



# INSPECTOR GENERAL

*U.S. Department of Defense*

FISCAL YEAR 2025

# TOP DOD MANAGEMENT AND PERFORMANCE CHALLENGES



INDEPENDENCE ★ INTEGRITY ★ EXCELLENCE ★ TRANSPARENCY

INDEPENDENCE ★ INTEGRITY ★ EXCELLENCE ★ TRANSPARENCY

## Mission

*We promote the economy, efficiency, and effectiveness of DoD programs, and the integrity of its workforce and operations, through impactful audits, evaluations, investigations, and reviews.*

## Vision

*We are a high-performing team driving positive change.*



For more information about whistleblower protection, please see the inside back cover.



**INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE**  
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October 15, 2024

The Department of Defense Office of Inspector General (DoD OIG) is required by statute to annually summarize the most serious management and performance challenges facing the DoD and briefly assess the DoD's progress in addressing those challenges. I am pleased to submit the FY 2025 Top DoD Management and Performance Challenges to fulfill this requirement.

The DoD is vast and faces myriad challenges that can be categorized and analyzed in various thematic ways. This year, the DoD OIG has identified six overarching challenges. As part of our independent assessment, we considered programmatic work conducted by the DoD OIG and, within each challenge, we discuss related findings and recommendations from recent DoD OIG audits, evaluations, and investigations. We also reviewed information from a wide range of other sources, including congressional hearings and legislation, professional research institute publications, Government Accountability Office oversight reports, and DoD strategic documents and plans. Additionally, we considered input from DoD officials across the defense enterprise, obtained in response to solicitations for comment and in engagements by myself and other DoD OIG personnel, as well as input provided by our partners in the DoD oversight community.

The challenges discussed in this year's report are neither exhaustive nor listed in order of importance or severity. We identify some of the major contributing factors affecting management and performance in each area, but there are other considerations that may be at play as well. As this report reflects the DoD OIG's assessment of the most significant challenges currently facing the DoD, it also provides a valuable framework for focusing the audits and evaluations described in our Annual Oversight Plan on the areas where our programmatic oversight can have the greatest positive impact. Consistent with our obligations under the law, we remain committed to conducting agile and relevant oversight and to keeping the DoD's leadership and Congress fully informed of issues identified through our work so that timely actions can be taken to address them. It is a privilege to lead the team of outstanding oversight professionals who prepared this report and who work on an ongoing basis at the DoD OIG to carry out our mission to conduct independent and impactful oversight that promotes the economy, efficiency, and effectiveness of DoD programs, and the integrity of its workforce and operations.

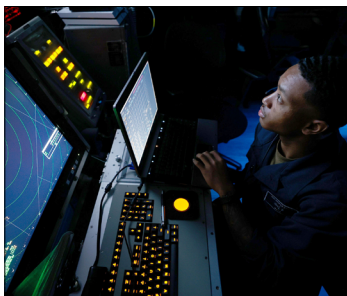
A handwritten signature in black ink, appearing to read "Robert P. Storch".

Robert P. Storch  
Inspector General





# Top DoD Management and Performance Challenges DoD Fiscal Year 2025



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# Executive Summary

Pursuant to the Reports Consolidation Act of 2000, Pub. L. 106-531, the DoD Office of Inspector General (DoD OIG) is providing this annual statement from the Inspector General (IG) summarizing the DoD’s “most serious management and performance challenges.” To fulfill this requirement, the DoD OIG analyzed completed, ongoing, and planned DoD OIG oversight work; input from leaders across the DoD; and the DoD’s strategic documents. We also reviewed congressional testimonies, analyses from professional research institutes, and oversight work from the Government Accountability Office. Additionally, as the head of the Defense Council on Integrity and Efficiency, the IG solicited and obtained input from Inspectors General, Auditors General, and other members of the defense oversight community.

In this report, the DoD OIG presents six challenges that we consider to be particularly significant matters facing the DoD in the upcoming fiscal year. For each challenge, we discuss potential impacts on the management and performance of critical DoD programs, as well as the DoD’s progress in responding to these challenges. The challenges are not listed in order of priority or importance, and progress in addressing all six is critical to ensuring the DoD meets its mission to provide the military force needed to deter war and ensure our nation’s security.

## *The FY 2025 Top DoD Management and Performance Challenges and Key Concerns*

Challenges	Key Concerns
1. Increasing Military Readiness	<ul style="list-style-type: none"><li>• Shortages of military recruits, civilian personnel, and military healthcare workers</li><li>• Aging equipment and inadequate maintenance</li><li>• Barriers to Service member healthcare access</li></ul>
2. Strengthening the Capabilities and Capacities of Allies and Partners	<ul style="list-style-type: none"><li>• Increased global influence from the People’s Republic of China and Russia</li><li>• Limited oversight of security cooperation efforts</li><li>• Obstacles to information sharing and interoperability with partners</li></ul>
3. Protecting Defense Critical Infrastructure	<ul style="list-style-type: none"><li>• Continued cyber threats to defense critical infrastructure networks and the defense industrial base</li><li>• Vulnerability to climate and extreme weather</li></ul>

Challenges	Key Concerns
4. Improving Financial Management	<ul style="list-style-type: none"> <li>• Inadequate controls over financial data and accounting records</li> <li>• Shortages of skilled personnel</li> <li>• Outdated financial data management systems</li> <li>• Inconsistent availability of resources</li> </ul>
5. Improving Quality of Life for Military Families	<ul style="list-style-type: none"> <li>• Inconsistent availability, quality, and cost of healthcare, housing, and childcare</li> <li>• Limited spousal support opportunities</li> <li>• Barriers to financial stability</li> <li>• Limited availability and quality of beneficiary programs</li> </ul>
6. Building the Future Force	<ul style="list-style-type: none"> <li>• Delayed and over budget acquisitions</li> <li>• Adverse effects of the consolidated defense industrial base</li> <li>• Inconsistent administration of modernization programs</li> <li>• Increased competition in cyber, space, and electromagnetic operations</li> </ul>

## CHANGES FROM THE FY 2024 TOP MANAGEMENT AND PERFORMANCE CHALLENGES

For this year’s report, we reframed several of last year’s challenges to reflect shifts over time and the emergence of new focal areas. However, the change in the organization and overall number of challenges does not reflect the resolution or diminished importance of previously identified challenges.

One of this year’s challenges, Protecting Defense Critical Infrastructure, incorporates aspects of several challenges from FY 2024 relating to cybersecurity operations, defense industrial base modernization, and climate resilience. Additionally, last year’s challenges on the health and wellness of Service members and workforce recruiting are reflected in three of this year’s challenges to which they directly apply—Increasing Military Readiness, Improving Financial Management, and Improving Quality of Life for Military Families. Similarly, challenges with leveraging data as a strategic asset that we have highlighted since FY 2021 are included in several of this year’s challenges.

In FY 2025, we have also introduced the challenges Building the Force of the Future and Strengthening the Capabilities and Capacities of Allies and Partners. These two challenges incorporate and expand on prior years’ challenges related to modernization and strategic competition.



## STRATEGIC ENVIRONMENT

As the DoD continues to address challenges posed by near-peer competitors, the People's Republic of China and Russia, as well as ongoing and emerging threats from other actors and sources, the DoD must balance ensuring readiness to meet current threats with preparing the Force to meet future threats. The DoD must also reaffirm and strengthen its relationships with allies and partners, which are increasingly important since Russia's full-scale invasion of Ukraine in 2022 and the DoD's provision of military assistance and training as part of an international effort to support the Ukrainian Armed Forces.

The DoD faces difficulties resulting from the decline in the size of its military workforce, weaknesses in its quality-of-life programs, and the effects of recurring continuing resolutions. Although there have been recent successes, recruiting and retaining both Service members and civilians remains a challenge for the DoD and impacts its ability to maintain a robust and ready force. Additionally, the DoD faces significant challenges in hiring and retaining personnel with specialized skills in areas such as financial management, acquisition, cybersecurity, and healthcare.

Challenges related to quality of life are of fundamental importance to Service members and their families, and these challenges are key focus areas for the DoD and Congress. Issues concerning the limited availability of quality housing, specialty healthcare, and adequate support for military spouses can affect the wellness of Service members and their families and therefore negatively impact military readiness. It is essential for the DoD to continue its efforts to provide the Force with safe and healthy environments in which they can live and work.

The impact of continuing resolutions is also an issue for the DoD and we have reflected its importance in multiple challenges in this year's report. In a recent memo to the House Committee on Appropriations, the Secretary of Defense detailed the impacts of continuing resolutions on the DoD, including insufficient funds for recruiting bonuses and personnel benefits, delays in fielding and modernizing weapon systems, and postponement of readiness activities such as equipment maintenance and training, and we are doing ongoing work examining DoD's ability to effectively manage acquisition programs under continuing resolutions.



A senior drill instructor with India Company, 3rd Recruit Training Battalion, participates in a battalion commander inspection at Marine Corps Recruit Depot San Diego, California. Source: U.S. Marine Corps.

# Challenge 1: Increasing Military Readiness

## KEY CONCERNS

- Shortages of military recruits, civilian personnel, and military healthcare workers
- Aging equipment and inadequate maintenance
- Barriers to Service member healthcare access

***Our greatest strength is the readiness of our people.***

Vice Chief of Staff  
of the Army  
General James J. Mingus

• Military readiness is the ability of the Joint Force to meet the demands of current missions while also preparing for future challenges. This requires adequate staffing of military and civilian personnel and calls for Service members to receive the appropriate training and to possess properly maintained equipment. Readiness also includes providing for the health and wellness of individual Service members. Building and sustaining a force that is organized, manned, trained, and equipped to meet the diverse threats of both today and tomorrow is an enduring challenge for the DoD.

## PERSONNEL

The DoD acknowledges that it faces significant challenges in military recruiting and civilian hiring, both of which affect its ability to maintain a robust and ready force. In FY 2023, [the Services collectively missed their recruiting goals by about 41,000 recruits](#), despite having already lowered targets in recent years.<sup>1</sup> Additionally, according to the [Defense Business Board](#), the DoD is lagging behind the private sector in recruiting civilian talent.<sup>2</sup> Moreover, according to [a recent statement](#) from the Secretary of Defense, budget constraints from continuing resolutions limit the amount of money available for recruiting bonuses and hiring incentives.<sup>3</sup>

The DoD has taken action to try and mitigate these personnel challenges. The [Human Capital Operating Plan for FY 2024-2025](#) outlines the DoD's new hiring initiatives and activities, and the Services have implemented their own changes to workforce and recruiting practices.<sup>4</sup> The initiatives may be having a positive impact, as nearly all of the Services [met their active duty recruiting goals](#) for FY 2024—but continued focus will be necessary to sustain that success.<sup>5</sup>

<sup>1</sup> U.S. House of Representatives Armed Services Committee Hearing, "Recruiting Shortfalls and Growing Mistrust: Perceptions of the U.S. Military," December 13, 2023.

<sup>2</sup> DoD, Defense Business Board, "FY2023 Assessment of the Department of Defense: Building a Civilian Talent Pipeline," March 30, 2023.

<sup>3</sup> Secretary of Defense Memorandum for the House Committee on Appropriations, "6-Month Continuing Resolution (CR) Impacts for FY 2025," September 7, 2024.

<sup>4</sup> Defense Civilian Personnel Advisory Services, "Department of Defense Human Capital Operating Plan Fiscal Year 2024-2025."

<sup>5</sup> APNews.com, "Military Recruiting Rebounds After Several Tough Years, but Challenges Remain," September 26, 2024.

## Military Recruiting

[Recent testimony](#) before the House Committee on Armed Services highlighted some of the reasons for the current recruiting challenge<sup>6</sup> DoD officials noted that the relatively low U.S. unemployment rate affords young adults more competitive options than military service and that most potential applicants would require medical waivers to meet eligibility standards. In addition, officials noted that DoD recruiting practices and strategies have been slow to adapt to changes in the labor market and the Services' needs.



### Military Recruiting Challenges

- *Less overall public interest in military service*
- *Fewer people meet enlistment standards*
- *Ineffective recruiting practices*



### Civilian Hiring Challenges

- *Slow, inefficient hiring process*
- *Increased turnover due to aging workforce*
- *Higher pay and benefits in private sector*

### Civilian Hiring

In response to a DoD OIG request for feedback, multiple DoD agencies and offices identified challenges with civilian hiring and retention. Among the top concerns was the lengthy and inflexible civilian hiring process, which reduces the DoD's competitiveness with private sector businesses. [The Defense Business Board study](#) also found that civilian recruiting practices across the DoD vary considerably and there is limited investment in recruiting resources.<sup>7</sup> This may soon have greater consequences for the DoD, as the civilian workforce is rapidly aging, and the number of retirements continues to rise.

[Prior work](#) from the Government Accountability Office (GAO) found that gaps within the DoD's civilian workforce contributed to the GAO's designation of certain DoD programs as high risk.<sup>8</sup> For example, the lack of personnel to support weapons production and software development was a factor in the GAO's determination of acquisition as one of the DoD's high-risk areas. The GAO also found that the Services had not collected sufficient data to help support decisions related to recruitment and retention, such as data on comparable civilian pay to guide decisions on enlistment and retention bonuses.

<sup>6</sup> "Recruiting Shortfalls and Growing Mistrust: Perceptions of the U.S. Military."

<sup>7</sup> "FY2023 Assessment of the Department of Defense: Building a Civilian Talent Pipeline."

<sup>8</sup> U.S. Government Accountability Office (GAO) Report No. GAO-23-106966, "Defense Workforce: Opportunities for more Effective Management and Efficiencies," July 26, 2023.

In a [2023 report](#), the DoD OIG found that by improving the process for tracking medical waivers, the DoD could better understand barriers to entering military service and inform changes in the recruiting process.<sup>9</sup> Additionally, the DoD OIG is currently conducting a [review](#) of the Army's Future Soldier Preparatory Course, a program designed to help potential recruits overcome academic and fitness barriers to military service.<sup>10</sup> The following figures identify the key changes to recruiting and hiring practices across the DoD. The ongoing effectiveness of these efforts will be critical to ensuring continued progress in this foundationally important area.

