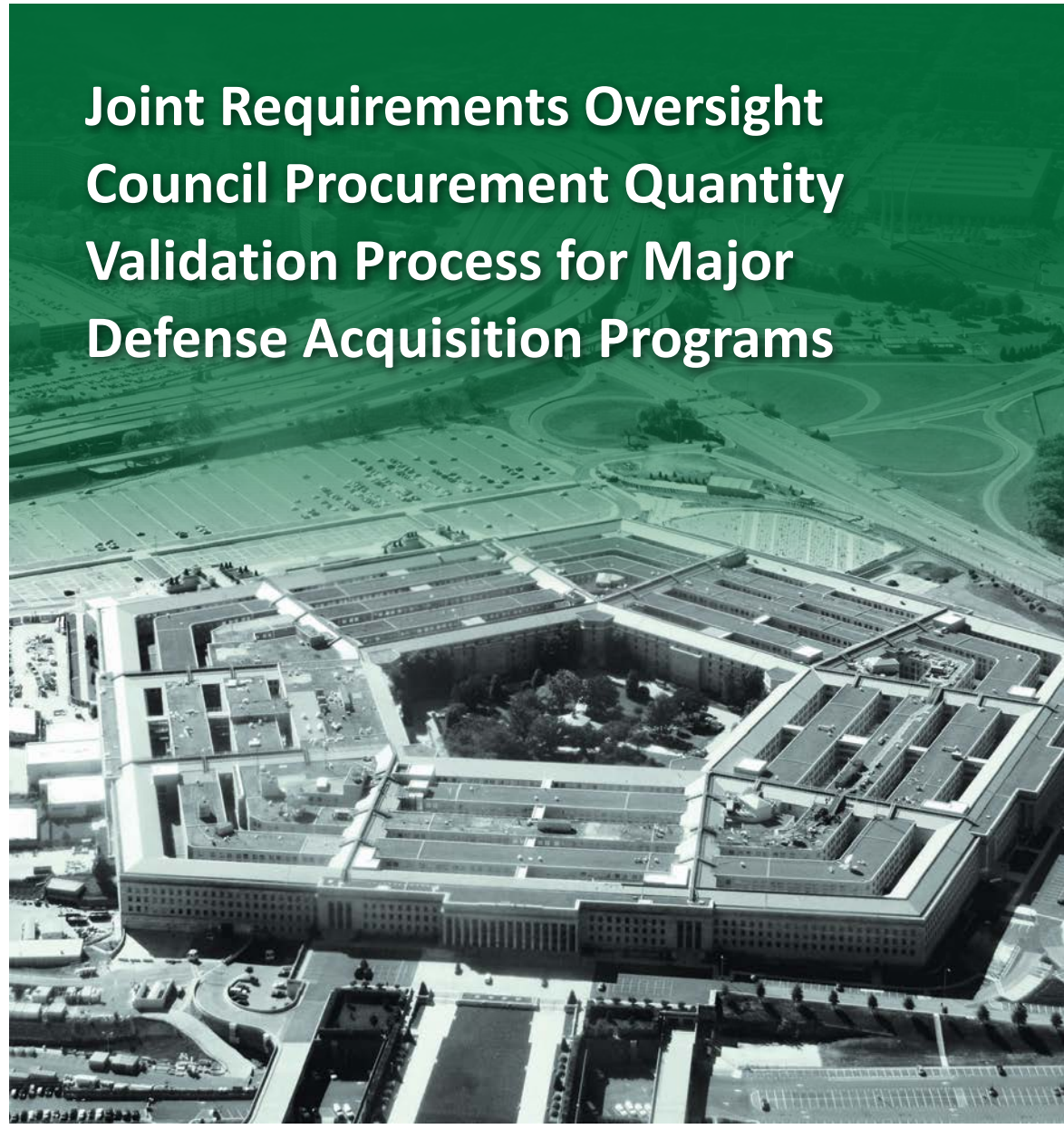


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INSPECTOR GENERAL

U.S. Department of Defense

SEPTEMBER 6, 2017



Joint Requirements Oversight Council Procurement Quantity Validation Process for Major Defense Acquisition Programs

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Results in Brief

Joint Requirements Oversight Council Procurement Quantity Validation Process for Major Defense Acquisition Programs

September 6, 2017

Objective

We determined whether the Joint Requirements Oversight Council (JROC) properly validated procurement quantities for Major Defense Acquisition Programs (MDAPs).

Background

We performed this audit because the DoD Office of Inspector General previously reported in three reports that the Army, Navy, and Air Force could not support or justify the need for procurement quantities of the Warfighter Information Network-Tactical Increment 2, the CH-53K Heavy Lift Helicopter, or the MQ-9 Reaper, respectively. The deficiencies identified in the three prior reports demonstrated that the DoD may waste billions of dollars on excess quantities for weapon systems. Therefore, we conducted this audit to review JROC's procedures for evaluating procurement quantities for MDAPs.

An MDAP is an acquisition program that is designated by the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD[AT&L]) or has an estimated total cost of more than \$480 million for research, development, test, and evaluation or \$2.79 billion for procurement. We nonstatistically selected the Navy's Littoral Combat Ship, the Air Force's KC-46A Tanker Modernization, and the Army's Joint Air-to-Ground Missile to review the JROC process for validating requirements documents.

The Military Services develop capability requirements documents and submit the documents to JROC for validation. Validation

Background (cont'd)

is the review and approval of capability requirements documents by a designated validation authority. The JROC Charter outlines and defines the participants in the JROC validation process. JROC is chaired by the Vice Chairman, Joint Chiefs of Staff, and consists of generals and admirals from the Military Services and combatant commands.

Three versions of section 181 in title 10 of the United States Code (U.S.C.) are relevant to this audit. According to 10 U.S.C § 181 (2007), JROC is required to assist the Chairman of the Joint Chiefs of Staff in identifying, assessing, and approving joint military requirements. Joint military requirements are the capabilities necessary to fill or prevent a gap in a DoD core mission area, and requirements documents must describe the quantities of assets required to attain the capability requirements. Therefore, under 10 U.S.C § 181 (2007), JROC has had a duty to assess and review procurement quantity as part of its validation of MDAPs since 2007.

In 2013, the law was amended and required JROC to assist the Chairman of the Joint Chiefs of Staff by ensuring appropriate tradeoffs were made among life-cycle cost, schedule, performance, and procurement quantity when establishing and approving joint military requirements. This was the first time the law included specific reference to procurement quantity in the JROC responsibilities.

During the audit, Public Law 114-328, "The National Defense Authorization Act for Fiscal Year 2017," December 23, 2016, amended 10 U.S.C. § 181 (2013) and revised the responsibilities of JROC. As amended, 10 U.S.C. § 181 (2017) transfers JROC's responsibilities for ensuring appropriate tradeoffs among life-cycle cost, schedule, performance, and procurement quantity to a new investment review process the Secretary of Defense is required to establish for MDAPs that reach Milestone A after October 1, 2017. DoD Instruction 5000.02, "Operation of the Defense Acquisition System," January 7, 2015, defines acquisition Milestone A as an acquisition investment decision to pursue specific product or design concepts, and to commit resources to develop technology and reduce risks before committing resources for system development.



Results in Brief

Joint Requirements Oversight Council Procurement Quantity Validation Process for Major Defense Acquisition Programs

Finding

JROC officials accepted MDAP procurement quantities that were included in requirements documents provided by Military Service acquisition officials but did not obtain input and reviews for procurement quantity from officials within the Office of the Secretary of Defense when validating requirements documents. This occurred because Joint Capabilities Integration and Development System guidance does not define JROC roles and methods for assessing and reviewing procurement quantity. As a result, JROC officials could not ensure that appropriate tradeoffs were made between life-cycle cost, schedule, performance, and procurement quantity in accordance with 10 U.S.C. § 181 (2013).

