



October 2016

SECURITY ASSISTANCE

Guidance Needed for Completing Required Impact Assessments Prior to Presidential Drawdowns

GAO Highlights

Highlights of [GAO-17-26](#), a report to congressional committees

Why GAO Did This Study

The President has special legal authorities that allow him to direct the “drawdown” of defense articles and services to provide assistance in response to an international crisis. Examples of this aid include deliveries of vehicles, food, and medical equipment, and the use of military airlift, among other articles and services. The President may authorize up to \$325 million each year in drawdowns under three authorities in the Foreign Assistance Act.

A House Armed Services Committee report accompanying a bill for the National Defense Authorization Act for Fiscal Year 2016 included a provision for GAO to review drawdown authorities. This report (1) describes the use of drawdown authorities to provide security assistance and build partner capacity and (2) evaluates the extent to which State and DOD followed their stated processes for planning and implementing drawdowns. GAO reviewed guidance and documents relevant to drawdowns, analyzed drawdown data from fiscal years 2011 through 2015, and interviewed State and DOD officials.

What GAO Recommends

GAO recommends that (1) the Secretaries of the military departments develop guidance that assigns responsibility for the preparation of impact assessments, and (2) the Director, DSCA, develop an internal control mechanism to determine whether the military departments have completed the required impact assessments before moving forward with drawdown planning and execution. DOD concurred with each of GAO’s recommendations.

View [GAO-17-26](#). For more information, contact Charles Michael Johnson, Jr., at (202) 512-7331 or johnsoncm@gao.gov or Zina Merritt at (202) 512-5257 or merrittz@gao.gov.

October 2016

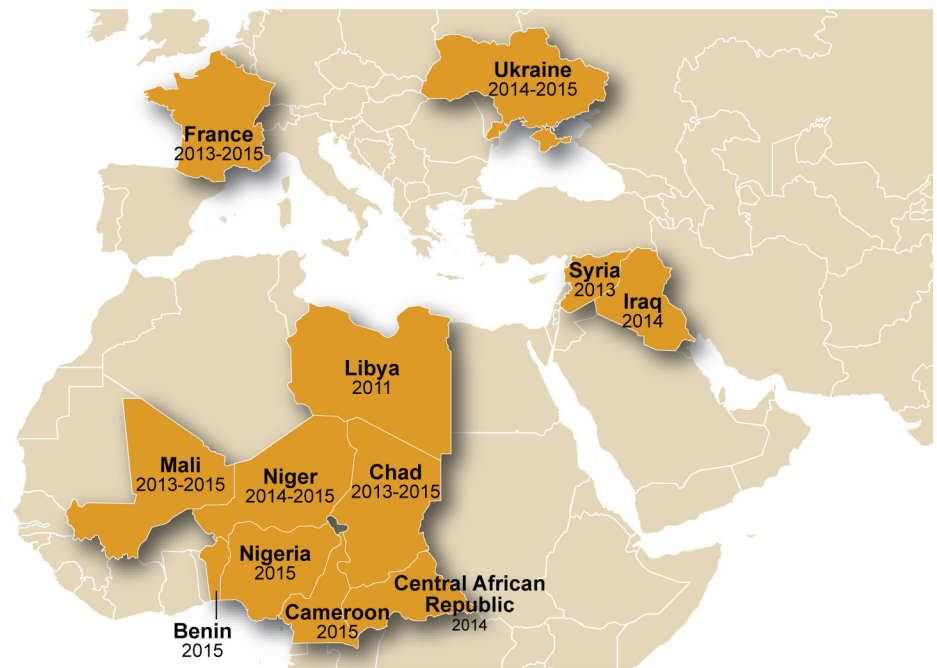
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What GAO Found

In fiscal years 2011 through 2015, the President authorized 13 drawdowns to provide security assistance and build foreign partner capacity to France, Iraq, Syria, Libya, Ukraine, and countries in West and Central Africa (see fig.). According to Department of Defense (DOD) and Department of State (State) data, the total value of articles and services authorized for these drawdowns was \$321.5 million.

Authorized Recipients of Presidential Drawdowns, Fiscal Years 2011-2015



Source: GAO analysis of Departments of State and Defense data, MapArt (map). | GAO-17-26

State and DOD implemented some, but not all, steps in their stated processes for planning and implementing drawdowns, but the military departments did not conduct required impact assessments. State implemented three steps in the process for which it was responsible, such as preparing justification packages for planned drawdowns. DOD implemented some parts of its stated process. For example, the Defense Security Cooperation Agency (DSCA), which is the lead DOD entity for drawdowns, worked with the military departments to identify resources for the drawdowns from fiscal years 2011 through 2015. However, the Army and Air Force—which together delivered about 96 percent of the dollar amount of drawdown aid during that time—did not conduct required impact assessments. Specifically, the two military departments had not assessed the potential impact of drawdowns on military readiness and budgets during drawdown planning, as required by DOD guidance. Neither of the military departments has assigned responsibility for conducting the assessments, and DSCA did not determine whether the assessments had been completed. Without these assessments, DOD is not in a position to identify and, if needed, mitigate potential negative impacts of a drawdown on military readiness.

