



August 2017

FOREIGN MILITARY SALES

DOD Needs to
Improve Its Use of
Performance
Information to
Manage the Program

GAO Highlights

Highlights of [GAO-17-703](#), a report to congressional committees

Why GAO Did This Study

U.S. national security benefits from the timely provision of military equipment and services that enable foreign partners and allies to build or enhance their security capability. State has overall responsibility for the FMS program, while DOD administers the program through DSCA and implementing agencies in the military departments. Since 2009, DSCA has taken steps to improve the timeliness of the FMS process, but concerns remain that the delivery of FMS equipment is not timely, leaving foreign partners waiting for items needed to achieve security objectives.

House and Senate committees requested that GAO assess the FMS process. This report assesses (1) the extent to which DOD has met FMS timeliness goals, (2) FMS workload and workforce trends, and (3) actions DOD has taken to address recommendations to improve the FMS process made by GAO and others. GAO analyzed performance data for FMS from 2012 to 2016; workload and workforce data from the military departments; reviewed relevant DOD regulations and policies for FMS; and interviewed DOD officials.

What GAO Recommends

GAO recommends that DSCA (1) collect data on delivery of items or services, (2) analyze FMS performance metric data to determine why goals have not been met, (3) develop a DSCA workforce plan, and (4) develop DSCA workload measures. DOD partially concurred with the first two recommendations, concurred with the third, and did not concur with the fourth. GAO continues to believe action is needed as discussed in the report.

View [GAO-17-703](#). For more information, contact Thomas Melito at (202) 512-9601 or MelitoT@gao.gov.

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DOD Needs to Improve Its Use of Performance Information to Manage the Program

What GAO Found

The Department of Defense's (DOD) performance on Foreign Military Sales (FMS) has improved, but DOD is not meeting two out of three performance metrics for the timely processing of FMS requests and does not collect data for the third metric. The first metric tracks the time taken from the receipt of a country's request for an item to when a Letter of Offer and Acceptance (LOA) is sent to the partner country for approval. As shown in the table, this metric is based on the complexity of the requests, and although DOD's timeliness has improved, it is still short of the 85 percent goal. The second missed metric is the time the Defense Security Cooperation Agency (DSCA) takes to review and approve FMS cases. The review time in 2016 was more than the 1 day goal. The third metric is the time DOD takes to deliver the first item to the recipient country; however, DSCA does not collect data on this metric and therefore does not know if it is meeting the goal. DOD officials cited several factors that adversely affect their ability to meet the timeliness goals, such as changing customer requirements or delays due to policy concerns regarding particular sales. However, because DOD has not collected data on one metric and has not identified the underlying causes for not meeting its goals, it does not know the extent to which these or other factors are impacting program delivery.

Percentage of Letters of Offer and Acceptance (LOA) Meeting Timeliness Goals by Type

Type of LOA (Goal in days)	2012	2013	2014	2015	2016
Simple (45 days)	57%	58%	74%	72%	70%
Standard (100 days)	59%	58%	70%	78%	77%
Complex (150 days)	64%	61%	71%	76%	61%

Source: Defense Security Cooperation Agency data. | GAO-17-703

Note: The goal is for 85 percent of LOAs to be dispatched within the assigned number of days.

During fiscal years 2009 through 2016, the FMS workload increased and while the three military services' FMS workforces generally increased, DSCA's FMS workforce decreased. DSCA officials do not believe the size of their workforce has impacted timeliness; but the data provided to GAO shows that DSCA's timeliness has decreased as the size of its FMS workforce has decreased. A key principle of strategic workforce planning is that an agency's workforce must be aligned with its workload. However, DSCA lacks workload measures for its FMS workforce as a whole, and therefore cannot ensure that its workforce is sufficient to meet programmatic goals. Moreover, despite a DOD requirement, DSCA has not yet developed a workforce plan that could help identify any skill or competency gaps in its workforce. Officials said they planned to do so by the end of May 2018.

DOD has taken some steps to address recommendations to improve the FMS process, but additional actions are still needed. For example, DOD implemented three of GAO's prior recommendations, such as establishing performance metrics, but has yet to establish a metric to assess timeliness of the acquisition phase. DOD has partially implemented several of the recommendations made by an internal DOD task force. For example, DOD has partially implemented the recommendations to enhance the skills of the FMS workforce. In addition, DSCA's efforts to standardize data that are maintained separately by the military services on a new information system have fallen behind schedule.

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Abbreviations

AOD	Anticipated Offer Date
CRAFT	Compressed, Rapid Acquisition, Fielding and Training
DAU	Defense Acquisition University
DISAM	Defense Institute of Security Assistance Management
DOD	Department of Defense
DFARS	Defense Federal Acquisition Regulation Supplement
DSAMS	Defense Security Assistance Management System
DSCA	Defense Security Cooperation Agency
EFTS	Enhanced Freight Tracking System
ERGT	Expeditionary Requirement Generation Team
FMF	Foreign Military Financing
FMS	Foreign Military Sales
LOA	Letter of Offer and Acceptance
NDAA	National Defense Authorization Act
OIG	Office of Inspector General
SAMM	Security Assistance Management Manual
SCES	Security Cooperation Enterprise Solution
SCO	Security Cooperation Organization
SCRTF	Security Cooperation Reform Task Force
SDAF	Special Defense Acquisition Fund
SPSG	Strategic Planning Support Group
State	Department of State

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August 22, 2017

Congressional Committees

U.S. national security benefits from the timely and deliberative provision of military equipment and services to foreign partners and allies that enable them to build or enhance their security capability. To support our partner countries and allies, the U.S. government procures defense equipment and services on behalf of the foreign partner through various security cooperation and assistance programs¹ such as the Foreign Military Sales (FMS) program.² The Department of State (State) has overall responsibility for the program, including the approval of sales. The Department of Defense's (DOD) Defense Security Cooperation Agency (DSCA) administers the FMS program along with the military departments (the Army, the Air Force, and the Navy) and other DOD components on the behalf of foreign governments. An advantage of using FMS is that partner countries and allies can benefit from using the same acquisition process as the U.S. military, including efficiencies due to economies of scale. In recent years, Congress has expanded the number of security cooperation programs to include several new programs implemented by DOD, which focus on building partner capacity. The security assistance provided through many of these programs uses the same acquisition process and workforce as the FMS program and is referred to as "pseudo-FMS." Since fiscal year 2009, over 150 foreign partners, allies, and international organizations signed agreements to purchase equipment and services worth approximately \$300 billion. In recent years, congressional committees have expressed concern about the timeliness

¹According to the Department of Defense (DOD), security cooperation is the more encompassing term and includes security assistance as one of its components. "Security cooperation" consists of activities undertaken by DOD to encourage and enable international partners to work with the United States to achieve strategic objectives, including international armaments cooperation, security assistance activities, and provision of U.S. peacetime and contingency access to host nations. "Security assistance" refers to the group of programs by which the United States provides defense articles, military training, and other defense-related services in furtherance of national policies and objectives. See DOD Directive 5132.03, DOD Policy and Responsibilities Relating to Security Cooperation, October 24, 2008.

²The Arms Control Act of 1976 (P. L. No. 94-329, as amended and codified at 22 U.S.C. §§ 2751 *et seq.*) authorizes the sale of defense articles and services to eligible foreign countries under FMS.

of the FMS program and whether it has a sufficient workforce to meet program requirements.

House Report numbers 114-154³ and 114-537⁴ and Senate Report 114-255⁵ include provisions for GAO to assess the FMS process.⁶ This report assesses (1) the extent to which DOD has met performance goals with respect to the timeliness of the FMS program, (2) DOD's fiscal year 2009 through 2016 FMS workforce and workload trends and workforce planning efforts, and (3) the actions DOD has taken to address recommendations to improve FMS made by GAO and others since 2009.

To assess the extent to which DOD has met performance goals with respect to the timeliness of the FMS program, we reviewed fiscal year 2009 through 2016 performance goals established by DSCA and the military departments (the Army, the Air Force, and the Navy); the extent to which those goals were met or not met; the data that were collected; and the factors contributing to DSCA's and the military departments' ability to meet those goals. We also interviewed State and DSCA officials as well as officials of the military departments. Fourteen U.S. government agencies and DOD components process FMS cases.⁷ In this review, we focused on the military departments because the Army, the Air Force, and the Navy account for 95 percent of all cases; however, the performance data is from all of the implementing agencies.

³H. Rept. No. 114-154 at 65. This House Appropriations Committee report accompanied H.R. 2772, a bill making appropriations for the Department of State, foreign operations, and related programs for the fiscal year ending September 30, 2016.

⁴H. Rept. No. 114-537 at 240. This House Armed Services Committee report accompanied H.R. 4909, a bill to authorize appropriations for fiscal year 2017 for military activities of the Department of Defense and for other purposes.

⁵S. Rept. No. 114-255 at 228. This Senate Armed Services Committee report accompanied S. 2943, a bill to authorize appropriations for fiscal year 2017 for military activities of the Department of Defense and for other purposes.

⁶Pursuant to these congressional reports, GAO has additional work addressing other aspects of the FMS process, including GAO, *Foreign Military Sales: Expanding Use of Tools to Sufficiently Define Requirements Could Enable More Timely Acquisitions*, [GAO-17-682](#) (Washington, D.C.: August 2017) and a forthcoming report on the FMS Trust Fund.

⁷An "FMS case" refers to a signed agreement between the United States and a foreign partner or ally to purchase equipment or services, and any subsequent amendments or modifications to that agreement.

