



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
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DEC 11 2012

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Government Accountability Office (GAO) Weekly Activity Report

Attached for the week ending December 7, 2012, are three new GAO announcements and the highlights for two GAO final reports. There were two cases closed, terminated or transferred to Audit Follow-Up during this period.

A handwritten signature in black ink, appearing to read "John R. Crane", is positioned above the typed name.

John R. Crane
Assistant Inspector General
Communications and Congressional Liaison

Attachment:
As stated

cc:
Electronic Distribution List

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December 7, 2012

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INFORMATION ON NEW GAO ENGAGEMENT

Engagement Subject: Federally Funded Health Care Workforce Training

Engagement Code: 291103

Source for the Work: GAO is beginning this work on its own initiative pursuant to its authority under 31 U.S.C. 717. GAO initiated this work after receiving a request from Senator Richard Burr, Ranking Member, Subcommittee on Children and Families, Senate Committee on Health, Education, Labor and Pensions; and Senator Tom Coburn, Ranking Member, Permanent Subcommittee on Investigations, Senate Committee on Homeland Security and Governmental Affairs.

Objective/Key Question: Describe the purpose, goals, direct and indirect funding levels, and participants for all federally-funded health care workforce training programs for all types of direct care health professions.

Agencies and Anticipated Locations to be Contacted: Within the Department of Defense, we anticipate contacting the Office of Health Affairs and military services as necessary.

The Estimated Start Date for the Work: December 2012

Time Frame for Holding the Entrance Conference: December 2012

GAO Team Performing the Engagement: Health Care

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INFORMATION ON NEW GAO ENGAGEMENT

Engagement Subject: DOD Pharmacy Contracts

Engagement Code: 291104

Source for the Work: GAO is beginning this work in response to a congressional mandate.

Objectives/Key Questions: We will examine: (1) DOD's processes for entering into pharmacy contracts under TRICARE, including how contract requirements are determined, and the extent to which requirements vary within and among different categories of beneficiaries; (2) how DOD trains contracting personnel to contract for TRICARE pharmacy services; (3) potential opportunities for improvements in pharmacy contracting under TRICARE, including opportunities for consolidation, streamlined processes, collaboration with the Department of Veterans Affairs, and increased competition; and (4) the extent to which pharmacy contracting under TRICARE is conducted in a manner consistent with proscriptions and principles of DOD's "Better Buying Power" initiative.

These objectives are parallel with the objectives of GAO's engagement entitled TRICARE 4th Generation Contracts (291094), which will be conducted concurrently with this engagement and will also respond to the same congressional mandate.

Agencies and Anticipated Locations to be Contacted: Within the Department of Defense, we will contact TRICARE Management Activity and other offices, such as TRICARE Regional Offices, as determined appropriate.

The Estimated Start Date for the Work: December 2012

Time Frame for Holding the Entrance Conference: December 2012

GAO Team Performing the Engagement: Health Care

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INFORMATION ON NEW GAO ENGAGEMENT

Engagement Subject: Department of Defense (DOD) Base Closure Compliance

Engagement Code: 351779

Source for the Work: GAO is beginning this work on its own initiative pursuant to its authority under 31 U.S.C. 717.

Objective(s)/Key Question(s): (1) What criteria and processes does DOD have in place for identifying installations for closure or realignment that meet the requirements contained in section 2687 of title 10? (2) Has DOD implemented the closure or realignment of installations outside of the 2005 base realignment and closure (BRAC) commission process, and to what extent did these actions align with its authority under section 2687 of title 10? (3) What, if any, are DOD's proposed future force structure changes, and to what extent do these proposals align with the requirements established in section 2687 of title 10?

Agencies and Anticipated Locations to be Contacted: Deputy Under Secretary of Defense for Installations and Environment, associated offices in the Army, Navy, and Air Force, select domestic military installations, and other offices and locations as needed.

Estimated Start Date: Immediate

Time Frame for Holding Entrance Conference: Early-to-mid January

GAO Team Performing the Engagement: Defense Capabilities and Management

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Highlights of [GAO-13-83](#), a report to the Ranking Member, Committee on Foreign Relations, U.S. Senate

Why GAO Did This Study

The proliferation of weapons of mass destruction and advanced conventional weapons poses significant threats to U.S. and international security. State's NDF began operating in 1994 to help combat such threats by funding a variety of nonproliferation and disarmament projects. NDF's legal authorities provide it significant flexibility to perform its work and it has initiated high-profile projects in locations that are significant to U.S. interests. Nonetheless, questions have been raised about how NDF has used its authorities, including its authority to carry over balances into future fiscal years, and the extent to which NDF is effectively implementing its activities. This report examines (1) State's use of NDF authorities in developing and implementing NDF projects and (2) the extent to which State has conducted a program evaluation of NDF and used this information to improve program performance. To conduct this review, GAO analyzed NDF program and project data and documentation, analyzed a sample of NDF project close-out documents, and interviewed NDF and other U.S. officials.

What GAO Recommends

GAO recommends that State (1) develop a methodology for determining the amount of carryover reserves needed to meet program requirements, (2) develop guidance for determining when inactive NDF projects should be closed out, (3) conduct periodic program evaluations of NDF, and (4) establish requirements for the types of information to be included in project close-out reports. State agreed with the recommendations.