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Abbreviations

DOD	Department of Defense
DSCA	Defense Security Cooperation Agency
EXORD	Execute Order
O&M	Operation and Maintenance
SAMM	Security Assistance Management Manual
State	Department of State

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October 20, 2016

Congressional Committees

Since 1961, the President has had special statutory authority to order the drawdown of defense articles and services from the stocks of the Department of Defense (DOD) when it is vital to the security of the United States.¹ Drawdowns give the President the ability to respond to U.S. foreign policy and national security objectives, such as unforeseen military and nonmilitary emergencies, by providing assistance without first seeking additional legislative authority or appropriations from Congress. This aid could include providing security assistance and building foreign partner capacity. An interagency process involving executive branch agencies, including the Department of State (State) and DOD, guides the planning and decision making for drawdowns. Drawdowns of defense articles may include items such as vehicles, spare parts, clothing, food, and medical equipment. Defense services may include a range of efforts, such as airlift support, and drawdowns may also provide for military education and training to aid recipients.²

A House Armed Services Committee report accompanying a bill for the National Defense Authorization Act for Fiscal Year 2016 included a provision for us to conduct a review of drawdown authorities.³ This report (1) describes the use of drawdown authorities to provide security assistance and build foreign partner capacity and (2) evaluates the extent to which State and DOD followed their stated processes for planning and implementing drawdowns, including completion of assessments by DOD on the impact of drawdowns on military readiness and budgets.

¹Section 506 of the Foreign Assistance Act of 1961, Pub. L. No. 87-195 (Sept. 4, 1961), as amended (codified at 22 U.S.C. § 2318), grants the President this special authority. There were also additional drawdown authorities in recent years, such as Section 202 of the Afghanistan Freedom Support Act of 2002, Pub. L. No. 107-327 (Dec. 4, 2002), and Section 4 of the Iraq Liberation Act of 1998, Pub. L. No. 105-338 (Oct. 31, 1998).

²For the purposes of this report, references to defense articles and services include military education and training, unless specified otherwise.

³H.R. Rep. No. 114-102 (May 5, 2015).

To address both of the objectives for this review, we focused on drawdowns authorized from fiscal years 2011 through 2015, the most recent years for which data were available. To describe the use of drawdown authorities to provide security assistance and build foreign partner capacity since 2011, we reviewed Presidential Determinations, DOD Execute Orders (EXORD), and other documentation associated with the 13 individual drawdowns authorized from fiscal years 2011 through 2015. We obtained and analyzed State and DOD data identifying the types and cost of articles and services provided during these drawdowns. To assess the reliability of the data, we interviewed cognizant officials at DOD and compared similar data in the *Federal Register*⁴ to the data we obtained from DOD. We found these data to be reliable for the purposes of identifying the extent to which State and DOD have reported using available drawdown authorities. We also interviewed State and DOD officials about the use of drawdown assistance provided.

To evaluate the extent to which State and DOD followed their stated processes for planning and implementing drawdowns, we reviewed requirements in the Foreign Assistance Act and DOD guidance in the Security Assistance Management Manual (SAMM) and the Defense Security Cooperation Agency (DSCA) Handbook.⁵ We reviewed available documentation of drawdowns and discussed the processes followed for planning and implementing drawdowns with State and DOD officials. We developed what we describe as the State and DOD stated processes through our analysis of these legal requirements and guidance documents, as well as our discussions with agency officials, and then confirmed the accuracy of our description of the stated processes with agency officials. Where appropriate, we evaluated their processes against

⁴The *Federal Register*, the daily journal of the federal government, is published every business day by the National Archives and Records Administration.

⁵DSCA, *Security Assistance Management Manual*, and *DSCA H1: DSCA Handbook for Foreign Assistance Act (FAA) Drawdown of Defense Articles and Services* (Jun. 1, 2004).

federal internal control standards.⁶ At State, we conducted work at the Bureau of Political-Military Affairs. At DOD, we conducted work at DSCA, the Army, the Air Force, and U.S. Transportation Command. With respect to the military departments' processes for planning and implementing drawdowns, we focused on the Army and Air Force because they provided 96 percent of the dollar amount of all articles and services for drawdowns authorized from fiscal years 2011 through 2015.⁷

We conducted this performance audit from June 2015 to October 2016 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 objectives.

Background

Statutory Authorities for Drawdowns

Certain authorities in the Foreign Assistance Act of 1961, as amended, enable the President to draw down articles and services from the inventory and resources of U.S. government agencies.

Section 506(a)(1): Allows for drawdowns of defense articles from the stocks of DOD, defense services of DOD, and military education and training to a foreign country or international organization in emergency situations. Before exercising this authority, the President must determine and report to Congress that an unforeseen emergency exists, requiring

⁶GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: Nov. 1999), contains the internal control standards to be followed by executive agencies in establishing and maintaining systems of internal control as required by 31 U.S.C. § 3512 (c), (d) (commonly referred to as the Federal Managers' Financial Integrity Act). *Standards for Internal Control in the Federal Government* was revised in September 2014, and the new standards are effective beginning with fiscal year 2016. We reviewed processes that were in place prior to fiscal year 2016; therefore, we reference the November 1999 version of *Standards for Internal Control in the Federal Government* throughout our report.