To assess DOD's fiscal year 2009 through 2016 workload and workforce trends and workforce planning efforts, we obtained fiscal year 2009 through 2016 workload data as well as authorized and actual workforce data for the DOD workforce whose salaries are funded from the FMS Administrative Surcharge Account of the FMS Trust Fund.⁸ We also examined the legislative and other requirements for DOD to develop workforce plans and reviewed the plans developed to determine whether they specifically address the workforce that processes FMS cases. We met with officials of DSCA and the military departments to discuss their workforce plans and fiscal year 2009 through 2016 workload and workforce trends.

To assess the actions taken by DOD to address recommendations made since 2009 to improve FMS, we identified and reviewed prior reports by GAO,⁹ the State and DOD Offices of the Inspectors General, and DOD's Security Cooperation Reform Task Force to identify recommendations for improving FMS. We asked DSCA to provide us with documents on the details of their implementation of these recommendations, including the results and any analysis of the results. We also interviewed officials from DSCA to identify actions that they had taken in response to these prior recommendations. The ratings that we use in our analysis are as follows:

- "Not implemented" means DOD provided no evidence that the recommended actions were taken.
- "Partially implemented" means that DOD provided evidence that some portion of the recommended actions was taken.
- "Implemented" means that DOD provided evidence that the recommended actions were taken.

Appendix I contains additional details about our scope and methodology.

⁸The FMS Trust Fund consists of individual country accounts set up to pay for equipment and services purchased under FMS cases, and several overhead accounts, such as an Administrative Surcharge Account. The Administrative Surcharge Account is funded through an assessed percentage fee on all FMS cases. As of June 2017, the percentage assessed was 3.5 percent. DSCA is responsible for and manages the FMS Trust Fund, including the Administrative Surcharge Account. In addition to using the FMS Administrative Surcharge Account to pay for the processing of FMS cases, implementing agencies can also charge individual FMS cases for processing costs associated with that case.

⁹For example, see GAO, *Security Assistance: DOD's Ongoing Reforms Address Some Challenges, but Additional Information Is Needed to Further Enhance Program Management*, [GAO-13-84](#) (Washington, D.C.; Nov. 16, 2012).

We conducted this performance audit from May 2016 to August 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Security Cooperation and Assistance Programs

The United States provides military equipment and training to partner countries through a variety of security cooperation and assistance programs authorized under Title 22 and Title 10 of the U.S. Code as well as various public laws.¹⁰ When foreign partners choose to use the FMS program, they pay the U.S. Government to administer the acquisition of materiel and services on their behalf.¹¹ The United States also provides grants to some foreign partners through the Foreign Military Financing (FMF) program to fund the partner's purchase of materiel and services through the process used for FMS. DOD administers a number of security cooperation programs that focus on building partner capacity with appropriated funds. The Afghanistan Security Forces Fund and the authority to build the capacity of foreign security forces are examples of

¹⁰For more information about these programs, see GAO, *Building Partner Capacity: Inventory of Department of Defense Security Cooperation and Department of State Security Assistance Efforts*, [GAO-17-255R](#) (Washington, D.C.: March 2017).

¹¹Foreign partners can also purchase military equipment, training, and services directly from the supplier through direct commercial sales, subject to restrictions imposed pursuant to the Arms Export Control Act.

such security cooperation programs.¹² The security assistance services provided through these programs use the same workforce to manage and acquire military equipment and services as the FMS program and are referred to as pseudo-FMS. Both FMS and pseudo-FMS program administrative costs are funded through FMS case surcharges that are administered through the FMS Trust Fund. Figure 1 shows an F-15 Eagle fighter, which is an example of an item that has been procured under FMS.

Figure 1: Photo of an F-15 Fighter Aircraft



Source: U.S. Air Force. | GAO-17-703

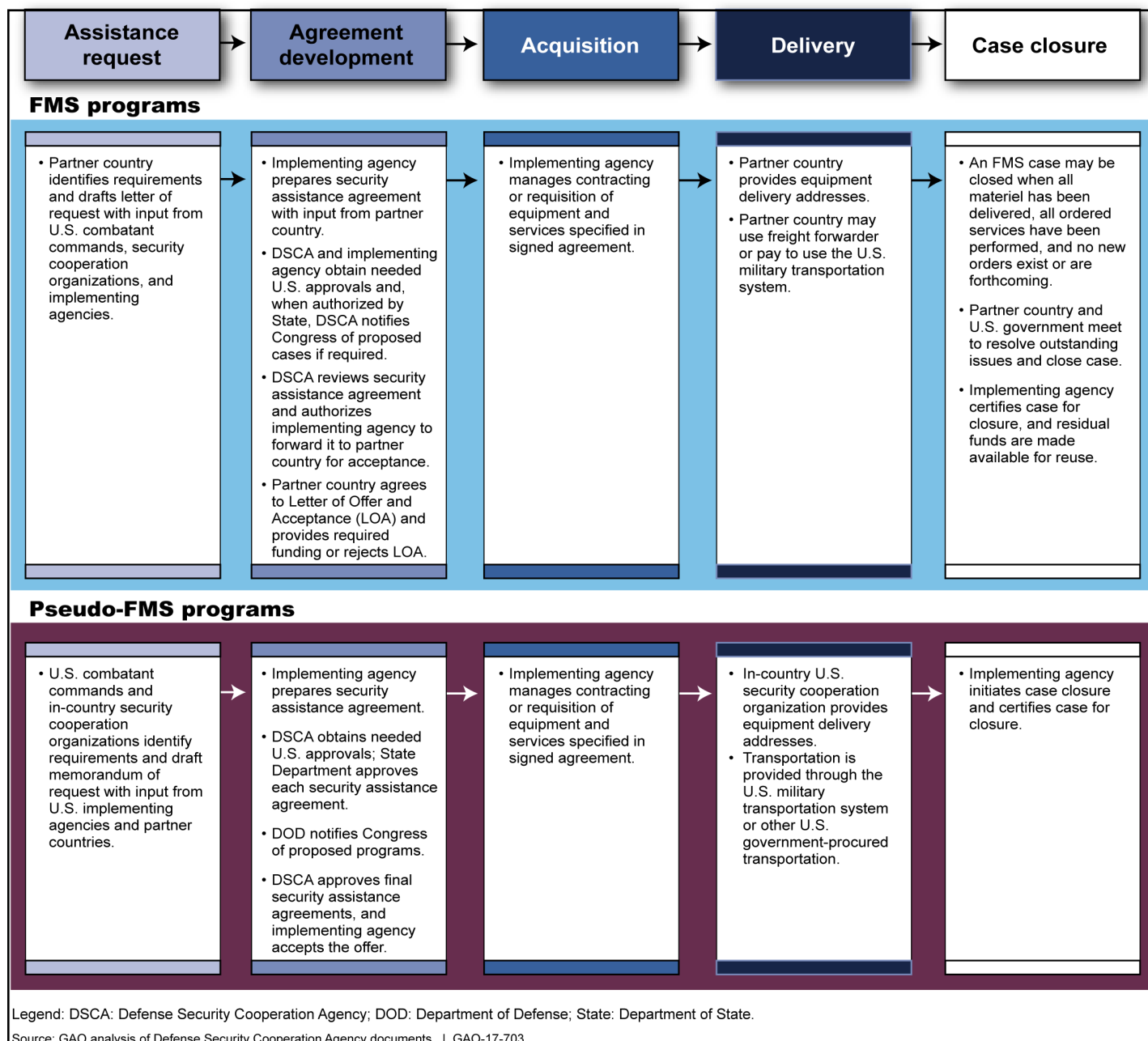
¹²Established in 2005, the Afghanistan Security Forces Fund comprises funds appropriated to the Secretary of Defense to provide assistance to the security forces of Afghanistan, including for the training, equipping, and maintenance of Afghanistan's security forces. Global Train and Equip funds were first authorized through Section 1206 of the 2006 National Defense Authorization Act (NDAA). This program authorizes the Secretary of Defense to use up to \$350 million each year, with the concurrence of the Secretary of State, to build the capacity of foreign military forces of a country so that country can conduct counterterrorist operations or support military and stability operations in which the U.S. armed forces are a participant. Section 1205 of the NDAA for fiscal year 2015 enacted Section 2282 of Title 10, U. S. Code, and repealed the Section 1206 program authority. Included within the Section 2282 program authority was a provision that enabled the use of funds across fiscal years to achieve full operational capability. Global Train and Equip authority was maintained in the fiscal year 2017 NDAA, but transferred, effective September 19, 2017, to a new Chapter 16 within Title 10.

The FMS and Pseudo-FMS Process

DSCA administers all FMS and pseudo-FMS cases and works with various implementing agencies to execute them. DSCA's workforce establishes security assistance procedures and systems and provides training, oversight, and guidance. DSCA's workforce also implements a small number of cases. The workforces of the implementing agencies and their components are responsible for preparing, processing, and executing security assistance agreements. This includes working with foreign partners to determine requirements and managing cases. Fourteen agencies and DOD components act as implementing agencies, including the three military services—the Army, the Air Force, and the Navy—which manage the vast majority of FMS and pseudo-FMS cases. Each service has a designated component that leads and coordinates the development and implementation of FMS and pseudo-FMS cases: the Deputy Assistant Secretary of the Army for Defense Exports and Cooperation, the Deputy Under Secretary of the Air Force for International Affairs, and the Navy International Programs Office.

