

GAO Highlights

Highlights of [GAO-17-457](#), a report to congressional requesters

Why GAO Did This Study

In recent years, GAO and other organizations have raised concerns about Army contracting operations, which directly affect a wide range of Army activities. In fiscal year 2016 alone, the Army obligated more than \$74 billion through contract actions.

GAO was asked to examine the Army's contracting operations. This report assesses the extent to which Army leaders have evaluated (1) the efficiency and effectiveness of contracting operations and (2) the effects of organizational changes on contracting operations.

GAO reviewed reports on Army contracting commissioned by the Secretary of the Army and an ASA(ALT); ASA(ALT) memos; Army guidance reorganizing AMC; and Army-wide contracting oversight briefings from fiscal years 2015 and 2016. GAO also interviewed personnel in the Office of the ASA(ALT), at AMC, and other contracting organizations.

What GAO Recommends

GAO is making eight recommendations to improve the Army's contracting operations such as: developing metrics to assess contracting operations for timeliness, cost savings, and contractor quality; documenting rationales for key decisions; and establishing measurable objectives to assess the effects of organizational changes on contracting operations. The Army generally concurred with GAO's recommendations, but did not agree to establish a contractor quality metric because contracting organizations cannot control all variables that affect quality. GAO continues to believe this action is needed as discussed in the report.

View [GAO-17-457](#). For more information, contact Marie A. Mak at (202) 512-4841 or MakM@gao.gov.

June 2017

ARMY CONTRACTING

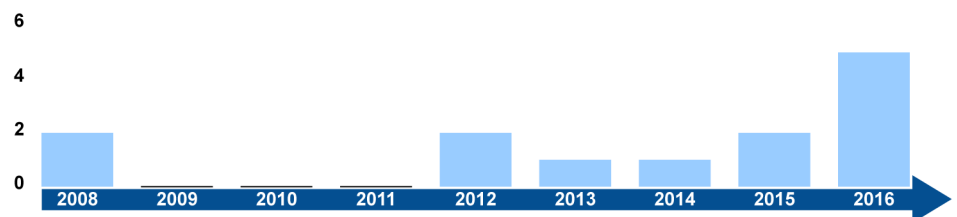
Leadership Lacks Information Needed To Evaluate and Improve Operations

What GAO Found

Top Army leaders conduct department-wide contracting reviews, but they have not consistently evaluated the efficiency and effectiveness of the department's contracting operations. Instead, they have primarily focused on efforts to obligate funds before they expire, as well as competition rates and small business participation. In 2014, one of the Army's key strategic planning documents established that contracting operations should adhere to schedule, cost, and performance objectives, but Army leaders have not established the timeliness, cost savings, and contractor quality metrics needed to evaluate contracting operations against such objectives. Without adequate metrics, Army leaders will not have the information needed to determine whether Army contracting operations are meeting the department's objectives. Since 2012, Army leaders, including successive Assistant Secretaries of the Army (Acquisition, Logistics and Technology) (ASA(ALT)), have acknowledged a need for improvements in contracting and have taken positive intermittent steps, but GAO found that these leaders did not sustain the efforts or—alternately—provide a rationale for not doing so. GAO has previously found that leadership must provide clear and consistent rationales to effectively drive organizational transformations. If Army leadership does not document its rationale for key decisions, the Army's contracting organizations may be missing critical information to effectively improve operations going forward.

Top Army leaders have not evaluated the effects of major organizational changes on contracting operations despite repeatedly changing reporting relationships across contracting organizations since 2008, when the Secretary of the Army created the Army Contracting Command. The number of changes has increased since 2012, with five major changes in 2016.

Number of Major Organizational Changes Affecting Army Contracting Operations, 2008-2016



Source: GAO analysis of Army documents. | GAO-17-457

Some Army leaders made organizational changes to centralize contracting decision-making, while others made changes intended to improve support to field operations. When Army leaders made these changes, they did not establish measurable objectives in accordance with federal standards for internal control, and officials from eight different Army organizations told GAO that the numerous changes disrupted contracting operations and caused confusion. Further, GAO found that disagreements over the associated risks and benefits have increased tensions among officials in the ASA(ALT) office and at the Army Materiel Command (AMC). In the absence of measurable objectives and authoritative data, it is unclear whether the benefits of the changes outweighed the costs to implement them.