⁷The Office of the Secretary of Defense and the Department of the Navy provided the remaining 4 percent of articles and services.

immediate military assistance that cannot be met under any other law. The maximum aggregate value of drawdowns under Section 506(a)(1) cannot exceed \$100 million in any fiscal year.

Section 506(a)(2): Authorizes the President to draw down articles and services from the inventory and resources of any U.S. government agency and military education and training from DOD and use them to assist foreign countries or international organizations in a number of nonemergency situations. Before exercising this authority, the President must first determine and report to Congress that any such drawdown is in the national interest of the United States. The maximum aggregate value of drawdowns under Section 506(a)(2) is \$200 million in any fiscal year, with no more than \$75 million provided from DOD inventory and resources.

Section 552(c)(2): Authorizes the President to direct the drawdown of commodities and services from the inventory and resources of any U.S. government agency for the purpose of carrying out peacekeeping operations. In order to exercise this authority, the President must determine that an unforeseen emergency exists, that providing assistance in amounts in excess of funds otherwise available is important to the national interests of the United States, and that the unforeseen emergency requires the immediate provision of such assistance. The maximum aggregate value of drawdowns under Section 552(c)(2) in any fiscal year is \$25 million.

State and DOD Roles in Planning and Implementing Drawdowns

State and DOD are the U.S. government agencies primarily engaged in planning and executing uses of drawdown authority. State's Bureau of Political-Military Affairs, DOD's DSCA, the National Security Council, the Executive Office of the President, and in some cases other executive branch agencies participate in an interagency process to develop a recommendation for articles and services that the U.S. government should provide under the drawdown authorities. When a crisis occurs, the agencies work together to determine that a drawdown is required. The interagency process also determines which articles and services should be provided, depending on need and availability, and the maximum value

of the drawdown that will be authorized within the statutory limits.⁸ If a decision is made to proceed with the drawdown, State prepares a Memorandum of Justification and Presidential Determination for the President's signature. In addition, the Foreign Assistance Act requires the President to notify Congress before the President intends to exercise the authority provided.⁹

Within DOD, DSCA prepares and issues an EXORD identifying the articles and services to be provided under the drawdown. The military departments receive the EXORD and specify the assistance to be provided and the estimated cost of executing the drawdown. According to the SAMM and DSCA Handbook, new procurement is not authorized for a drawdown, and no new funds may be placed on existing contracts, with the exception of transportation and related services where new contracts would cost less than providing such services using DOD assets. As a result, the military departments take the items from on-hand inventories and pay the costs of the drawdown using existing appropriations—typically from their Operation and Maintenance (O&M) accounts. Upon receipt of the EXORD, the executing agencies or organizations within the military departments then provide the articles and services to the drawdown recipient or recipients. The SAMM and DSCA Handbook provide guidance for DSCA, the military departments, and other DOD components to follow when planning and executing drawdowns.

Prior GAO Work on Presidential Drawdowns

We previously reported in April 2016 on additional provisions included in the House Armed Services Committee report. In that report, we found that, inconsistent with federal internal control standards, State lacked readily available documents related to drawdowns, and there was no mechanism to centrally manage key drawdown documents within State.

⁸The President may authorize up to \$325 million each fiscal year under the three drawdown authorities.

⁹According to Section 652 of the Foreign Assistance Act of 1961, Pub. L. No. 87-195 (Sept. 4, 1961), as amended, before intending to exercise the authority provided by Sections 506(a)(1) and 552(c)(2) of the Foreign Assistance Act, the President must notify the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate in writing of each intended exercise, the authority to be exercised, and the justification for, and the extent of, the exercise of authority. Section 506(b) of the Act further requires prior notification to the Committee on Foreign Affairs of the House of Representatives and the Committee on Appropriations of each House of Congress.

Further, DOD had not submitted certain reports to Congress since 2011, despite a legal requirement to keep Congress fully and currently informed regarding assistance provided through drawdowns under one specific authority. We recommended that (1) State should assign responsibility or establish a mechanism to maintain key drawdown documents and (2) DOD report more frequently on defense articles and services provided through drawdowns. State did not agree with the finding and did not concur with our recommendation to establish a mechanism to maintain documents but subsequently stated that the department does believe it would be helpful to compile all documentation concerning security-related drawdowns in a single repository and that the appropriate office had established an electronic shared file folder for this purpose. DOD agreed that it should report more frequently on drawdowns.¹⁰

We also previously reported in 2002 on the use of drawdowns. At that time, DOD officials told us that drawdowns have potential impacts on military readiness and budgets. Specifically, DOD and military service officials stated that unreimbursed costs associated with a drawdown negatively affect the readiness of the U.S. military services. However, those officials could not provide any examples of programs forgone or specific deficiencies in unit readiness. We also found that the military services, in 2000, had reported to DSCA on the effect on readiness of drawdowns for counternarcotics efforts. Generally, the military services had characterized the effect as dollars spent on unplanned contingencies and, therefore, not available to support other requirements. In that report, we did not make recommendations with regard to the potential impacts of drawdowns on readiness and budgets.¹¹

According to DSCA officials, the SAMM was updated in 2003 to state that when developing the interagency drawdown package, the military departments are to assess their ability to meet interagency-proposed requirements and are to review the impact of the drawdown on operational readiness and O&M budgets. DSCA officials said that this requirement was added after DSCA surveyed members of the DOD

¹⁰GAO, *Security Assistance: Better Records Management and More Reporting Needed on Presidential Drawdowns*, [GAO-16-291](#) (Washington, DC: Apr. 12, 2016).