### Military Recruiting Changes

- Army: Reorganized its recruiting force, and established new specialized recruiting career fields
- Navy: Established a Recruiting Operations Center intended to increase efficiency by relieving recruiters of administrative burdens
- Air Force: Implemented new incentives for recruits, increased the maximum age of enlistment, and updated policies to expand other eligibility requirements

### Civilian Hiring Changes

- Implemented a 30-day hiring timeline to improve the DoD's competitiveness in the job market
- Developed long-term partnerships with educational institutions to expand access to top talent
- Implemented the Civilian Workforce Incentives Fund to attract and retain employees with sought-after skills

## TRAINING AND EQUIPMENT

Military readiness requires that Service members be capable of engaging in combat and fulfilling their assigned missions and tasks. Readiness is built by conducting exercises and drills to ensure that Service members are proficient in their roles and can operate effectively in various scenarios. Readiness also results from ensuring that military equipment is functional and available to meet operational requirements and respond to immediate threats. Since 2001, high deployment rates and increased operational tempos have degraded military training opportunities and equipment sustainment; while this pace has abated for some units in recent years, [many still find themselves under considerable strain](#).<sup>11</sup> This trend has continued as the U.S. responds to the crises in Ukraine and Israel while facing increased activity in the Indo-Pacific region. Collectively, these demands have raised concerns about the need for the DoD to maintain standards of readiness in multiple theaters while also providing allies with military assistance.

<sup>9</sup> DoD OIG Report No. DODIG-2023-072, "Review of the Military Services' Policies and Procedures on the Medical Waiver Process for Recruiting," May 17, 2023.

<sup>10</sup> DoD OIG Project No. D2024-D0DIEM-0113.000, "Project Announcement: Review of the Army's Future Soldier Preparatory Course," April 29, 2024.

<sup>11</sup> Military.com, "Soldiers Set to Get New Deployment Bonus as High Operations Tempos Strain the Army," September 18, 2024.

Training is essential for military readiness in that it prepares Service members to carry out their duties effectively. In [a May 2024 report](#), the GAO found that the Marine Corps was not able to meet all of its training needs at training ranges within the U.S. Indo-Pacific Command, instead using alternatives such as returning forces to the continental U.S. to train.<sup>12</sup> Similarly, [a July 2022 DoD OIG audit](#) assessed the capability and capacity of training ranges in the U.S. European Command to support the combat readiness of units assigned to the European theater.<sup>13</sup> Additionally, in [a 2024 report](#) on training in support of the surge sealift mission, the DoD OIG found that key personnel were not required to take contested environment training, which provides the skills necessary to safely and effectively operate sealift vessels in uncertain or hostile environments.<sup>14</sup>

Aging equipment and inadequate maintenance limit the availability of functional equipment for executing missions, as well as for use in training. [Recent Navy investigations](#) of engineering incidents on a 30-year-old ship, the USS Boxer, revealed maintenance issues that kept the ship in port for more than a year and delayed its deployment schedule.<sup>15</sup> In [a 2023 report](#), the GAO found that the DoD was challenged with maintenance and supply issues for both old and new aircraft.<sup>16</sup> The GAO reported that the F-35 Joint Strike Fighter, one of the DoD's newest aircraft, faced significant sustainment issues that resulted in the program's inability to meet targets for mission capability and reliability.

The DoD OIG has also reported on equipment readiness issues. In 2023, the DoD OIG issued two management advisories regarding [improper maintenance](#) and [shortages of prepositioned stock](#) at a field support site in Kuwait.<sup>17</sup> This can impact readiness of not only U.S. Forces, but also the readiness of the Ukrainian Armed Forces, as some of the prepositioned equipment was designated for delivery to Ukraine. [A 2023 audit](#) found that the Defense Logistics Agency improperly stored repair parts and other components necessary for maintaining Army ground combat systems.<sup>18</sup> Moreover, three investigations by the Defense Criminal Investigative Service (DCIS), the criminal investigative arm of the DoD OIG, resulted in the 2024 conviction of multiple contractors for providing the DoD with [faulty](#), [fraudulent](#), or [illegally obtained](#) repair parts.<sup>19</sup>

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<sup>12</sup> GAO Report No. GAO-24-107-463, "Military Readiness: Actions Needed for DOD to Address Challenges across the Air, Sea, Ground, and Space Domains" May 1, 2024.

<sup>13</sup> DoD OIG Report No. DODIG-2022-110, "Audit of Training Ranges in the U.S. European Command," July 7, 2022.

<sup>14</sup> DoD OIG Report No. DODIG-2024-106, "Evaluation of Contested Mobility Training Requirements for Personnel Supporting the DoD Surge Sealift Mission," July 9, 2024.

<sup>15</sup> U.S. Naval Institute News, "Navy Elects to Fix USS Boxer Rudder with Divers, Repair Could Take 2 Months," April 30, 2024.

<sup>16</sup> GAO Report No. GAO-23-106673, "Military Readiness: Improvement in Some Areas, but Sustainment and Other Challenges Persist," May 2, 2023.

<sup>17</sup> DoD OIG Report No. DODIG-2023-076, "Management Advisory: Maintenance Concerns for the Army's Prepositioned Stock-5 Equipment Designated for Ukraine," May 23, 2023.

DoD OIG Report No. DODIG-2023-087, "Management Advisory: Basic Issue Items and Components of End Items Shortages in the Army's Prepositioned Stock-5 Program," June 15, 2023.

<sup>18</sup> DoD OIG Report No. DODIG-2024-001, "Audit of the Defense Logistics Agency Storage and Care of Repair Parts and Components for the Army Ground Combat Systems," October 13, 2023.

<sup>19</sup> Department of Justice, U.S. Attorney's Office Southern District of Ohio, "Texas Man Sentenced to More Than 3 Years in Prison for Providing Faulty Military Parts," April 26, 2024.

U.S. Attorney's Office Southern District of Florida, "Former Vice President and Employee of Florida Aircraft Parts Broker Sentenced to Prison for Aircraft Parts Fraud," June 6, 2024.

U.S. Attorney's Office Eastern District of Missouri, "Missouri-Based Defense Department Contractor Sentenced for Fraud," July 23, 2024.

The DoD plans to address training and equipment issues, in part, through the development of a new [Regional Sustainment Framework](#).<sup>20</sup> Released in May 2024, the document outlines the DoD’s strategy for developing regional maintenance and repair capabilities to help ensure the availability of those capabilities closer to the point of need to “rapidly regenerate readiness.”

## MEDICAL READINESS OF THE ARMED FORCES

The health of military personnel, including their mental health, is another key aspect of readiness, as it directly affects the ability to execute missions successfully. Service members may be subject to frequent relocations, deployments, and stressful experiences due to combat and time away from family, which can have long-lasting effects on physical and mental health.

[According to the Defense Health Agency \(DHA\)](#), mental health disorders, including substance abuse, were associated with the highest rates of hospitalization for active-duty Service members in 2023.<sup>21</sup> However, despite the benefits of treatment, [approximately 60 to 70 percent of military personnel who experience mental health problems do not seek mental health services](#).<sup>22</sup> The DoD continues to encourage Service members to seek help and, in September 2023, [reissued guidance](#) for maintaining the confidentiality of Service members seeking treatment for mental health or substance misuse.<sup>23</sup>

The DoD’s shortage of healthcare workers, though, has made it difficult for Service members to receive care where and when they need it. [A 2024 DoD OIG report](#) about the shortage of health care personnel included several recommendations to the DoD, such as establishing competitive pay rates for nurses and hard-to-fill medical positions, providing incentives to attract entry-level registered nurses, and updating policies that delay or prevent hiring qualified medical personnel (see figure 1).<sup>24</sup> Additionally, under DHA policy, if a military treatment facility is unable to provide Service members with timely care, members can be referred to civilian network providers. However, [a GAO report](#) from 2024 stated that the DHA was not effectively monitoring mental health referrals to ensure that Service members received prompt care with the civilian providers.<sup>25</sup>

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<sup>20</sup> DoD, Under Secretary of Defense for Acquisition and Sustainment, “2024 Regional Sustainment Framework,” May 15, 2024.

<sup>21</sup> DHA, “Hospitalizations Among Active Component Members of the U.S. Armed Forces, 2023,” June 1, 2024.

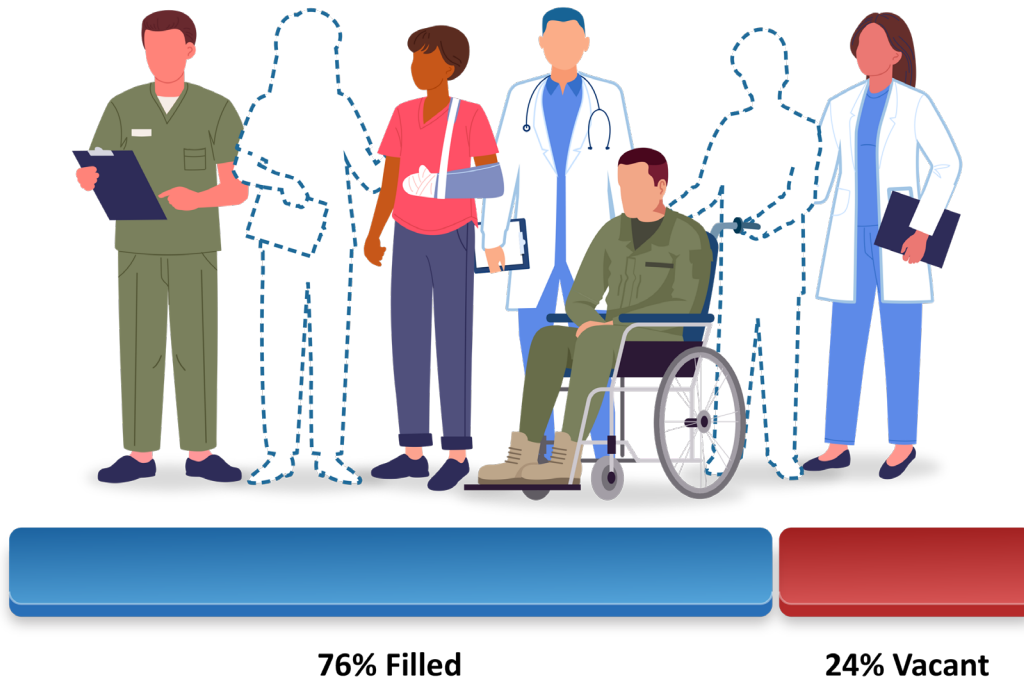
<sup>22</sup> DHA, Psychological Health Center of Excellence, “Psychological Health Readiness,” February 13, 2024.

<sup>23</sup> DoD Instruction 6490.08, “Command Notification Requirements to Dispel Stigmas in Providing Mental Health Care to Service Members,” September 6, 2023.

<sup>24</sup> DoD OIG Report No. DODIG-2024-086, “Audit of DoD Health Care Personnel Shortages During the Coronavirus Disease–2019 Pandemic,” May 23, 2024.

<sup>25</sup> GAO Report No. GAO-24-106267, “Defense Health Care: DOD Should Monitor Urgent Referrals to Civilian Behavioral Health Providers to Ensure Timely Care,” February 6, 2024.

Figure 1. Shortage of DHA Civilian Healthcare Workers at Sampled MTFs



Source: DoD OIG

Recent DoD OIG oversight work also addressed health-related issues that can affect force readiness. [A 2023 report](#) found that DoD health care providers were not consistently implementing policies and procedures for determining the care needed for Service members with traumatic brain injuries.<sup>26</sup> In 2024, the DoD OIG announced [a project](#) to evaluate the Navy’s efforts to prevent and respond to incidents of suicide, suicide attempts, and suicidal ideation, following work conducted on the subject by the Navy Inspector General.<sup>27</sup>

## OPERATIONAL READINESS OF THE MEDICAL FORCE

The Military Health System (MHS) has a dual mission to provide both expeditionary care to combat casualties and high-quality clinical care in military treatment facilities (MTFs) to Service members. However, military personnel are increasingly referred to the private sector for medical care, due to shortages of personnel in the MHS and difficulties in providing timely care. The resultant decrease in case volume at MTFs has raised concerns about the clinical readiness of the military medical force; as short-staffed providers may have to fulfill the duties of support personnel and contend with a decrease in elective procedures, providers’ ability to gain and maintain experience and skills is negatively affected. Changing patterns of care have also decreased the volume of trauma patients and non-trauma surgical procedures at most MTFs, which can lead to an erosion of critically important combat medicine skills—a phenomenon known as the “peacetime effect.”

<sup>26</sup> DoD OIG Report No. DODIG-2023-059, “Evaluation of the DoD’s Management of Traumatic Brain Injury,” March 28, 2023.

<sup>27</sup> DoD OIG Project No. D2024-DEV0PB-0089.000, “Project Announcement: Evaluation of the U.S. Navy’s Efforts to Prevent and Respond to Incidents of Deaths by Suicide, Suicide Attempts, and Suicidal Ideation,” February 27, 2024.



In a December 2023 memorandum, “Stabilizing and Improving the Military Health System,” the Deputy Secretary of Defense emphasized the need for the MHS to rebuild its medical capabilities and increase clinical readiness to reattract patients and beneficiaries. The directive states that one of the DoD’s priorities is ensuring the MHS supports readiness of the total force, which requires “a stable, predictable workforce sufficiently staffed, trained, and routinely available to provide health care to our beneficiaries.”

The DoD OIG’s current oversight work reflects the importance of ensuring the proficiency and availability of the DoD’s medical force. In [a May 2024 audit](#), the DoD OIG reported the prevalence of personnel vacancies at military treatment facilities and limitations imposed by civilian hiring policies; staffing shortages and inability to access care were also documented as concerns in [a November 2023 management advisory](#).<sup>28</sup> The DoD OIG announced [a project](#) in December 2023 to evaluate the DoD’s plans to assign Service members to locations with sufficient clinical workload to generate, maintain, or increase critical wartime medical readiness skills and core competencies.<sup>29</sup> Additionally, in FY 2025, the DoD OIG plans to conduct an evaluation of the DHA’s implementation of medical manpower requirements in compliance with the memorandum issued by the Deputy Secretary of Defense. Furthermore, the DoD OIG continues to engage with the DHA to address outstanding recommendations from prior oversight work related to the policies, procedures, and structure of the medical force, as well as healthcare access issues affecting the medical readiness of the armed forces.