Additionally, JROC officials may validate requirements documents with inaccurate procurement quantities for programs that reached, or will reach, Milestone A on or before October 1, 2017, which could result in the Military Services buying more weapon systems than necessary and wasting billions of dollars. As of March 2017, JROC was validating requirements documents for 13 MDAPs with estimated total costs exceeding \$140 billion.

Recommendations

We recommend the Vice Chairman of the Joint Chiefs of Staff identify the MDAPs that have reached, or will reach, Milestone A on or before October 1, 2017, and will not be affected by the new investment review process required by the FY 2017 change to 10 U.S.C. § 181.

For these programs, we recommend that the Vice Chairman of the Joint Chiefs of Staff:

- establish a practice within JROC to consistently evaluate procurement quantity submitted by sponsors and execute procedures to assess the validity and accuracy of the procurement quantity submitted by sponsors;

- require subordinate boards to obtain input and reviews from advisors and stakeholders to assess and review procurement quantity;
- establish expectations for stakeholders and advisors, particularly the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Director, Cost Assessment and Program Evaluation, to assist JROC in evaluating procurement quantity throughout the validation process; and
- document and maintain the methodology for evaluating procurement quantity for each validation decision.

We also recommend that the Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff, for MDAPs that reach Milestone A after October 1, 2017:

- clearly define the roles and responsibilities for supporting the new investment review process required by the FY 2017 change to 10 U.S.C. § 181 in ensuring appropriate tradeoffs are made among life-cycle cost, schedule, performance, and procurement quantity when developing recommendations for program costs;
- clearly define the roles for assessing, reviewing, and analyzing procurement quantity;
- develop and implement oversight procedures and accountable methods to ensure that procurement quantity is evaluated; and
- establish expectations and accountability for the Director, Cost Assessment and Program Evaluation, in ensuring appropriate tradeoffs are made among life-cycle cost, schedule, performance, and procurement quantity.



Results in Brief

Joint Requirements Oversight Council Procurement Quantity Validation Process for Major Defense Acquisition Programs

Management Comments and Our Response

The Vice Chairman of the Joint Chiefs of Staff provided comments on the finding and stated that requirements oversight is a complex process that includes participation of leaders across the DoD. The Vice Chairman also stated that JROC does not assess nor establish procurement quantities in isolation but rather considers them in the entire context between cost, schedule, performance and procurement quantity to determine the most effective means to satisfy the capability need.

The Vice Chairman stated the Joint Staff believes the report was written without a complete understanding of the validation process; contained several misleading statements that implied the JROC process resulted in wasteful spending; and included technical errors in its discussion of several MDAPs.

We agree with the Vice Chairman that requirements oversight is a complex process that includes participation of leaders across the DoD. Overall, however, we found a lack of evidence revealing actual consideration by JROC of procurement quantity. We found no instances where JROC obtained input for procurement quantity from stakeholders and advisors. JROC is the final validation authority on requirements documents that link warfighter needs, acquisition, and funding activities.

We concluded that the JROC process for validating procurement quantities may result in inaccurate procurement quantities. Based on the dollar values of the programs we reviewed in this and the previous DoD OIG audit reports we identified, we consider it reasonable to have stated that if JROC validated a requirements document for an MDAP with an inaccurate procurement quantity, billions of dollars could be wasted.

The Vice Chairman's response accepted the recommendations, but did not address the recommendations, or identify a completion date; therefore, the recommendations are unresolved and remain open. We request the Deputy Secretary of Defense and Vice Chairman of the Joint Chiefs of Staff, specifically address the recommendations by October 6, 2017.

Please see the Recommendations Table on the next page.

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Deputy Secretary of Defense	2.a, 2.b.1, 2.b.2, and 2.b.3	None	None
Vice Chairman of the Joint Chiefs of Staff	1.a, 1.b.1, 1.b.2, 1.b.3, 1.b.4, 2.a, 2.b.1, 2.b.2, and 2.b.3	None	None

Please provide Management Comments by October 6, 2017.

Note: The following categories are used to describe agency management's comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – OIG verified that the agreed upon corrective actions were implemented



**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500**

September 6, 2017

MEMORANDUM FOR DEPUTY SECRETARY OF DEFENSE
UNDER SECRETARY OF DEFENSE FOR ACQUISITION,
TECHNOLOGY, AND LOGISTICS
VICE CHAIRMAN OF THE JOINT CHIEFS OF STAFF
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
JOINT STAFF AUDITOR GENERAL


SUBJECT: Joint Requirements Oversight Council Procurement Quantity Validation Process
for Major Defense Acquisition Programs (Report No. DODIG-2017-117)

We are providing this report for review and comment. Joint Requirements Oversight Council officials validated requirements documents that may contain inaccurate procurement quantities. As of March 2017, the Joint Requirements Oversight Council was validating requirements for 13 Major Defense Acquisition Programs, with estimated total costs exceeding \$140 billion; however, JROC officials could not ensure that appropriate tradeoffs were made between life-cycle cost, schedule, performance, and procurement quantity.

We considered management comments on a draft of this report. The Vice Chairman of the Joint Chiefs of Staff accepted the recommendations, but did not address the recommendations, or identify a completion date. Therefore, the recommendations are unresolved and remain open. DoD Instruction 7650.03 requires that recommendations be resolved promptly. We request that the Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff provide additional comments on the final report by October 6, 2017. Comments provided to the final report must be marked and portion-marked, as appropriate, in accordance with DoD Manual 5200.01.

Please send a PDF file containing your comments to asm@dodig.mil. Copies of your comments must have the actual signature of the authorizing official for your organization. We cannot accept the /Signed/ symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Please direct questions to Sarah Davis at (703) 604-9031 (DSN 664-9031).


Jacqueline L. Wiccarver
Deputy Inspector General
for Audit

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Introduction

Objective

We determined whether the Joint Requirements Oversight Council (JROC) properly validated procurement quantities for Major Defense Acquisition Programs (MDAPs). See Appendix A for a discussion of our scope and methodology.

Background

Prior DoD OIG Audit Reports on Unsupported Procurement Quantity

We performed this audit because the DoD OIG previously reported in three reports that the Army, Navy, and Air Force could not support or justify the need for procurement quantities. The conditions identified in the three prior reports demonstrated that the Department may waste billions of dollars on excess quantities for weapon systems. Therefore, we conducted this audit to review JROC's procedures for evaluating procurement quantities. The following is a brief summary of those reports.

Department of Army—Warfighter Information Network-Tactical Increment 2

DODIG-2016-058, "Army Warfighter Information Network-Tactical Increment 2 Procurement Quantity Not Supported for Future Army Forces," March 1, 2016, reported that Army officials calculated the Warfighter Information Network-Tactical Increment 2 planned procurement quantity of 3,674 but could not support the need for the planned procurement quantity throughout the life cycle. This occurred because Army officials used an unapproved force structure, did not update plans, or follow required processes for validating the planned quantity and cost in the capability production document. In addition, the Army determined the portfolio for the capability requirement was unaffordable and unsustainable; therefore, changes to the portfolio would impact the Warfighter Information Network-Tactical Increment 2 planned procurement quantity. The Warfighter Information Network-Tactical Increment 2 planned procurement quantity and cost increased by 100 percent and about \$5.9 billion. As a result, the Army had no assurance that the planned procurement quantity of 3,674, at a cost of \$9.1 billion, is necessary or valid.