¹¹GAO, *Foreign Assistance: Reporting of Defense Articles and Services Provided Through Drawdowns Needs to Be Improved*, [GAO-02-1027](#) (Washington, DC: Sept. 20, 2002).

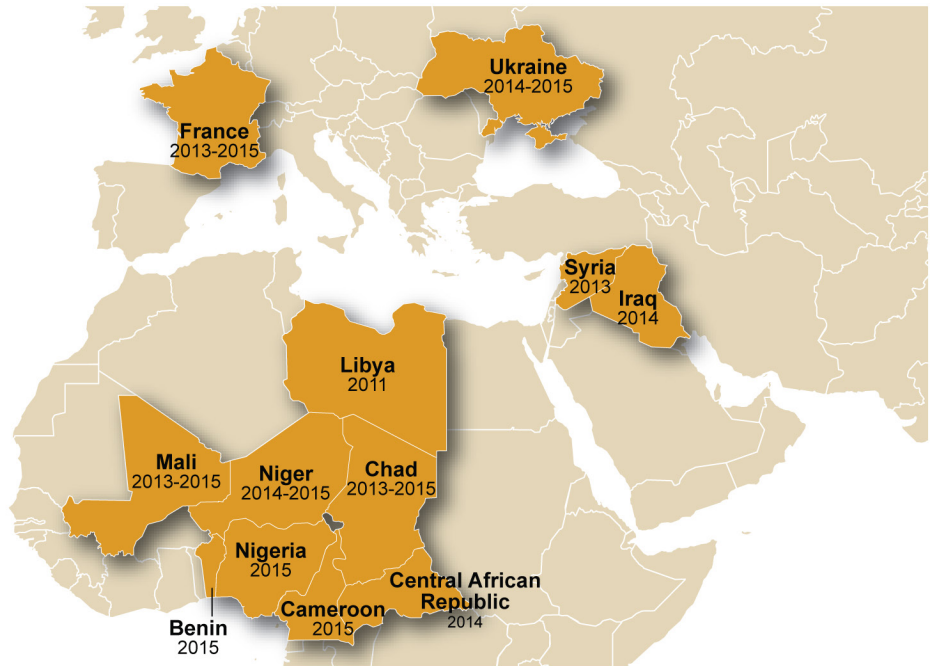
security cooperation community about what changes they would like to see in the 2003 update to the SAMM. Community members responded that they would like for the SAMM to provide more information on drawdowns, which resulted in a summary of the drawdown process being added to the SAMM. The requirement for readiness and budget impact assessments was added as part of the drawdown process.

The President Has Authorized 13 Drawdowns since 2011 to Provide Security Assistance and Build Foreign Partner Capacity

Since fiscal year 2011, the President has authorized 13 drawdowns to provide security assistance and build foreign partner capacity to France, Iraq, Syria, Ukraine, and West and Central Africa (see fig. 1). According to State and DOD data, the total value of articles and services authorized for these drawdowns for fiscal years 2011 through 2015 was \$321.5 million. State and DOD reported that the total value of articles and services delivered was approximately \$194.8 million as of August 2016 (see table 1).¹² The drawdowns of articles and services were under Sections 506(a)(1) and 552(c)(2) of the Foreign Assistance Act. None of these drawdowns used the Section 506(a)(2) authority.

¹²State officials said that the authority for a drawdown does not expire, and that the drawdown can be used until the maximum dollar amount established for it in the Presidential Determination is reached, or until the crisis has been dealt with or the foreign policy goal has been met.

Figure 1: Authorized Recipients of Presidential Drawdowns, Fiscal Years 2011-2015



Source: GAO analysis of Departments of State and Defense data, MapArt (map). | GAO-17-26

Table 1: Drawdowns of Articles and Services Authorized in Fiscal Years 2011–2015

Fiscal year	Countries involved	Authority used ^a	Amount authorized by the President	Amount of authorization used as of August 2016
2011	Libya	552(c)(2)	\$25,000,000	\$15,602,448
2013	Chad and France for operations in Mali	506(a)(1)	\$50,000,000	\$50,000,000
2013	Syria	552(c)(2)	\$10,000,000	\$5,921,660
2013	Syria	552(c)(2)	\$15,000,000	\$750,000
2014	Countries supporting the African Union-led International Support Mission in the Central African Republic	506(a)(1)	\$60,000,000	\$32,260,312
2014	France for operations in Mali, Niger, and Chad	506(a)(1)	\$10,000,000	\$10,000,000
2014	Iraq	506(a)(1)	\$25,000,000	\$15,717,910
2014	Ukraine	506(a)(1)	\$5,000,000	\$4,898,578
2014	Ukraine	552(c)(2)	\$20,000,000	\$6,896,417