While the many steps of the process used for FMS and pseudo-FMS cases can be grouped in different ways, they fall into five general phases: assistance request, agreement development, acquisition, delivery, and case closure. FMS and pseudo-FMS transactions follow the same five-phase process, but the roles, responsibilities, and actors involved can differ. For example, in the assistance request phase for FMS cases, the partner country identifies its needs and drafts a letter of request. For a pseudo-FMS case, the U.S. combatant commands and in-country security cooperation organizations identify needs and draft the request. In the agreement development phase, for an FMS case, the implementing agency, with input from the partner country, develops an assistance agreement called a Letter of Offer and Acceptance (LOA). For a pseudo-FMS case, the implementing agency prepares the assistance agreement. See figure 2 for the differences in each phase under the two programs.

Figure 2: Five Phases of the Foreign Military Sales (FMS) and Pseudo-FMS Process



Note: This summary of the FMS and pseudo-FMS processes does not encompass all steps and actors that may be involved, such as technology releasability reviews that may be required for sensitive equipment

DSCA Workload Measures

DSCA uses workload data obtained from two DOD systems to determine each service's future year funding for FMS and pseudo-FMS program administrative costs. In fiscal year 2016, the three services began reporting to DSCA on seven quantifiable workload measures that together capture the workload required to implement FMS and pseudo-FMS cases.¹³ According to DSCA officials, these seven workload measures are used in a workload model to generate a funding target for each military department, which DSCA allocates. Based on the funding allocation, the military departments then determine the FMS administrative surcharge workforce levels for each component that processes FMS cases. According to DSCA officials, before developing these seven measures, workload was self-reported to DSCA by the military departments based on an estimation of their respective FMS sales and other factors, such as undelivered value.

Information Systems

The implementing agencies use the Defense Security Assistance Management System (DSAMS) to write their FMS and pseudo-FMS cases. However, each military department also uses several systems, specific to each military department, to manage their execution of these programs. Since 2009, we have reported that DSCA has been working to replace these various military department-specific legacy data systems with the Security Cooperation Enterprise Solution (SCES).¹⁴ With SCES, DSCA aims to improve its communications with the services and to increase the efficiency of security cooperation programs. According to DSCA, once deployed, SCES will serve as the primary requisition system for DSCA and the three services.

¹³The seven workload measures are (1) total case lines; (2) total number of open cases; (3) undelivered dollar value; (4) weighted number of anticipated offer documents; (5) total value of official sales; (6) weighted number of LOAs, modifications, and amendments; and (7) first-time case closures.

¹⁴See GAO, *Defense Exports: Foreign Military Sales Program Needs Better Controls for Exported Items and Information for Oversight*, [GAO-09-454](#) (Washington, D.C.: May 20, 2009) and [GAO-13-84](#).

DOD Has Improved the Timeliness of the FMS Process but Has Not Met Its Goals or Sufficiently Analyzed Performance Data

DSCA has established three measures of performance relating to FMS case duration but has not met its goals for two of these metrics and does not collect information on the third. The first metric tracks the time taken from the receipt of a partner country’s request to the transmission of a completed LOA to the partner country for approval. DOD’s timeliness has improved, but it is not meeting this metric’s goal of 85 percent of LOAs sent to partner countries within established time frames. DOD tracks performance and establishes goals based in part on the complexity of the cases. Specifically, simple cases that involve routine or repeat purchases of the same item, such as spare parts, training, and technical support, have an anticipated offer date (AOD) goal of 45 days. Standard cases that include purchases by experienced users of FMS, such as a purchase of a Blackhawk helicopter with all associated equipment and services, have an AOD goal of 100 days. Complex cases involve factors that are expected to substantially impact the time taken to complete the LOA or involve significant modifications and, therefore, have an AOD goal of 150 days. For example, the sale of new F-35A Joint Strike Fighter Conventional Take Off and Landing aircraft, which includes spares, support equipment, technical orders, contractor services, program management, software support, and training, would be categorized as complex. Table 1 shows the percentage of FMS cases meeting the timeliness goal for each type of LOA. In addition, appendix II provides information on how FMS time frames compare with pseudo-FMS time frames.

Table 1: Percentage of Foreign Military Sales Cases Implemented by Department of Defense That Meet Timeliness Goals for Each Type of Letter of Offer and Acceptance (LOA) in Fiscal Years 2012-2016

LOA type (Goal in days)	2012	2013	2014	2015	2016
Simple (45 days)	57%	58%	74%	72%	70%
Standard (100 days)	59%	58%	70%	78%	77%
Complex (150 days)	33%	24%	71%	76%	61%

Source: Defense Security Cooperation Agency data. | GAO-17-703

Note: The anticipated offer date timeliness goal is for 85 percent of LOAs to be dispatched to the partner country within the assigned number of days determined by the group to which the case is assigned (i.e., simple, standard, complex).

The second metric is the time taken for the review of FMS cases as they are processed through DSCA headquarters. DSCA established this performance measure in late 2013, with a goal of 1 day. However, we found that, based on data provided by DSCA, it is not meeting this 1-day headquarters review goal, and its performance with respect to this goal has declined over time. The DSCA-provided data show that in fiscal year 2016, the average review time was approximately 1.97 days, up from 1.47 days in 2014. DSCA officials said that they would revisit the goal if the average approval time were to exceed 2 days. Table 2 shows the average time DSCA has taken to approve LOAs from fiscal year 2014 to 2016.

Table 2: Average Time the Defense Security Cooperation Agency Took to Approve Letters of Offer and Acceptance in Fiscal Years 2014-2016

Goal (approval in 1 business day)	2014	2015	2016
Average approval time (in business days)	1.47	1.75	1.97

Source: Defense Security Cooperation Agency data. | GAO-17-703

DSCA officials cited various factors adversely affecting the timeliness of FMS cases, including shifting partner country requirements and delays due to policy or financial reasons. For example, they reported that sales have been put on hold as the United States tried to influence human rights policies in some countries. In addition, DSCA officials said that when pseudo-FMS cases, such as those to build partner capacity, are prioritized due to the possibility that the availability of appropriated funds may expire, traditional FMS cases are delayed as the workforce shifts priorities. DSCA could not identify the amount of time these factors can add to the FMS process. While DSCA hosts meetings with the military departments periodically to review data, the evidence DSCA provided to document the results of these meetings did not include an analysis to identify the underlying causes of the failure to meet goals.¹⁵ DSCA officials said that, collectively, the information systems of the implementing agencies and DSCA could potentially be used to determine the amount of time that each factor costs in the process but that doing so would be time-consuming and difficult. However, because they have not

¹⁵DSCA's periodic meetings with the military departments are called Quarterly Management Reviews (QMRs) and include a review of timeliness performance compared to the goal. As of August 2017, this goal was 85 percent.

conducted this analysis, DSCA officials could not substantiate the relative importance of the various factors affecting the timeliness of the FMS process.

Federal internal control standards state that management should establish activities to monitor performance measures and indicators. These may include comparisons and assessments relating different sets of data to one another so that analyses of the relationships can be made and appropriate actions taken. These standards also require that management conduct reviews at the functional or activity level to compare actual performance to planned or expected results throughout the organization and analyze significant differences.¹⁶ Without such an analysis, it is uncertain whether DSCA will be able to accurately identify the underlying root causes for the weak performance on timeliness for FMS cases so that it can identify and implement effective corrective measures and to analyze lessons learned and apply these across the security cooperation enterprise.

The third metric is the time taken for DOD to deliver the first item or service on an FMS case to the recipient country. DSCA established this metric in August 2013, noting that the quick delivery of the initial equipment and services is most important to U.S. partners. DSCA established a goal that 50 percent of all LOAs for a given purchaser country deliver the first article, service, or training within 180 days. This goal recognized that a number of complex systems cannot be produced within 180 days, but the majority of cases do not involve complex acquisitions. DSCA officials stated that they have not collected data on this delivery measure, although some of it resides within the individual departments; thus, DOD's performance on this metric cannot be assessed. Federal standards for internal controls state that management should use quality information to achieve the entity's objective, including obtaining relevant data. Until DSCA collects information on this metric, it will not be able to determine whether it is achieving its goal.

¹⁶GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

The Military Departments' Workload and Workforce Have Increased While DSCA's Workforce Has Declined, and DSCA Has Not Developed a Workforce Plan

During fiscal year 2009 through 2016, the military departments' FMS workload and workforce generally increased; over the same time period, DSCA, which does not have workload measures for its FMS workforce as a whole, experienced a decrease in its workforce. Although DSCA is required to develop a strategic workforce plan, and has plans to develop one, it has not yet done so.

The Military Departments' Workloads and Workforces to Process FMS and Pseudo-FMS Increased; DSCA's Workforce Decreased

Fiscal year 2009 through 2016 data show that, for each military department, the overall workload to process FMS and pseudo-FMS cases generally increased, as did their overall workforces. DSCA and Army officials stated that, while no one measure can provide a full picture of the military departments' workloads, implementing agencies use case line data to measure workload trends because those data capture the amount of work needed to procure each item in an FMS or pseudo-FMS case.¹⁷ However, DSCA officials also noted that because the military departments do not present case line data uniformly, the data cannot be compared to one another. For example, while the Army's logistics system requires each item to be requisitioned separately, and typically identifies each component in a weapons system as a separate case line, the other military departments do not.¹⁸ According to DSCA, workload trends can be affected by several factors, including partner country budgets, exchange rates, prices of staple goods, import and export restrictions, and regional instability. As a result, we used case line data to show workload trends for each of the services separately, along with their

¹⁷A case line can be for materials, training, or spare parts.

¹⁸In its technical comments on a draft of this report, the Air Force noted that an individual case line that provides training for foreign officials can also result in a significant workload, since the case line can be used to provide training for hundreds or even thousands of students.

individual workforce trends in full-time equivalents (see tables 3, 4, and 5).¹⁹ The upward trend in case line data presented in each of these tables is generally consistent with other workload measures, which are shown in appendix III.

