

## Why GAO Did This Study

DOD financial management has been on GAO's High Risk List since 1995. Achieving a clean audit opinion on its department-wide financial statements remains a goal that DOD has not yet attained. DOD's audit readiness depends on ensuring that its financial management workforce has the needed skills.

In connection with the Government Management Reform Act of 1994 provision for us to audit the U.S. government's consolidated financial statements, GAO compared DOD's financial management workforce planning activities to five principles for effective strategic workforce planning. GAO's work was performed at the key DOD components responsible for financial management: Office of the Under Secretary of Defense (Comptroller), military departments, and Defense Finance and Accounting Service. GAO also interviewed DOD officials and analyzed workforce data.

## What GAO Recommends

GAO is making two recommendations to DOD to (1) develop a strategy to identify functions performed by contractors to help identify workforce needs and to help inform competency and capability assessments and (2) develop procedures requiring documented succession plans. DOD did not concur with the contractor workforce recommendation, stating that specific skillsets are determined by contractors. GAO maintains that to conduct effective department-wide financial management workforce planning, DOD needs to identify functions performed by contractors. DOD concurred with GAO's succession planning recommendation.

View [GAO-25-105286](#). For more information, contact Asif A. Khan at (202) 512-9869 or [khana@gao.gov](mailto:khana@gao.gov).

# DOD FINANCIAL MANAGEMENT

## Action Needed to Enhance Workforce Planning

### What GAO Found

Strategic workforce planning focuses on using long-term strategies to acquire, develop, and retain an organization's total workforce to meet the needs of the future. When done effectively, strategic workforce planning can help the Department of Defense (DOD) determine its financial management needs, deploy strategies to address skill gaps, and contribute to results.

#### Extent to Which the Department of Defense (DOD) Is Consistent with Key Principles for Strategic Workforce Planning

Strategic workforce planning key principle	Evaluation
Involve top management, employees, and stakeholders in workforce planning	●
Determine needed critical skills	◐
Develop strategies to address gaps in critical skills	◐
Support workforce planning strategies that use existing human capital flexibilities	●
Monitor and evaluate progress toward human capital and programmatic goals	●

Legend: Generally consistent = ●; Partially consistent = ◐; Not consistent = ○

Source: GAO analysis of DOD documents and interviews. | GAO-25-105286

DOD's financial management workforce planning policies and associated processes, practices, and activities were generally consistent with three of the five principles: (1) involving top management, staff members, and other stakeholders in developing, communicating, and implementing the strategic workforce plan; (2) supporting workforce planning strategies that use existing human capital flexibilities; and (3) monitoring and evaluating progress toward human capital goals. For example, to support workforce planning strategies, DOD uses incentives, recruitment initiatives, hiring flexibilities, and a financial management certification program.

DOD was partially consistent with principles on determining critical skills needed and developing strategies to address skill gaps.

- DOD has policies and procedures in place to identify the competencies needed for its civilian and military financial management workforce. For example, DOD has about 43,000 civilian employees within the Office of Personnel Management's Accounting, Auditing, and Budget Group, 0500, as of fiscal year 2021. By contrast, DOD does not know how many financial management contractor staff it has or what functions they collectively perform. This presents a major challenge in determining workforce needs.
- DOD has developed a wide range of hiring and training strategies for its financial management staff. However, DOD has not developed and implemented documented succession policies and plans. As a result, DOD increases the risk that it will be unable to quickly fill expected gaps in positions.