Department of the Air Force—MQ-9 Reaper Unmanned Aircraft System

DODIG-2014-123, "Air Force Did Not Justify the Need for MQ-9 Reaper Procurement Quantities," September 30, 2014, reported that the Air Force did not justify the need for the planned procurement quantity of 401 MQ-9 Reaper aircraft, at an

estimated cost of \$76.8 billion. Air Force officials did not follow the guidance to obtain JROC approval for increased quantity, and conduct and maintain consistent, complete, and verifiable analyses for determining the necessary aircraft quantity. As a result, the Air Force risked spending \$8.8 billion to purchase, operate, and maintain 46 MQ-9 Reaper aircraft it may not need.

Department of the Navy—CH-53K Heavy Lift Helicopter

DODIG-2013-084, “Increased Procurement Quantity for CH-53K Helicopter Not Justified,” May 31, 2013, reported that Marine Corps officials did not support the need to increase the procurement quantity from 156 to 200 CH-53K helicopters. Marine Corps officials did not follow the guidance or obtain JROC approval; did not have requirements studies supporting the increased procurement quantity and consider program affordability; incorrectly relied on a 2008 memorandum from the Deputy Commandant for Aviation; incorrectly used the 2010-2011 Force Structure Review’s war-gaming scenarios as justification for the procurement quantity increase; and did not justify or appropriately consider the impact of anticipated manpower reductions. As a result, the Marine Corps risked unnecessarily spending \$22.2 billion for 44 additional aircraft that may not be needed.

Requirements Documents

The Joint Capabilities Integration and Development System (JCIDS) Manual states that requirements documents provide the link between capability requirements, acquisition, and funding activities.¹ Capability development documents and capability production documents are requirements documents, validated by JROC, that are used to develop and produce the acquired weapon system. According to the JCIDS Manual, requirements documents must identify the required procurement quantity for operations, training, sustainment, and attrition. It is essential that requirements documents define the quantities the user needs to conduct mission operations. According to the JCIDS Manual, the capability development document and the capability production document must describe the types and quantities of assets required to attain initial operational capability and full operational capability. The manual explains a validated capability development document is necessary to commit funds and initiates developing the weapon system that will be produced and delivered to the user, and a validated capability production document is required to commit funds and initiate production.

DoD Instruction 5000.02 requires JROC to validate the requirements documents for all MDAPs.² An MDAP is an acquisition program that is designated by the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD[AT&L]) or

¹ “Manual for the Operation of the Joint Capabilities Integration and Development System (JCIDS),” February 12, 2015.

² DoD Instruction 5000.02, “Operation of the Defense Acquisition System,” January 7, 2015.

has an estimated total cost of more than \$480 million for research, development, test, and evaluation or \$2.79 billion for procurement. JCIDS Instruction defines JROC validation as the review and approval of requirements documents.³ Validated requirements documents are necessary for MDAPs to proceed to the next milestone decision. Milestone decisions are review points to assess a program's readiness to proceed to the next acquisition phase, such as proceeding from the development phase to the production phase of the acquisition life cycle.

JROC Validation Process

The Military Services develop requirements documents and submit the documents to JROC for validation. The JCIDS Manual explains that the validation process includes a review and assessment of how well the capability requirements documents address needs, priorities, and policies of the DoD. This review leads to recommendations for validation. Recommendations for validation summarize life-cycle cost, schedule, and quantity requirements. By agreeing to recommendations for validating capability requirements documents, JROC certifies that the capability documents meet the needs of the DoD. More specifically, the JCIDS Manual states JROC provides validation that:

- the capability requirements and proposed initial operational capability or full operational capability for capability solutions meet the national military strategy and the needs of the Combatant Commands;
- the capability requirements address the priorities of the joint force and do not represent unnecessary redundancy in capabilities; and
- capability solutions have had appropriate consideration of tradeoffs between life cycle-cost, schedule, performance, and quantity.

The JROC Charter outlines and defines the participants of the JROC validation process.⁴ Participants and their responsibilities are listed below.

Gatekeeper

The Joint Staff gatekeeper's primary function is to manage and maintain the requirements documents. When a requirements document is submitted, the gatekeeper conducts a preliminary review and makes certain the sponsor has completed all sections of the requirements documents before the stakeholders provide comments.

³ Chairman of the Joint Chiefs of Staff Instruction 3170.01I, "Joint Capabilities Integration and Development System," January 23, 2015.

⁴ Chairman of the Joint Chiefs of Staff Instruction 5123.01G, "Charter of the Joint Requirements Oversight Council (JROC)," February 12, 2015.

Stakeholders

Stakeholders include the Military Services, combatant commands, and Joint Staff. Stakeholders review and comment on the requirements documents to ensure that the proposed requirements align with the needs, priorities, and policies of the DoD.

Advisors

Advisors provide acquisition and resource related expertise to the JROC Chair and JROC's subordinate boards throughout the validation process. Advisors to JROC include the USD(AT&L) and Director, Cost Assessment and Program Evaluation (CAPE). The USD(AT&L) is the principal staff assistant and advisor to the Secretary of Defense for all matters relating to the DoD acquisition process. CAPE officials provide analysis and advice for the planning, programming, budgeting, and execution process, and independent analytic advice on all aspects of DoD programs.

Sponsors

Sponsors develop and submit requirements documents to the gatekeeper for validation and resolve all comments from stakeholders and advisors on the requirements documents to the satisfaction of the Functional Capabilities Board (FCB). Sponsors consist of the Army, Marine Corps, Navy, Air Force, and other DoD agencies. The sponsor has 30 days to respond and resolve stakeholder comments.

Functional Capabilities Board

The FCB coordinates stakeholder comments with the sponsor to ensure they are resolved. The FCB Chair is ultimately responsible for providing a validation recommendation to the Joint Capabilities Board (JCB). During the FCB review stage, the FCB Chair ensures that capability requirements, changes to previously validated capability requirements, or adjudication of other issues, provide best value to the warfighter. Any unresolved concerns are elevated to the JCB. Once the review is completed by the FCB, the FCB submits a recommendation to the JCB.

Joint Capabilities Board

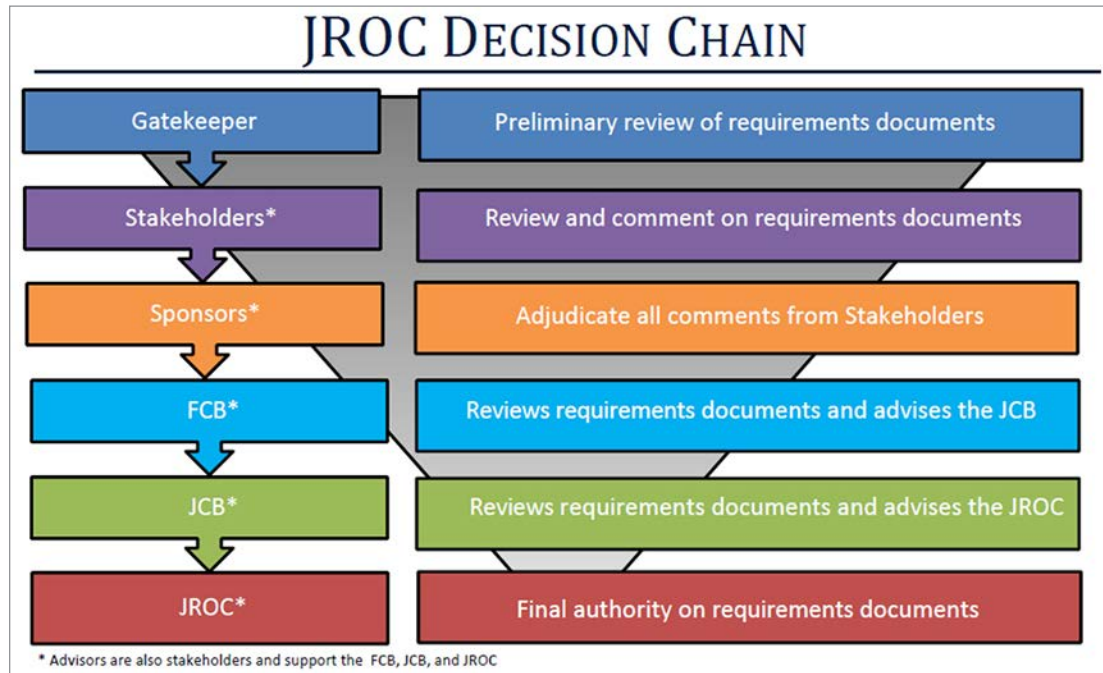
The JCB considers remaining concerns unanswered by the FCB. Unresolved concerns of the JCB are elevated to JROC. The JCB consists of generals or admirals from the Services, and senior Government civilians. The JCB reviews the requirements documents, recommends changes if needed, and provides endorsement to JROC.