Fiscal year	Countries involved	Authority used ^a	Amount authorized by the President	Amount of authorization used as of August 2016
2015	France for operations in Mali, Niger, and Chad	506(a)(1)	\$35,000,000	\$30,696,830
2015	Benin, Cameroon, Chad, Niger, Nigeria	506(a)(1)	\$45,000,000	\$2,052,673
2015	Ukraine	506(a)(1)	\$20,000,000	\$20,000,000
2015	Ukraine	552(c)(2)	\$1,500,000	\$0
Total			\$321,500,000	\$194,800,000

Source: GAO analysis of Departments of State and Defense documents and *Federal Register* notices. | GAO-17-26

^aThe President may draw down articles and services under three authorities: Section 506(a)(1), Section 506(a)(2), and Section 552(c)(2) of the Foreign Assistance Act of 1961, as amended. There were no drawdowns under Section 506(a)(2) between fiscal years 2011 and 2015.

Since fiscal year 2013, the President authorized five drawdowns under Section 506(a)(1) to provide airlift and aerial refueling support, as well as other defense support, toward countering terrorists and violent extremists in West and Central Africa. These five authorizations totaled \$200 million and are in various stages of execution. As of August 2016, the value of articles and services delivered was approximately \$125.0 million, constituting about 64 percent of all articles and services delivered under the 13 total drawdowns. The drawdown efforts have been in three areas: (1) airlift and aerial refueling assistance to France and Chad in their efforts to secure Mali from terrorists and violent extremists; (2) defense articles and support to countries supporting the African Union-led International Support Mission in the Central African Republic; and (3) defense services, including airlift and military education and training, to support Benin, Cameroon, Chad, Niger, and Nigeria in their efforts to defeat the terrorist group Boko Haram. State officials stated that these drawdowns provided just-in-time defense and helped peacekeeping on the African continent while furthering the security and foreign policy goals of the United States. For example, State officials said that the airlift facilitated the deployment of thousands of peacekeeping troops and that defense articles such as barriers facilitated the creation of headquarters for the international forces in the Central African Republic.

In fiscal years 2014 and 2015, the President authorized a total of four drawdowns to provide military assistance, improve peacekeeping operations, and provide defense articles and services and nonlethal commodities in Ukraine. These four authorizations—including two under Section 506(a)(1) and two under Section 552(c)(2)—totaled \$46.5 million, with \$31.8 million of the authority used as of August 2016. DOD records show that for the 2014 drawdowns, the military departments provided

vehicles, power generators, medical supplies, clothing, and plumbing and heating equipment. For the 2015 drawdowns, DOD records show that the military services provided radar systems with test equipment and spare parts.

The President also authorized four drawdowns that supported countries experiencing political instability, such as in Libya, and to combat the Islamic State of Iraq and Syria in Iraq and provide assistance to the Syrian Opposition Coalition and the Syrian Opposition's Supreme Military Council. In fiscal year 2011, a drawdown of \$25 million was authorized under Section 552(c)(2) to provide commodities and services to Libya to support efforts to protect civilians and civilian populated areas under threat of attack. As of August 2016, approximately \$15.6 million of the authority had been used for items such as clothing, medical and dental supplies, portable structures, and the transportation costs incurred in delivering these items.

In fiscal year 2013, the President authorized two drawdowns totaling \$25 million under Section 552(c)(2) to support the Syrian Opposition Coalition and the Syrian Opposition's Supreme Military Council for nonlethal commodities and services. As of August 2016, approximately \$5.9 million of the \$10 million authorized for one drawdown had been used for food, dental and medical supplies, and airlift costs and, according to State officials, \$750,000 of the \$15 million authorized for the second drawdown had been used for food, medical equipment, and office materials. According to State officials, the political situation in Syria caused the cessation of these transfers.

In fiscal year 2014, the President authorized a drawdown of \$25 million in defense articles and services under Section 506(a)(1) to provide immediate military assistance to the Government of Iraq, including the Kurdistan Regional Government, to aid their efforts to combat the Islamic State of Iraq and Syria. As of August 2016, approximately \$15.7 million of this authority had been used, with the bulk of the funding used for the delivery of 50 mine-resistant, ambush-protected vehicles with minefield detectors.







State and DOD Implemented Some but Not All Steps for Planning and Executing Drawdowns

State and DOD implemented some but not all steps in their stated processes for planning and implementing drawdowns authorized from fiscal years 2011 through 2015, but the military departments did not conduct required impact assessments. As a key player in planning drawdowns, State implemented steps such as preparing justification packages and providing notifications to Congress. DSCA, which takes the lead for drawdowns within DOD, worked with the military departments to plan and implement drawdowns consistent with the guidance in the SAMM and DSCA Handbook. However, the Army and Air Force—which provided 96 percent of the dollar amount of all articles and services for drawdowns authorized from fiscal years 2011 through 2015—did not assess the impact of drawdowns on readiness and budgets as required by the guidance.