.....  
• ***When our people take***  
• ***care of people, we***  
• ***increase the readiness***  
• ***of the total force.***  
•  
• Assistant Secretary of  
• Defense for Health Affairs  
• Dr. Lester Martínez-López  
•

### SEXUAL HARASSMENT AND EXTREMISM

Beyond addressing deficiencies in foundational factors of military readiness, such as access to appropriate training, equipment, and healthcare, the DoD must also continue to confront problems that have a decidedly negative effect on readiness, such as sexual harassment and extremism in the ranks. DoD policy clearly states that the erosive effects of [sexual harassment](#) and [extremism](#) undermine good order and discipline, weaken trust and unit cohesion, and ultimately jeopardize combat readiness and mission accomplishment.<sup>30</sup>

The DoD has reported progress in its efforts to address sexual harassment within the ranks of active duty and reserve Service members. The [DoD’s FY 2023 report](#) on sexual assault and harassment stated that the estimated prevalence rate of sexual harassment for both men and women had significantly decreased, and that climate factors associated with sexual harassment, such as perception of leadership and command climate, showed modest improvement.<sup>31</sup> The DoD OIG is

<sup>28</sup> “Audit of DoD Health Care Personnel Shortages During the Coronavirus Disease–2019 Pandemic.” DoD OIG Report No. DODIG-2024-033, “Management Advisory: Concerns with Access to Care and Staffing Shortages in the Military Health System,” November 29, 2023.  
<sup>29</sup> DoD OIG Project No. D2024-DEV0PB-0022.000, “Project Announcement: Evaluation of DoD Efforts to Assign Medical Personnel to Locations Where They Can Maintain Wartime Readiness Skills and Core Competencies,” December 4, 2023.  
<sup>30</sup> DoD Instruction (DoDI) 1020.04, “Harassment Prevention and Responses for DoD Civilian Employees,” June 30, 2020.  
DoDI 1325.06, “Handling Protest, Extremist, and Criminal Gang Activities Among Members of the Armed Forces,” December 20, 2021.  
<sup>31</sup> DoD, “Annual Report on Sexual Assault in the Military: Fiscal Year 2023,” May 16, 2024.

dedicated to impactful oversight in this area, releasing recent reports reviewing [Army, Navy and Marine Corps](#), and [Senior Service College](#) policies and procedures regarding sexual harassment, and announcing related work focusing on the [Air Force](#)'s response to harassment and the Services' response to harassment in [electronic communications and social media](#).<sup>32</sup> The DoD OIG also continues to investigate complaints against DoD senior officials, including those involving sexual harassment. One [recent report](#) concerned the former Director of the Defense Counterintelligence and Security Agency; the allegations substantiated by the investigation included prolonged sexual harassment of a subordinate through unwanted conduct and disparaging comments that created a hostile work environment.<sup>33</sup>

While [a 2023 report](#) commissioned by the DoD concluded that active duty Service members do not participate in violent extremist activities at a rate disproportionate to the overall population, the DoD necessarily takes a zero tolerance policy on extremism within the ranks.<sup>34</sup> Current DoD OIG oversight work has addressed this issue through multiple lines of effort. In [a 2022 report](#) evaluating DoD policies and procedures concerning extremism, the DoD OIG recommended clarifying an update to DoD policy and standardization of policies, procedures, and training across the Services.<sup>35</sup> A [2023 DoD OIG report](#) on extremism screening by military recruiters found recruiters' actions to be inconsistent and erroneous, and recommended emphasis on the importance of screening and periodic review of recruiter compliance with procedure.<sup>36</sup> The DoD OIG also announced a [project](#) in July 2024 to evaluate the Military Departments' development and implementation of training to counter extremist activity.<sup>37</sup>

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<sup>32</sup> DoD OIG Report No. DODIG-2024-074, "Review of the Army's Efforts to Prevent and Respond to Harassment of Soldiers," April 17, 2024.  
DoD OIG Report No. DODIG-2024-071, "Review of the Navy and Marine Corps Policies Covering Sexual Harassment Complaint Processes," April 2, 2024.

DoD OIG Report No. DODIG-2024-105, "Evaluation of Selected DoD Senior Colleges' Response to Allegations of Harassment," July 8, 2024.

DoD OIG Project No. D2024-DODIEM-0126.000, "Project Announcement: Evaluation of the Air Force's Actions to Identify and Respond to Harassment of Service Members," June 3, 2024.

DoD OIG Project No. D2024-DEV0PJ-0117.000, "Project Announcement: Evaluation of the Military Services' Response to Complaints Related to Harassment Over Electronic Communications or Social Media," May 6, 2024.

<sup>33</sup> DoD OIG Report No. DODIG-2024-040, "Report of Investigation: Mr. William K. Lietzau Former Director, Defense Counterintelligence and Security Agency," December 18, 2023.

<sup>34</sup> Institute for Defense Analyses, "Prohibited Extremist Activities in the U.S. Department of Defense," December 2023.

<sup>35</sup> DoD OIG Report No. DODIG-2022-095, "Evaluation of Department of Defense Efforts to Address Ideological Extremism Within the Armed Forces," May 10, 2022.

<sup>36</sup> DoD OIG Report No. DODIG-2023-103, "Audit of the Military Service Recruiting Organizations' Efforts to Screen Applicants for Extremist and Criminal Gang Behavior," August 3, 2023.

<sup>37</sup> DoD OIG Project No. D2024-DEV0HC-0148.000, "Project Announcement: Evaluation of the Military Departments' Implementation of Prohibited Activity Training to Prevent, Identify, and Counter Extremist Activities," July 9, 2024.

## Completed Projects

Report No. DODIG-2024-106, "Evaluation of Contested Mobility Training Requirements for Personnel Supporting the DoD Surge Sealift Mission," July 9, 2024

Report No. DODIG-2024-105, "Evaluation of Selected DoD Senior Colleges' Response to Allegations of Harassment," July 8, 2024

Report No. DODIG-2024-086, "Audit of DoD Health Care Personnel Shortages During the Coronavirus Disease–2019 Pandemic," May 23, 2024

Report No. DODIG-2024-074, "Review of the Army's Efforts to Prevent and Respond to Harassment of Soldiers," April 17, 2024

Report No. DODIG-2024-071, "Review of the Navy and Marine Corps Policies Covering Sexual Harassment Complaint Processes," April 2, 2024

Report No. DODIG-2024-040, "Report of Investigation: Mr. William K. Lietzau Former Director, Defense Counterintelligence and Security Agency," December 18, 2023

Report No. DODIG-2024-033, "Management Advisory: Concerns with Access to Care and Staffing Shortages in the Military Health System," November 29, 2023

Report No. DODIG-2024-001, "Audit of the Defense Logistics Agency Storage and Care of Repair Parts and Components for the Army Ground Combat Systems," October 13, 2023

Report No. DODIG-2023-103, "Audit of the Military Service Recruiting Organizations' Efforts to Screen Applicants for Extremist and Criminal Gang Behavior," August 3, 2023

Report No. DODIG-2023-087, "Management Advisory: Basic Issue Items and Components of End Items Shortages in the Army's Prepositioned Stock–5 Program," June 15, 2023

Report No. DODIG-2023-076, "Management Advisory: Maintenance Concerns for the Army's Prepositioned Stock–5 Equipment Designated for Ukraine," May 23, 2023

Report No. DODIG-2023-072, "Review of the Military Services' Policies and Procedures on the Medical Waiver Process for Recruiting," May 17, 2023

Report No. DODIG-2023-059, "Evaluation of the DoD's Management of Traumatic Brain Injury," March 28, 2023

Report No. DODIG-2022-110, "Audit of Training Ranges in the U.S. European Command," July 7, 2022

Report No. DODIG-2022-095, "Evaluation of Department of Defense Efforts to Address Ideological Extremism Within the Armed Forces," May 10, 2022

## Ongoing Projects

Project No. D2024-DEV0HC-0148.000, "Project Announcement: Evaluation of the Military Departments' Implementation of Prohibited Activity Training to Prevent, Identify, and Counter Extremist Activities," July 9, 2024

Project No. D2024-D0DIEM-0126.000, "Evaluation of the Air Force's Actions to Identify and Respond to Harassment of Service Members," June 3, 2024

Project No. D2024-DEV0PJ-0117.000, "Evaluation of the Military Services' Response to Complaints Related to Harassment Over Electronic Communications or Social Media," May 6, 2024

Project No. D2024-D0DIEM-0113.000, "Review of the Army's Future Soldier Preparatory Course," April 29, 2024

Project No. D2024-DEV0PB-0089.000, "Evaluation of the U.S. Navy's Efforts to Prevent and Respond to Incidents of Deaths by Suicide, Suicide Attempts, and Suicidal Ideation," February 27, 2024

Project No. D2024-DEV0PB-0022.000, "Evaluation of DoD Efforts to Assign Medical Personnel to Locations Where They Can Maintain Wartime Readiness Skills and Core Competencies," December 4, 2023

## Planned Projects

Evaluation of Compliance with Medical Manpower Distribution Directives in the December 2023 Military Health System Stabilization Memorandum



Leadership from the Wyoming National Guard shakes hands with Tunisian leadership in honor of the 20th Anniversary of the State Partnership Program. Source: U.S. Army National Guard.

# Challenge 2: Strengthening the Capabilities and Capacities of Allies and Partners

## KEY CONCERNS

- Increased global influence from the People’s Republic of China and Russia
- Limited oversight of security cooperation efforts
- Obstacles to information sharing and interoperability with partners

*The U.S. network of allies and partners remains a strategic advantage that no competitor can match.*

Secretary of Defense  
Lloyd J. Austin III

The 2022 National Defense Strategy outlines how mutually beneficial alliances and partnerships are the greatest global strategic advantage for the United States and are critical to achieving U.S. national security objectives throughout the world. DoD security cooperation and assistance programs enhance the ability of allies and partners to provide for their own defense and allow the exchange of operational data and intelligence.

However, the DoD’s ability to strengthen the capabilities and capacities of allies and partners is complicated by factors that include

competition for the United States to be the partner nation of choice; the need to tailor training and equipment to the particular needs of diverse allies and partners; and information sharing limitations that affect interoperability. As competitors seek to expand their own security cooperation relationships with U.S. allies and partners, the DoD must take meaningful actions to demonstrate the value of U.S. security cooperation and collaboration.

## SECURITY COOPERATION

Globally, the United States competes with adversaries and near-peer competitors such as the People’s Republic of China (PRC) and Russia to develop security cooperation relationships with partner nations. However, the United States is not always the partner of choice, particularly for developing countries with weak institutions and fragile economies. The [2023 Security Cooperation Conference Report](#) highlighted that the United States lacks clear frameworks for security cooperation in countries where competitors also actively seek and build partnerships.<sup>38</sup>

The PRC seeks to expand its global influence through economic and security assistance; however, some nations are realizing the consequences of PRC partnerships, including poorly built infrastructure and high debt. Russia aims to increase its sphere of influence in Europe through

<sup>38</sup> Defense Security Cooperation University, “2023 Security Cooperation Conference Report.”

various means, including directly through its full-scale invasion of Ukraine, and through support of authoritarian regimes elsewhere. These tensions and the PRC's recent, aggressive behavior in the South China Sea create security cooperation opportunities for the United States. For example, the PRC has been investing money and other resources into countries that border the South China Sea, including the Philippines, a U.S. ally. Recent maritime disputes with the PRC, though, have led the Philippines to strengthen its partnerships with neighboring countries, as well as the United States. In February 2024, the DoD OIG announced [a project](#) to evaluate the DoD's efforts to develop capabilities and increase capacities under the Enhanced Defense Cooperation Agreement between the United States and the Philippines.<sup>39</sup>

## TRAIN AND EQUIP ACTIVITIES

The DoD builds mutually beneficial security relationships with diverse allies and partners throughout the world, each with widely varying security needs and military capabilities. Although the DoD has established policies for assessing and monitoring security cooperation activities, improvements are happening slowly. The DoD must also obtain a comprehensive understanding of its diverse partners to develop shared security objectives and customize train and equip activities for each country. According to two GAO reports from 2023, the DoD should [strengthen its planning for train and equip projects](#) and [improve the quality of its project evaluations](#).<sup>40</sup> The GAO identified that the DoD did not create a process to jointly plan with the Department of State or address longstanding planning gaps related to its consideration of a partner's capacity to incorporate and sustain DoD-provided training and equipment. As a result, the DoD sometimes provided security assistance that partner nations were reluctant to accept and could not use or adequately sustain.

Equipment maintenance and accountability are important components of security assistance. Training partner forces to properly operate and maintain U.S.-provided equipment builds their self-sufficiency and enhances their overall capabilities. In [a 2023 report](#), the DoD OIG found that, although the DoD provided operational and maintenance training to the Ukrainian Armed Forces, challenges existed in obtaining translated materials, such as technical manuals.<sup>41</sup> In a subsequent [2024 report](#), we found that the DoD did not have enough linguists to properly support certain training requirements, nor did it implement a formal process to assess performance of Ukrainian troops during collective training.<sup>42</sup> Additionally, the DoD OIG issued two reports in 2024 in which we found that the DoD had not developed or implemented sustainment plans for [armored vehicles](#)

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<sup>39</sup> DoD OIG Project No. D0204-DEV0PC-0081.000, "Project Announcement: Evaluation of the DoD's Efforts under the Enhanced Defense Cooperation Agreement with the Republic of the Philippines," February 12, 2024.

<sup>40</sup> GAO Report No. GAO-23-105842, "Building Partner Capacity: DOD and State Should Strengthen Planning for Train and Equip Projects," August 29, 2023.

GAO Report No. GAO-23-106275, "Building Partner Capacity: DOD Should Assess Delivery Delays in Train and Equip Projects and Improve Evaluations," August 29, 2023.

<sup>41</sup> DoD OIG Report No. DODIG-2023-086, "Audit of DoD Training of Ukrainian Armed Forces," June 13, 2023.

<sup>42</sup> DoD OIG Report No. DODIG-2024-090, "Audit of DoD Training of Ukrainian Armed Forces: Patriot Air and Missile Defense System and Collective Training," May 31, 2024.

or [air defense systems](#) provided to the Ukrainian Armed Forces.<sup>43</sup> This occurred, in part, because the fiscal authorities used to fund the weapon systems did not include sustainment requirements and, consequently, Ukrainian forces may not be able to independently sustain U.S.-provided systems. The DoD OIG has [an ongoing project](#) to review multiple aspects of the DoD's security cooperation activities in the U.S. Indo-Pacific Command, which includes analysis of sustainment efforts.<sup>44</sup>

End-use monitoring (EUM) is an important component of security assistance and serves to improve accountability of U.S. defense articles provided to partner nations and mitigate potential misuse or diversion. In [a 2023 report](#), the DoD OIG found that the DoD did not conduct enhanced EUM (known as EEUM) of sensitive equipment provided to the Iraqi government.<sup>45</sup> And [in a January 2024 report](#), we found that while the DoD had improved its execution of EEUM since the full-scale invasion of Ukraine in February 2022, it did not fully comply with EUM requirements.<sup>46</sup> This was due, in part, to the unprecedented volume of defense articles transferred to Ukraine, as well as the constraints imposed when operating in a hostile environment. The DoD OIG continues to do work on EEUM in the Ukraine conflict and also has [an ongoing review](#) of EUM compliance in the U.S. Southern Command area of responsibility.<sup>47</sup> Additionally, in October 2024, we announced [an audit](#) to assess the DoD's accountability of EEUM-designated defense articles provided to Israel.<sup>48</sup>

## CIVILIAN HARM MITIGATION

According to the [2023 Security Cooperation Conference Report](#), the DoD is increasing its ability for "greater analysis of civilian harm risk and respect for human rights to inform security cooperation approaches, while also learning from implementation of activities intended to mitigate civilian harm risk and influence partner behavior."<sup>49</sup> [The DoD's Civilian Harm Mitigation and Response Action Plan](#), announced in August 2022, sets forth actions to prevent, mitigate, and respond to civilian harm during military operations.<sup>50</sup> The plan also directs the incorporation of civilian harm mitigation guidance into security cooperation activities for allies and partners. In October 2024, the DoD OIG announced [an evaluation](#) of the Department's implementation of the Action Plan.<sup>51</sup> Similarly, the Leahy Laws prohibit the United States from providing assistance to a unit of a foreign security force if credible information indicates that the unit committed a gross violation of human rights.