Joint Requirements Oversight Council

The Vice Chairman, Joint Chiefs of Staff, chairs the JROC, which consists of generals and admirals from the Military Services and combatant commands. Once JROC receives a validation recommendation from the FCB and JCB, JROC reviews

the requirements documents and issues a memorandum, which validates the requirements documents. Figure 1 summarizes the JROC decision chain outlined in the JCIDS Manual.

Figure 1. JROC Decision Chain



Source: The DoD OIG.

MDAPs Reviewed

We nonstatistically selected 3 programs to review the JCIDS process for validating the program's requirements documents, including procurement quantity.⁵ We focused on how JROC reviewed and validated requirements documents provided by the sponsors and the procurement quantity included in the requirements documents. We selected the following programs.

- The Navy's Littoral Combat Ship (LCS). This ship patrols coastlines. The LCS capability development document, validated June 17, 2008, identified a total procurement quantity of 55 ships. The December 2015 Selected Acquisition Report stated the Navy estimated a procurement quantity of 40 ships with an estimated acquisition cost of \$28.9 billion and an average procurement unit cost of \$657.1 million.⁶

⁵ See Appendix A for a discussion of our nonstatistical methodology for selecting programs.

⁶ The Selected Acquisition Report provides summary information on an MDAP to Congress. Additionally, acquisition cost includes costs for research, development, testing and evaluation, procurement, and military construction. Acquisition cost excludes costs for operations and sustainment.

- The Air Force's KC-46A Tanker Modernization (KC-46A). This aircraft is a wide-body tanker that can refuel U.S., allied, and coalition military aircraft. The capability development document and capability production document validated on December 27, 2006, and April 26, 2016, respectively, identified a total procurement quantity of 179 aircraft. The December 2015 Selected Acquisition Report stated the Air Force estimated a procurement quantity of 179 aircraft with an estimated acquisition cost of \$48.2 billion and an average procurement unit cost of \$221.5 million.
- ~~(FOUO)~~ The Army's Joint Air-to-Ground Missile (JAGM). This missile is designed to launch from aircraft. The JAGM capability development document, validated in January 2013, identified a total procurement quantity of [REDACTED] missiles. The December 2015 Selected Acquisition Report stated the Army estimated a procurement quantity of 26,437 missiles with an estimated acquisition cost of \$7.1 billion and an average procurement unit cost of \$235,000.

We also reviewed stakeholder and advisor comments on requirements documents from an additional 5 MDAPs to determine if they questioned procurement quantities.⁷

JROC Responsibilities Related to Procurement Quantity

As early as 2007, section 181, title 10, United States Code (10 U.S.C § 181 [2007]) required JROC to assist the Chairman of the Joint Chiefs of Staff in identifying and assessing the priority of joint military requirements, and in considering acquisition program alternatives by evaluating cost, schedule, and performance criteria. Joint military requirements are the capabilities necessary to achieve DoD missions. While not expressed in the text of the 2007 statute, we interpret the statute as consistent with an expectation that JROC was to include procurement quantity in its review when validating requirement documents because requirements documents must identify the quantities necessary to accomplish missions. The procurement quantity included in the requirements documents directly effects weapon systems cost. The JCIDS manual also states that requirements documents should describe the quantity necessary to ensure that users are capable of conducting missions.⁸ Therefore, JROC has had a duty to assess and review procurement quantity since 2007.

In 2013, Public Law 112-239, "The National Defense Authorization Act (NDAA) for Fiscal Year 2013," section 951, "Advice on Military Requirements by Chairman of Joint Chiefs of Staff and Joint Requirements Oversight Council," January 2, 2013,

⁷ See Appendix A for a discussion of our nonstatistical methodology for selecting programs.

⁸ Chairman of the Joint Chiefs of Staff Manual 3170.01C, "Operation of the Joint Capabilities Integration and Development System," May 1, 2007, explains that the requirements documents must describe the quantities required to attain initial operational capability. DoD Instruction 5000.02 defines initial operational capability as the point at which the user is equipped, trained and is determined capable of conducting mission operations.

amended 10 U.S.C. § 181 and required JROC to ensure appropriate tradeoffs were made among life-cycle cost, schedule, performance, and procurement quantity when establishing and approving joint military requirements. This was the first time the law specifically addressed procurement quantity in the JROC responsibilities. In its January 2013 semiannual report, the House of Representatives Committee on the Armed Services discussed the proposed change to 10 U.S.C. § 181 (2013) and stated that the DoD lacked discipline and accountability in developing requirements for equipping the force. The committee concluded this weakness led to cost increases and schedule overruns on many programs and believed that requirements development was paramount to successful acquisitions.⁹

During the audit, Public Law 114-328, “The National Defense Authorization Act for Fiscal Year 2017,” section 925, “Modifications to the Requirements Process,” December 23, 2016, amended 10 U.S.C. § 181 (2013) and revised the responsibilities of JROC in assisting the Chairman of the Joint Chiefs of Staff. The NDAA for FY 2017 amended 10 U.S.C. § 181 (2013) by transferring JROC’s responsibilities for ensuring appropriate tradeoffs among life-cycle cost, schedule, performance, and procurement quantity to a new investment review process.¹⁰ The Secretary of Defense is required to establish the new process for MDAPs that reach Milestone A after October 1, 2017.¹¹ The process, co-chaired by the Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff, should be supported by the Joint Staff, CAPE, and other DoD organizations determined appropriate by the Secretary of Defense.

Review of Internal Controls

DoD Instruction 5010.40 requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls.¹² We identified an internal control weakness that the JCIDS guidance does not define roles and methods for assessing and reviewing procurement quantity.¹³ We also found an internal control weakness that JROC officials accepted procurement quantity analysis from Service acquisition officials and did not obtain input and reviews for procurement quantity from officials within the Office of the Secretary of Defense when validating requirements documents. We will provide a copy of the report to the senior official responsible for internal controls in the Joint Staff.

⁹ House Report 112-744, “Fourth Semiannual Report on the Activities of the Committee on Armed Services for the One Hundred Twelfth Congress,” January 2, 2013.

¹⁰ Specifically, a process to develop program cost, fielding, and performance goals in planning MDAPs pursuant to 10 U.S.C. § 2448a (2017).

¹¹ Section 807(a)(2) of the NDAA specifies this “after October 1, 2017” effective date.

¹² DoD Instruction 5010.40, “Managers’ Internal Control Program Procedures,” May 30, 2013.

¹³ JCIDS guidance consists of Chairman of the Joint Chiefs of Staff Instruction 5123.01G, “Charter of the Joint Requirements Oversight Council (JROC),” February 12, 2015; Chairman of the Joint Chiefs of Staff Instruction 3170.01I, “Joint Capabilities Integration and Development System,” January 23, 2015; and “Manual for the Operation of the Joint Capabilities Integration and Development System (JCIDS),” February 12, 2015.

