

GAO Highlights

Highlights of [GAO-23-105531](#), a report to congressional committees

Why GAO Did This Study

DLA manages DOD's bulk fuel program. Auditors reported a material weakness in fiscal year 2022 relating to DLA's inability to provide documentation supporting the balances of fuel inventory held in pipelines and fuel in transit.

This report was developed in connection with GAO's audit of the U.S. government's consolidated financial statements. This report examines the extent to which DOD policies for recording and reporting bulk fuel purchase data are consistent with relevant guidance, and selected components' procedures for recording and reporting bulk-fuel purchase data are consistent with DOD policies.

GAO reviewed relevant reports, guidance, and documentation; interviewed DOD officials; conducted site visits; and selected four DOD components for the review: the Departments of the Air Force, Army, and Navy and the U.S. Transportation Command. These four components accounted for approximately 89 percent of DOD's total fuel purchased in fiscal year 2021.

What GAO Recommends

GAO is making 21 recommendations to DOD, including that the components document their end-to-end business processes and that DOD develop a plan to delineate the rights and responsibilities of each party responsible for DOD bulk fuel functions. DOD concurred with all 21 recommendations and stated that it will ensure that the recommendations are addressed.

View [GAO-23-105531](#). For more information, contact Kristen Kociolek at (202) 512-2989 or kociolekk@gao.gov.

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DOD BULK FUEL

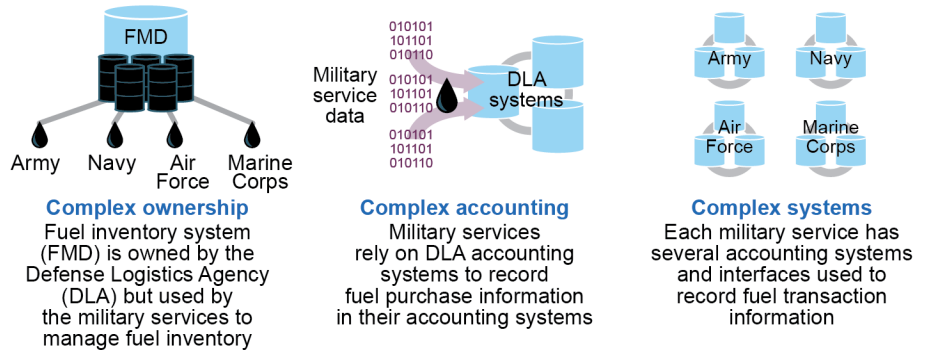
Improved Management over Transactions Could Lead to More Reliable Financial Reporting

What GAO Found

The Department of Defense (DOD) is the U.S. government's largest purchaser and consumer of bulk fuel, expenditures for which totaled \$10.3 billion in fiscal year 2022. DOD's fuel process is complex in that it includes a variety of process owners, stakeholders, locations, and systems and a large volume of transactions from a variety of entities. This complexity makes it important for management to create and maintain documentation that accurately depicts the end-to-end business process, including all relevant internal controls.

However, GAO found that the military services and selected DOD components have not fully documented their end-to-end business process for purchasing, selling, and recording fuel transactions in their financial accounting systems. The components have documented several aspects of the process in various procedure documents, but the existing documentation is outdated and incomplete. Without accurate bulk fuel end-to-end business process documentation, there is an increased risk that entities will not appropriately design and implement control activities for purchasing bulk fuel, affecting DOD's ability to ensure accountability and control costs. This could result in policy makers not having reliable information about how DOD is using the resources it is provided.

Complexities with DOD Bulk Fuel Process



Source: GAO analysis of DOD information. | GAO-23-105531

The military services and the Defense Logistics Agency (DLA) have not established memorandums of agreement (MOA) in a number of cases to delineate the rights and responsibilities of the parties in using the military services' Defense Fuel Support Points to store and manage DLA-owned bulk fuel. A March 2019 policy required that the military installations establish MOAs with any DOD component (e.g., DLA) using the real property assets the military services owned. As of October 2022, though it needed MOAs with about 500 military installations that store fuel, DLA had established 10 MOAs and had no plan for establishing the additional MOAs. Having a plan to guide its work establishing MOAs with the different military installations would help DOD accomplish this effort, which will clarify the rights and responsibilities of the parties at each installation.