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<sup>43</sup> DoD OIG Report No. DODIG-2024-057, "Evaluation of the DoD's Sustainment Plan for Bradley, Stryker, and Abrams Armored Weapon Systems," February 20, 2024.

DoD OIG Report No. DODIG-2024-056, "Evaluation of Sustainment Strategies for the PATRIOT Air Defense Systems Transferred to the Ukrainian Armed Forces," February 20, 2024.

<sup>44</sup> DoD OIG Project No. D2023-D000RM-0119.000, "Project Announcement: Audit of the DoD's Efforts to Build Partner Capacity in the U.S. Indo-Pacific Command," May 22, 2023.

<sup>45</sup> DoD OIG Report No. DODIG-2023-119, "Audit of Enhanced End-Use Monitoring of Sensitive Equipment Given to the Government of Iraq," August 31, 2023.

<sup>46</sup> DoD OIG Report No. DODIG-2024-043, "Evaluation of the DoD's Enhanced End-Use Monitoring of Defense Articles Provided to Ukraine," January 10, 2024.

<sup>47</sup> DoD OIG Project No. D2022-D000RG-0156.000, "Project Announcement: Audit of End-Use Monitoring of Transferred Defense Articles to U.S. Southern Command Partner Nations," July 19, 2022.

<sup>48</sup> DoD OIG Project No. D2025-D000RM-0008.000, "Project Announcement: Audit of the DoD's Enhanced End-Use Monitoring of Defense Articles Provided to Israel," October 16, 2024.

<sup>49</sup> Defense Security Cooperation Agency, "2023 Security Cooperation Conference Report."

<sup>50</sup> DoD, Office of the Secretary of Defense, "Civilian Harm Mitigation and Response Action Plan (CHMR-AP)," August 25, 2022.

<sup>51</sup> DoD OIG Project No. D2025-DEV0PD-0003.000, "Project Announcement: Evaluation of the DoD's Implementation of the Civilian Harm Mitigation and Response Action Plan," October 15, 2024.

Therefore, the DoD is required to vet potential foreign recipients for information about human rights violations before providing assistance. In [a 2024 report](#), the DoD OIG found internal control weaknesses in the DoD’s Leahy vetting procedures for Ukrainian Armed Forces units.<sup>52</sup>

## INFORMATION SHARING AND INTEROPERABILITY

To achieve its security cooperation objectives, the DoD must overcome information sharing limitations to increase interoperability with allies and partners. Although not easy to implement, the seamless sharing of information and collaboration with allies and partners is essential to combined operations. However, policy and technical obstacles can hinder information sharing and interoperability.

Input from DoD stakeholders emphasized that policies which result in the overclassification of information limit the DoD’s ability to conduct joint exercises and wargames with allies and partners. As part of our oversight of DoD efforts to support Ukraine, we issued [a classified evaluation](#) in September 2023 regarding cross-domain intelligence sharing with European partners.<sup>53</sup> In September 2024, the DoD OIG announced [a project](#) to evaluate the U.S. Indo-Pacific Command’s preparedness for intelligence sharing to support coalition operations.<sup>54</sup> This project includes determining whether the U.S. Indo-Pacific Command is considering and implementing lessons learned from the Russia–Ukraine conflict, such as the possibility of intelligence sharing with nontraditional partners. Additionally, in FY 2025, the DoD OIG plans to assess the effectiveness of the DoD’s efforts to develop materiel and information interoperability with allies and partners in the U.S. Indo-Pacific Command.

The DoD is also increasing its efforts to develop Mission Partner Environments, which are secure, zero-trust, and data-centric environments that allow the DoD and its partners to communicate and share sensitive information securely and in real time. This concept is central to the DoD’s Combined Joint All-Domain Command and Control (commonly known by its acronym CJADC2) strategy to connect information from all Military Services, allies, and partners, enabling access from anywhere, for timely decisions. In July 2024, the DoD OIG announced [a project](#) to evaluate the DoD’s implementation of the CJADC2 strategy to modernize mission partner information sharing.<sup>55</sup> In September 2024, the DoD OIG announced [an audit](#) to review the Mission Partner Environment and determine whether the DoD effectively implemented a common set of standards, protocols, and interfaces to share data, information, and information technology services to support combined force operations with allies.<sup>56</sup>

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<sup>52</sup> DoD OIG Report No. DODIG-2024-046, “Management Advisory: Leahy Vetting of DoD-Trained Ukrainian Armed Forces,” January 17, 2024.

<sup>53</sup> DoD OIG Report No. DODIG-2023-122, “Evaluation of Intelligence Sharing in Support of Ukraine,” September 13, 2023.

<sup>54</sup> DoD OIG Project No. D2024-DEV0SI-0176.000, “Project Announcement: Evaluation of the U.S. Indo-Pacific Command’s Intelligence Sharing with Coalition Partners,” September 30, 2024.

<sup>55</sup> DoD OIG Project No. D2024-DEV0SI-0130.000, “Project Announcement: Evaluation of the DoD’s Implementation of Combined Joint All-Domain Command and Control Strategy,” July 15, 2024.

<sup>56</sup> DoD OIG Project No. D2024-D000CS-0186.000, “Project Announcement: Audit of Cybersecurity Controls over the U.S Indo-Pacific Command Mission Partner Environment,” September 30, 2024.



## Completed Projects

Report No. DODIG-2024-090, "Audit of DoD Training of Ukrainian Armed Forces: Patriot Air and Missile Defense System and Collective Training," May 31, 2024

Report No. DODIG-2024-057, "Evaluation of the DoD's Sustainment Plan for Bradley, Stryker, and Abrams Armored Weapon Systems," February 20, 2024

Report No. DODIG-2024-056, "Evaluation of Sustainment Strategies for the PATRIOT Air Defense Systems Transferred to the Ukrainian Armed Forces," February 20, 2024

Report No. DODIG-2024-046, "Management Advisory: Leahy Vetting of DoD-Trained Ukrainian Armed Forces," January 17, 2024

Report No. DODIG-2024-043, "Evaluation of the DoD's Enhanced End-Use Monitoring of Defense Articles Provided to Ukraine," January 10, 2024

Report No. DODIG-2023-122, "Evaluation of Intelligence Sharing in Support of Ukraine," September 13, 2023

Report No. DODIG-2023-119, "Audit of Enhanced End-Use Monitoring of Sensitive Equipment Given to the Government of Iraq," August 31, 2023

Report No. DODIG-2023-086, "Audit of DoD Training of Ukrainian Armed Forces," June 13, 2023

## Ongoing Projects

Project No. D2025-D000RM-0008.000, "Audit of DoD's Enhanced End-Use Monitoring in Israel," October 16, 2024

Project No. D2025-DEV0PD-0003.000, "Evaluation of the DoD's Implementation of the Civilian Harm Mitigation and Response Action Plan," October 15, 2024

Project No. D2024-D000CS-0186.000, "Audit of Cybersecurity Controls over the U.S Indo-Pacific Command Mission Partner Environment," September 30, 2024

Project No. D2024-DEV0SI-0176.000, "Evaluation of the U.S. Indo-Pacific Command's Intelligence Sharing with Coalition Partners," September 30, 2024

Project No. D2024-DEV0SI-0130.000, "Evaluation of the DoD's Implementation of Combined Joint All-Domain Command and Control Strategy," July 15, 2024

Project No. D2024-DEV0PC-0081.000, "Evaluation of the DoD's Efforts under the Enhanced Defense Cooperation Agreement with the Republic of the Philippines," February 12, 2024

Project No. D2024-DEV0PD-0039.000, "Summary of Oversight Reports on DoD Security Assistance to Ukraine to Inform Possible DoD Efforts to Support Israel and Other Future Foreign Assistance Efforts," December 11, 2023

Project No. D2023-D000RM-0119.000, "Audit of the DoD's Efforts to Build Partner Capacity in the U.S. Indo-Pacific Command," May 22, 2023

Project No. D2022-D000RG-0156.000, "Audit of End-Use Monitoring of Transferred Defense Articles to U.S. Southern Command Partner Nations," July 19, 2022

## Planned Projects

Audit of the DoD's Efforts to Develop Interoperability with Allies and Partners in U.S. Indo-Pacific Command



Street signs are shown on the ground at MacDill Air Force Base, Florida, following Hurricane Milton. Source: U.S. Air Force.

# Challenge 3: Protecting Defense Critical Infrastructure

## KEY CONCERNS

- Continued cyber threats to defense critical infrastructure networks and the defense industrial base
- Vulnerability to climate and extreme weather

Protecting the physical and virtual systems and assets that comprise defense critical infrastructure (DCI) is vital, as DCI enables DoD to project, support, and sustain military forces and operations worldwide. Addressing vulnerabilities is difficult due to the complexity and size of DCI, as well as its interdependence with non-DoD critical infrastructure, over which the DoD has limited control. Protecting DCI requires the DoD to strengthen its information networks against cyber threats, enhance the cyber security capabilities of the defense industrial base, and prevent and mitigate DCI damage caused by weather or climate-related events.

.....  
• ***There's an inextricable link between homeland defense, defensive critical structure and our ability to maintain our strategic advantage.***  
•  
• Deputy Chief of Staff  
• for Logistics and Operations,  
• Army Materiel Command  
• Major General Gavin A. Lawrence

## CYBER THREATS

Infrastructure viability, including DCI, is highly dependent on digital data and the exchange of information between networks. These data networks are prime targets for cyberattacks.

The DoD information network (DoDIN) is the DoD's globally interconnected set of electronic capabilities and includes mission-critical information technology and weapon systems, as well as DCI. In addition to cyberattacks against the DoDIN, U.S. adversaries use malicious cyber activity to target non-DCI systems on which the DoD relies, such as power grids, communication networks, and transportation systems. In [a 2024 audit](#), the DoD OIG identified that although the DoD generally had information security-related policies and procedures in place, it did not consistently comply with guidance from the National Institute of Standards and Technology (NIST) when implementing practices related to information security for supply chain risk management, data protection and privacy, and contingency planning.<sup>57</sup> The audit also found that the DoD will not fully implement the updated NIST requirements for its information systems until 2026, which is 6 years after the NIST issued the revision.

[The 2024 Annual Threat Assessment of the U.S. Intelligence Community](#) stated that the PRC remains the most active and persistent cyber threat to U.S. critical infrastructure networks (see Figure 2).<sup>58</sup> In May 2023, Microsoft reported that a hacker group affiliated with the PRC, Volt Typhoon, used malicious code to target critical infrastructure systems near military installations on the U.S. territory of Guam. Officials from the DoD and the Intelligence Community believe that Volt

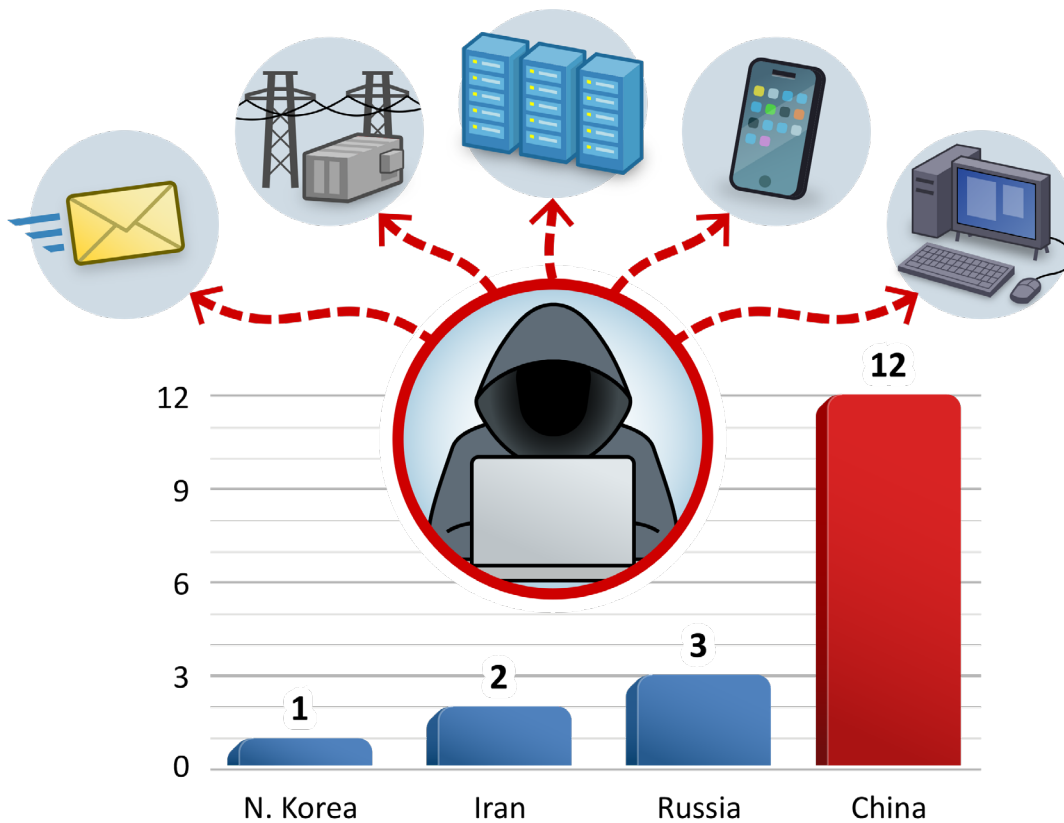
<sup>57</sup> DoD OIG Report No. DODIG-2024-084, "Management Advisory: The DoD's FY 2023 Compliance with Federal Information Security Modernization Act of 2024," May 21, 2024.

<sup>58</sup> Office of the Director of National Intelligence, "The 2024 Annual Threat Assessment of the U.S. Intelligence Community," February 5, 2024.

