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United States Government Accountability Office
Washington, DC 20548

March 26, 2012

Congressional Committees

Subject: *Force Structure: Assessment of Army Report on Fiscal Year 2011 Progress in Modular Restructuring*

The Army considers its modular force transformation the most extensive restructuring it has undertaken since World War II. Restructuring the Army from its division-based force to a brigade-based force requires investments in equipment and in the retraining of personnel. The John Warner National Defense Authorization Act (NDAA) for Fiscal Year 2007¹ directed the Army to report to Congress annually, on the date that the President submits a budget to Congress, on, among other things, progress made during the previous fiscal year to ensure that financial resources are provided for the repair, recapitalization, and replacement of equipment used in the global war on terrorism, the overall equipment requirements of Army units transforming to modularity, the reconstitution of prepositioned stocks, and the schedule for meeting those requirements. The same law directed the Comptroller General to provide an annual report assessing the Army's progress in staffing and equipping the modular force, among other things. In our 2008 report addressing this legislative requirement, we reported that the Army did not have a comprehensive and transparent approach to measure progress against its modularity objectives and that Congress should consider specifying more clearly the reporting elements that would be most useful in overseeing the transformation.² The Ike Skelton NDAA for Fiscal Year 2011,³ enacted on January 7, 2011, retained the requirement for the Army to report annually on its progress toward implementing modularity but specified new elements to be included in the Army's report, such as reporting on key enabler equipment and personnel available to modular units. It also directed the Comptroller General to review the Army's annual report. To respond to this mandate, we are reporting information on the extent to which the Army's annual fiscal year 2011 report addressed the statutory reporting requirements.

¹See Pub. L. No. 109-364, § 323 (2006).

²GAO, *Force Structure: The Army Needs a Results-Oriented Plan to Equip and Staff Modular Forces and a Thorough Assessment of Their Capabilities*, [GAO-09-131](#) (Washington, D.C.: Nov. 14, 2008).

³See Pub. L. No. 111-383, § 332 (2011).

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To address our objective, we reviewed relevant laws and related Army reports on progress in modular restructuring. Specifically, we reviewed section 323 of the John Warner NDAA for Fiscal Year 2007 and section 332 of the Ike Skelton NDAA for Fiscal Year 2011, both of which required reports on issues related to Army progress in modular restructuring. We also reviewed two reports that the Army issued in fiscal year 2011 on progress toward modular restructuring—a February 2011 interim report on progress toward implementing the Army modular force initiative and toward resetting and repositioning Army stocks, and a final report issued in September 2011 entitled *Fiscal Year 2011 Report on the Prioritization of Funds for Equipment Readiness and Strategic Capability*. We evaluated the extent to which the contents of these reports addressed the legally mandated reporting requirements of the Ike Skelton NDAA for Fiscal Year 2011. To corroborate our understanding of DOD's approach for responding to the legislative requirements of the Ike Skelton NDAA for Fiscal Year 2011, we discussed the Army's approach with officials responsible for the development of the Army reports on progress toward modular restructuring. We conducted this performance audit from September 2011 through March 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

According to the Army's *Fiscal Year 2011 Report on the Prioritization of Funds for Equipment Readiness and Strategic Capability*, issued in September 2011, the report addressed the requirements of the John Warner NDAA for Fiscal Year 2007 rather than the amended requirements stipulated in the Ike Skelton NDAA for Fiscal Year 2011. The report does include some information that addresses aspects of the updated reporting requirements. For example, the 2011 NDAA requires the Army to include a description of the status of the development of doctrine on how modular combat, functional, and support forces will train, be sustained, and fight. In addressing the old reporting requirements in the 2007 NDAA, the Army's 2011 report discusses modifications to the modularity plan due to finalization of organizational designs and the need to reprioritize due to the emergence of higher-priority force-protection programs. However, the report does not mention the status of the development of doctrine on how modular combat, functional, and support forces will train, be sustained, and fight, as required by the current law.

Army officials responsible for developing the mandated report said that they did not address the amended requirements because they were not aware of the changes in the legislation. Army officials attributed this oversight to internal miscommunication.

According to these officials, the Army plans to revise and reissue its September 2011 report to respond to the amended reporting requirements and, at the same time, develop its 2012 report. Officials told us that they planned to issue both the revised 2011 and the 2012 report on April 30, 2012. Army officials noted, however, that responding to the legislative requirements that require the Army to discuss plans

for the future will be challenging because decisions about the size and structure of the Army force are under review and may not be finalized prior to the reporting date.

DOD reviewed a draft of this letter and did not provide comments.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Defense, and the Secretary of the Army. This report also is available at no charge on our website at <http://www.gao.gov>.

Should you or your staff have any questions concerning this report, please contact me at (404) 679-1816 or pendletonj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in enclosure I.



John H. Pendleton,
Director, Defense Capabilities and Management

Enclosure

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Enclosure I

GAO Contact and Staff Acknowledgments

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Staff Acknowledgments

In addition to the contact named above, Margaret G. Morgan, Assistant Director; Natalya Barden; Mae Jones; Nicole Willems; and Matthew R. Young made significant contributions to the report.

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