



Highlights of [GAO-04-220](#), a report to Senate and House Armed Services Committees

Why GAO Did This Study

Each year, the U.S. Army spends about \$3 billion on depot-level maintenance and repair work for weapons systems and other equipment. However, because its data gathering and reporting processes have been limited, the Army historically has been unable to fully identify how much depot-level maintenance takes place outside its five public depots. As a result, it has not been able to determine with precision how well it was meeting statutory requirements to limit contracted depot-level maintenance work to 50 percent of the program budget. In the House report on the Fiscal Year 2001 Defense Authorization Act, Congress directed the Army to report on the proliferation of depot-level maintenance work at nondepot facilities and asked GAO to review that report. GAO examined the extent to which (1) the Army's report identifies the amount of depot-level maintenance work done outside public depots; (2) the Army can account for its depot-level maintenance workload, as required by statute; and (3) the corrective actions in the report are likely to address the proliferation issue and enhance the Army's reporting.

What GAO Recommends

GAO recommends that the Secretary of the Army develop an action plan to implement the recommendations in the Army's 2003 maintenance proliferation report. DOD concurred with GAO's recommendation.

www.gao.gov/cgi-bin/getrpt?GAO-04-220.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Barry W. Holman at (202) 512-8412 or holmanb@gao.gov.

DEPOT MAINTENANCE

Army Needs Plan to Implement Depot Maintenance Report's Recommendations

What GAO Found

The Army's proliferation report, issued in September 2003, did not fully identify the extent of depot-level maintenance work performed outside the Army's public depots. The report estimated that the Army underreported its fiscal year 2001 \$2.7 billion depot-level maintenance program by \$188.6 million but indicated that this was a rough estimate and that further analysis is needed. It attributed this underreporting largely to work performed in two categories—work that met the criteria for depot-level maintenance work but was not reported as such and work at nondepot field facilities that involved depot-level maintenance tasks. GAO's prior reviews also identified these categories as key contributors to underreporting. While the report noted that the Army has an extensive maintenance infrastructure with redundant capabilities, it did not address the extent of this redundancy.

The lack of complete information on the extent of depot-level maintenance workloads limits the Army's ability to fully account for this work in the Department of Defense's (DOD) annual report to Congress on the allocation of public- and private-sector depot-level maintenance spending. The 2003 proliferation report identified key Army limitations, including inconsistencies in applying the congressionally mandated definition of "depot maintenance," weaknesses in its management information systems, and the failure to follow established policies and procedures for authorizing depot-level maintenance work at nondepot facilities. GAO's current analysis and prior work confirmed that these limitations make it difficult for the Army to fully account for its maintenance workload as it moves closer to the 50 percent ceiling for work performed by contractors. GAO's most recent report on the Army's 50-50 reporting for fiscal year 2002 showed that, after adjustments for known underreporting, the percentage of private-sector work increased to 49 percent.

If implemented, the 29 recommendations in the 2003 report could enhance the Army's ability to report on its 50-50 data and to evaluate the proliferation of depot-level maintenance work at nondepot facilities. The recommendations, which are consistent with those that GAO has previously made, are focused on key problem areas, such as the need for an improved understanding about the 50-50 rule and for compliance with reporting policies and procedures. Efforts have been undertaken to address some of the problem areas. However, the Army has not yet developed an action plan that identifies priorities, time frames, roles and responsibilities, evaluation criteria, and resources for managing the implementation of the recommendations. Until the Army does this, it will be difficult to assess to what extent the Army is likely to meet its desired objectives. While improvements should be accomplished, the complexity and vastness of the Army's maintenance system and continuing questions about such issues as the definition of "depot maintenance" and changing maintenance strategies could continue to present challenges in fully recording all maintenance work that should be captured.