Finding

Joint Requirements Oversight Council Validation Process May Include Inaccurate Procurement Quantities

JROC officials accepted MDAP procurement quantities that were included in requirements documents provided by Military Service acquisition officials but did not obtain input and reviews for procurement quantity from officials within the Office of the Secretary of Defense when validating requirements documents. This occurred because JCIDS guidance does not define JROC roles and methods for assessing and reviewing procurement quantity. As a result, JROC officials could not ensure that appropriate tradeoffs were made between life-cycle cost, schedule, performance, and procurement quantity in accordance with 10 U.S.C. § 181 (2013). Additionally, JROC officials may validate requirements documents with inaccurate procurement quantities for programs that reached, or will reach, Milestone A on or before October 1, 2017, which could result in the Military Services buying more weapon systems than necessary and wasting billions of dollars. As of March 2017, JROC was validating requirements documents for 13 MDAPs with estimated total costs exceeding \$140 billion.

Procurement Quantity Validated Without JROC Review

JROC officials accepted procurement quantities that were included in requirements documents provided by Military Service acquisition officials but did not obtain input and reviews for procurement quantity from officials within the Office of the Secretary of Defense when validating requirements documents. For the LCS, KC-46A, and JAGM programs, JROC officials did not request information from stakeholders and advisors about whether the procurement quantities submitted by sponsors for validation were accurate.

For the three MDAPs we reviewed, we saw no evidence that stakeholders or advisors reviewed the procurement quantity included in the requirements documents that were validated by the JROC. The JCIDS instruction states it is critical that stakeholders and advisors review and comment on capability requirements documents to ensure that capability requirements align with the needs of the military. Furthermore, the JROC Charter states that advisor support is essential throughout the JCIDS process to perform reviews of capability requirements.

JROC Relied on Sponsors to Determine Procurement Quantities

JROC officials relied on the procurement quantity submitted by the program sponsor in the requirements documents for the three programs we reviewed, and accepted that the quantity was accurate and had undergone a rigorous review. The program sponsor creates and submits the requirements documents that contain the procurement quantity necessary to satisfy the capability gap and meet operational needs.

JROC officials confirmed they did not assess the validity and accuracy of procurement quantity received from the sponsors as part of the validation process. For example, FCB officials that reviewed the KC-46A requirements documents stated that it was the sponsor's responsibility to review quantity. The FCB officials acknowledged that they did not review how the Air Force determined that 179 KC-46A aircraft were required. In 2006, and again in 2016, JROC validated the requirements document that stated the Air Force needed 179 KC-46A aircraft. However, JROC validated the KC-46A requirements documents without obtaining or analyzing information from the KC-46A sponsor or determining that the FCB's efforts assured the procurement quantity was accurate. As a result, the procurement quantity of 179 KC-46A aircraft validated in 2016 may not accurately represent the needs of the military because reviews of quantity were not performed across the 10-year period between JROC validations.

Procurement quantities submitted by sponsors should be evaluated. The DoD OIG previously reported that sponsors had inaccurate or unsupportable procurement quantities in requirements documents. For example, prior DoD OIG audits reported a cost increase exceeding \$5.9 billion on the Warfighter Information Network-Tactical Increment 2 and potential monetary benefits of \$31 billion on the MQ-9 Reaper and the CH-53K Helicopter because sponsors could not support procurement quantities.¹⁴



The DoD OIG previously reported that sponsors had inaccurate or unsupportable procurement quantities in requirements documents.

JROC should not rely on procurement quantities determined by sponsors because prior DoD OIG audits reported sponsors could not support the need for procurement quantities. If JROC officials do not establish a practice of evaluating procurement quantities submitted by the sponsors, they could be validating excess requirements, and wasting billions of dollars.

¹⁴ DODIG-2016-058, "Army Warfighter Information Network-Tactical Increment 2 Procurement Quantity Not Supported for Future Army Forces," March 1, 2016; DODIG-2014-123, "Air Force Did Not Justify the Need for MQ-9 Reaper Procurement Quantities," September 30, 2014; and DODIG-2013-084, "Increased Procurement Quantity for CH-53K Helicopter Not Justified," May 31, 2013.

JROC Did Not Obtain Procurement Quantity Input From Stakeholders and Advisors

JROC officials did not obtain input and reviews related to procurement quantity from stakeholders and advisors when validating requirements documents. The USD(AT&L) and the Director, CAPE, are both stakeholders and statutory advisors to the JROC. According to the JCIDS Instruction, advisors play a significant role in the JROC validation process and JROC should consult with them as appropriate. DoD Directive 5000.01 states USD(AT&L) supervises DoD acquisitions that should provide effective and affordable weapon systems in a timely manner to the users.¹⁵ CAPE officials provide independent analytic advice on all aspects of DoD plans in terms of force structure, procurement, manpower, and construction to operate units and equipment such as brigades, divisions, squadrons, tanks, missiles, and aircraft. A JROC official explained that both USD(AT&L) and CAPE officials conduct assessments that influence procurement quantity.

According to the JCIDS Manual, JROC stakeholders and advisors have the opportunity to review and comment on requirements documents that include program cost and procurement quantity. In addition to providing comments on the requirements documents, the JROC Charter requires the USD(AT&L) and the Director, CAPE, to:



JROC stakeholders and advisors have the opportunity to review and comment on requirements documents.

- advise JROC and its subordinate boards;
- support reviews and assessments of acquisition related issues within the requirements documents;
- review and comment on elements of the requirements documents throughout the entire validation process; and
- consult with JROC about estimated resources necessary to fill joint military requirements.

As stakeholders, the JCIDS Manual states that the USD(AT&L) and the Director, CAPE, have the opportunity to assess how the requirements documents address capability requirements. The JCIDS Manual explains it is essential that stakeholders and advisors review and comment on the capability requirements documents to ensure the capability aligns with the overall needs, priorities, and policies of the DoD. Additionally, while the JCIDS Charter states that the USD(AT&L) and the Director, CAPE, provide representation to JROC subordinate boards to support review and assessment of acquisition and resourcing related issues within requirements documents, it does not define representations.

¹⁵ Department of Defense Directive, 5000.01, "The Defense Acquisition System," May 12, 2003.

(FOUO) We reviewed more than 500 stakeholder and advisor comments in the Knowledge Management/Decision Support tool for five MDAPs with total estimated costs of [REDACTED].¹⁶ The Knowledge Management/Decision Support tool was established to maintain and document studies and analyses performed during the requirements validation process. The review revealed that nearly all stakeholders and advisors did not review procurement quantity during the requirements validation process to determine whether the program would meet the needs of the military and provide the best value to the DoD.

According to the JCIDS Manual, it is critical that stakeholders review and comment on capability requirements documents to ensure that capability requirements align with the needs of the military. In addition, the JCIDS Instruction states that stakeholder input is beneficial for sponsors to refine capability requirements documents, ensure that new or altered capability requirements are compatible with needs, and collectively provide the best value to the DoD. However, the JCIDS guidance does not specify the type of stakeholder input to be provided for procurement quantity.

Because procurement quantity directly impacts the DoD's ability to meet a capability requirement, it is critical that procurement quantity is reviewed by stakeholders and advisors. Table 1 identifies the program costs and total quantity of the five MDAPs we reviewed.

(FOUO) Table 1. MDAPs Reviewed for Stakeholder and Advisor Comments

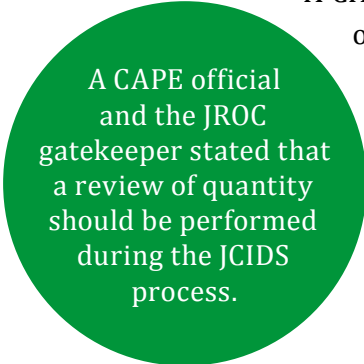
(FOUO)	MDAP	Program Cost (in Billions)	Total Quantity
	Advanced Pilot Trainer	[REDACTED]	[REDACTED]
	Next Generation Jammer	8.3	128
	Amphibious Combat Vehicle	1.9	204
	Ohio Class Replacement Submarine	141.3	12
	Common Remotely Operated Weapons System	1.5	11,224 (FOUO)

Source: Knowledge Management/Decision Support tool.

