

GAO Highlights

Highlights of [GAO-18-435](#), a report to the Chairman of the Committee on Armed Services, House of Representatives

Why GAO Did This Study

Each year, DOD spends billions of dollars acquiring and sustaining weapon systems to meet U.S. national security objectives. DOD relies on an extensive, multi-tiered network of suppliers that make up the defense industrial base to provide the components, subsystems, raw materials, and equipment to develop and sustain these weapon systems. Ensuring that these suppliers can provide products and services at the time, quantity, and quality DOD needs is essential to meeting national security objectives. MIBP is DOD's focal point for assessing and mitigating department-wide industrial base risks.

GAO was asked to review DOD's efforts to ensure a viable defense industrial base. This report addresses DOD's approach to identify industrial base risks and its investments to address those risks. GAO reviewed DOD's guidance for industrial base assessments; analyzed industrial base assessments conducted by program offices, military departments and MIBP; reviewed MIBP's efforts to share supplier data; and reviewed documents for all 33 completed investment projects funded by MIBP's investment programs from fiscal years 2014 through 2017.

What GAO Recommends

GAO recommends that DOD make better use of existing supplier data and identify the appropriate workforce mix needed to work with business-sensitive data. DOD partially concurred, but noted that it is taking steps to identify and integrate existing supplier data and is evaluating staff resources for safeguarding business-sensitive data.

View [GAO-18-435](#). For more information, contact Marie A. Mak at (202) 512-4841 or makm@gao.gov.

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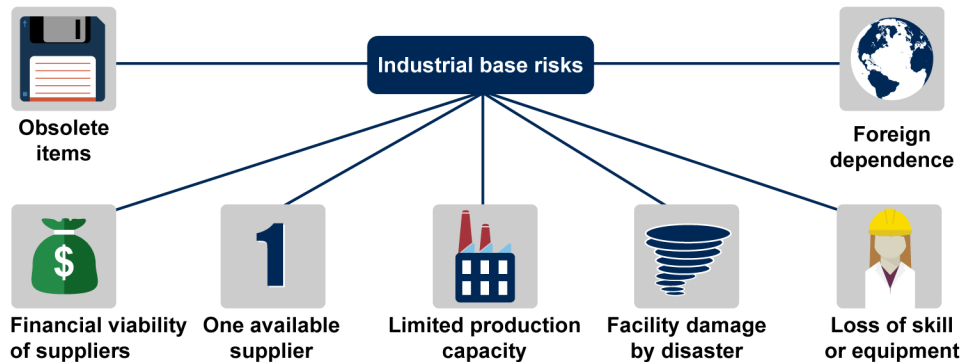
DEFENSE INDUSTRIAL BASE

Integrating Existing Supplier Data and Addressing Workforce Challenges Could Improve Risk Analysis

What GAO Found

GAO found that the Department of Defense (DOD) takes a dispersed approach to identify risks to the industrial base that draws on data from several DOD components and acquisition program offices. The figure below highlights examples of industrial base risks that DOD faces.

Examples of Risks Facing the Defense Industrial Base



Source: GAO analysis of Department of Defense information. | [GAO-18-435](#)

The Manufacturing and Industrial Base Policy (MIBP) office is DOD's focal point for industrial base issues. MIBP has two data systems that together could meet DOD's requirement for a data repository that centrally identifies available supplier data necessary to conduct industrial base analysis. However, GAO identified certain challenges that have prevented a comprehensive approach to department-wide analysis of risks. For example:

- MIBP's data systems do not fully leverage existing data from program offices on the companies that provide parts at the lower tiers of the supply chain, among other things. These data are not currently collected in a standardized format, but would enable MIBP to meet its goal to gain better insights into the supply chain.
- MIBP relies on contract staff to augment its workforce; however, MIBP officials have determined that these contractors may not access business-sensitive data needed to build its systems to facilitate industrial base analysis.

MIBP acknowledges these issues, but has not yet determined a solution. *Federal Standards for Internal Control* call for agency management to utilize quality information and to ensure a personnel mix with the requisite capabilities needed to achieve the agency's objectives. Without addressing these challenges, MIBP is likely spending resources on systems that do not meet its repository requirement or leverage existing data.

To mitigate risks, MIBP administers investment programs that can be used to help sustain or expand the defense manufacturing and industrial base. GAO found that these programs primarily invested in projects to (1) establish economically viable domestic sources of supply, (2) maintain existing suppliers, or (3) develop lower-cost or more efficient manufacturing processes.