The data indicate that, from fiscal year 2009 through 2016, the Army's workload increased by about 47 percent, and its actual workforce increased by about 42 percent (see table 3).

Table 3: Army Foreign Military Sales (FMS) and Pseudo-FMS Workload Data (in Case Lines) and Actual Workforce in Full-Time Equivalents (FTE), Fiscal Years 2009 through 2016

	2009	2010	2011	2012	2013	2014	2015	2016	Percent change fiscal years 2009-2016
Total workload (in case lines)	32,483	35,839	37,398	39,340	39,965	40,812	44,922	47,648	47
Actual workforce (in FTEs)	742	804	915	922	985	1,015	1,017	1,054	42

Source: GAO analysis of Defense Security Cooperation Agency and Army data. | GAO-17-703

Note: Numbers rounded to the nearest whole number. Total workload in case lines captures the total number of items and services procured during the fiscal year. Pseudo-FMS refers to security cooperation and assistance purchases funded through Department of Defense appropriations, such as the Afghanistan Security Forces Fund.

¹⁹“Full-time equivalents” reflect actual people working 80 hours in a pay period. The Army and the Air Force presented workforce data in “full-time equivalents,” and the Navy presented the same data in “work years.” However, according to DSCA, the terms are operationally equivalent.

The data also show that, during the same time period, the Air Force's workload increased by about 48 percent, while its actual workforce increased by about 45 percent (see table 4).

Table 4: Air Force Foreign Military Sales (FMS) and Pseudo-FMS Workload Data (in Case Lines) and Actual Workforce in Full-Time Equivalents (in FTE), Fiscal Years 2009 through 2016

	2009	2010	2011	2012	2013	2014	2015	2016	Percent change fiscal years 2009-2016
Total workload (in case lines)	17,287	18,319	19,135	20,255	21,836	23,120	24,183	25,607	48
Actual workforce (in FTE)	1,084	1,286	1,311	1,292	1,360	1,403	1,607	1,573	45

Source: GAO analysis of Defense Security Cooperation Agency and Air Force data. | GAO-17-703

Note: Numbers rounded to the nearest whole number. Total workload in case lines captures the total number of items and services procured during the fiscal year. Pseudo-FMS refers to security cooperation and assistance purchases funded through Department of Defense appropriations, such as the Afghanistan Security Forces Fund.

Finally, the data show that the Navy's workload during fiscal year 2009 through 2016 increased by about 38 percent, while its actual workforce increased by about 45 percent (see table 5).

Table 5: The Navy's Foreign Military Sales (FMS) and Pseudo-FMS Workload Data (in Case Lines) and Actual Workforce (in Work Years), Fiscal Years 2009 through 2016

	2009	2010	2011	2012	2013	2014	2015	2016	Percent change fiscal years 2009-2016
Total workload (in case lines)	12,812	13,661	14,049	14,487	15,282	16,110	16,927	17,617	38
Actual workforce (in work years)	468	523	592	629	695	653	659	679	45

Source: GAO analysis of Defense Security Cooperation Agency and Navy data. | GAO-17-703

Note: Numbers rounded to the nearest whole number. Additionally, DSCA stated that work years are equivalent to full-time equivalents. Total workload in case lines captures the total number of items and services procured during the fiscal year. Pseudo-FMS refers to security cooperation and assistance purchases funded through Department of Defense appropriations, such as the Afghanistan Security Forces Fund.

In contrast to the upward trend in the workforces of the three military departments, DSCA maintained a relatively stable workforce from 2009 through 2014 but then experienced a decrease in the workforce since 2014. DSCA officials attributed this decrease to the transfer of some responsibilities and staff to another DOD component. In percentage terms, from fiscal year 2009 through 2016, DSCA's FMS authorized workforce dropped by 3 percent, while its actual FMS workforce decreased by 19 percent. See table 6 for DSCA's authorized and actual workforce that directly processes FMS and pseudo-FMS. DSCA officials said that the drop in personnel has not adversely affected their capacity to process FMS and pseudo-FMS. However, they expressed concern that a continued drop—combined with continued increases in the workload—could adversely affect DSCA's capacity to review, coordinate, and perform financial management for FMS and pseudo-FMS cases.

Table 6: Defense Security Cooperation Agency (DSCA) Authorized and Actual Foreign Military Sales (FMS) Administrative Surcharge Workforce, in Full-Time Equivalents (FTE), Fiscal Years 2009 through 2016

	2009	2010	2011	2012	2013	2014	2015	2016	Percent change fiscal years 2009–2016
FMS authorized workforce (in FTE)	337	337	375	390	390	390	327	327	-3
FMS actual workforce (in FTE)	263	265	268	267	269	267	241	212	-19

Source: GAO analysis of DSCA data. | GAO-17-703

Note: According to DSCA officials, the FTE data reflect personnel directly involved in processing FMS and not indirectly involved, such as training personnel.

DSCA Has Not Developed a Workforce Plan or Workload Measures for its FMS Workforce As A Whole

DSCA has not developed a workforce plan, although it is required to do so. A DOD June 2016 requirement related to strategic human capital planning applies to DOD components, such as DSCA, and calls for the component heads to develop, manage, execute, and assess their component's strategic workforce plans, including manpower allocations and resources.²⁰ Under this requirement, components are expected to also establish a methodology to assess the current state of their respective workforces, identify skill and competency gaps and strengths, and forecast emerging and future workforce requirements to support DOD's mission.

²⁰The requirement for DOD to conduct strategic workforce planning is in "DOD Civilian Personnel Management System: Civilian Strategic Human Capital Planning," DOD Instruction Number 1400.25, Volume 250, dated June 7, 2016.

In October 2014, DSCA released a 6-year strategic plan to improve how security cooperation programs are implemented, taking into account the complexity of DOD's security cooperation workforce. This plan, called "Vision 2020," was updated in October 2015 and October 2016. As part of the Vision 2020 update, DSCA announced that it would address issues involving DSCA's headquarters workforce in a human capital strategic plan. DSCA reported in October 2016 that it planned to complete the new human capital strategic workforce plan by October 2017 and to publish it separately from the Vision 2020 strategic plan. However, according to DSCA officials, as of May 2017, DSCA had not yet begun developing its plan. DSCA officials stated that the plan would probably not be ready by the planned issue date. In commenting on a draft of this report, DSCA stated that it was working to obtain the contractor support needed to develop a human capital strategic plan. DSCA also stated that it planned to obtain the contractor support by the end of fiscal year 2017 and to complete the preparation of a human capital strategic plan within eight months of having obtained the contractor support. Moreover, DSCA stated that it was in the process of updating various human capital-related instructions and policies.

In addition, as discussed previously, DSCA has not met its performance time frames for reviewing FMS and pseudo-FMS. While DSCA collects FMS workload data from the military departments, it does not have workload measures for its own FMS workforce as a whole. In commenting on a draft of this report, DSCA stated that it has developed workload models and measures to help identify specific needs and provided evidence for two such models, but it did not state that it has workload measures for its FMS workforce as a whole. DSCA officials also stated that the nature of their work, which, among other things, involves overseeing the processing of cases, preparing policy memos and congressional notifications, and managing the FMS Trust Fund, makes it difficult to collect and quantify appropriate workload measures for their workforce. However, without such key workload data, DSCA cannot determine the cause for the decrease in timeliness as measured by their metric and whether a declining FMS workforce is contributing to it. In May 2017, DSCA officials stated that they did not intend to include a workload measure in their forthcoming human capital strategic plan.

According to Vision 2020, the human capital strategic plan, when complete, is intended to enable DSCA to align its human capital to support the goals of the agency's strategic plan. Since 2001, we have

developed a significant body of work related to strategic workforce planning.²¹ The work stresses the importance of strategic workforce planning that includes, among other things, aligning an organization's human capital program with its current and emerging mission and programmatic goals. Workforce planning that is linked to an agency's strategic goals is one of the tools agencies can use to systematically identify the workforce needed for the future and to develop strategies for shaping this workforce. One tool for ensuring that an agency's workforce is aligned with its current and emerging mission and program goals is the use of appropriate workload measures, particularly quantifiable workload measures, since these enable the agency to analyze and assess workload trends with more precision. Because DSCA does not have workload measures for its FMS workforce as a whole, it cannot be certain if its forthcoming strategic workforce plan will be aligned with current and emerging FMS mission requirements.

DOD Has Taken Steps to Address Recommendations Made by GAO and Others to Improve the FMS Process

DOD has taken some steps to address long-standing concerns about the timeliness of FMS delivery. GAO, DOD's Inspector General, and others have made numerous prior recommendations to improve the FMS process. DOD has taken steps to address three of the recommendations GAO made in 2012 but has yet to implement the fourth—the establishment of a performance measure to assess timeliness for the acquisition phase of the security assistance process.²² Similarly, DOD has implemented most of the recommendations made by the DOD Inspector General. Furthermore, DOD has taken steps to address recommendations made by its Security Cooperation Reform Task Force in 2011 and 2012, but further steps are needed.

²¹See, for example, GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, [GAO-04-39](#) (Washington, D.C.: Dec. 11, 2003).

²²See [GAO-13-84](#).

DOD Has Addressed All
but One of GAO's
Previous
Recommendations to
Improve the FMS Process

In a 2012 report, GAO made four recommendations to improve the FMS process. In 2012, we recommended that to improve the ability to measure the timeliness and efficiency of the security assistance process, the Secretary of Defense should establish performance measures to assess timeliness for the acquisition phase, the delivery phase, and the case closure phase of the security assistance process. To improve the ability of officials responsible for security cooperation to obtain information on the acquisition and delivery status of assistance agreements, we also recommended that the Secretary of Defense establish procedures to help ensure that DOD agencies are populating security assistance information systems with complete data.