We found that some of the stakeholder and advisor comments briefly discussed requirements that may affect quantity, but only 1 of more than 500 comments we reviewed specifically mentioned procurement quantity. The Amphibious Combat Vehicle program had a comment from an official from the office of the Director of Operational Test and Evaluation that requested clarification about the number of

¹⁶ The 5 MDAPs were additional programs from the 15 MDAPs JROC officials provided to us with a validated capability development document or a capability production document between March 2015 and March 2016.

passengers the vehicle will hold. The comment explained that if a vehicle cannot hold the required number of passengers, the planned procurement quantity may be affected. With the exception of this one comment, stakeholders and advisors did not comment on procurement quantity. Therefore, it is not known if the planned procurement quantity for the five MDAPs align with military needs and are the best value to the DoD.



A CAPE official and the JROC gatekeeper stated that a review of quantity should be performed during the JCIDS process.

A CAPE official and the JROC gatekeeper stated that a review of quantity should be performed during the JCIDS process. JROC officials stated that the USD(AT&L) is responsible for reviewing procurement quantity. The USD(AT&L) and CAPE officials explained that they did not specifically review procurement quantity, but they reviewed the requirements documents and provided input at meetings during the validation process. However, the USD(AT&L) and CAPE officials could not provide examples of their advice to the JROC Chair or any subordinate boards before the requirements documents were validated.

The USD(AT&L) and CAPE officials also explained that JROC officials, including the subordinate boards, did not request input on procurement quantity for the LCS, KC-46A, or JAGM. For example, in 2008, JROC officials validated the LCS capability development document with a procurement quantity of 55 ships that included program costs of \$25.3 billion. JROC officials did not request advice, input, or reviews from the USD(AT&L) or CAPE officials on procurement quantity.

According to a December 2015 memorandum, the Secretary of Defense directed the Secretary of the Navy to procure 40 ships, rather than the previously validated quantity of 55 ships. The reason for the directed reduction was to allow the Navy to procure upgrades for other weapon systems such as submarines and Naval aircraft. CAPE officials subsequently performed a risk assessment of the LCS program, and concluded that the directed quantity of 40 ships was operationally acceptable.

JROC officials should take advantage of the expertise available from the stakeholders and advisors to evaluate procurement quantity. While we cannot quantify the effects of the Secretary of Defense direction in 2014, JROC may have had an opportunity to effect the LCS program cost during the validation process. Since quantity drives cost and impacts operational planning to accomplish DoD missions, parameters for procurement quantity must be established.

Roles and Methods to Review Procurement Quantity Not Defined in Guidance

JCIDS Guidance, which consists of the JROC Charter, JCIDS Instruction, and the JCIDS Manual, does not define JROC roles and methods for assessing and reviewing procurement quantity. JROC officials stated that they updated the JCIDS guidance in FY 2015 to stay consistent with 10 U.S.C. § 181 (2013) and, therefore, included procurement quantity when verifying tradeoffs.

The JCIDS Instruction states that JCIDS is intended to provide a baseline for documenting and validating requirements documents. The JROC Charter explains functions of the Chairman of the Joint Chiefs of Staff depend on activities of JROC and its subordinate boards. The JCIDS Manual states that JROC sets parameters on procurement quantities. However, none of the guidance describes by whom or how procurement quantity should be assessed, calculated, and approved.

JROC officials stated that:

- JCIDS guidance did not require JROC to review, assess, or evaluate procurement quantity;
- JROC primarily focused on technical requirements for weapon system performance when validating requirements documents; and
- the sponsors and advisors were responsible for reviewing procurement quantity.

For example, the FCB lead for the KC-46A program stated that JCIDS guidance does not require the FCB to review, assess, or evaluate procurement quantity. Additionally, JROC officials responsible for the KC-46A stated JROC primarily focused on technical requirements when validating documents. For instance, net-ready performance, operational effectiveness for timeliness, and security of information technology were the main focus of discussions and reviews of requirements documents during the validation process for the KC-46A aircraft. As advisors, USD(AT&L) and CAPE officials stated that they did not review or question the procurement quantity of 179 KC-46A aircraft developed by the Air Force. The procurement quantity submitted by the sponsor was not reviewed by JROC officials during the April 2016 validation to determine if 179 KC-46A aircraft, with an average procurement unit cost of \$188.8 million, was aligned with joint military requirements as required by 10 U.S.C § 181 (2013).

10 U.S.C § 181 (2017) transfers JROC responsibility of verifying tradeoffs when establishing program costs to the new investment review process the Secretary of Defense is required to establish. However, this change will only apply to MDAPs that reach Milestone A after October 1, 2017. Therefore, unless the Secretary of Defense directs otherwise, JROC should still comply with 10 U.S.C. § 181 (2013) and ensure appropriate tradeoffs between life-cycle cost, schedule, performance, and procurement quantity when validating requirements documents for the MDAPs that reach Milestone A on or before October 1, 2017. The Secretary of Defense could elect to consolidate responsibility for verifying tradeoffs for all MDAPs that reach Milestone A before or after October 1, 2017, in the new investment review process. JROC officials should identify which MDAPs have reached Milestone A, or will reach Milestone A on or before October 1, 2017, that will not be affected by the new investment review process required by the FY 2017 change to 10 U.S.C. § 181 (2017). For MDAPs that have reached Milestone A, or will reach Milestone A on or before October 1, 2017, JROC officials should establish a practice within JROC to consistently evaluate procurement quantity submitted by sponsors and execute procedures to assess the validity and accuracy of the procurement quantity submitted by sponsors. JROC officials should also require subordinate boards to obtain input and reviews from advisors and stakeholders to assess and review procurement quantity. In addition, JROC officials should establish expectations for stakeholders and advisors, particularly the USD(AT&L) and CAPE officials, to assist JROC in evaluating procurement quantity throughout the JROC validation process.

JROC officials for the LCS and JAGM stated that they did not know whether quantities were reviewed when the requirements documents were validated because the officials were not part of the validation process and the documentation supporting the validation process did not mention procurement quantity. While the JCIDS guidance does not require JROC to document and maintain the methodology to evaluate procurement quantity for each validation decision, the JCIDS Manual explains the Knowledge Management/Decision Support tool is a repository to store studies and analysis such as reviews of cost, schedule, performance, and quantity. The JCIDS Manual further requires JROC to maintain documents and associated validation materials.

For the LCS, KC-46A, and JAGM, none of the documents maintained in the Knowledge Management/Decision Support tool documented a review of procurement quantity. Furthermore, for the five additional MDAPs that had a requirements document validated between March 2015 and March 2016, with the exception of one comment, none of the stakeholder and advisor comments documented in the Knowledge Management/Decision Support tool discussed procurement quantity. The Knowledge Management/Decision Support tool was

established to maintain and document studies and analyses. Therefore, for programs that reached, or will reach, Milestone A on or before October 1, 2017, JROC officials should document and maintain the methodology for evaluating procurement quantity for each validation decision.

Without clear guidance defining JROC roles and methods, requirements documents for MDAPs risk being validated without an assessment of procurement quantity.

