

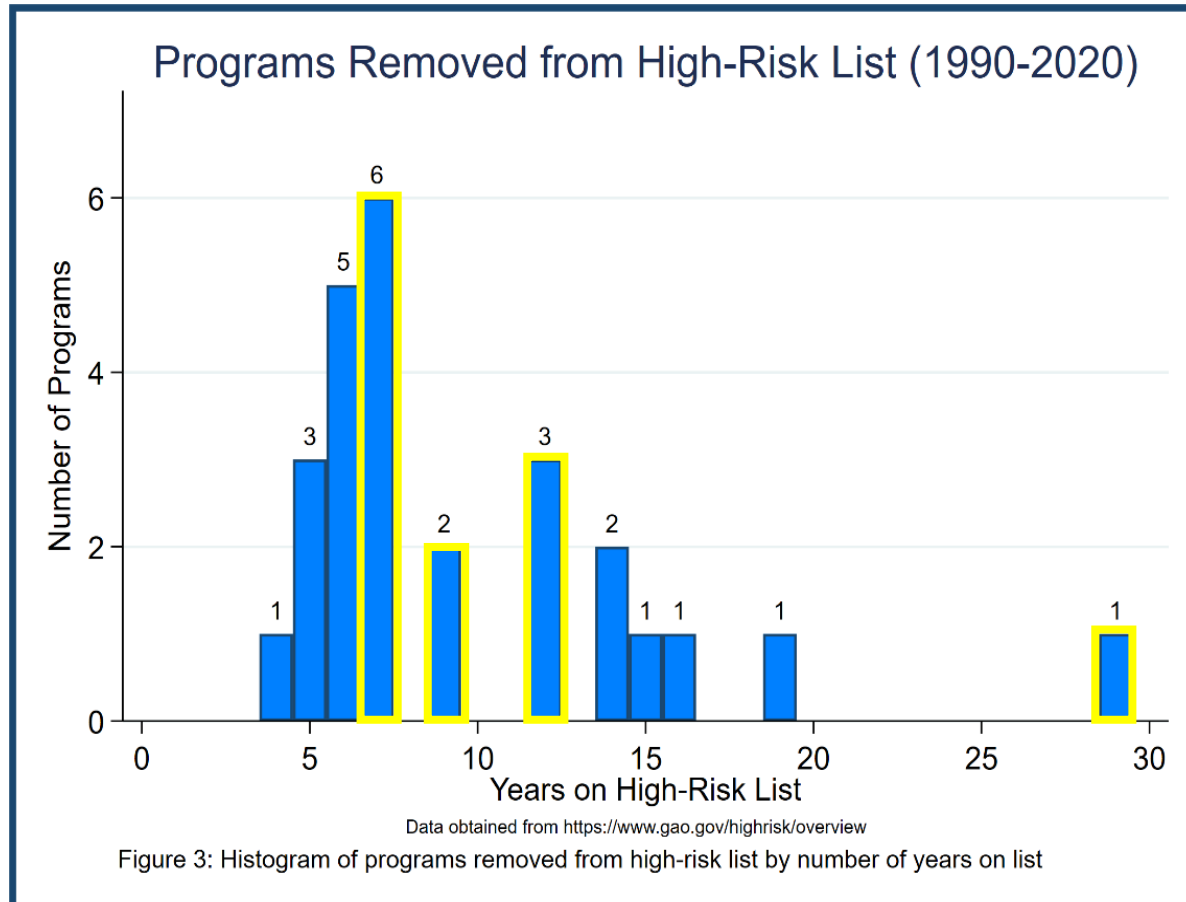
Current High-Risk Programs (1990-2020)