DOD has not established a performance measure to assess timeliness for the acquisition phase of the security assistance process. According to DSCA officials, they do not own the information systems or databases that have the data necessary to measure the timeliness of the acquisition phase. However, DOD has taken steps to respond to the other three recommendations. Specifically, DSCA updated the Security Assistance Management Manual (SAMM) in August 2013 to include a metric for the delivery phase of standard requests. However, as discussed earlier in this report, information provided by DSCA did not include timeliness data for the delivery phase of the process, and DSCA officials reported that they are not collecting data for this performance metric.

In addition, DSCA reported that it developed a tool within the Security Cooperation Management Suite to capture case closure data from implementing agencies. As of September 2015, DSCA reported that the tool now included metrics and measurements for the “aging” of cases within the different milestones and allowed for analysis of closure times based on the type and relative complexity of categories or cases.

Finally, in response to our fourth recommendation, DSCA reported taking a number of actions. In early May 2014, it finalized programming the Enhanced Freight Tracking System (EFTS) that allows a daily upload of available data for FMS and pseudo-FMS materiel. DSCA reported that by mid-May 2014, EFTS had in-transit visibility over 75 percent of shipments. In addition, DOD reported the establishment of an electronic link between two of its information systems, which should improve the ability to share contract information.

According to DSCA officials, the Security Cooperation Enterprise Solution (SCES) was proposed as a way to solve the problems stemming from the

older, unique information systems maintained by each of the military services, which contribute to DSCA's inability to facilitate data collection and analysis across the military departments. In 2012, DSCA officials told us that they would begin piloting the new system in 2015 and that SCES would be fully implemented by 2020. According to DSCA officials, the deployment schedule for SCES is behind schedule and is being revised. The pilot SCES deployment began on June 6, 2016. DSCA is working to convert data currently in legacy systems and, once a sufficient number of cases have been successfully executed in the pilot phase, limited deployment will occur. As of May 2017, DSCA officials could not provide a date for when this will happen.

DOD Has Addressed Most of the Recommendations Made by the Inspector General

Three reports by the DOD Inspector General, issued between 2009 and 2013, contained 10 recommendations related to FMS, 8 of which DOD implemented. Examples of actions DOD has taken include the following:

- A 2013 audit found that an FMS contract involved an unallowable markup and made five recommendations to improve contracting quality assurance procedures. For example, the Inspector General recommended that the Deputy Assistant Secretary for Contracting, Office of the Assistant Secretary of the Air Force for Acquisition, assess practices for negotiating contracts and establish quality assurance procedures for contracting officers. In response, the Air Force established additional levels of oversight for contracting personnel and planned to create and implement additional training.
- A 2010 audit found that, although DSCA ensured that funds appropriated for assistance to Afghanistan and Iraq that it processed through the FMS network were used for their intended purpose and were properly reported, improvements were needed to ensure effective management of appropriated funds. Three recommendations were made. For example, the Inspector General recommended that the Director of DSCA perform a review of appropriated funds that have expired to return excess funds to the original fund holders. DSCA agreed to review excess appropriated funds that expired in previous fiscal years and to return unneeded funds.

In addition, a 2009 audit evaluated the cash management of the FMS Trust Fund, determined whether internal control was adequate, and reviewed the management control program in place for the FMS Trust Fund. Two recommendations were made, including that DSCA discontinue transferring funds appropriated for the Afghanistan Security Forces Fund and Iraq Security Forces Fund to the Foreign Military Sales

Trust Fund, and discontinue the use of administrative fee surcharges for certain transactions. However, DSCA did not concur with either recommendation and has not taken action to implement them.

DOD Has Taken Steps to Address the Recommendations Made by Its Security Cooperation Reform Task Force, but Implementation Is Uneven

At the request of the Secretary of Defense, DOD created the Security Cooperation Reform Task Force (Task Force) in 2010 to study ways to improve security cooperation and security assistance programs, including FMS. The Task Force produced two reports. In its first report, the Task Force made more than 50 recommendations addressed to the Secretary of Defense for improving security cooperation processes.²³ The second report provided information on the status of the recommendations.²⁴ Our review of these two reports identified 17 recommendations that the Task Force addressed to DSCA. We found that DOD had implemented one recommendation and partially implemented 16 recommendations, as summarized in table 7.

Table 7: Implementation Status of Reforms Recommended by the Security Cooperation Reform Task Force

Recommendation from DOD task force	Status
1. – Provide support/augmentation to Combatant Commands and Security Cooperation Offices (SCO) as they define/refine partner capability requirements.	◐
2. – Establish and deploy Expeditionary Requirements Generation Teams (ERGT) to partner countries.	◐
3. – Create a Strategic Planning Support Group to identify partner capability requirements that could require Department of Defense (DOD)-level technology security and foreign disclosure reviews, develop mitigation plans when releasability problems are identified, and develop policies for arms transfers and submit them for review and approval.	◐
4. – Develop an enterprise-wide tool similar to the Partnership Strategy Toolkit to assist Combatant Commands, military departments, and SCOs with translating capabilities into precise, actionable, and sustainable requirements.	◐
5. – Investigate whether existing Defense Acquisition University courses sufficiently address lifecycle management and institutional support as it relates to security cooperation.	◐
6. – Develop training/education programs that enable DOD to develop expertise in security cooperation/security assistance authorities, funding, and the roles of DOD and State.	◐
7. – Maintain an inventory of high-demand and long lead-time items via the Special Defense Acquisition Fund, which would need to be recapitalized.	●

²³Department of Defense, Security Cooperation Reform Task Force, Office of the Under Secretary of Defense for Policy, *Security Cooperation Reform Study: Phase I Report: Findings and Recommendations*, OSD 08070-11 (Washington, D.C.: July 25, 2011).

²⁴Department of Defense, Security Cooperation Reform Task Force, Office of the Under Secretary of Defense for Policy, *Security Cooperation Reform Study: Phase II Report: Implementation* (Washington, D.C.: June 2012).

Recommendation from DOD task force	Status
8. – Require training/education that provides a basic awareness of acquisition and contracting for all security cooperation personnel responsible for assisting the preparation of Letters of Request for steady-state and expeditionary operations. Require training/education that provides basic awareness of security assistance/cooperation processes for all acquisition personnel who may work on contracting matters that involve security cooperation programs.	○
9. – Update the DISAM curriculum, with input from SCOs, Combatant Commands, and military department implementing agencies, to ensure personnel, especially SCO personnel, are trained on transportation and distribution requirements. Conduct a review of the Security Assistance Management Logistics Course to update instruction on transportation requirements, and make this course a training requirement for appropriate personnel. ^a	○
10. – Include, when needed, contracting and transportation experts in Defense Security Cooperation Agency (DSCA)-led ERGTs that deploy in support of overseas SCOs.	○
11. – Adopt and modify selected elements of the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics Defense Acquisition Workforce Improvement Act (Title XII of Division A of P.L. 101-510, as amended, codified at 10 U.S.C., Chapter 87) workforce development program to improve the development and management of the security cooperation workforce. The program would include a definition of the workforce; training, education, and experience certification standards; regular assessments of the workforce to identify gaps; and a dedicated intern and leadership development program.	○
12. – Provide security cooperation officials with the skills required to develop partner country capabilities in support of U.S. theater and global objectives or with tools and/or reach-back capability in place of the training.	○
13. – Strengthen the enforcement of training required by DOD Instruction 5132.13, with support from the military departments and Combatant Commands. DSCA makes existing DISAM courses appropriate to their position mandatory for all SCO personnel.	○
14. – Focus security cooperation workforce training around the new reality of “security force assistance,” which addresses training and equipping partner countries’ security forces.	○
15. – Require senior security cooperation personnel (security cooperation officers and defense attachés) to spend time at their respective Combatant Command en route to their position.	○
16. – Identify and institutionalize key security cooperation-related skills as part of a systematic approach to security cooperation training and career development.	○
17. – Implement a “fast-track” or Compressed, Rapid Acquisition, Fielding and Training process to handle unexpected and urgent cases that cannot be fulfilled by SDAF or addressed by the improved standard processes in the time required.	○

Legend:

Not implemented: ○

Partially implemented: ○

Implemented: ●

DISAM= Defense Institute of Security Assistance Management

SDAF=Special Defense Acquisition Fund

State=Department of State

Source: GAO analysis of Defense Security Cooperation Agency documents. | GAO-17-703

Note: The ratings we used in this analysis are as follows: “Not Implemented” means DOD provided no evidence that the recommended actions were taken. “Partially Implemented” means that DOD provided evidence that a portion of the recommended actions were taken. This includes recommendations for which DOD provided only testimonial evidence that the recommendation had been implemented. “Implemented” means that DOD provided evidence that the recommended actions were taken, such as changes in policy, records of the collection, analysis and dissemination data, records of initiatives conducted or reforms implemented, or records of the analysis of the results of implementing the recommendation.

^aOn July 1, 2016, DISAM was renamed the Defense Institute of Security Cooperation Studies. Because we present the recommendations as originally written by the Security Cooperation Reform Task Force, DISAM is used in the table.