Typhoon has the potential to disrupt critical communications between the United States and Asia in the event of a conflict with the PRC. In 2024, the DoD OIG’s DCIS participated in a multinational law enforcement operation against cybercriminals responsible for worldwide cyberattacks. As part of [Operation Endgame](#), DCIS worked with the FBI and other international partners to dismantle or disrupt more than 100 servers used by multiple malware groups.<sup>59</sup>

Figure 2. Cyberattacks on U.S. Critical Infrastructure from 2020 to 2023

Source: Council on Foreign Relations



With the rise in remote and telework opportunities in the wake of COVID-19, the DoD OIG conducted [oversight work](#) to review the DoD’s efforts to implement security controls to protect remote connections to its networks from exposure to potential malicious activity.<sup>60</sup> We found that system administrators were not always clear about guidance regarding cybersecurity requirements and not consistent in their implementation of critical configuration settings and controls. The DoD OIG also has [an ongoing project](#) to audit Navy and Air Force efforts to mitigate cyber vulnerabilities that can impact DCI control systems.<sup>61</sup>

<sup>59</sup> Federal Bureau of Investigation, “Operation Endgame: Coordinated Worldwide Law Enforcement Action Against Network of Cybercriminals,” May 30, 2024.

<sup>60</sup> DoD OIG Report No. DODIG-2023-057, “Audit of DoD Actions Taken to Implement Cybersecurity Protections Over Remote Access Software in the Coronavirus Disease-2019 Telework Environment,” March 24, 2024.

<sup>61</sup> DoD OIG Project No. D2023-D000CS-0168.000, “Project Announcement: Audit of Cyber Vulnerabilities Impacting Defense Critical Infrastructure,” September 27, 2024.

## DEFENSE INDUSTRIAL BASE

The U.S. defense industrial base (DIB) includes more than 100,000 domestic and foreign companies and is responsible for developing, manufacturing, and maintaining sensitive equipment, materiel, and technologies vital to the nation's defense.

The DoD relies on these companies to ensure the security of defense information and to address any vulnerabilities that could expose their systems to cyberattacks. According to the commander of the U.S. Cyber Command, the PRC actively targets the DIB in an effort to “steal intellectual property.”

To address these and other cyber-related issues, the DoD released its first [DIB Cybersecurity Strategy in 2024](#).<sup>62</sup> This new strategy aims to create a more “cyber-secure” DIB and includes enhancing collective cyber threat awareness through timely and relevant information sharing. In its 2023 Small Business Strategy, the DoD outlined plans for providing small businesses with enhanced support to improve their cyber resilience and emphasized existing resources from the Office of Small Business Programs, such as Project Spectrum and APEX Accelerators (see figure 3).

The DoD's Cybersecurity Maturity Model Certification (CMMC) 2.0 aims to unify cybersecurity standards to protect the DIB and DoD information and to minimize the risk within contracts. The DoD OIG is conducting an [audit](#) of the DoD's accreditation process for authorizing third-party organizations to perform CMMC 2.0 assessments of contractor cybersecurity practices.<sup>63</sup> Additionally, there is concern about the costs that small contractors must endure to bring their systems into compliance with CMMC standards.

In [a 2023 special report](#) on common cybersecurity weaknesses on contractor networks, the DoD OIG identified findings and recommendations from five prior DoD OIG reports to provide DoD contracting officers, contractors, and grant recipients with insight into potential focus areas related to cybersecurity compliance.<sup>64</sup> Of the 116 recommendations made to the DoD, 21 remain open as of July 2024. We also issued [a classified report](#) reviewing prior DoD OIG reports related to cybersecurity risk areas and industrial security weaknesses.<sup>65</sup>

Figure 3. Support Resources from the DoD Office of Small Business Programs



<sup>62</sup> DoD, “DoD Defense Industrial Base Cybersecurity Strategy 2024,” March 21, 2024.

<sup>63</sup> DoD OIG Project No. D2023-D000CR-0167.000, “Project Announcement: Audit of the DoD's Process for Accrediting Third-Party Organizations to Perform Cybersecurity Maturity Model Certification 2.0 Assessments,” September 21, 2023.

<sup>64</sup> DoD OIG Report No. DODIG-2024-031, “Special Report: Common Cybersecurity Weaknesses Related to the Protection of DoD Controlled Unclassified Information on Contractor Networks,” November 30, 2023.

<sup>65</sup> DoD OIG Report No. DODIG-2023-095, “Special Report: Review of DoD OIG-Issued Reports Related to Protecting Classified Information,” July 19, 2023.

## CLIMATE AND EXTREME WEATHER

DCI assets face threats of damage from weather-related events and are vulnerable to damage, especially when located in extreme climate conditions, such as desert or arctic environments. For example, on January 20, 2024, weather-driven rogue waves caused significant flooding and infrastructure damage to the island of Roi-Namur in the Marshall Islands—home to U.S. Army Garrison-Kwajalein Atoll and the Ronald Reagan Ballistic Missile Defense Test Site. According to the garrison commander, the installation’s recovery from the flooding could take months or even years.

The FY 2020 NDAA requires the DoD to include elements of climate resilience in master plans for major installations. Since 2022, the DoD OIG has issued three reports on the DoD’s plans for developing climate resilience assessments for [installations in California, the southeastern United States, and the Arctic](#).<sup>66</sup> We found that the Military Departments did not consistently develop the required climate resilience assessments at the installations reviewed. There was no standardized approach to conduct and document climate assessments because relevant DoD guidance had not been updated to reflect changes in the law. Additionally, in a [November 2023 audit](#), the DoD OIG found that the Navy needed to update installation master plans to incorporate climate resiliency at Norfolk and two other naval shipyards.<sup>67</sup>

The DoD has made some progress in addressing the resiliency of DCI against extreme weather events and climate conditions. After suffering severe damage in the wake of a Category 5 hurricane in 2018, Tyndall Air Force Base in the Florida panhandle is rebuilding as a model for the Air Force’s “Installation of the Future.” This includes incorporating smart technologies into facilities and infrastructure to enhance resiliency against hurricane wind speeds and rising water levels. Also, in August 2023, the Norfolk Naval Shipyard completed its Dry Dock Floodwall Protection Improvement project, designed to protect critical facilities, infrastructure, and equipment from surge waves and flooding. Additionally, in FY 2025, we plan to conduct an audit of the U.S. Indo-Pacific Command’s ground-based, space support infrastructure; the audit will assess the resilience of infrastructure assets against a range of threats, including extreme weather events.

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<sup>66</sup> DoD OIG Report No. DODIG-2024-100, “Audit of Climate Change Adaptation and Facility Resilience at Military Installations in California,” June 21, 2024.

DoD OIG Report No. DODIG-2023-061, “Audit of Military Department Climate Change Assessments and Adaptation Plans in the Southeastern Continental United States,” March 28, 2023.

DoD OIG Report No. DODIG-2022-083, “Evaluation of the Department of Defense’s Efforts to Address the Climate Resilience of U.S. Military Installations in the Arctic and Sub-Arctic,” April 13, 2022.

<sup>67</sup> DoD OIG Report No. DODIG-2024-030, “Audit of Environmental Threats to Naval Dry Docks,” November 29, 2023.

## Completed Projects

Report No. DODIG-2024-100, "Audit of Climate Change Adaptation and Facility Resilience at Military Installations in California," June 21, 2024

Report No. DODIG-2024-084, "Management Advisory: The DoD's FY 2023 Compliance with Federal Information Security Modernization Act of 2014," May 21, 2024

Report No. DODIG-2024-031, "Special Report: Common Cybersecurity Weaknesses Related to the Protection of DoD Controlled Unclassified Information on Contractor Networks," November 30, 2023

Report No. DODIG-2024-030, "Audit of Environmental Threats to Naval Dry Docks," November 30, 2023

Report No. DODIG-2023-095, "Special Report: Review of DoD OIG-Issued Reports Related to Protecting Classified Information," July 19, 2023

Report No. DODIG-2023-061, "Audit of Military Department Climate Change Assessments and Adaptation Plans in the Southeastern Continental United States," March 30, 2023

Report No. DODIG-2023-057, "Audit of DoD Actions Taken to Implement Cybersecurity Protections Over Remote Access Software in the Coronavirus Disease–2019 Telework Environment," March 24, 2023

Report No. DODIG-2022-083, "Evaluation of the Department of Defense's Efforts to Address the Climate Resilience of U.S. Military Installations in the Arctic and Sub-Arctic," April 13, 2022

## Ongoing Projects

Project No. D2023-D000CS-0168.000, "Audit of Cyber Vulnerabilities Impacting Defense Critical Infrastructure," September 27, 2023

Project No. D2023-D000CR-0167.000, "Audit of the DoD's Process for Accrediting Third-Party Organizations to Perform Cybersecurity Maturity Model Certification 2.0 Assessments," September 21, 2023

## Planned Projects

Audit of U.S. Indo-Pacific Command Ground-Based Space Infrastructure Resiliency



A U.S. Air Force Senior Airman reviews budget data at Tyndall Air Force Base, Florida. Source: U.S. Air Force.



# Challenge 4: Improving Financial Management

## KEY CONCERNS

- Inadequate controls over financial data and accounting records
- Shortages of skilled personnel
- Outdated financial data management systems
- Inconsistent availability of resources

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***Defense reform will ensure that we use taxpayer dollars efficiently by modernizing our business processes, improving our financial and contract management, and completing the Department's audit.***

Secretary of Defense  
Lloyd J. Austin III

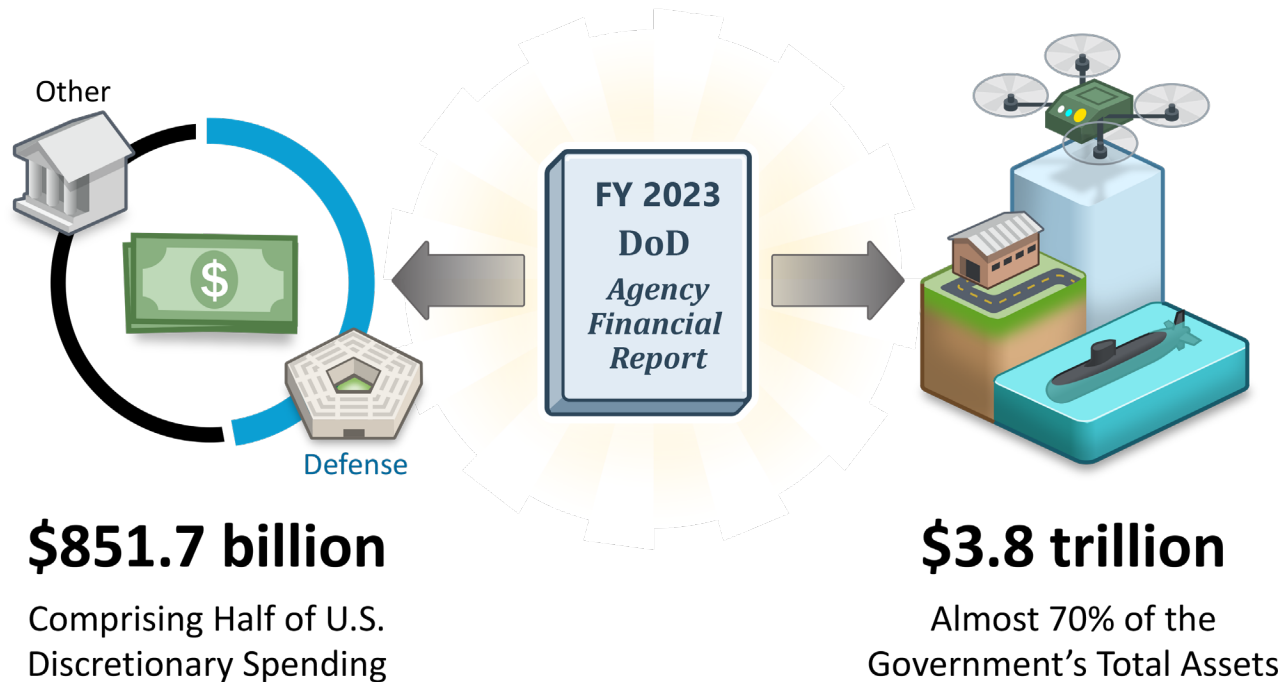
Since 1995, the GAO has identified DoD financial management on its “High Risk List.” The DoD continues to struggle with unresolved accounting issues and the resulting financial reporting deficiencies. These issues hinder the DoD’s ability to rely on its financial records or establish an efficient and effective financial management environment. In FY 2023, the DoD reported discretionary appropriations of more than \$851.7 billion, comprising half the discretionary spending of the United States, and nearly \$3.8 trillion in assets, which is approximately 70 percent of the Government’s total assets (see Figure 4).

The DoD OIG issued a disclaimer of opinion on the [FY 2023 DoD Agency-Wide Financial Statements](#), meaning that the audit cannot be completed because management is unable to provide sufficient appropriate evidence for the auditors to base an opinion.<sup>68</sup> This was because the DoD reporting entities that account for most of the DoD’s balances continued to have unresolved accounting issues and material weaknesses.

The primary financial management challenges facing the DoD are recurring audit findings on scope-limiting material weaknesses, the need for skilled financial management personnel, aging financial management systems, and uncertainty about the availability of appropriated funds. These challenges require collaboration between the DoD’s financial management and operational leaders to implement the policies, processes, procedures, and systems needed to strengthen the DoD’s control environment and mitigate budget and personnel needs.

<sup>68</sup> DoD, Office of the Deputy Chief Financial Officer, “FY 2023 DoD Agency Financial Report,” November 15, 2023.

Figure 4. FY 2023 DoD Appropriations and Assets



Source: DoD OIG

## SCOPE-LIMITING MATERIAL WEAKNESSES

In financial reporting, material weaknesses represent internal control deficiencies that may result in misstated financial data, but still allow auditors to express an opinion on the financial statements. However, scope-limiting material weaknesses result in auditors' inability to draw reliable conclusions on financial statements and lead to a disclaimer of opinion. Material weaknesses present issues for the financial reporting process and can underlie other challenges facing the DoD. Effective internal controls over financial data are necessary to ensure the integrity of accounting records and to provide reliable financial information for decision-making. Inadequate financial controls can significantly affect the DoD's ability to protect assets, prevent duplication of work, and manage costs.

In our audit of the FY 2023 DoD financial statements, the DoD OIG identified 17 scope-limiting material weaknesses that hinder the DoD's progress toward auditability. In the supplemental report, "[Understanding the Results of the Audit of the FY 2023 DoD Financial Statements](#)," we consolidated the 17 weaknesses into two groups—those requiring coordination between the DoD's financial management and operational leaders and those that are the primary responsibility of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD (USD[C]/CFO).<sup>69</sup>

<sup>69</sup> DoD OIG Report No. DODIG-2024-114, "Understanding the Results of the Audit of the FY 2023 DoD Financial Statements," August 8, 2024.