State Implemented Steps in the Drawdown Planning Process

On the basis of available documentation and interviews with officials, we found that State had implemented three steps in the drawdown planning process for which it was responsible (see fig. 2).

Figure 2: State and DOD Stated Processes for Presidential Drawdowns of Articles and Services and GAO Assessment of Agency Actions

Process steps	Impact Assessment	Memorandum of Justification	Congressional Notification	Execute Orders	Reports to Congress
<p>Agreement to use drawdown authorities</p> <p>Agency responsibility</p>  <p>In response to an international crisis, State, DOD, and other agencies agree to use a presidential drawdown authority to provide defense articles, services, or both.</p>	 <p>DOD guidance states that the military departments are to review the potential impact of each planned drawdown on operational readiness and O&M budgets prior to authorization and execution.</p>	 <p>State provides a justification package for approval by the President.</p> <p>The Executive Office of the President reviews the package and directs State to notify Congress.</p>	 <p>State notifies Congress of the intent to use drawdown authority. The President signs the determination and directs the execution of the drawdown or delegates this authority to State. State notifies Congress of the determination.</p>	 <p>DSCA provides authorizations and the military services execute orders for defense articles and services to be provided.</p>	 <p>DSCA prepares and sends a report to Congress on all articles and services provided under Section 506(a)(2) of the Foreign Assistance Act, as amended.</p>
GAO assessment of agency actions					
●	○	●	●	●	○

- Step taken by the Department of Defense or State.
- Step not taken by the Department of Defense or State.

DOD: Department of Defense
DSCA: Defense Security Cooperation Agency
O&M: Operation and Maintenance
State: Department of State

Source: GAO analysis of DOD and State data. | GAO-17-26

In the first step of the process, State, working with DOD and other agencies, agrees to use drawdown authorities in response to an international crisis. Section 506(a)(1)(B) of the Foreign Assistance Act, as amended, provides that the drawdown authority can be used only when the President determines and reports to Congress that the emergency

requirement cannot be met under the authority of the Arms Export Control Act or any other provision.¹³ Section 552(c)(2) of the Foreign Assistance Act, as amended, states that, as the result of an unforeseen emergency, the provision of assistance under this part of the Act in amounts in excess of funds otherwise available for such assistance is important to the national interests of the United States and that such unforeseen emergency requires the immediate provision of assistance under this part of the Act. State officials said that the determination as required by these drawdown authorities is documented in a Memorandum of Justification and in the Presidential Determination, which is signed by the President and published in the *Federal Register*. State provided Memoranda of Justification, Presidential Determination letters, and other related documents for each of the 13 drawdowns for fiscal years 2011 through 2015.

State officials said that when they are considering whether to use a drawdown authority, they perform a review of various authorities and funding sources to determine whether the use of a drawdown authority is appropriate. State officials noted that there are many foreign assistance authorities intended for various purposes. Drawdown authorities in particular can allow State to provide assistance in emergency situations outside of the regular 3-year budget cycle. The officials noted that the drawdown authorities were particularly useful for providing airlift support in Africa, as there are not many other authorities that can be used for this purpose. The officials also noted that there are other authorities available in emergency situations, and these authorities have been used instead of drawdowns. For example, during the Ebola crisis in West Africa in 2014, State requested over \$2 billion in emergency funds but did not use drawdown authority. In addition, State provided signed congressional notifications to us for all of the drawdowns, showing it had completed this step in the process.

¹³According to State officials, State may be able to provide comparable assistance via various provisions in the Arms Export Control Act (codified as amended at 22 U.S.C. 2751 et seq.), as well as other authorities.

DOD Implemented Drawdowns, but the Army and Air Force Did Not Assess the Impact of Drawdowns on Readiness and Budgets

Consistent with the drawdown process identified in the SAMM and DSCA Handbook, DSCA worked with the military departments to implement drawdowns. The guidance calls for DSCA to work with the military departments to identify available resources for drawdowns, develop an EXORD that guides the drawdown, and maintain data on the execution of the drawdown. We found that DSCA fulfilled these steps. For example, DSCA officials said they work with the military departments and other DOD entities to determine what specific assistance the military departments will provide and which military department will provide it. According to officials, this coordination occurs by e-mail and phone. Based on those determinations, the appropriate DSCA Country Program Director develops an EXORD—which may be subsequently updated with additional guidance—that provides direction to the various DOD components involved. We found that DSCA had developed EXORDs for the 12 drawdowns authorized from fiscal years 2011 through 2015 for which DOD provided articles and services.¹⁴ Finally, DSCA tracks the execution of the drawdown by maintaining data on articles and services, along with their value, in an automated database, the DSCA 1000 System. The military departments provide execution data to DSCA, and DSCA enters the data into its 1000 System. We found DSCA maintained execution data on the 12 drawdowns for which it provided articles and services, as discussed earlier in this report. As we noted in our April 2016 report, DSCA has not reported to Congress on any of the instances in which drawdown authorities have been used since 2011. In its comments on that report, DOD agreed that it should report more frequently on drawdowns.¹⁵