DSCA Implemented the Recommendation to Use the Special Defense Acquisition Fund

One of the Security Cooperation Reform Task Force recommendations was that DOD “maintain an inventory of high-demand and long lead-time items via the Special Defense Acquisition Fund (SDAF).” The SDAF is a revolving fund that allows DOD and State to purchase select types of defense equipment and services in anticipation of partner countries’ future FMS needs. The fund reduces the amount of time it takes the United States to provide some items and enhances U.S. readiness by reducing the need to divert assets to meet urgent partner needs. The best candidates for purchase through SDAF are items that take a long time to purchase, make, and deliver. According to documents provided by DSCA, the use of the SDAF over the last 5 years has facilitated the sale of about \$584 million in procurements to purchase equipment for about 45 countries worldwide. For example, the DSCA response shows that the SDAF has been used to purchase a stock of night vision devices that typically have procurement lead-times of more than 18 months. DSCA reports that this has allowed the United States to transfer the devices more quickly to meet the urgent needs of partner countries, including Afghanistan and Iraq. Overall, SDAF has cut FMS procurement lead-times for key equipment by 6 months or more, according to the documents provided by DSCA.

DSCA Partially Implemented 16 Task Force Recommendations

DSCA officials provided some evidence that actions had been taken to address the remaining 16 recommendations.²⁵ We consider these recommendations as partially implemented because the evidence indicated that not all aspects of the recommendation were addressed. For some of these recommendations, DSCA officials stated that the recommended measures, or similar measures, would be undertaken as part of the reforms mandated by the fiscal year 2017 NDAA.

For example, one of the task force’s recommendations was for DSCA to establish and deploy Expeditionary Requirements Generation Teams (ERGT) to partner countries. The task force recommended the ERGTs to provide rapid support to partner countries and the U.S. country teams in developing high-quality, precise requirements for security cooperation

²⁵Much of the evidence for the partially implemented recommendations was provided to GAO after the report had been sent for comment.

cases.²⁶ According to DSCA officials, the expeditionary teams were popular with partner country officials who were relatively inexperienced with the FMS process. DSCA officials said that the expeditionary teams have been used only three times because forming and deploying the teams turned out to be expensive and disruptive to the processing of other FMS cases. DSCA was unable to provide documentation for the number of times and for which countries ERGTs were used, what results were obtained from using ERGTs, or a formal determination of the effectiveness of using the ERGTs.

Another recommendation called for DSCA to “update the Security Assistance Management Manual (SAMM) and amend the Defense Federal Acquisition Regulation Supplement (DFARS) to direct that implementing agencies—in specific instances when sensitive or classified materials are being transported—use a clear, comprehensive “pre-case transportation assessment” document for assessing transportation and distribution requirements following receipt of a Letter of Request and before issuance of an LOA.” According to DSCA officials, the change to the SAMM was in the final stages of being approved as of May 2017. The DSCA response to our request stated that, contrary to the recommendation, officials were not considering an amendment to DFARS for this purpose.

Conclusions

Foreign Military Sales totaled about \$300 billion between fiscal year 2009 and 2016. In that time, the FMS workforce and workloads of the three military departments have grown significantly, while the DSCA workforce has decreased. Since 2009, DOD has implemented a number of reforms designed to improve its capacity to deliver FMS assistance in a timely manner. However, although performance for the program has improved, two of the performance measures set for the program are generally not being met. DSCA has not sufficiently analyzed the reasons for not meeting these goals. For the third metric established to monitor the timeliness of the delivery phase, DSCA is not collecting data and therefore does not know how it is performing against this goal. Without a comprehensive analysis of the entire FMS process facilitated by the collection of data, DOD is unable to identify the reasons it is not meeting its performance goals and to target efforts to address those reasons.

²⁶According to the 2012 report, DSCA organized and deployed two ERGTs to assist Bulgaria and Uzbekistan and executed a Washington, D.C.-based virtual ERGT for Iraq. However, DSCA did not provide evidence of these deployments.

Further, as part of its Vision 2020 strategy, DSCA reported that it would develop a strategic workforce plan by October 2017 but as of July 2017, DSCA had not yet begun developing the plan. Finally, DSCA lacks workload measures for its FMS workforce as a whole and, without such key data, cannot be certain that its workforce plan, when complete, will meet current and emerging program requirements.

Recommendations for Executive Action

We are making the following four recommendations to DOD:

The Acting Director of DSCA should take steps to ensure the collection of data measuring the timeliness of the delivery of equipment and services to recipient countries. (Recommendation 1)

The Acting Director of DSCA should analyze data on all performance metrics to better identify deficiencies. (Recommendation 2)

The Acting Director of DSCA should develop a workforce plan. (Recommendation 3)

The Acting Director of DSCA should develop workload measures for its FMS workforce. (Recommendation 4)

Agency Comments and Our Evaluation

We provided a draft of this report to DOD and State for their review and comment. DOD's written comments are reproduced in appendix IV, and its technical comments were incorporated as appropriate. State did not provide comments.

In its comments, DOD partially concurred with our first and second recommendations, concurred with our third recommendation, and did not concur with our fourth recommendation.

- In partially concurring with our first recommendation, DOD stated that it intends to rescind or replace, in the near future, the metric established to measure the time DOD takes to deliver the first items to recipient countries. DOD commented that collecting data on when the first spare part or support equipment is delivered does not provide meaningful data. DOD also stated that DSCA will work with the implementing agencies to establish a metric that will be useful in tracking the delivery of defense articles and services to recipient

countries. Based on these comments and following discussions with DSCA officials, we revised the recommendation to clarify the steps DSCA should take.

- In partially concurring with our second recommendation, DOD stated that it will continue to gather and analyze data on performance metrics for which it has established timelines and where the data are available in security assistance or cooperation data systems. While we agree that these actions are useful for DOD to oversee the execution of security assistance, we continue to believe that DOD needs to improve its analysis of performance data in order to identify the root causes of any delays and determine the steps needed to improve the timeliness of the process.
- In concurring with our third recommendation to develop a workforce plan for DSCA, DOD stated that DSCA is working with DOD's Washington Headquarters Services on workforce planning. DOD also stated that DSCA is working to determine hard-to-fill positions and lay out a plan for filling such positions and identifying gaps caused by attrition. In addition, DOD stated that it planned to obtain contractor support by the end of 2017 in order to develop a human capital strategic plan and planned to publish the strategy within 8 months of obtaining contractor support.
- In disagreeing with our fourth recommendation, DOD noted that there are not enough measureable requirements within a headquarters activity to provide meaningful workload determinations, that the workload at headquarters is independent of FMS volume, and that the broad responsibilities across the agency have little relevance from one area to another. We have clarified the report to reflect that agencies can develop more than one workload measure and to more clearly refer to the development of appropriate workload measures for the agency's FMS workforce. We also clarified our recommendation to reflect that agencies can have more than one workload measure. However, while we recognize that the work performed by some organizations may be challenging to measure, we continue to believe that a reliable measure of workload is integral to effective workforce planning.

We are sending copies of this report to the Secretaries of Defense and State and appropriate congressional committees. In addition, the report is available at no charge on our website at <http://www.gao.gov>.

If you or your staff have any questions concerning this report, please contact me at (202) 512-9601 or Melitot@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix V.

A handwritten signature in black ink that reads "Thomas M" followed by a long horizontal flourish.

Thomas Melito, Director
International Affairs and Trade

List of Committees

The Honorable John McCain
Chairman
The Honorable Jack Reed
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Bob Corker
Chairman
The Honorable Ben Cardin
Ranking Member
Committee on Foreign Relations
United States Senate

The Honorable Thad Cochran
Chairman
The Honorable Dick Durbin
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Lindsey Graham
Chairman
The Honorable Patrick Leahy
Ranking Member
Subcommittee on State, Foreign Operations, and Related Programs
Committee on Appropriations
United States Senate

The Honorable Mac Thornberry
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
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House of Representatives

The Honorable Kay Granger
Chairwoman
The Honorable Peter J. Visclosky
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

The Honorable Hal Rogers
Chairman
The Honorable Nita Lowey
Ranking Member
Subcommittee on State, Foreign Operations, and Related Programs
Committee on Appropriations
House of Representatives

Appendix I: Objectives, Scope, and Methodology

House Report numbers 114-154¹ and 114-537² include provisions for GAO to assess the Foreign Military Sales (FMS) process. This report assesses (1) the extent to which the Department of Defense (DOD) has met performance goals with respect to the timeliness of the FMS process, (2) DOD's FMS workforce planning efforts and fiscal year 2009 through 2016 FMS workload and workforce trends, and (3) the actions DOD has taken to address recommendations made since 2009 to improve FMS. In addition, appendix II provides information about how the timeframes for processing FMS compare with the timeframes for processing certain security cooperation cases authorized under Title 10 of the U.S. Code and various public laws.³

To perform our assessment, we first identified the principal agencies and components that process FMS. Although 14 U.S. government agencies and DOD components process FMS cases, the Departments of the Army, Air Force, and Navy process 95 percent of all FMS cases. For this reason, our review focuses on the FMS cases processed by these military departments. Because the Defense Security Cooperation Agency (DSCA) also plays a key role in the FMS process, we also included DSCA in our assessment. We also collected data and met with officials of the Defense Logistics Agency and the Defense Contract Management Agency to better understand the role these agencies play in supporting the FMS process. In addition, we collected data from and met with officials from the Department of State, which is responsible for supervising and directing FMS.

We reviewed established DSCA and military department performance goals and determined the extent to which those goals were being met, and, where applicable, the factors contributing to agencies not meeting those goals. We interviewed officials from State, DSCA, and the military

¹H. Rept. No. 114-154 at 65. This House Appropriations Committee report accompanied H.R. 2772, a bill making appropriations for the Department of State, foreign operations, and related programs for the fiscal year ending September 30, 2016.

²H. Rept. No. 114-537 at 240. This House Armed Services Committee report accompanied H.R. 4909, a bill to authorize appropriations for Fiscal Year 2017 for military activities of the Department of Defense, and for other purposes.

