



Highlights of [GAO-09-454](#), a report to the Committee on Foreign Affairs, House of Representatives

## Why GAO Did This Study

In fiscal year 2008, the Foreign Military Sales (FMS) program sold over \$36 billion dollars in defense articles and services to foreign governments. The Departments of State, Defense (DOD), and Homeland Security (DHS) all have a role in the FMS program. In 2003, GAO identified significant weaknesses in FMS control mechanisms for safeguarding defense articles transferred to foreign governments. In 2007, GAO designated the protection of technologies critical to U.S. national security a high-risk area.

GAO was asked to (1) evaluate program changes State, DOD, and DHS have made since 2003 to ensure that unclassified defense articles transferred to foreign governments are authorized for shipment and monitored as required, and (2) determine what information DOD has to administer and oversee the FMS program. GAO conducted 16 case studies; analyzed U.S. port data and FMS agreements; reviewed program performance metrics; and interviewed cognizant officials.

## What GAO Recommends

GAO is making recommendations to State, DOD, and DHS to improve the procedures, processes and information critical for shipment verification, monitoring, and administering the FMS program. State and DHS concurred; DOD concurred with two recommendations and partially concurred with three. GAO believes all recommendations remain valid.

[View GAO-09-454 or key components.](#)  
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## DEFENSE EXPORTS

### Foreign Military Sales Program Needs Better Controls for Exported Items and Information for Oversight

#### What GAO Found

Agencies involved in the FMS program have made some changes in the program but have not corrected the weaknesses GAO previously identified in the FMS program's shipment verification process, and the expanded monitoring program lacks written guidance to select countries to visit to ensure compliance with requirements. State—which is responsible for the program and approving FMS sales—has not finalized proposed regulatory revisions to establish DOD's role in the FMS shipment verification process, although the FMS agencies reached agreement on the proposed revisions about a year ago. DHS port officials, responsible for export enforcement, also continue to lack information needed to verify that FMS shipments are properly authorized. GAO found six FMS agreements that had unauthorized shipments, including missile components. In one case, 21 shipments were made after the agreement was closed. At the same time, DOD, which administers the FMS program and FMS agreements, lacks mechanisms to fully ensure that foreign governments receive their correct FMS shipments—in part because DOD does not track most FMS shipments once they leave its supply centers and continues to rely on FMS customers to notify the department when a shipment has not been received. With regard to monitoring defense articles once in country, DOD does not have written guidance to prioritize selecting countries for compliance visits using a risk management approach and has not yet visited several countries with a high number of uninventoried defense articles.

DOD lacks information needed to effectively administer and oversee the FMS program. For example, within the last 10 years DOD has twice adjusted the surcharge rate—the rate charged to FMS customers to cover program administration costs—but it does not have information on program costs to determine the balance necessary to support the program in the future. Also, while DOD has a goal to release 80 percent of FMS agreements to a foreign government within 120 days of receiving its request to purchase defense articles, DOD officials stated they do not have the information needed to determine if the goal is reasonable. In addition, DOD lacks information to oversee the program, in large part due to the fact that FMS data reside in 13 different accounting, financial, and case implementation systems. DOD is in the process of defining its requirements for FMS program information before it moves forward with improving its data systems. In the meantime, DOD is relying on systems that do not provide it with sufficient, comparable data to oversee the program's performance.