However, during the planning process and prior to implementing drawdowns, the Army and Air Force did not assess the potential impact of drawdowns to readiness and budgets as required by the SAMM and DSCA Handbook. The SAMM and DSCA Handbook state that the military departments are to review the potential impact of each planned drawdown on operational readiness and O&M budgets prior to

¹⁴DOD did not provide any articles or services in support of the 2013 drawdown to Syria that the President directed under the authority of Foreign Assistance Act Section 552(c)(2) for up to \$15 million in nonlethal commodities and services from any department or agency of the United States to provide assistance to the Syrian Opposition Coalition and the Supreme Military Council.

¹⁵[GAO-16-291](#).

authorization and execution. The SAMM and DSCA Handbook direct DSCA to coordinate any readiness impacts that are identified by the military departments with the Chairman of the Joint Chiefs of Staff and, if required, refer questions regarding readiness impacts to the Secretary of Defense or Deputy Secretary of Defense. With respect to budget impacts, drawdown costs are to be balanced among the military departments as much as possible, and DSCA is to serve as an “honest broker” for the equitable distribution of requirements.

Army and Air Force officials we spoke with told us they had not conducted readiness and budget impact assessments prior to drawdowns. Although officials from both military departments stated that they use the SAMM and DSCA Handbook as guidance for planning and executing drawdowns, no officials we spoke with said they were familiar with the requirement to conduct impact assessments. Officials from Army and Air Force organizations that plan and implement drawdowns were not aware of any impact assessments and told us that, if these assessments were to be done, they would be done by readiness officials. Army and Air Force readiness officials told us they were not aware of the drawdowns until we shared information on these drawdowns with them, and they stated that they have not been tasked with assessing their readiness impacts. They added that the traditional readiness reporting they oversee is not suited to capturing such assessments.¹⁶

The impact assessments were not conducted, in part, because neither the Army nor the Air Force has issued department-specific guidance that assigns responsibility and identifies the steps to be taken for conducting impact assessments. According to *Standards for Internal Control in the Federal Government*, management should design control activities to achieve objectives and respond to risk. Examples of control activities include reviews of performance by management at the functional or activity level and appropriate documentation of internal control. In addition, management should establish and operate monitoring activities

¹⁶DOD uses its readiness assessment system to assess the ability of units and joint forces to fight and meet the demands of the national security strategy. DOD’s readiness assessment and reporting system is designed to assess and report on military readiness at three levels: (1) the unit level; (2) the joint force level; and (3) the aggregate, or strategic, level.

to assess the quality of performance over time.¹⁷ By not following DOD guidance for conducting readiness and budget impact assessments, the Army and Air Force are not in a position to identify and mitigate potential negative impacts that could result from providing the defense articles and services under consideration for inclusion in a drawdown package.

Another contributing factor is that DSCA does not determine whether the military departments have completed the required impact assessments. DSCA officials told us they do not ask for or review impact assessments from the military departments before proceeding with the drawdowns. According to the officials, assessing operational readiness and managing budgets are the responsibility of the military departments, and they do not consider oversight of such activities part of their role when planning for drawdowns. In addition, the officials said they were not aware of any readiness impacts within recent years that had been raised to the level of the Secretary of Defense or Deputy Secretary of Defense for consideration. However, the DSCA Handbook states that one of the key roles of the DCSA Country Program Directors is to ensure that impacts of the drawdown are balanced among the services as much as possible. In addition, as noted earlier, federal internal control standards state that management should design control activities to achieve objectives and respond to risk. Examples of common categories of control activities include reviews by management at the functional or activity level, establishment and review of performance measures and indicators, and appropriate documentation of internal control. DSCA does not have an internal control mechanism for determining whether the required impact statements have been completed before moving forward with drawdown planning and execution.

Some military department organizations involved in drawdown execution have standard operating procedures they follow that are designed to facilitate drawdown execution, but none include impact assessments for the planning stage. Some of the officials who facilitate drawdown execution told us that since they do not work on drawdown execution on a regular basis, it helps to have standard operating procedures that they can refer to when a drawdown occurs. The standard operating procedures that we reviewed included the steps for ensuring that all

¹⁷[GAO/AIMD-00-21.3.1](#).

articles and services were delivered to the drawdown recipient and how to report delivery status and costs to DSCA. According to officials, some mechanisms are built in to executing organizations' existing processes and procedures that help mitigate a potential readiness impact or inability to implement a drawdown. For example, U.S. Transportation Command and the Air Force have mechanisms built into the planning for airlift and aerial refueling missions that reprioritize drawdown missions if resources are needed for a higher priority mission.