³The National Defense Authorization Act, Fiscal Year 2017, included a provision creating a new chapter with Title 10 of the United States Code and which transferred, modified and codified security cooperation-related provisions from elsewhere in Title 10 and public law to this new chapter. See Pub. L. No. 114-328, §1241 establishing a new Chapter 16 (22 U.S.C., § 301 *et seq*) to Title 10.

departments and reviewed guidance in the Security Assistance Management Manual to identify existing performance goals across FMS case development and case execution and to identify the information DSCA and the military departments collect to assess their performance against established goals. We reviewed GAO's *Standards for Internal Control* ⁴ to assess the requirement for managers to compare actual performance data to planned or expected results. For all performance goals that we identified, we interviewed agency officials about how performance was measured according to established goals and collected data on how performance results were communicated throughout the security assistance community. To assess the extent to which established performance goals have been met, we reviewed and summarized performance data and interviewed officials from DSCA. We reviewed data on military department case development performance in terms of mean case development time and DSCA's anticipated offer date standards for fiscal years 2010 through 2016. For the information presented in table 1, the performance statistics are based upon the following number of cases:

Table 8: Number of Letters of Offer and Acceptance By Case Type (Group) For Fiscal Years 2012 through 2015

LOA Type (Goals in days)	2012	2013	2014	2015
Simple (45 days)	1570	1632	1576	1532
Standard (100 days)	2477	2644	2697	2597
Complex (150 days)	95	116	283	506

Source: Defense Security Cooperation Agency data | GAO-17-703

We met with Navy and Air Force officials about systems for tracking timeliness of case execution. Where the team's review of case performance data showed that agencies were not meeting established performance goals, we interviewed agency officials and reviewed data on cases whose processing times surpassed established goals to assess what factors affected case duration. We interviewed officials from DSCA, State, and the military departments to build a qualitative understanding of the factors that have historically affected FMS case development and execution times.

⁴See GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

To assess DOD's fiscal year 2009 through 2016 workload and workforce trends, and workforce planning efforts, we obtained fiscal year 2009 through 2016 workload and workforce data from DSCA and the military departments. In referring to the FMS workforce, we refer to DOD officials who process FMS and whose salaries are paid for with funding from the FMS Administrative Surcharge Account and not DOD officials who help process FMS whose salaries are paid for with appropriated funds. We also do not include officials assigned to security cooperation organizations at U.S. embassies throughout the world. The FMS Administrative Surcharge Account is part of the FMS Trust Fund, which is used to collect, among other things, payments from foreign partners for purchases of equipment and services through the FMS system. For DSCA, we asked DSCA officials to provide us with data on the workforce that processes FMS and not the workforce that supports the FMS workforce by providing training and other services. We obtained both authorized and actual FMS workforce data for DSCA and the military departments, as well as some authorized and actual mission critical occupation data.⁵ The Army, Air Force, and Navy all use the same process and structure for both FMS and pseudo-FMS cases; for that reason, we collected fiscal year 2009 through 2016 authorized and actual pseudo-FMS workforce data. To address the extent to which DOD's existing workforce plans address the FMS workforce, we reviewed DOD's Fiscal Year 2010-2018 and Fiscal Year 2013-2018 strategic workforce plans. In addition, we reviewed DOD's April 2010 Defense Acquisition Workforce Improvement Strategy, and its Fiscal Year 2016-2021 Acquisition Workforce Strategic Plan to determine the extent to which these plans specifically address the FMS workforce. We also reviewed various military department strategic plans, including the Air Force's 2010 to 2018 strategic workforce plan, to examine the extent to which they address the FMS workforce. In addition, we reviewed DSCA's "Vision 2020" strategic plan. We interviewed appropriate officials from DSCA and the military departments.

To assess the actions taken by DOD to address recommendations made since 2009 to improve FMS processing, we conducted searches for and queried relevant DOD officials about audits, studies or reports making recommendations or suggesting reforms to improve the FMS process since 2009. We identified and reviewed a total of two prior reports by

⁵DOD has identified "mission critical occupations" as occupations that are critical to the success of its mission.

GAO,⁶ one report by the State Inspector General, and three reports by the DOD Office of the Inspector General, as well as two reports by DOD's Security Cooperation Reform Task Force concerning aspects of the Foreign Military Sales program. To determine the extent to which DOD implemented the recommendations we requested documents providing the details of the implementation including the number of times the recommendation or reform was implemented, the results, and any analysis of the results. We also interviewed DOD officials to ask them about the recommendations and what was done by way of implementation to determine the extent to which they had implemented the recommendations. The ratings we used in this analysis are as follows: "Not Implemented" means DOD provided no evidence that the recommended actions were taken. "Partially Implemented" means that DOD provided evidence that some portion of the recommended actions was taken. This includes recommendations for which DOD provided only testimonial evidence that the recommendation had been implemented. "Implemented" means that DOD provided evidence that the recommended actions were taken such as changes in policy, the collection and use of data, records of transactions, results of initiatives conducted, or records of reforms implemented. We discussed the recommendations contained in these reports with appropriate DSCA officials. In addition, we reviewed a memo discussing the status of DSCA's Security Cooperation Enterprise Solution and met with DSCA officials to discuss the status of the system.

We collected the data used in our analyses from a number of DOD systems. The data used to assess the extent to which DOD has met performance goals with respect to the timeliness of the FMS process were collected from DSCA's Defense Security Assistance Management System (DSAMS), and the Army's Centralized Integrated System-Integrated Logistics system. The data used to assess workload and workforce trends were collected from DSCA's DSAMS, and DSCA's Business Objects Enterprise Reporting System and BeSMART systems, as well as the Air Force's Security Assistance Manpower Requirements system, and DOD's Defense Civilian Personnel Data System. To assess the reliability of the performance, workload, and workforce data collected,

⁶For example, see GAO, *Security Assistance: DOD's Ongoing Reforms Address Some Challenges, but Additional Information Is Needed to Further Enhance Program Management*, [GAO-13-84](#) (Washington, D.C.; Nov. 16, 2012) and *Defense Exports: Foreign Military Sales Program Needs Better Controls for Exported Items and Information for Oversight*, [GAO-09-454](#) (Washington, D.C.: May 2009).

we reviewed existing information about the data and the systems that produced them. We also interviewed agency officials knowledgeable about the data and the systems that produced the data using a standard set of questions. We found that the data provided to us were generally reliable for purposes of our analysis, but that there were also some limitations in the use of the data. For example, the military departments differ in the definition of a “case line,” which makes it impossible to compare case line workload data by military department. We discuss these limitations, as appropriate, in the main part of the report.

We conducted this performance audit from May 2016 through August 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

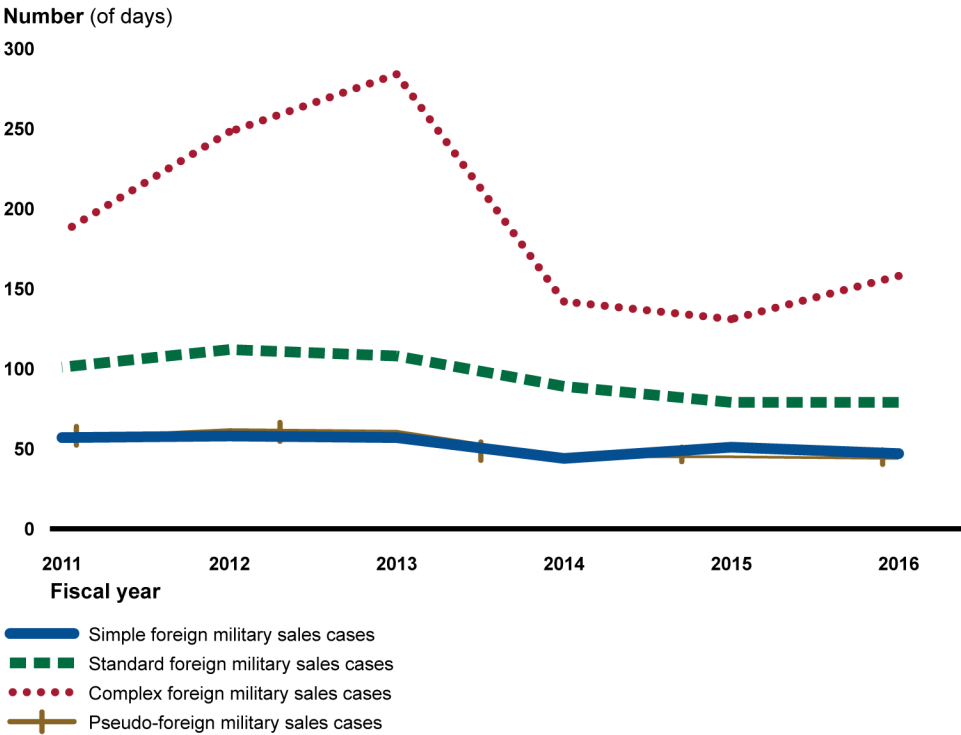
Appendix II: Comparative Information on Foreign Military Sales (FMS) and Pseudo-FMS Case Processing

The United States provides military equipment and training to partner countries through a variety of programs. Foreign partners may pay the U.S. government to administer the acquisition of materiel and services on their behalf through the FMS program. The United States also provides grants to some foreign partners through the Foreign Military Financing (FMF) program to fund the partner's purchase of materiel and services through the process used for FMS. In recent years, Congress has expanded the number of security cooperation programs to include several new programs with funds appropriated to the Department of Defense (DOD), as well as administered and implemented by DOD, that focus on building partner capacity. In this report, we refer to these programs as "pseudo-FMS" cases. FMS and pseudo-FMS transactions follow the same process, but the roles, responsibilities, and actors involved can differ. One important difference highlighted by DOD and Department of State (State) officials is that with FMS, there is a much greater level of involvement on the part of the partner country in defining requirements and developing the Letters of Offer and Acceptance (LOA). As a result, the amount of time it takes to develop FMS cases on average will tend to exceed the time it takes for pseudo-FMS cases. According to DOD and State officials, there may also be differences in the types of equipment that tend to be provided via FMS as opposed to pseudo-FMS cases. For example, pseudo-FMS is not typically used to provide complex weapons systems with long production cycles such as advanced fighter aircraft.