Several of these scope-limiting material weaknesses relate to internal controls over inventory, and the DoD OIG has multiple ongoing and planned projects to examine the issue. In FY 2023, for the fifth consecutive year, the DoD OIG identified the F-35 Joint Strike Fighter (JSF) Program as a scope-limiting material weakness on [the DoD agency-wide financial statements](#).<sup>70</sup> The JSF Program is the largest acquisition program the DoD has ever undertaken, with an estimated lifecycle cost of \$2 trillion and a purchase price of \$70 million per aircraft. However, the DoD has not reported any inventory amounts since the program's inception in 2006. Given the size of the JSF Program, inadequate inventory controls and the resulting lack of equipment visibility pose significant logistical and financial reporting risks to the DoD. The DoD OIG plans to continue its oversight of the JSF Program, with planned audits related to the management and reporting of support equipment inventory and the administration of sustainment contracts.

Another scope-limiting material weakness identified in the FY 2023 financial statements relates to government property in the possession of contractors (GPIPC). The DoD OIG found that the DoD lacked adequate internal controls or sufficient contractor oversight to accurately account for GPIPC. These deficiencies in reporting the acquisition, tracking, and disposal of GPIPC assets can have a direct operational impact on the DoD. The DoD OIG has [an ongoing audit](#) to assess the effectiveness of the DoD's remediation efforts to address material weaknesses in reporting GPIPC.<sup>71</sup>

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<sup>70</sup> "FY 2023 DoD Agency Financial Report."

<sup>71</sup> DoD OIG Project No. D2024-D000FS-0138.000, "Project Announcement: Audit of DoD Efforts to Remediate Financial Statement Material Weaknesses Related to Government Property in the Possession of Contractors," June 24, 2024.

## Material Weaknesses Requiring DoD Collaboration

### Information Technology

The DoD and its Components lacked effective internal controls over their financial management systems. As a result, auditors cannot rely on the information obtained from the IT systems, which prevents the auditors from concluding on the financial statements.

### Joint Strike Fighter (JSF) Program

The DoD did not properly account for, manage, and report JSF Program inventory, including program and support equipment, spare parts, contractor-acquired property, and Government-furnished equipment and material. As a result, the DoD did not report JSF Program inventory on its FY 2023 financial statements, resulting in a material misstatement.

### Government Property in the Possession of Contractors (GPIPC)

The DoD Components did not have the policies, procedures, and internal controls in place to consistently and accurately report GPIPC. Additionally, the DoD was unable to substantiate the existence, completeness, valuation, presentation, and disclosure of GPIPC reported. As a result, the GPIPC deficiencies could cause the financial statements to be materially misstated and prevent auditors from validating the amounts reported on the financial statements.

### Inventory and Related Property

The DoD and its Components did not have policies, procedures, or internal controls over their inventory processes to support the existence, completeness, and valuation of inventory reported on their financial statements. As a result, the auditors could not conclude on the inventory and related property balances.

### General Property, Plant, and Equipment

The DoD and its Components did not have the proper controls, policies, and procedures in place that would allow auditors to verify and substantiate the property and equipment that the DoD owns. As a result, the DoD did not accurately report and value the General PP&E amounts, which increased the risk that the balance was materially misstated.

### Environmental and Disposal Liabilities (E&DL)

The DoD did not have sufficient procedures and internal controls to substantiate E&DL balances. As a result, the auditors were unable to conclude on E&DL balances.

## Material Weaknesses Under USD(C)/CFO Control

### Fund Balance with Treasury (FBwT)

The DoD and its Components were not able to balance their FBwT accounts with the Department of the Treasury. Specifically, multiple DoD Components lacked sufficient internal control activities related to suspense accounts, cash management report creation, and reconciling variances. As a result, there is an increased risk that the FBwT line item may be unsupported, incomplete, or inaccurate.

### Universe of Transactions (UoT)

The DoD did not have internal controls, policies, and procedures in place to maintain a complete UoT to support material line items within the DoD Agency-Wide Financial Statements. As a result, an increased risk remains that balances in the DoD Agency-Wide financial statements may be materially misstated.

### DoD-Wide Oversight and Monitoring

The DoD lacked sufficient oversight and monitoring controls over financial statement adjustments, financial statement preparation and related note disclosures, and funding execution and reporting. As a result, the DoD remains at an increased risk of including inaccurate and unreliable information in its financial statements.

### Reporting Entity

The DoD did not have an adequate process to identify all disclosure entities and related parties for which it has reporting responsibility within its financial statements. As a result, the DoD reported materially incomplete balances, and the auditors could not conclude on the accuracy of the balances presented on the financial statements.

## FINANCIAL MANAGEMENT PERSONNEL

Investment in financial management professionals is critical to the success of the DoD's financial management strategy; however, the DoD faces difficulties in hiring and retaining staff with the requisite specialized financial skills. Financial accounting for the Federal Government differs in the following ways from that of the private sector.

- Standard-setting advisory boards (Federal Accounting Standards Advisory Board rather than the Financial Accounting Standards Board)
- Financial statements unique to the Federal Government, such as the Statement of Net Position
- Federal Government use of fund accounting

The DoD is also hampered by frequent turnover in military and civilian leadership within the financial management community. It is imperative for the DoD to recruit and retain a knowledgeable financial management workforce to create and implement appropriate controls, policies, and practices. In [a recent report](#), the GAO identified that the DoD is “not taking a strategic approach to managing the human capital needed for its financial management systems.”<sup>72</sup> The GAO stated that the DoD does not, among other things, “analyze the gaps in capabilities between existing staff and future workforce needs or formulate strategies for filling expected gaps.” These key positions are critical to implementing, strengthening, and maintaining financial management priorities and controls. Without a skilled financial management workforce and stable leadership, the DoD's financial reporting deficiencies will persist.

## FINANCIAL MANAGEMENT SYSTEMS

The DoD has a significant need to update and modernize its outdated financial data management IT environment. The DoD maintains a complex web of financial management systems and applications, connected by thousands of interfaces. Many of these financial management systems require various workarounds, including some manual activities, due to limitations and shortcomings in coping with modern data requirements. The DoD spent more than \$4.2 billion to maintain these outdated systems in FY 2023.

In [a January 2024 report](#), the DoD OIG found that that the DoD did not have sufficient plans to upgrade or replace noncompliant financial management systems with systems that meet the requirements of the Federal Financial Management Improvement Act of 1996.<sup>73</sup> Compliance with the Act requires that Federal financial management systems provide accurate, reliable, and timely financial management information. The DoD OIG report also stated that DoD management has not held itself accountable for fully integrating and modernizing its financial management system environment. Without compliant and modern financial management systems, the DoD risks making poor enterprise-wide business and financial decisions. In FY 2025, the DoD OIG plans to audit the DoD's legacy financial data and its impact on the DoD's ability to establish beginning account balances in financial statements.

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<sup>72</sup> GAO Report No. GAO-23-104539, “Financial Management: DOD Needs to Improve System Oversight,” March 7, 2023.

<sup>73</sup> DoD OIG Report No. DODIG-2024-047, “Audit of the DoD's Plans to Address Longstanding Issues with Outdated Financial Management Systems,” January 19, 2024.

## FUNDING UNCERTAINTY

From FY 2010 through FY 2022, Congress did not approve timely annual appropriations, instead approving 47 continuing resolutions to fund the Government. Operation under continuing resolutions impacts the DoD’s ability to recruit and maintain a highly skilled workforce. According to [a 2019 RAND study](#), a continuing resolution leads to insufficient staffing levels, hiring freezes, or positions left unfilled to compensate for future funding shortfalls or anticipated pay increases.<sup>74</sup> The uncertainty of this work environment may also deter potential employees from joining the Federal Government.

In addition, the absence of timely defense appropriations has limited the DoD’s ability to execute plans and take necessary steps to address material weaknesses on its financial statements. [The FY 2023 DoD Agency Financial Report](#) highlighted the DoD’s need for Congress to provide adequate and consistent resources for replacing outdated DoD financial management systems.<sup>75</sup> In April 2024 the DoD OIG announced [a project](#) to determine the DoD’s ability to effectively manage program acquisitions during continuing resolutions.<sup>76</sup>

Completed Projects
Report No. DODIG-2024-114, “Understanding the Results of the Audit of the FY 2023 DoD Financial Statements,” August 8, 2024
Report No. DODIG-2024-047, “Audit of the DoD’s Plans to Address Longstanding Issues with Outdated Financial Management Systems,” January 19, 2024
“DoD FY 2023 Agency Financial Report, including the FY 2023 and FY 2022 Agency-Wide Financial Statements,” November 15, 2023
Ongoing Projects
Project No. D2024-D000AX-0149.000, “Audit of Navy Defective Parts and Contractor Restitution,” July 11, 2024
Project No. D2024-D000FS-0138.000, “Audit of DoD Efforts to Remediate Financial Statement Material Weaknesses Related to Government Property in the Possession of Contractors,” June 24, 2024
Project No. D2024-D000AU-0112.000, “Audit of the Impact of Continuing Resolutions on DoD Acquisition Programs,” April 15, 2024
Project No. D2022-D000AH-0142.000, “Audit of C-17 Spare Parts Pricing,” June 21, 2022
Planned Projects
Audit of the Residual Data From the Retirement of the DoD's Outdated Systems

<sup>74</sup> RAND Corporation, “Operating Under a Continuing Resolution: A Limited Assessment of Effects on Defense Procurement Contract Awards,” January 21, 2019.

<sup>75</sup> “FY 2023 DoD Agency Financial Report.”

<sup>76</sup> DoD OIG Project No. D2024-D000AU-0112.000, “Project Announcement: Audit of the Impact of Continuing Resolutions on DoD Acquisition Programs,” April 15, 2024.





A Sailor assigned to USS John C. Stennis (CVN 74), greets his family for the first time as a chief petty officer, after getting pinned during a ceremony underway. Source: U.S. Navy.



# Challenge 5: Improving Quality of Life for Military Families

## KEY CONCERNS

- Inconsistent availability, quality, and cost of healthcare, housing, and childcare
- Limited spousal support opportunities
- Barriers to financial stability
- Limited availability and quality of beneficiary programs

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***The Department of Defense has a sacred obligation to take care of our Service members and families. Doing so is a national security imperative. Our military families provide the strong foundation for our Force, and we owe them our full support.***

Secretary of Defense  
Lloyd J. Austin III

Quality of life programming is fundamental to sustaining Service members and their families. Released in February 2024, the [DoD Strategy for Resilient and Healthy Defense Communities](#) highlights the DoD’s enduring commitment to provide military families with healthy, safe, and resilient communities in which to live and work.<sup>77</sup> This includes access to quality healthcare, safe housing, financial security, and beneficiary programs.

### HEALTHCARE

The MHS is one of America’s largest and most complex health care institutions and provides the direction, resources, and personnel necessary for promoting the health of Service members and their families. As a key element of the MHS, the DHA directs and controls all DoD hospitals and clinics worldwide. However, the MHS faces challenges in providing consistent, timely care to its beneficiaries, either directly or when patients are referred to the private sector for services that the MHS is unable to deliver.

In November 2023, the DoD OIG issued [a management advisory](#) providing DoD leadership with a summary of concerns previously reported to the DHA about access to care and medical staff shortages.<sup>78</sup> The advisory included the following prior findings.

- Service members and their beneficiaries are often unable to access medical care at MTFs in a timely manner.
- Staff allocation across MTFs is unequal, resulting in a surplus of providers at some MTFs, while others are understaffed.
- Beneficiaries who are required to seek local care while stationed overseas often encounter inadequate pharmacy services, upfront medical expenses that are cost prohibitive, and, sometimes, denial of care.

<sup>77</sup> DoD, “Strategy for Resilient and Healthy Defense Communities,” February 14, 2024.

<sup>78</sup> “Management Advisory: Concerns with Access to Care and Staffing Shortages in the Military Health System.”

In addition, the advisory includes recommendations from [a 2020 DoD OIG report](#) related to the clarification or establishment of appropriate policies for providing mental health services, which remain open.<sup>79</sup> In 2024, the DoD OIG began [an audit](#) of the DHA's management of MTFs outside the continental United States.<sup>80</sup> The audit will assess effectiveness in meeting access to care standards for DoD beneficiaries at overseas locations.

The DoD recognizes access to health care as a vital quality-of-life issue and is working to make improvements. In October 2023, the DHA stood up nine new Defense Health Networks to help standardize medical command leadership and improve the delivery and continuity of health services. In December 2023, the MHS released its [strategic plan](#) for FY 2024 through FY 2029, which includes goals to better meet demand for health care, improve civilian hiring and retention in medical career fields, reinvest in MTFs, and improve access to primary and specialty care.<sup>81</sup>

## PRIVATIZED HOUSING

The DoD continues to struggle with problems related to the management of its privatized housing program. Tenants have reported frustration with management companies not being held accountable for maintenance issues, as well as the presence of serious health and safety concerns, including mold, insect and rodent infestations, and faulty electrical wiring.

Since FY 2022, the GAO and the DoD OIG have issued multiple reports related to military housing, identifying deficiencies in the DoD's oversight of the privatized housing program. The GAO reported on [the DoD's unclear guidance](#) for tenants about the dispute resolution process, lack of training for military housing officials, and shortage of personnel to perform housing oversight functions—all of which impeded military families' ability to exercise their tenant rights and address their housing concerns.<sup>82</sup> In September 2022, the DoD OIG reported on [the DoD's compliance with provisions in the FY 2020 NDAA](#) related to health, safety, and environmental hazards in privatized military housing.<sup>83</sup> Although the report contained no recommendations, we found that not all of the DoD's private housing management companies agreed to the tenant rights specified in the NDAA and that DoD housing officials at certain installations could not accurately track oversight activities in their information management systems. In April 2024, the DoD OIG began [an audit](#) of the Services' oversight of housing maintenance performed by one of the DoD's largest providers of property management services.<sup>84</sup> Additionally, in FY 2025, the DoD OIG plans to evaluate DoD efforts to address mold hazards in privatized housing, in accordance with established accountability standards.

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<sup>79</sup> DoD OIG Report No. DODIG-2020-112, "Evaluation of Access to Mental Health Care in the Department of Defense," August 10, 2020.

<sup>80</sup> DoD OIG Project No. D2024-D000AW-0110.000, "Project Announcement: Audit of the Defense Health Agency's Management of DoD Medical Treatment Facilities Outside the Continental United States in Meeting Access to Care," April 17, 2024.

<sup>81</sup> DoD, MHS, "FYs 2024-2029 Military Health System Strategy," December 15, 2023.

<sup>82</sup> GAO Report No. GAO-23-107038, "Military Housing: Strengthening Oversight Needed to Make and Sustain Improvements to Living Conditions," September 27, 2023.

<sup>83</sup> DoD OIG Report No. DODIG-2022-139, "Evaluation of the Department of Defense's Reform of Privatized Military Housing Oversight Related to Health, Safety, and Environmental Hazards," September 29, 2022.