View [GAO-13-83](#). For more information, contact Thomas Melito at (202) 512-9601 or melitot@gao.gov.

November 2012

NONPROLIFERATION AND DISARMAMENT FUND

State Should Better Assure the Effective Use of Program Authorities

What GAO Found

The Department of State's (State) Nonproliferation and Disarmament Fund (NDF) has several key authorities that provide it significant operational flexibility; however, it has not determined its needed carryover balances and it has taken years to close out many of its projects in the absence of guidance for closing them. Annual appropriations bills have consistently provided NDF with three key authorities that it has used to carry out its activities. First, NDF has the authority to undertake projects notwithstanding any other provision of law. NDF has used this authority to fund projects in countries, such as North Korea, where U.S. assistance is prohibited by U.S. sanctions and other legal restrictions. Second, NDF has the authority to undertake projects globally. NDF has used this authority to fund projects in numerous regions around the world, in contrast with other U.S. nonproliferation programs, which have historically focused on countries in the former Soviet Union. Third, NDF's appropriations do not expire within a particular time period, enabling NDF to carry over balances from year to year not designated for specific projects. However, NDF has not determined appropriate levels for these balances, which increased significantly in the past few years. Additionally, NDF has sometimes taken many years to close projects, including those where work was never started or was suspended, and has not established criteria to determine when inactive projects should be closed and unexpended resources made available for other projects. As a result, NDF funds may be tied up for years in inactive projects, precluding the funds' use for other projects.

State has never conducted a program evaluation of NDF. In February 2012, State developed a policy requiring bureaus to evaluate programs, projects, and activities, and outlined the requirements for these evaluations. As part of this policy, State required bureaus to submit an evaluation plan for fiscal years 2012 through 2014 that identified the programs and projects they plan to evaluate. However, the Bureau of International Security and Nonproliferation (ISN), which oversees NDF, did not include NDF in its fiscal years 2012 through 2014 evaluation plan. State currently lacks information that could be used to conduct a program evaluation and to improve NDF's management of the program. Project close-out reports are critical to the process of closing out a project and identifying lessons learned, but NDF project close-out reports do not contain information that could enable NDF to better manage its program. For example, not all close-out reports address the results of the project. NDF uses e-mails and face-to-face meetings to communicate lessons learned without documenting them. Established standards suggest that these should be transferred to a database of lessons learned for use in future projects and activities, an action State officials said they are considering taking. NDF has also produced a project management guide to encourage project managers to use standard procedures and write close-out reports, but does not require the use of this guide. In addition, the guide does not detail a format for project managers to use in preparing their close-out reports or list the information that project managers must address. NDF officials said they plan to develop standard operating procedures to address these issues, but had not done so as of November 2012.



GAO

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United States Government Accountability Office
Washington, DC 20548

December 4, 2012

Congressional Committees

Subject: *Defense Management: Opportunities Exist to Improve Information Used in Monitoring Status of Efficiency Initiatives*

In May 2010,¹ the Secretary of Defense publicly announced that the Department of Defense (DOD) was to undertake a department-wide initiative to assess how the department is staffed, organized, and operated with the goal of reducing excess overhead costs and reinvesting those savings in sustaining DOD's current force structure² and modernizing its weapons portfolio. The Secretary's initiative targeted both short- and long-term improvements and set specific goals and targets for achieving cost savings and efficiencies, which are expected to be achieved between fiscal years 2012 and 2016. As part of this effort, the Secretary of Defense tasked the military departments and other components, including U.S. Special Operations Command (SOCOM), to find savings of about \$100 billion in overhead costs over the specified time period. On January 6, 2011, the Secretary of Defense publicly stated that while about one-third of these savings would be used to fund higher-than-expected operating costs, the remaining two-thirds—over \$70 billion—would be reinvested in high-priority military capabilities over five years. Of this amount, around \$11 billion was projected to be achieved in fiscal year 2012 and available for reinvestment.

Information accompanying DOD's fiscal year 2012 budget request outlined specific efficiency initiatives identified by the military departments and SOCOM. Prior to the beginning of fiscal year 2012, DOD's Comptroller and Deputy Chief Management Officer (DCMO) began developing an approach for entities, including the military departments and SOCOM, to track and report on their efforts to implement efficiency initiatives and realize savings. In information accompanying its fiscal year 2013 budget request, DOD identified additional efficiency initiatives expected to generate \$60 billion in savings for the period of fiscal years 2013 to 2017.

The National Defense Authorization Act for Fiscal Year 2012 required GAO to assess the extent to which DOD has tracked and realized the savings proposed pursuant to the initiative to identify at least \$100 billion in efficiencies during fiscal years 2012 through 2016.³ This report addresses (1) the extent to which the military departments and SOCOM have taken steps to internally track the implementation of their efficiency initiatives, and (2) DOD's

¹ Remarks as delivered by former Secretary of Defense Robert M. Gates, Abilene, Kansas, May 8, 2010.

² Force structure is the number, size, and composition of units that comprise U.S. defense forces (e.g., divisions, brigades, ships, air wings, and squadrons).

³ Pub. L. No. 112-81, § 1054 (2011). Under this section, GAO is required to conduct this assessment and submit a report yearly for each of fiscal years 2012 through 2016. See *id.* We provided a draft of this report to your offices on October 30, 2012, to satisfy the requirement for fiscal year 2012.