According to DOD and State officials, pseudo-FMS cases are often prioritized because the funds used for these programs generally are only available for obligation for 1 or 2 years, depending on the program. These officials note that funds for traditional FMF programs do not have such time constraints. As a result, pseudo-FMS cases are, on average, processed faster than FMS cases. Army and Air Force officials noted that pseudo-FMS cases tend to be more labor intensive than FMS cases for several reasons. For example, according to Air Force officials, pseudo-FMS cases often involve items that frequently require a new contract because the item is not part of the Air Force inventory. For that reason, Air Force officials noted that they cannot modify an existing contract to add additional items. Army officials said that pseudo-FMS cases require more work because of the nature of expiring funds. This requires an acceleration of almost all their processes.

Figure 3 shows the average number of days it took to complete the case development phase, which is measured by the processing time from "Letter of Request Receipt" to "Document sent to purchaser."

Figure 3: Average Number of Days It Took to Complete Case Development



Source: Defense Security Cooperation Agency data. | GAO-17-703

Appendix III: Fiscal Years 2009-2016 Army, Air Force, and Navy Foreign Military Sales (FMS) and Pseudo-FMS Workload

Tables 9, 10, and 11 present Army, Air Force, and Navy workload data using six of the seven measures. It shows that the FMS and pseudo-FMS workload of each of the services generally increased from fiscal years 2009 through 2016.

Table 9: Fiscal Years 2009-2016 Army Foreign Military Sales (FMS) and Pseudo-FMS Workload Measures

Measures	2009	2010	2011	2012	2013	2014	2015	2016
Total case lines	32,493	35,839	37,398	39,340	39,965	40,812	44,822	44,822
Total number of open cases	4,560	4,847	4,836	4,835	4,857	4,925	5,376	5,376
Undelivered value of open cases ^a	\$43	\$48	\$50	\$54	\$52	\$59	\$70	\$70
First-time case closures	467	416	566	613	637	667	505	505
Weighted number of anticipated offer documents	^b	274	861	942	951	1,064	1,173	1,173
Weighted number of Letters of Offer and Acceptance, modifications, and amendments	1,534	1,544	1,448	1,620	1,549	1,613	1,923	1,923

Source: Defense Security Cooperation Agency. | GAO-17-703

^aDollars rounded to the nearest billion.

^bThis measure was not adopted until fiscal year 2010.

Appendix III: Fiscal Years 2009-2016 Army, Air Force, and Navy Foreign Military Sales (FMS) and Pseudo-FMS Workload

Table 10: Fiscal Years 2009-2016 Air Force Foreign Military Sales (FMS) and Pseudo-FMS Workload Measures

Measures	2009	2010	2011	2012	2013	2014	2015	2016
Total case lines	17,287	18,319	19,135	20,255	21,836	23,120	24,183	24,183
Total number of open cases	3,315	3,360	3,411	3,403	3,448	3,522	3,612	3,612
Undelivered value of open cases ^a	\$35	\$38	\$41	\$74	\$65	\$68	\$69	\$69
First-time case closures	263	236	235	295	245	229	313	313
Weighted number of anticipated offer documents	^b	156	482	467	502	554	572	572
Weighted number of Letters of Offer and Acceptance, modifications, and amendments	951	883	850	870	848	886	916	916

Source: Defense Security Cooperation Agency. | GAO-17-703

^aDollars rounded to the nearest billion.

^bThis measure was not adopted until fiscal year 2010.

Table 11: Fiscal Years 2009-2016 Navy Foreign Military Sales (FMS) and Pseudo-FMS Workload Measures and Workforce Data (in work years)

Measures	2009	2010	2011	2012	2013	2014	2015	2016
Total case lines	12,812	13,661	14,049	14,487	15,282	16,110	16,927	17,617
Total number of open cases	4,020	4,063	3,977	3,908	3,843	3,842	3,942	3,982
Undelivered value of open cases ^a	\$22	\$24	\$25	\$26	\$29	\$28	\$31	\$37
First-time case closures	344	290	477	385	455	396	355	376
Weighted number of anticipated offer documents	^b	104	445	453	515	502	561	634
Weighted number of Letters of Offer and Acceptance, modifications, and amendments	745	747	832	799	855	837	890	973

Source: Defense Security Cooperation Agency. | GAO-17-703

^aDollars rounded to nearest billion.

^bThis measure was not adopted until fiscal year 2010.

The Defense Security Cooperation Agency (DSCA) did not provide a breakout of official sales data by military department but did provide these data in the aggregate. These data are seen in Table 12.

Table 12: Total Sales, Fiscal Years 2009–2016

Measure	2009	2010	2011	2012	2013	2014	2015	2016
Total sales (in billions) ^a	\$38	\$32	\$33	\$69	\$28	\$33	\$47	\$34

Source: Defense Security Cooperation Agency. | GAO-17-703

^aDollars rounded to nearest billion.

Appendix IV: Comments from the Department of Defense



DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

Mr. Thomas Melito
Director, International Affairs & Trade
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

JUL 26 2017

Dear Mr. Melito:

This is the Department of Defense (DoD) response to the Government Accountability Office (GAO) Draft Report, GAO-17-703, "FOREIGN MILITARY SALES: DoD Needs to Improve Its Use of Performance Information to Manage the Program".

RECOMMENDATION 1: To strengthen DoD's ability to address persistent gaps between timeliness goals and performance in the FMS process, the GAO recommends that the Defense Security Cooperation Agency (DSCA) take steps to ensure that data for delivery of the first item or service is collected.

DOD RESPONSE: Partially concur. The metric established to measure the time DoD takes to deliver the first items to the recipient country needs to be re-visited. DSCA intends to rescind/replace this metric in the near future. The current metric requires the first item of a Letter of Offer and Acceptance (LOA) to be delivered within 180 days of LOA implementation. The 180-day metric to capture the first item delivered to a recipient country does not provide a complete picture since an LOA provides numerous defense articles and services in addition to the major weapon system. For example, an LOA provides concurrent spare parts, support equipment and defense services to the recipient country in addition to the major weapon system. The concurrent spare parts and support equipment are often delivered first; however, the major weapon system will almost never be delivered to the recipient country within 180 days since the acquisition time to produce and deliver a major weapon system usually takes several years. Collecting data on when the first spare part or support equipment is delivered does not provide meaningful data since it does not satisfy the recipient country or DoD's requirement, which is to deliver a complete major weapon system that includes all the defense articles and services needed to successfully operate the major weapon system. DSCA will work with the Implementing Agencies (IAs) to establish a metric that will be useful in tracking the delivery of defense articles and services to recipient countries.

RECOMMENDATION 2: To strengthen DoD's ability to address persistent gaps between timeliness goals and performance in the FMS process, the GAO recommends that DSCA analyze data on all performance metrics to better identify deficiencies.



DOD RESPONSE: Partially concur. DSCA will continue to gather and analyze data on performance metrics for which it has established timelines and where the data are available in security assistance/cooperation data systems.

RECOMMENDATION 3: To strengthen DoD's ability to address persistent gaps between timeliness goals and performance in the FMS process, the GAO recommends that DSCA develop a workforce plan.

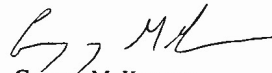
DOD RESPONSE: Concur. DSCA/Talent Management (TM) is working with its Human Resources Service Provider, the Washington Headquarters Services (WHS), on workforce planning. This will be included in a Human Capital Strategy (HCS) that will be published within 8 months of contract award. DSCA/TM is working to determine hard-to-fill positions and lay out a plan for filling such positions and identifying gaps caused by attrition, etc. DSCA/TM plans to look at workforce planning through Succession Planning as part of the HCS.

RECOMMENDATION 4: To strengthen DoD's ability to address persistent gaps between timeliness goals and performance in the FMS process, the GAO recommends that DSCA develop a workload measure.

DOD RESPONSE: Nonconcur. There are not enough measurable requirements within a headquarters activity to provide meaningful workload determinations. The workload at the headquarters is independent of Foreign Military Sales (FMS) volume. Additionally, the broad responsibilities across the Agency would have little relevance from one area to another. For example, DSCA's Security Management Office and the Chief Performance Office perform activities required by DoD regulations and are not tied to the volume of FMS.

We appreciate the opportunity to comment on this draft report and agree that measuring and analyzing performance data are important activities. Additional technical comments and recommendations to improve the overall accuracy of the report were provided separately. Please direct any questions or comments you may have regarding our comments to our DSCA audit liaison, Mr. Eric Ferguson, at (703) 697-9261.

Sincerely,



Gregory M. Kausner
Acting Director

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

Thomas Melito, 202-512-9601 or melitot@gao.gov

Staff Acknowledgments

In addition to the contact named above, Hynek Kalkus (Assistant Director), Jeff Phillips (Assistant Director), Claude Adrien (Analyst-in-Charge), Wesley Collins, Lynn Cothorn, Jessica Mausner, and Jose M. Pena III made significant contributions to this report. Ashley Alley, Martin de Alteriis, and Mark Dowling provided technical assistance.

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