<sup>84</sup> DoD OIG Project No. D2024-D000AT-0114.000, "Project Announcement: Audit of the Military Services' Oversight of Privatized Military Housing Maintenance," April 11, 2024.

The Services have updated their internal policies and educational materials related to housing maintenance processes and tenant rights, and initiated workforce studies to determine appropriate staffing requirements for conducting housing oversight. In the FY 2024 NDAA, Congress mandated several military housing reforms, including the establishment of a Military Family Readiness Working Group that will provide recommendations on military housing policy to the Secretary of Defense.

## ECONOMIC SECURITY

Like many families across the country, military families are struggling financially due to recent increases in inflation rates and costs of living. However, military community members face unique challenges that contribute to greater economic insecurity than their civilian counterparts.

### MILITARY SPOUSE EMPLOYMENT AND CHILDCARE

At a rate of around 20 percent, [military spouse unemployment](#) is more than four times the national average.<sup>85</sup> Frequent relocations due to changes in duty stations can disrupt career continuity and make it difficult for spouses to maintain steady employment. Even when spouses do find employment, they are often underemployed, working in positions that do not match their education, skills, or experience. In a [2024 report](#), the GAO found that military spouses who worked part time reported being underpaid or overqualified for their job, having few opportunities for career advancement, and lacking the ability to earn retirement benefits.<sup>86</sup>

The [availability and cost of childcare](#) have also been identified as barriers to spousal employment.<sup>87</sup> Most military spouses report needing childcare services in order to work but often cannot find availability to suit their employment needs. Moreover, the cost of childcare at some locations can make it financially unfeasible for spouses to enter the workforce. These challenges result in military families that are likely to be single-income households, affecting their immediate and long-term financial stability.

The DoD has taken several steps to address this issue, such as its Military Spouse Career Accelerator program, which is designed to help military spouses find employment fellowships with participating companies. In 2024, the DoD implemented a new fee schedule for on-base childcare to make costs more equitable and affordable, especially for those families with the greatest economic need.

### FOOD INSECURITY

According to the [Department of Agriculture](#), households that experience food insecurity are those that have limited or uncertain access to adequate food due to lack of money and other resources.<sup>88</sup> [Recent military family surveys](#) estimated that more than one quarter of active duty households have experienced food insecurity, compared to approximately 10 percent of civilian households.<sup>89</sup>

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<sup>85</sup> Blue Star Families, "2023 Military Family Lifestyle Survey Comprehensive Report," April 24, 2024.

<sup>86</sup> GAO Report No. GAO-24-106263, "Military Spouse Employment: Part-Time Workforce Characteristics and Perspectives," February 8, 2024 (Reissued with revisions on May 9, 2024).

<sup>87</sup> "2023 Military Family Lifestyle Survey Comprehensive Report."

<sup>88</sup> U.S. Department of Agriculture, Economic Research Service, "Comparing Food Insecurity Among the U.S. Military Civilian Adult Populations," April 2024.

<sup>89</sup> "2023 Military Family Lifestyle Survey Comprehensive Report."

These surveys also found that the costs associated with frequent relocations and the loss of spousal income are significant factors in food insecurity for military families. Additionally, basic pay and allowances are not always sufficient to cover costs of living and contribute to the issue.

Implemented in 2023, the Basic Needs Allowance (BNA) provides a monthly income supplement for Service members whose household income falls below 150 percent of the national poverty level. However, BNA eligibility requirements limit the number of qualifying Service members, with fewer than 100 military families receiving the allowance in 2023. This is partly because current eligibility calculations include housing allowance when determining Service member income, thus disqualifying many who might otherwise be eligible. The DoD's FY 2025 budget request includes a proposal to expand BNA eligibility by adjusting the income ceiling to 200 percent of the Federal poverty level and excluding housing allowances from household income calculation. The DoD OIG is considering additional oversight to help identify and address areas of greatest concern for this critical issue.

## BENEFICIARY PROGRAMS

Beneficiary programs provide essential support to military families and can contribute significantly to their overall quality of life. These support programs include child development centers, DoD schools, and special needs programs. However, the DoD needs to improve the quality, consistency, and accountability of these beneficiary programs.

### CHILD DEVELOPMENT CENTERS

Child development centers are DoD-operated facilities that offer day care and extended care for infants through preschool-age children. [Recent allegations](#) about child abuse and harm at military child development centers and the DoD's response complained about a lack of transparency and accountability from responsible officials and that the DoD is neglecting to prioritize the safety and protection of military families.<sup>90</sup> Furthermore, these incidents have raised questions about how the DoD monitors its child development centers and enforces reporting rules. In May 2024, the DoD OIG announced [a project](#) that will evaluate the DoD's policies and procedures for identifying and reporting allegations of child abuse at DoD-operated child development centers, and we will examine how child development centers address and communicate with parents regarding these allegations in a subsequent phase of the project.<sup>91</sup>

### DoD SCHOOLS

The DoD Education Activity (DoDEA) provides schools for nearly 70,000 children of active duty military and DoD civilian families, both in the United States and overseas. Allegations of student harassment and problematic behavior at DoDEA schools have also led to questions about the DoD's program oversight. In [an April 2024 report](#), the DoD OIG found that DoDEA lacks consistent policies and training

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<sup>90</sup> Military.com, "Unsupervised: Military Child Care Centers Slow to Report Abuse with Little Oversight," April 10, 2024.

<sup>91</sup> DoD OIG Project No. D2024-DEV0PJ-0122.000, "Project Announcement: Evaluation of the DoD and Services' Response to Allegations of Abuse at Child Development Centers," May 22, 2024.

for identifying and reporting discriminatory conduct. This lack of policies has led to possible underreporting and inadequate tracking of such incidents, complicating the DoD's efforts to address the overall issue.<sup>92</sup>

The DoD is also responsible for ensuring that its educational facilities provide a healthy and secure learning environment for students. In June 2024, the DoD OIG began [an audit](#) related to the restoration and modernization of DoDEA school facilities located on military installations in Japan.<sup>93</sup>

### EXCEPTIONAL FAMILY MEMBER PROGRAM

Another important DoD beneficiary program is the Exceptional Family Member Program (EFMP), which provides support for military family members who have special medical or educational needs. This includes providing coordinated support to ensure families have access to necessary healthcare and educational resources. The DoD's implementation of the EFMP, however, has led to challenges for families seeking support. Respondents to military family surveys about their experiences with the EFMP reported difficulty accessing specialized care, especially when relocating, and inconsistency in resources available across Services and installations. [In an August 2023 report](#), the DoD OIG found that the DoD had not established processes for managing disputes and conducting in-depth reliability tests of EFMP data.<sup>94</sup> This could lead to military families relocating to installations without sufficient medical and educational services and the DoD's delay or failure to provide required services. Also in 2023, the DoD updated its EFMP policy to include changes such as standardized enrollment procedures and increased consideration for families' special needs when assigning orders to Service members.

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<sup>92</sup> DoD OIG Report No. DODIG-2024-077, "Review of the DoD Education Activity's Efforts to Report and Respond to Discriminatory Harassment at Schools," April 22, 2024.

<sup>93</sup> DoD OIG Project No. D2024-D000AV-0129.000, "Project Announcement: Audit of the Sustainment, Restoration, and Modernization of DoD Education Activity Schools and Educational Facilities in Japan," June 4, 2024.

<sup>94</sup> DoD OIG Report No. DODIG-2023-102, "Audit of the DoD Exceptional Family Member Program," August 1, 2023.

## Completed Projects

Report No. DODIG-2024-077, "Review of DoD Education Activity's Efforts to Report and Respond to Discriminatory Harassment at Schools," April 22, 2024

Report No. DODIG-2024-033, "Management Advisory: Concerns with Access to Care and Staffing Shortages in the Military Health System," November 29, 2023

Report No. DODIG-2023-102, "Audit of the DoD Exceptional Family Member Program," August 1, 2023

Report No. DODIG-2022-139, "Evaluation of the Department of Defense's Reform of Privatized Military Family Housing Oversight Related to Health, Safety, and Environmental Hazards," September 29, 2022

Report No. DODIG-2020-112, "Evaluation of Access to Mental Health Care in the Department of Defense," August 10, 2020

## Ongoing Projects

Project No. D2024-D000AV-0129.000, "Audit of the Sustainment, Restoration, and Modernization of DoD Education Activity Schools and Educational Facilities in Japan," June 4, 2024

Project No. D2024-DEV0PJ-0122.000, "Evaluation of the DoD and Services' Response to Allegations of Abuse at Child Development Centers," May 22, 2024

Project No. D2024-D000AW-0110.000, "Audit of the Defense Health Agency's Management of DoD Medical Treatment Facilities Outside the Continental United States in Meeting Access to Care," April 17, 2024

Project No. D2024-D000AT-0114.000, "Audit of the Military Services' Oversight of Privatized Military Housing Maintenance," April 11, 2024

## Planned Projects

Evaluation of the DoD's Actions to Address Mold Hazards in Privatized Military Housing





U.S. Air Force Academy cadets participate in Firstie Flag, which prepares seniors for how their future specialty codes will factor into future conflict with a great-power adversary. Source: U.S. Air Force.



# Challenge 6: Building the Future Force

## KEY CONCERNS

- Delayed and over budget acquisitions
- Adverse effects of the consolidated defense industrial base
- Inconsistent administration of modernization programs
- Increased competition in cyber, space, and electromagnetic operations

The character of warfare continues to evolve and as stated in the 2022 National Defense Strategy, “business as usual” is not acceptable. The DoD’s military posture has shifted to counter more robust, competent, and technologically sophisticated threats from near-peer competitors, the PRC and Russia. In this environment, the future force must adopt innovative technologies; modernize legacy nuclear and digital systems; and train and equip the warfighter in new ways across developing domains—cyber, space, and electromagnetic.

*Being the best today isn’t a guarantee of being the best tomorrow—not in an age when technology is changing the character of warfare itself.*

Secretary of Defense  
Lloyd J. Austin III

## PROCUREMENT

According to the [Defense Innovation Board](#), some of the DoD’s primary barriers to innovation and modernization are its complex acquisition processes, slow incorporation of technology, and lack of supplier competition.<sup>95</sup> The current acquisition process does not move fast enough to take advantage of rapidly evolving technologies, which can potentially result in the DoD fielding obsolete equipment. Under current acquisition requirements, it can [take between 9 and 26 years](#) for a needed capability to become operational.<sup>96</sup> In [a report](#) from 2023, the GAO found that the DoD was not consistently implementing practices that can help accelerate acquisitions.<sup>97</sup> The GAO cited supplier disruptions, software development delays, and quality control deficiencies as factors in prolonged weapon systems delivery. In FY 2025, the DoD OIG plans to continue its sustained focus on procurement, including an audit to assess the Army’s management of the XM30 Mechanized Infantry Combat Vehicle acquisition program.

## DEFENSE INDUSTRIAL BASE

The DoD’s acquisition issues are compounded by the consolidation of the companies within the DIB (see figure 5). Over the past three decades, the number of prime contractors supporting the DoD’s weapon systems has decreased from 51 companies to just 5, which can increase the risk for supply chain gaps, price increases, and reduced innovation. In [a 2023 report](#), the GAO found that the DoD has limited insight into most merger and consolidation activities within the DIB,

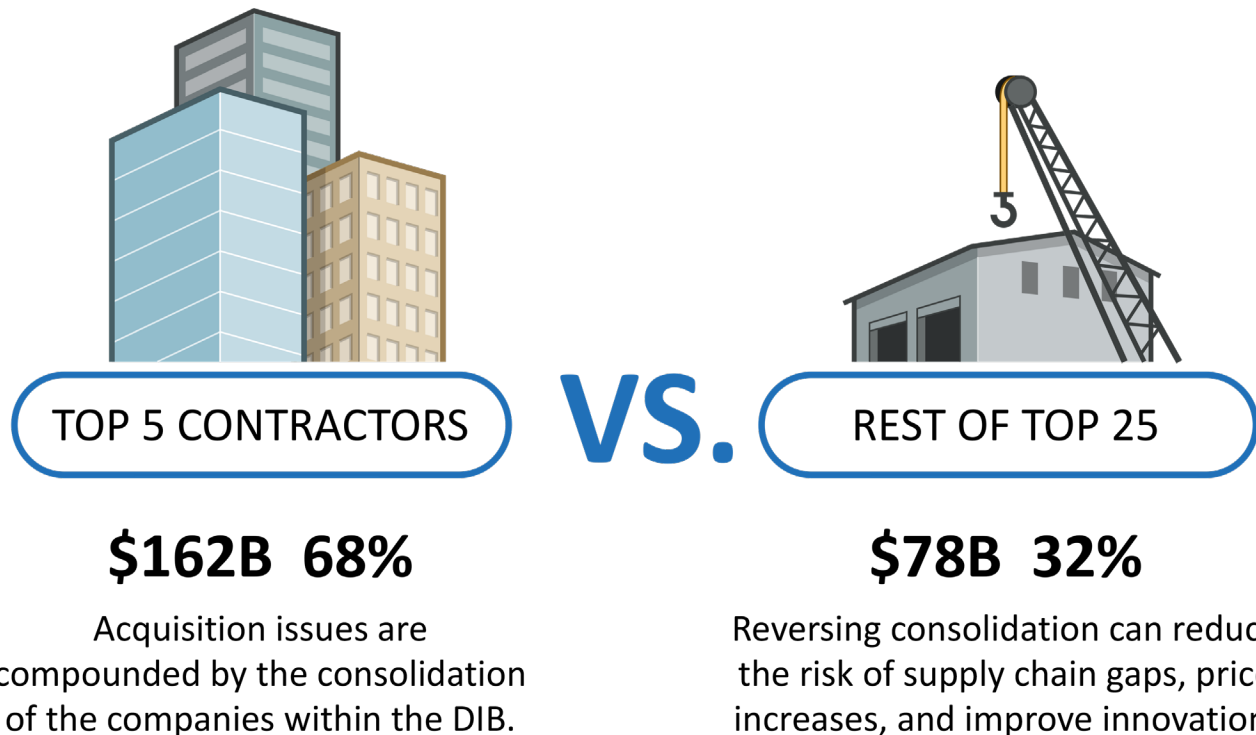
<sup>95</sup> Defense Innovation Board, “Fall Board Open Meeting,” November 14, 2023.

<sup>96</sup> Hudson Institute, “Competing in Time: Ensuring Capability Advantage and Mission Success through Adaptable Resource Allocation,” February 2021.