Conclusions

State implemented steps for which it was responsible in the executive branch's process for providing assistance using drawdown authorities. DOD implemented most steps in the drawdown process, but the Army and Air Force—which provided the most assistance from fiscal years 2011 through 2015—did not implement DOD's requirement to complete impact assessments of the drawdown assistance during drawdown planning. Neither military department has guidance that assigns responsibility and provides direction for carrying out this step, and DSCA has not checked whether such impact assessments are completed. In the absence of impact assessments, DOD is not in a position to identify and, if needed, mitigate potential negative impacts on military readiness that could result from providing the defense articles and services under consideration for inclusion in a drawdown package.

Recommendations for Executive Action

To implement DOD guidance requiring the military departments to prepare readiness and O&M budget impact assessments during drawdown planning, we recommend that the Secretary of Defense take the following two actions:

- Direct the Secretaries of the military departments to develop guidance that assigns responsibility for the preparation of impact assessments and includes direction on how such assessments should be conducted as part of drawdown planning.
- Direct the Director, DSCA, to develop an internal control mechanism to determine whether the military departments have completed the required impact assessments before moving forward with drawdown planning and execution.

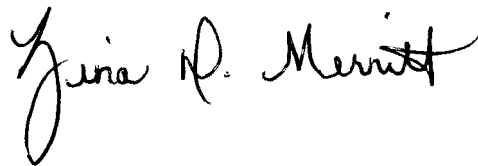
Agency Comments

In written comments on a draft of this report, DOD concurred with our two recommendations to implement DOD guidance requiring the military departments to prepare readiness and O&M budget impact assessments

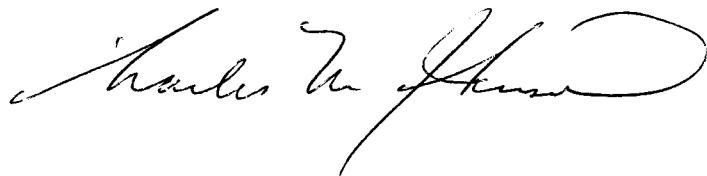
during drawdown planning. DOD's comments are reprinted in appendix I. State did not provide comments on the draft. DOD and State also provided us with technical comments, which we have incorporated into the report as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretary of State, the Secretary of Defense, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact Zina Merritt at (202) 512-5257 or merrittz@gao.gov, or Charles Johnson at (202) 512-7331 or johnsoncm@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 members who made key contributions to this report are listed in Appendix II.



Zina Merritt
Director, Defense Capabilities and Management



Charles Michael Johnson, Jr.
Director, International Affairs and Trade

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Appendix I: Comments from the Department of Defense

We received DOD's letter on October 5, 2016



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

Ms. Zina D. Merritt
Director, International Affairs & Trade
U.S. Government Accountability Office
441 G Street, NW
Washington DC 20548

Dear Ms. Merritt,

This is the Department of Defense (DoD) response to the GAO Draft Report GAO-17-26, "SECURITY ASSISTANCE: Guidance Needed for Completing Required Impact Assessments Prior to Presidential Drawdowns," dated September 8, 2016 (GAO Code 100196).

The Department concurs with the report recommendations as indicated in the attachment. We appreciate the opportunity to review and comment on this report.

If questions should arise, please have your action officers contact CAPT George Landis at (703) 693-6263.

Sincerely,



Lloyd G. Thrall
Deputy Assistant Secretary of Defense
Force Readiness

Attachment:
As stated

GAO DRAFT REPORT DATED SEPTEMBER 8, 2016
GAO-17-26 (GAO CODE 100196)

“SECURITY ASSISTANCE: GUIDANCE NEEDED FOR COMPLETING REQUIRED
IMPACT ASSESSMENTS PRIOR TO PRESIDENTIAL DRAWDOWNS”

DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATION

RECOMMENDATION: To implement DoD guidance requiring the military departments to prepare readiness and O&M budget impact assessments during drawdown planning, the GAO recommend that the Secretary of Defense direct the Secretaries of the military departments to develop guidance that assigns responsibility for the preparation of impact assessments and includes direction on how such assessments should be conducted as part of drawdown planning.

DoD RESPONSE: Concur

RECOMMENDATION: To implement DoD guidance requiring the military departments to prepare readiness and O&M budget impact assessments during drawdown planning, the GAO recommend that the Secretary of Defense direct the Director, DSCA to develop an internal control mechanism to determine whether the military departments have completed the required impact assessments before moving forward with drawdown planning and execution.

DoD RESPONSE: Concur: The Defense Security Cooperation Agency (DSCA) will develop an internal control mechanism to determine whether the military departments have completed the required impact assessments before moving forward with drawdown planning and execution.

Appendix II: GAO Contacts and Staff Acknowledgments

GAO Contacts

Charles Michael Johnson, Jr., (202) 512-7331 or johnsoncm@gao.gov

Zina Merritt, (202) 512-5257 or merrittz@gao.gov

Staff Acknowledgments

In addition to the contacts named above, Tom Gosling (Assistant Director), Jeff Phillips (Assistant Director), David Dayton, Martin de Alteriis, Leah DeWolf, Neil Doherty, Susannah Hawthorne, Jeff Isaacs, Eddie Uyekawa, Jose Watkins, and Alex Welsh made key contributions to this report.

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