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

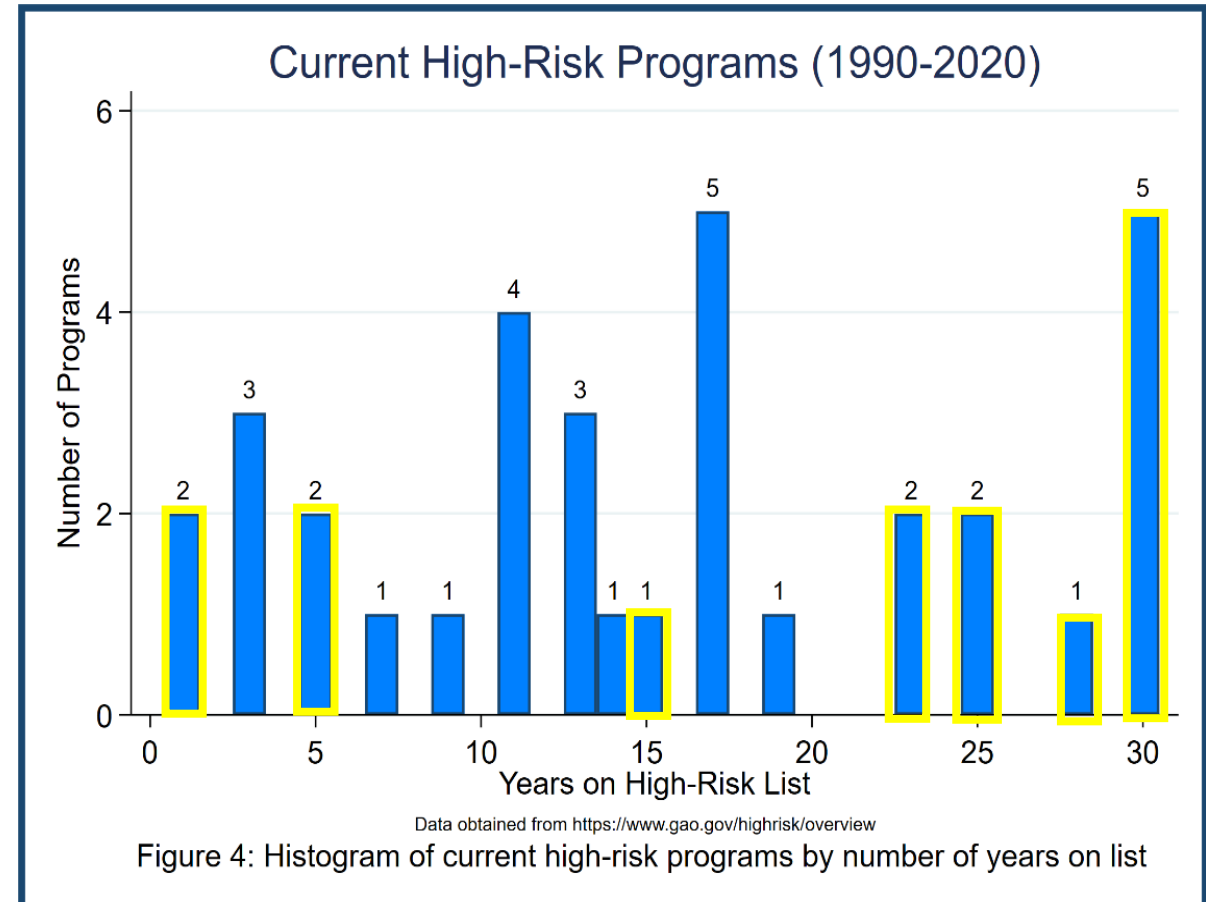


- **DoD** Personnel Security Clearance Program (7 years)
- Management of Interagency Contracting (9 years)
- Establishing Effective Mechanisms for Sharing and Managing Terrorism-Related Information to Protect Homeland Security (13 years)
- **DoD** Supply Chain Management (29 years)

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

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



Source: GAO analysis. | 2017 High Risk List GAO-17-317

- 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

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

NASA

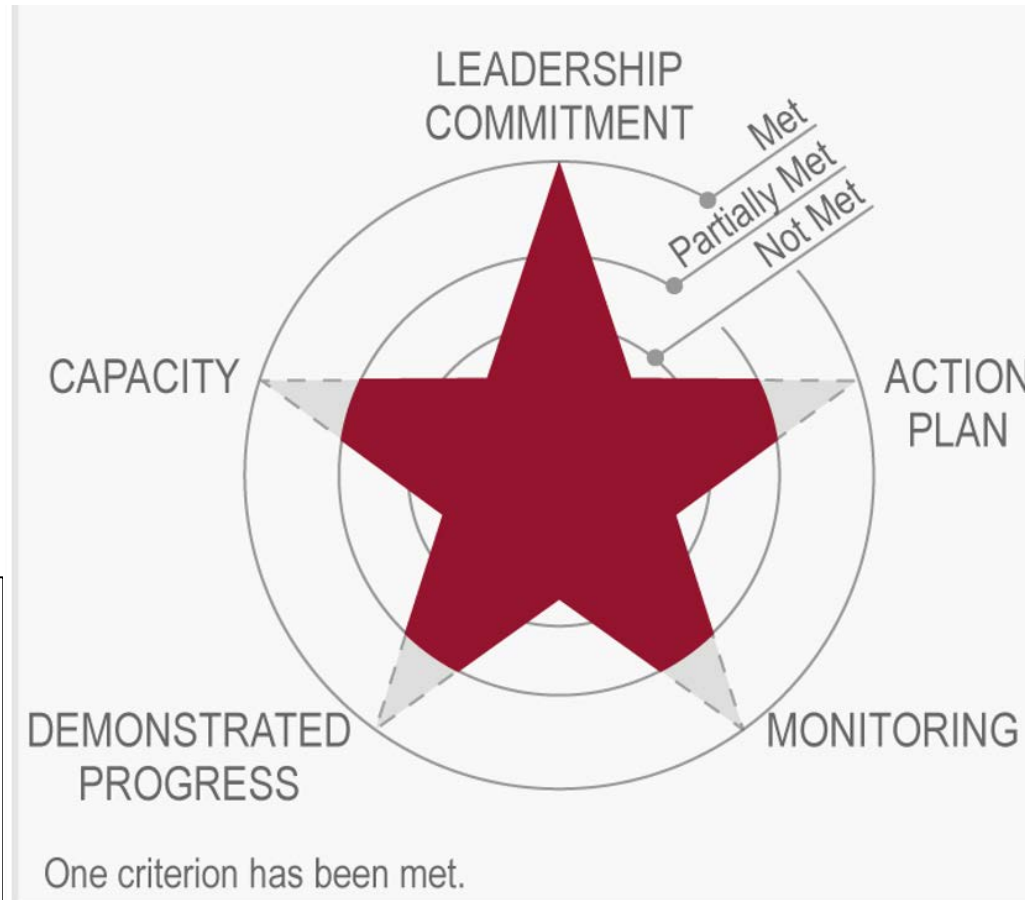
- More detailed, program specific report
- Programs tightly interconnected
- Small organization
- GAO displayed understanding of NASA organization and functioning
- Able to develop own monitoring criteria
- Lacked significant management and structure early on

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

- 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

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

- 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

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

Questions