

DOD: Intergenerational High Risk

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GAO's 2007 High-Risk List

DOD programs make up one-third (8 of 24) of all high-risk areas

Area	Year designated high risk
Supply Chain Management	1990
Weapon Systems Acquisition	1990
Contract Management	1992
Financial Management	1995
Business Systems Modernization	1995
Support Infrastructure Management	1997
Approach to Business Transformation	2005
Personnel Security Clearance Program	2005

Common deficiencies


















- Lack of oversight and accountability
- Lack of reliable, timely information
- Lack of internal controls
- Lack of fiscal management
- Lack of results-oriented management

PART & PMA Scorecard

- **PART: Assessment of DOD-military only**

“During FY 2006, the Department effectively accomplished its mission, met strategic objectives and goals, and met 63 percent of its performance goal measures... [however] In many cases FY 2006 data are incomplete...”

- **Executive Branch Management Scorecard**

	Status as of Dec 31, 2006	Progress in Implementing PMA	
Human capital			 = Success  = Mixed results  = Unsatisfactory
Competitive sourcing			
Financial performance			
E-Gov			
Budget/performance integration			
Real property asset management			
Eliminating improper payments			

Impediments to Change

- Consolidation -NPA & PMA initiatives

DOD Non-Military Employment

	2005	2001	Net Change	% Change
Defense Agencies	73,861	99,027	(25,166)	-34%
Other Defense Orgs	100,493	125,071	(24,578)	-24%

- Outsourcing

	2005	2000	% Change
Contracts (in \$millions)	\$273,348	\$133,188	105%
# of Contractors	85,859	29,584	190%
# of Transactions	1,407,343	335,253	320%
Grants (in \$millions)	\$3,158	\$2,305	37%

- Political Environment

Senate	Leadership	Committee	Amount \$
Daniel Inouye	Chairman	Appropriations	\$235,150
Carl Levin	Chairman	Armed Services	\$159,255
John McCain	Ranking Member	Armed Services	\$158,200
Joseph Lieberman	Chairman	Homeland Security & Government Affairs	\$247,350
House			
Jerry Lewis	Ranking Member	Appropriations	\$397,049
Ike Skelton	Chairman	Armed Services	\$390,800
Duncan Hunter	Ranking Member	Armed Services	\$367,164
Tom Davis	Ranking Member	Oversight & Government Reform	\$146,070

Top Contracts, Grants & Misconduct

	Contracts & Grants 2000 - 2005 (in \$ millions)	Top Contractor Misconduct-Fines 1990-2002 (in \$ millions)	Convictions		
			Criminal	Civil	Admin
Lockheed Martin	111,821	108	1	30	5
Boeing	101,605	2,218		21	3
Northrop Grumman	70,870	3,048	5	22	
General Dynamics	49,172	25		3	
Raytheon	45,032	57	4	16	1
United Technologies	23,588	206	1	9	
Computer Sciences/DynCorp	13,228	2		2	
Science Applications International Corp	12,189	4	1	3	
General Electric	119,555	156	4	6	21
Honeywell	7,273	7		5	
Textron	5,948	22		8	
Fluor--FD Services	1,417	12		2	
DynCorp/Veritas Capital	1,183	2		2	
Unisys	1,094	176	1	5	
TRW/Northrop	15	139	1	5	1
TOTALS	\$563,990	\$6,182	18	139	31

Campaign Contributions over \$100,000 from Contractors with Misconduct Convictions - 1989-2006

Senate	Leadership	Committee	Amount \$
Ted Steven (R AK)		Appropriations & Homeland Security & Government Affairs	\$317,600
Joseph Lieberman (D CT)	Chairman	Homeland Security & Government Affairs	\$247,350
Daniel Inouye (D HI)	Chairman	Appropriations	\$235,150
John Warner (R VA)		Armed Services & Homeland Security & Government Affairs	\$180,072
Carl Levin (D MI)	Chairman	Armed Services	\$159,255
John McCain (R AZ)	Ranking Member	Armed Services Committee	\$158,200
Pete Domenici (R NM)		Appropriations & Homeland Security & Government Affairs	\$101,367
			\$1,398,994
House			
Todd Tiahrt (R KS)		Appropriations	\$659,860
John Murtha (D PA)		Appropriations	\$574,774
Jerry Lewis (R CA)	Ranking Member	Appropriations	\$397,049
Norm Dicks (D WA)		Appropriations	\$393,850
Bill Young (R FL)		Appropriations	\$392,825
Ike Skelton (D MO)	Chairman	Armed Services	\$390,800
Duncan Hunter (R CA)	Ranking Member	Armed Services	\$367,164
Jim Saxon (R NJ)		Armed Services	\$282,024
Jim Moran (D VA)		Appropriations	\$212,286
David Hobson (R OH)		Appropriations	\$194,400
Chet Edwards (D TX)		Appropriations	\$179,028
Tom Davis (R VA)	Ranking Member	Oversight & Government Reform	\$146,070
Bud Cramer (D AL)		Appropriations	\$145,900
Patrick Kennedy (D RI)		Appropriations	\$127,850
Frank Wolf (R VA)		Appropriations	\$118,900
Alan Mollohan (D WV)		Appropriations	\$112,700
			\$4,695,480

Divestiture

- Monolithic structure
- Monopolistic, collusive behaviors
 - AT&T breakup
 - Standard Oil
- Gains from break up
 - Manageability & accountability
 - Efficiency
 - Competitive pricing
 - Innovation