Without clear guidance defining JROC roles and methods, requirements documents for MDAPs risk being validated without an assessment of procurement quantity. We reviewed 17 FCB, JCB, and JROC meeting minutes for the LCS, KC-46A, and JAGM validation process. We did not find any evidence that JROC reviewed procurement quantities for these three programs. The JCB Chair explained that the subordinate boards exercised due diligence and conducted robust reviews that included procurement quantities; however, JROC and subordinate boards could not provide documents showing procurement quantity was evaluated.

Given the high cost of acquiring weapon systems, it is essential that decisions be supported by analysis. Therefore, JROC should document the analysis that it relies on to support its decisions affecting life-cycle cost, schedule, performance, and procurement quantity.

(FOUO) Quantity is a cost driver that effects total life-cycle cost of weapon systems; if quantity can be reduced by only a few units, that savings would be available to pursue other needs across the DoD. However, the FCB for the LCS recommended JROC to validate the capability development document and invest \$25.3 billion for 55 ships without reviewing procurement quantity. Additionally, the FCB for the KC-46A recommended JROC validate the capability production document and invest \$35.1 billion for 179 aircraft. Further, the FCB for the JAGM recommended JROC validate the capability development document and invest [REDACTED] for [REDACTED] missiles without reviewing procurement quantity and documenting the validation decision. As a result, guidance is necessary to establish accountability and oversight for assessing and reviewing procurement quantity to support the Chairman of the Joint Chiefs of Staff.

New Investment Review Process Includes Procurement Quantity

According to 10 U.S.C. § 181 (2013), JROC is required to assist the Chairman of the Joint Chiefs of Staff by identifying and assessing joint military requirements, and ensuring appropriate tradeoffs were made among life-cycle cost, schedule,

performance, and procurement quantity when establishing and approving joint military requirements. However, 10 U.S.C. § 181 (2013) did not define how JROC would ensure appropriate tradeoffs were to be determined amongst the four areas.

Public Law 114-328, the NDAA for Fiscal Year 2017, section 925, “Modifications to the Requirements Process,” December 23, 2017, modified JROC’s responsibilities under 10 U.S.C. § 181 (2013) and required the Secretary of Defense to establish a new investment review process to develop program cost, fielding, and performance goals for MDAPs.¹⁷ The new investment review process will be co-chaired by the Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff and will ensure appropriate tradeoffs are made among life-cycle cost, schedule, performance, and procurement quantity objectives when developing program costs. Additionally, the Joint Staff and CAPE officials will be required to support the new process. The Joint Staff will be required to provide expertise on joint military capabilities, capability gaps, and performance requirements. CAPE officials will be required to provide expertise in resource allocation, operations research, systems analysis, and cost estimation. As of the issuance of this report, the Secretary of Defense has not established this new investment review process.

Given the change in the NDAA, there is now an opportunity for the Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff to establish discipline and accountability in developing requirements for equipping the force. The Deputy Secretary of Defense and the Vice Chair of the Joint Chiefs of Staff should clearly define the roles and responsibilities for supporting the new investment review process required by the FY 2017 change to 10 U.S.C. § 181, in ensuring appropriate tradeoffs are made among life-cycle cost, schedule, performance, and procurement quantity when developing recommendations for program costs.

As part of the new investment review process, the Deputy Secretary of Defense and the Vice Chair of the Joint Chiefs of Staff should clearly define roles for assessing, reviewing, and analyzing procurement quantity. In addition, the Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff should develop and implement oversight procedures and accountable methods to ensure that procurement quantity is evaluated during the new investment review process. The Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff should also establish expectations and accountability for the Director, CAPE, in ensuring appropriate tradeoffs are made among life-cycle cost, schedule, performance, and procurement quantity for the new investment review process.

¹⁷ Section 925(b) required the Secretary to establish the new process pursuant to the terms of 10 U.S.C. § 2448a, “Program cost, fielding, and performance goals in planning major defense acquisition programs,” which was added by section 807 of Public Law 114-328, the 2017 NDAA.

JROC Could Not Ensure Tradeoffs, and Requirements Documents May Be Validated With Inaccurate Quantities


(FOUO) JROC officials could not ensure that appropriate tradeoffs were made between life-cycle cost, schedule, performance, and procurement quantity in accordance with 10 U.S.C. § 181 (2013). The requirement for the JROC to ensure tradeoffs included procurement quantity was added to 10 U.S.C § 181 (2013) by the FY 2013 NDAA. However, JROC officials could not demonstrate the methods they used to assess procurement quantity in support of determining appropriate tradeoffs when validating requirements documents for the LCS, KC-46A, or JAGM. JROC officials accepted procurement quantities provided by the sponsors without ensuring the quantities were accurate and without obtaining input and reviews on procurement quantity from stakeholders and advisors. Furthermore, we reviewed more than 500 stakeholder and advisor comments for five MDAPs that had a requirements document validated between March 2015 and March 2016, with total estimated costs of [REDACTED], and found that nearly all stakeholders and advisors did not review procurement quantity.

JROC officials explained that 10 U.S.C. § 181 (2013) only required JROC to “consider” tradeoffs among life-cycle cost, schedule, performance, and procurement quantity. This explanation, however, was not consistent with JROC’s 2013 statutory requirement that it assist the Chairman of the Joint Chiefs “in ensuring that appropriate tradeoffs are made.”¹⁸ 10 U.S.C. § 181 (2013) did not define how JROC would ensure appropriate tradeoffs were determined among the four areas. JROC officials explained that aspects of tradeoffs were discussed, but there was not a requirement to document working-level deliberations.

Regardless of whether 10 U.S.C. § 181 (2013) required JROC to ensure appropriate tradeoffs among cost, schedule, performance, and procurement quantity or to specifically review procurement quantity, the 2007 JCIDS Manual and 10 U.S.C § 181 (2007) addressed expectations that JROC officials should evaluate procurement quantity prior to validating requirements documents. While not expressed in the text of the 10 U.S.C § 181 (2007), we interpret that statute as consistent with an expectation that JROC was to include procurement quantity in its review when validating requirements documents because requirements documents must identify the quantities necessary to accomplish missions.

¹⁸ Section 181 prior to 2013 required JROC to assist “in ensuring the consideration of tradeoffs among cost, schedule, and performance objectives.” (Emphasis added.)

(FOUO) JROC officials validated 55 LCS ships, 179 KC-46A aircraft, and [REDACTED] JAGM missiles, with total estimated program costs of [REDACTED], without evaluating procurement quantities. If JROC validated a requirements document for an MDAP with an inaccurate procurement quantity, billions of dollars could be wasted on buying more weapon systems than are needed to support military operations. Conversely, buying fewer weapons systems than are needed to support military operations could result in capability gaps. Valid, accurate, and supported procurement quantities are necessary to properly identify, assess, and approve joint military requirements. It is critical that JROC officials take immediate action to ensure procurement quantities are evaluated and based on user needs that align with the joint military requirements.



If JROC validated a requirements document for an MDAP with an inaccurate procurement quantity, billions of dollars could be wasted.

JROC officials may be validating requirements documents with inaccurate procurement quantities for programs that reached, or will reach, Milestone A on or before October 1, 2017. As of March 2017, JROC was validating requirements for 13 MDAPs, with estimated total costs exceeding \$140 billion.¹⁹ Since May 2013, prior DoD OIG audits reported potential monetary benefits of \$31 billion and cost increases exceeding \$5.9 billion because sponsors could not support the need for procurement quantities.

Prior to FY 2013, 10 U.S.C. § 181 did not include procurement quantity in JROC's responsibilities. 10 U.S.C. § 181 (2013) required the JROC to ensure appropriate tradeoffs between life-cycle cost, schedule, performance, and procurement quantity when validating requirements documents for MDAPs. The FY 2017 NDAA amended 10 U.S.C. § 181 (2013) and changed JROC responsibilities in assisting the Chairman of the Joint Chiefs of Staff. The law no longer requires the JROC to ensure appropriate tradeoffs are made between life-cycle cost, schedule, performance, and procurement quantity. However, the FY 2017 NDAA requires the Secretary of Defense to establish a new investment review process to develop program costs.