<sup>97</sup> GAO Report No. GAO-23-106059, “Weapon Systems Annual Assessment: Programs Are Not Consistently Implementing Practices That Can Help Accelerate Acquisitions,” June 8, 2023.

including an inability to monitor the effects of these activities to determine DoD program impacts, such as rising costs or declining quality.<sup>98</sup> The DoD OIG has two ongoing audits to assess the DoD’s efforts to contract for spare parts—one related to the [fair and reasonable pricing of spare parts](#) for military transport aircraft and one related to the [removal of defective spare parts](#) from the DoD supply chain.<sup>99</sup>

Figure 5. FY 2023 Contract Distribution Among Top 25 Defense Contractors within the DIB



Source: Forecast International.

According to statements from DoD officials, including the Secretary of Defense, continuing resolutions inhibit the DoD’s ability to provide industry partners with consistent and reliable demand signals. Fluctuations in the timing and amount of defense spending caused by continuing resolutions make it difficult for DIB companies to invest in additional capacity to support DoD procurements. Ultimately, the DIB may not have the size or ability to meet the DoD’s future demands for advanced military technologies and systems. As discussed in Challenge 4, Improving Financial Management, the DoD OIG recently announced [a project](#) to assess the DoD’s ability to effectively manage program acquisitions during continuing resolutions.<sup>100</sup>

<sup>98</sup> GAO Report No. GAO-24-106129, “Defense Industrial Base: DOD Needs Better Insight into Risks from Mergers and Acquisitions,” October 17, 2023.

<sup>99</sup> DoD OIG Project No. D2022-D000AH-0142.000, “Project Announcement: Audit of C-17 Spare Parts Pricing,” June 21, 2022.

DoD OIG Project No. D2024-D000AX-0149.000, “Project Announcement: Audit of Navy Defective Parts and Contractor Restitution,” July 11, 2024.

<sup>100</sup> “Project Announcement: Audit of the DoD’s Process for Accrediting Third-Party Organizations to Perform Cybersecurity Maturity Model Certification 2.0 Assessments.”

## NUCLEAR SYSTEMS

The [2022 Nuclear Posture Review](#) emphasizes that strategic deterrence is a top priority for the DoD, and nuclear weapons provide unique deterrence effects that no other element of the military can replace.<sup>101</sup> It is imperative that the DoD modernize its nuclear forces, along with its nuclear command, control, and communications systems – particularly as legacy systems approach the end of their service lives. These are among the most crucial of the DoD’s modernization initiatives, as well as the most costly and complex. As depicted on [the DoD’s website](#), the associated projects entail replacing 400 Minuteman III intercontinental ballistic missiles (ICBMs) with Sentinel ICBMs, modernizing 450 ICBM launch facilities, replacing 14 Ohio-class ballistic missile submarines (SSBNs) with Columbia-class SSBNs, sustaining and modernizing 46 B-52H Stratofortress bombers, and augmenting and replacing 20 B-2A Spirit bombers with B-21 Raiders.<sup>102</sup> Despite the critical nature of these projects, they are not without their problems; a [June 2023 GAO report](#) found that the Sentinel program was behind schedule, was in danger of further delay and cost overrun, and was guided by a deficient master schedule.<sup>103</sup> Likewise, a [January 2023 GAO report](#) indicated that the Columbia program lacked a schedule risk analysis—an indispensable tool for understanding and managing program risks that could impact the schedule.<sup>104</sup> The DoD OIG is committed to oversight of this bedrock element of national security, with projects that include [a recently released evaluation](#) of the Air Force’s efforts to sustain the Minuteman III, and an upcoming audit of cybersecurity controls over DoD nuclear command, control, and communications systems.<sup>105</sup>

## DIGITAL MODERNIZATION

Joint force operations increasingly rely on digital technologies and the integration of diverse data sources. However, the DoD continues to depend on legacy systems, many of which were developed using proprietary technologies, making integration with newer systems difficult. In 2023, the GAO reported on the DoD’s [software modernization efforts](#), finding that the DoD had not finalized implementation plans or identified resources needed, such as a workforce of software developers and acquisition professionals.<sup>106</sup> In a [2024 report](#), the DoD OIG found that the goals for the DoD’s digital modernization strategy were not specific, verifiable, or measurable.<sup>107</sup> We also found that the DoD did not conduct annual strategy reviews during FY 2022 or FY 2023. Without annual reviews, the DoD cannot meaningfully track progress toward achieving its modernization goals.

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<sup>101</sup> DoD, “2022 National Defense Strategy of the United States of America, Including the 2022 Nuclear Posture Review and the 2022 Missile Defense Review,” October 27, 2022.

<sup>102</sup> DoD, Defense Media Activity, “America’s Nuclear Triad.”

<sup>103</sup> “Weapon Systems Annual Assessment: Programs Are Not Consistently Implementing Practices That Can Help Accelerate Acquisitions.”

<sup>104</sup> GAO Report No. GAO-23-106292, “Columbia Class Submarine: Program Lacks Essential Schedule Insight amid Continuing Construction Challenges,” January 24, 2023.

<sup>105</sup> DoD OIG Report No. DODIG-2024-137, “Evaluation of the Air Force’s Actions to Sustain the Minuteman III Intercontinental Ballistic Missile,” September 19, 2024.

<sup>106</sup> GAO Report No. GAO-23-105611, “Software Acquisition: Additional Actions Needed to Help DOD Implement Future Modernization Efforts,” April 5, 2023.

<sup>107</sup> DoD OIG Report No. DODIG-2024-104, “Audit of the DoD’s Development and Maintenance of the Digital Modernization Strategy,” July 9, 2024.

Another challenge facing the DoD is that of securing data rights when acquiring new technology. A [recent report](#) from the Defense Innovation Board noted that the “current state of data access within DoD vendor agreements is fragmented and inconsistent.”<sup>108</sup> The Board recommended that all DoD vendor agreements incorporate clear language that secures the DoD’s contractual rights to data procured or generated under defense industrial contracts. In July 2024, the DoD OIG initiated [an audit](#) to assess the Air Force’s integration of data license rights into contract requirements for selected weapon systems.<sup>109</sup>

The DoD is making progress in its digital modernization efforts, though, with the continued development and expansion of its enterprise data system, Advana. The Advana platform was designed to unify disparate and complex business systems throughout the DoD to ensure greater access to data and drive informed decision making across the enterprise. In July 2024, the DoD OIG announced [an audit](#) to assess the effectiveness of Advana’s internal controls for ensuring data reliability.<sup>110</sup>

## CYBER, SPACE, AND ELECTROMAGNETIC WARFARE

Adversaries are expanding use of the cyber, space, and electromagnetic warfare domains to gain operational, logistical, and informational advantages over the United States. To respond to these threats, the DoD must develop and deploy advanced capabilities across all domains.

### CYBER OPERATIONS

[The DoD’s 2023 Cyber Strategy](#) identifies the defense against cyber threats as a “DoD imperative” and notes that the strategy was partly informed by the conflict in Ukraine, which has seen a significant use of cyber capabilities during armed conflict.<sup>111</sup> The PRC seeks superiority over the United States in cyberspace, engaging in prolonged campaigns of espionage, theft, and compromise against key DoD networks. The DoD OIG has [an ongoing audit](#) on the coordination and execution of offensive cyberspace operations between the U.S. Indo-Pacific and U.S. Cyber Commands.<sup>112</sup> Additionally, in FY 2025, we have two planned audits to review the DoD’s management of cybersecurity risks when using commercial satellites and military communications infrastructure.

Recognizing the importance of advanced technologies, Congress has emphasized the need for further research and policy to ensure the United States remains at the forefront of cyber innovation. In May 2024, a bipartisan Senate working group issued [a report](#) on artificial intelligence policy

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<sup>108</sup> Defense Innovation Board, “Building a DoD Data Economy,” January 23, 2024.

<sup>109</sup> DoD OIG Project No. D2024-D000AH-0146.000, “Project Announcement: Audit of Data License Rights in Air Force Weapon System Contracts,” July 8, 2024.

<sup>110</sup> DoD OIG Project No. D2024-D000CT-0164.000, “Project Announcement: Audit of Data Reliability in the DoD’s Advancing Analytics Repository,” July 29, 2024.

<sup>111</sup> DoD, “Summary: 2023 Cyber Strategy,” September 12, 2023.

<sup>112</sup> DoD OIG Project No. D2023-D000CU-0117.000, “Project Announcement: Audit of the Planning and Execution of USINDOPACOM Offensive Cyberspace Operations,” May 8, 2023.

that included support for funding of defense-related artificial intelligence activities.<sup>113</sup> In addition, the FY 2024 NDAA included provisions regarding the DoD's research and development of quantum computing applications.

## ARTIFICIAL INTELLIGENCE

The U.S. Cyber Command expects that both the PRC and Russia will use generative AI to develop autonomous cyber weapon systems to optimize their offensive cyber operations. AI's open-source nature also makes it a potential weapon for any malign actors. With both the White House and the DoD prioritizing the advancement of AI, the DoD OIG has [an ongoing project](#) to evaluate the DoD's AI strategy and policy, as well as the acquisition and development of AI products and services.<sup>114</sup> Furthermore, in September 2024, the DoD OIG announced [a joint project](#) with the National Geospatial-Intelligence Agency (NGA) to evaluate the integration of the Project Maven AI program into the NGA's geospatial-intelligence operations.<sup>115</sup>

## QUANTUM TECHNOLOGY

The rapidly advancing technology of quantum computing presents a significant threat to DoD cybersecurity. Quantum computers can process information much faster than classical computers, making quantum computers capable of deciphering the encryption algorithms currently used to secure sensitive information. A quantum computer of sufficient size and sophistication in the hands of adversaries could jeopardize civilian and military communications and defeat security protocols for critical infrastructure systems.

In FY 2025, the DoD OIG plans to evaluate the DoD's development of offensive and defensive applications of quantum technologies.

## SPACE OPERATIONS

The PRC and Russia present the most immediate and serious threats to U.S. space operations, as both nations seek to use their space capabilities to degrade, disrupt, or deny U.S. actions in other domains. As a result, the United States now contends with a sophisticated array of space-based threats, such as satellite jammers, anti-satellite weapons, and cyberattacks against both ground and space assets. In 2024, the Air Force announced new efforts to reoptimize for Great Power Competition, including the creation of a forward-looking Space Futures Command to forecast the threat environment and ensure U.S. competitiveness with adversaries.

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<sup>113</sup> U.S. Senate, Bipartisan AI Working Group, "Driving U.S. Innovation in Artificial Intelligence: A Roadmap for Artificial Intelligence Policy in the United States Senate," May 15, 2024.

<sup>114</sup> DoD OIG Project No. D2024-DEV0SI-0055.000, "Project Announcement: Evaluation of the Effectiveness of the Chief Digital and Artificial Intelligence Office's Artificial Intelligence Governance and Acquisition Process," January 8, 2024.

<sup>115</sup> DoD OIG Project No. D2024-DEV0SI-0158.000, "Project Announcement: Joint Evaluation of the National Geospatial-Intelligence Agency's Integration of Maven," September 9, 2024.

The DoD OIG issued two reports related to space operations in 2022—[an audit](#) of the equipment and infrastructure needed for the Space Force to support space launches and [a classified management advisory](#) on the Space-Based Infrared System.<sup>116</sup> In FY 2025, the DoD OIG plans to assess the effectiveness of DoD efforts to manage cybersecurity risks when using commercial satellites.

## ELECTROMAGNETIC WARFARE

Electromagnetic warfare is military action involving the use of energy from the electromagnetic spectrum (EMS) to attack an enemy. The PRC and Russia have made significant strides in developing space-based electromagnetic warfare tools that can disrupt or disable enemy satellites, including technologies like electronic jamming systems and directed energy weapons that use lasers or microwaves. The DoD's development of offensive and defensive EMS capabilities will be necessary for the United States to maintain a technological edge over its adversaries. In December 2023, the Defense Information Systems Agency released [a new cloud-based platform](#) which integrates a range of EMS capabilities and functions into a single system and aligns with the Joint All-Domain Command and Control strategy.<sup>117</sup>

Electromagnetic warfare also includes the use of electromagnetic pulses. Adversaries can intentionally cause these pulses by using high-altitude nuclear detonations, specialized conventional munitions, or non-nuclear directed energy devices. High-altitude electromagnetic pulse attacks using nuclear weapons are of greatest concern because such attacks may permanently damage or disable large sections of the national electric grid and other critical systems. The DoD OIG has two projects planned for FY 2025 to evaluate the DoD's development and implementation of advanced technologies to protect critical systems from electromagnetic pulse attacks.

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<sup>116</sup> DoD OIG Report No. DODIG-2022-048, "Audit of DoD Maintenance of Space Launch Equipment and Facilities," January 5, 2022.

DoD OIG Report No. DODIG-2022-007, "Management Advisory Regarding Proposed Changes to the Concept of Operations for the Space Based Infrared System (SBIRS) Survivable and Endurable Evolution (S2E2) System," November 3, 2021.

<sup>117</sup> Defense Information Systems Agency, Office of Strategic Communications and Public Affairs, "DISA Releases New Electromagnetic Spectrum Capability to Enhance Modern Warfighting," December 7, 2023.

## Completed Projects

Report No. DODIG-2024-137, "Evaluation of the Air Force's Actions to Sustain the Minuteman III Intercontinental Ballistic Missile," September 19, 2024

Report No. DODIG-2024-104, "Audit of the DoD's Development and Maintenance of the Digital Modernization Strategy," July 9, 2024

Report No. DODIG-2022-048, "Audit of DoD Maintenance of Space Launch Equipment and Facilities," January 5, 2022

Report No. DODIG-2022-007, "Management Advisory Regarding Proposed Changes to the Concept of Operations for the Space Based Infrared System (SBIRS) Survivable and Endurable Evolution (S2E2) System," November 3, 2021

## Ongoing Projects

Project No. D2024-DEV0SI-0158.000, "Project Announcement: Joint Evaluation of the National Geospatial-Intelligence Agency's Integration of Maven," September 9, 2024

Project No. D2024-D000AH-0146.000, "Audit of Data License Rights in Air Force Weapon System Contracts," July 8, 2024

Project No. D2024-DEV0SI-0055.000, "Evaluation of the Effectiveness of the Chief Digital and Artificial Intelligence Office's Artificial Intelligence Governance and Acquisition Process," January 8, 2024

Project No. D2023-D000CU-0117.000, "Audit of the Planning and Execution of USINDOPACOM Offensive Cyberspace Operations," May 8, 2023

## Planned Projects

Audit of DoD's Management of Cybersecurity Risks When Using Commercial Satellites

Audit of the Army's Management of the XM30 Program

Audit of the Cybersecurity Controls over DoD's Nuclear Command, Control, and Communications Systems

Evaluation of the DoD's Electromagnetic Pulse Shielding Policies for Combatant Commands

Evaluation of the DoD's Planning for the Offensive and Defensive Use of Quantum Technologies

Evaluation of the U.S. Space Force's Satellite Design Vulnerabilities to a Nuclear Electromagnetic Pulse and Kinetic Particle Events





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