



Highlights of [GAO-03-935](#), a report to congressional committees

CONTRACT MANAGEMENT

High-Level Attention Needed to Transform DOD Services Acquisition

Why GAO Did This Study

The Department of Defense's (DOD) spending on service contracts approaches \$100 billion annually, but recent legislation directs DOD to manage its services procurement more effectively.

Leading companies transformed management practices and achieved major savings after they analyzed spending patterns and coordinated procurement.

This report evaluates DOD's implementation of the legislation in light of congressional interest in promoting the use of best commercial practices for acquiring services.

What GAO Recommends

DOD should strengthen its contracting management structure for services and business processes to promote use of best practices such as centralizing key functions, conducting spend analyses, using commodity teams, achieving strategic orientation, reducing purchasing costs, and improving performance. DOD also needs a strategic plan on how the military departments could best accomplish this.

DOD concurred in principle with the recommendation to change its management structure and partially concurred with the recommendation for a strategic plan.

www.gao.gov/cgi-bin/getrpt?GAO-03-935.

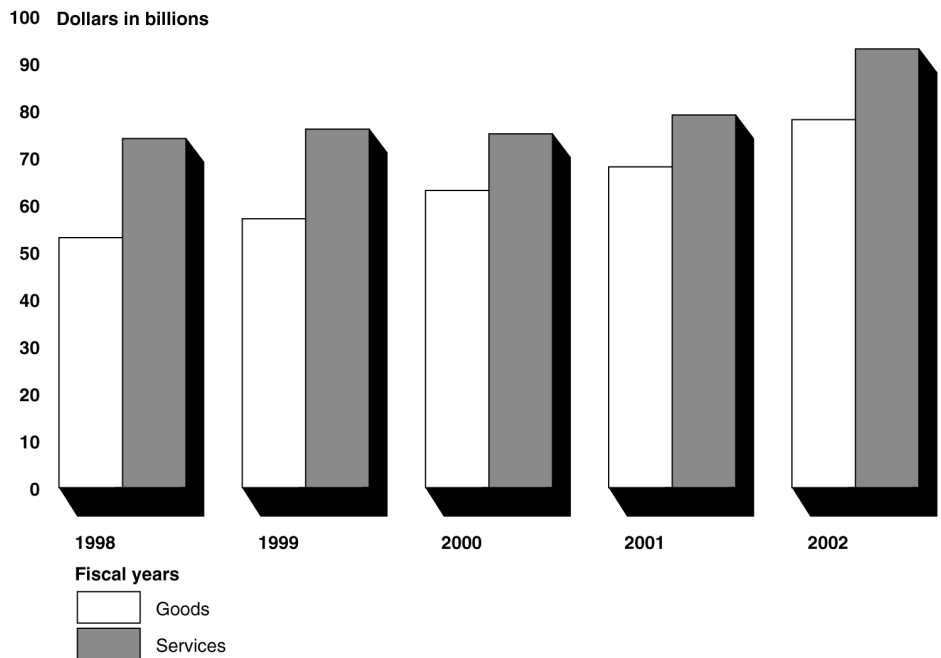
To view the full product, including the scope and methodology, click on the link above. For more information, contact David Cooper at (202) 512-4841 or Cooperd@gao.gov.

What GAO Found

DOD and the military departments each have a management structure in place for reviewing individual services acquisitions valued at \$500 million or more, but that approach does not provide a departmentwide assessment of how spending for services could be more effective. Greater attention is needed by DOD management to promote a strategic orientation by setting performance goals, including savings goals, and ensuring accountability for achieving them.

To support management decisions and improve visibility over spending on service contracts, DOD is developing an automated system to collect and analyze data by piloting a spend analysis. The analysis views spending from a DOD-wide perspective and identifies large-scale savings opportunities, but its scope is limited, and it is too early to tell how the department can make the best use of its results. The military departments are in the early stages of separate initiatives that may lead them to adopt a strategic approach to buying services, but DOD lacks a plan that coordinates these initiatives or provides a road map for future efforts.

DOD's Spending on Services Greater than Goods



Source: GAO analysis of DOD data.