



Highlights of [GAO-09-302](#), a report to congressional committees

Why GAO Did This Study

Since September 11, 2001, Congress has provided about \$808 billion to the Department of Defense (DOD) for the Global War on Terrorism (GWOT) in addition to funding in DOD's base budget. Prior GAO reports have found DOD's reported GWOT cost data unreliable and found problems with transparency over certain costs. In response, DOD has made several changes to its cost-reporting procedures.

Congress has shown interest in increasing the transparency of DOD's cost reporting and funding requests for GWOT. Under the Comptroller General's authority to conduct evaluations on his own initiative, GAO assessed (1) DOD's progress in improving the accuracy and reliability of its GWOT cost reporting, and (2) DOD's methodology for reporting GWOT costs by contingency operation.

For this engagement, GAO analyzed GWOT cost data and applicable guidance, as well as DOD's corrective actions.

What GAO Recommends

GAO is recommending that DOD (1) establish a methodology for determining what portion of GWOT costs is attributable to Operation Iraqi Freedom versus Operation Enduring Freedom and (2) develop a plan and timetable for evaluating whether certain expenses are incremental and should continue to be funded outside of DOD's base budget. DOD agreed with the first recommendation and partially agreed with the second.

To view the full product, including the scope and methodology, click on [GAO-09-302](#). For more information, contact Sharon Pickup, (202) 512-9619, pickups@gao.gov.

GLOBAL WAR ON TERRORISM

DOD Needs to More Accurately Capture and Report the Costs of Operation Iraqi Freedom and Operation Enduring Freedom

What GAO Found

While DOD and the military services continue to take steps to improve the accuracy and reliability of some aspects of GWOT cost reporting, DOD lacks a sound approach for identifying costs of specific contingency operations, raising concerns about the reliability of reported information, especially on the cost of Operation Iraqi Freedom. Specifically, the department has undertaken initiatives such as requiring components to sample and validate their GWOT cost transactions and launching a new contingency cost-reporting system that will automate the collection of GWOT cost data from components' accounting systems and produce a new report comparing reported obligations and disbursements to GWOT appropriations data. Also, the military services have taken several steps to correct weaknesses in the reliability of their cost data.

Limitations in DOD's approach to identifying the costs of Operation Iraqi Freedom and Operation Enduring Freedom may, in some cases, result in the overstatement of costs, and could lead to these costs being included in DOD's GWOT funding requests rather than the base budget. DOD guidance emphasizes the importance of accurately reporting the cost of contingency operations. However, while the Army and Marine Corps are capturing totals for procurement and certain operation and maintenance costs, they do not have a methodology for determining what portion of these GWOT costs are attributable to Operation Iraqi Freedom versus Operation Enduring Freedom and have reported all these costs as attributable to Operation Iraqi Freedom. In addition, the military services have reported some costs, such as those for Navy forward-presence missions, as part of Operation Iraqi Freedom or Operation Enduring Freedom, even though they are not directly attributable to either operation. In September 2005, DOD expanded the definition of incremental costs for large-scale contingencies, such as those for GWOT, to include expenses beyond direct incremental costs. This expanded definition provides no guidance on what costs beyond those attributable to the operation can be considered incremental and reported. Consequently, the military services have made their own interpretations as to whether and how to include costs not directly attributable to GWOT contingency operations. Without a methodology for determining what portion of GWOT costs is attributable to Operation Iraqi Freedom or Operation Enduring Freedom, reported costs for Operation Iraqi Freedom may be overstated. Furthermore, unless DOD reconsiders whether expenses not directly attributable to specific GWOT operations should be included as incremental costs, the military services may continue to include these expenses as part of Operation Iraqi Freedom and Operation Enduring Freedom, reported costs for both operations may be overstated, and DOD may continue to request funding for these expenses in GWOT funding requests instead of including them as part of the base budget. Expenses beyond those directly attributable to either operation may be more reflective of the enduring nature of GWOT and its cost implications should be part of the annual budget debate.