The new investment review process will be co-chaired by the Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff and will ensure appropriate tradeoffs are made among life-cycle cost, schedule, performance, and procurement quantity objectives when developing program costs. The Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff should take this opportunity to establish discipline and accountability in developing requirements for equipping the force.

¹⁹ The estimated total cost was obtained from draft capability development documents and draft capability production documents. Some of the costs identified in the requirements documents include the effects of economic escalation.

Management Comments on the Finding and Our Response

The Vice Chairman of the Joint Chiefs of Staff, who is the JROC Chairman, provided comments on the finding. For the full text of the Vice Chairman comments, see the Management Comments section of the report.

Management Comments on the Procurement Quantity Validation Process

The Vice Chairman stated that requirements oversight is a complex process that includes participation of leaders across the DoD. He stated that getting the requirement “right” on the front end of the process is critical to ensure the DoD provides Warfighters with what they require and to provide the acquisition community with a product that is actionable. The Vice Chairman also cited section 925(a) of the FY 2017 NDAA, which requires the JROC to “assist the Chairman of the Joint Chiefs of Staff in assessing joint military capabilities, and identifying, approving, and prioritizing gaps in such capabilities, to meet applicable requirements in the national defense strategy.” The Vice Chairman stated that previous statutes have required the JROC to ensure appropriate tradeoffs are made among lifecycle cost, schedule, performance, and procurement quantity objectives.

The Vice Chairman stated that JROC does not assess nor establish procurement quantities in isolation but rather considers them in the entire context between cost, schedule, performance, and procurement quantity to determine the most effective means to satisfy the capability need. The Vice Chairman acknowledged cost, schedule, performance objectives, and procurement quantity responsibility will fall under the new investment review process in accordance with section 925(b) of the FY 2017 NDAA, but also stated procurement quantity determination will be part of a larger trade-off context.

The Vice Chairman also stated that the Joint Staff believes the report was written without a complete understanding of the validation process. He highlighted this point by identifying and commenting on the following two sentences from the report, which he stated were imprecise or inaccurate:

JROC officials accepted Major Defense Acquisition Program procurement quantities without input and reviews from the Office of the Secretary of Defense (OSD) officials.

JROC officials confirmed they did not assess the validity and accuracy of procurement quantity received from the sponsors as part of the validation process.

Commenting on the first sentence, the Vice Chairman stated that OSD officials, the Joint Staff, and other stakeholders debate, discuss, and execute collaboratively throughout the process. This includes tradeoff discussions, and procurement quantity is an important piece that is not isolated from the discussion. Regarding the second sentence, the Vice Chairman stated that JROC officials do not specifically validate quantity within their responsibilities but rather consider it as one piece of validating the affordability and operational need of a program.

The Vice Chairman also said the report contained several misleading statements that implied, without factual corroboration, that the JROC process resulted in wasteful spending. Finally, he stated the report contained technical errors in its discussion of several MDAPs, errors which the Vice Chairman stated were previously highlighted by CAPE to DoD OIG officials but were not corrected.

Our Response

We agree with the Vice Chairman that requirements oversight is a complex process that includes participation of leaders across the DoD. We also agree that JROC does not assess or establish procurement quantities in isolation, but considers them as part of the entire context involving cost, schedule, performance and procurement quantity. Overall, however, we found a lack of evidence revealing actual consideration by JROC of procurement quantity, either separately or as a component of what the Vice Chairman described as one piece of validating the affordability and operational need of a program.

More specifically, we reviewed memorandums and meeting minutes, interviewed FCB members, and staff from the USD(AT&L) and CAPE to determine if JROC delegated or requested reviews of procurement quantity. In our reviews and interviews, we found no instances where JROC obtained input for procurement quantity from stakeholders and advisors. Therefore, we determined that JROC officials accepted procurement quantities of MDAPs without input and reviews from Office of the Secretary of Defense officials.

We also interviewed 21 JROC participants and advisors. According to those interviewed, JROC holds Services accountable for quantity. Furthermore, a member of a FCB stated that it was the sponsor's responsibility to evaluate procurement quantity—a process to evaluate procurement quantity and need for the planned quantity does not exist. The interviews confirmed that JROC officials did not assess validity and accuracy of procurement quantity received from the sponsors as part of the validation process.

JROC is the final validation authority on requirements documents that link warfighter needs, acquisition, and funding activities. JCIDS guidance provides a broad framework for validating requirements documents, in addition to ensuring appropriate tradeoffs between cost schedule, performance, and procurement quantity. Procurement quantity should be evaluated to ensure operational user needs are met effectively and to ensure investment decisions are supported.

We concluded that the JROC process for validating procurement quantities may result in inaccurate procurement quantities. Based on the dollar values of the programs we reviewed in this and the previous DoD OIG audit reports we identified in the Background section of this report, we consider it reasonable to have stated that if JROC validated a requirements document for an MDAP with an inaccurate procurement quantity, billions of dollars could be wasted. For example, prior DoD OIG audit report DODIG-2014-123, "Air Force Did Not Justify the Need for MQ-9 Reaper Procurement Quantities," September 30, 2014, concluded that the Air Force did not follow guidance to obtain JROC approval for increased quantities and risked spending \$8.8 billion to purchase, operate, and maintain 46 MQ-9 Reaper aircraft it may not need.

We also do not agree with the statement that CAPE officials highlighted technical errors to the DoD OIG that were not corrected. We interviewed CAPE officials to obtain their opinions and interpretation of DoD guidance. CAPE did not provide technical information throughout the audit but provided comments on the audit conclusions in a discussion draft, before the draft report was published. The comments CAPE officials provided were opinions, as opposed to technical errors that needed to be corrected. CAPE officials did not provide comments to the draft report.

For example, CAPE officials stated that using LCS and KC-46A tanker programs were not good examples because the examples implied the programs did not have a validated procurement quantity that resulted in potential for significant savings. CAPE officials stated that whether JROC does or does not discuss procurement quantity during the validation process does not imply there is potential for significant savings from over procurement. While the opinion of CAPE officials may or may not be true for any specific program, the comment did not illustrate a technical error. The examples in the report illustrate an unacceptable risk of potentially wasting billions of dollars when JROC validates requirements documents without reviewing procurement quantity.

Recommendations, Management Comments and Our Response

Recommendation 1

We recommend the Vice Chairman of the Joint Chiefs of Staff:

- a. Identify which Major Defense Acquisition Programs reached, or will reach, Milestone A on or before October 1, 2017, and will not be affected by the new investment review process required by the FY 2017 change to section 181, title 10, United States Code.**

Management Comments

The Vice Chairman of the Joint Chiefs of Staff accepted the recommendation, stating that the DoD OIG should have already identified all of the MDAPs that reached, or will reach, Milestone A on or before October 1, 2017, but the Joint Staff is willing to assist in identifying all of the MDAPs if provided a baseline date from which to start their search. The Vice Chairman also asked for clarification for what should be done about programs that are at Milestone B, Milestone C, or in full rate production. The Vice Chairman did not state actions taken or planned to resolve the recommendations.

Our Response

Comments from the Vice Chairman did not address the recommendation; therefore, the recommendation is unresolved and remains open. The recommendation states that JROC should identify which MDAPs will not be affected by the new investment review process required by the FY 2017 change to 10 U.S.C. § 181. We conducted this audit to determine whether JROC properly validated procurement quantities for MDAPs, not to identify all of the MDAPs under JROC responsibility. While we did compile a list of 13 MDAPs the JROC was validating, we did not compile a comprehensive list. The JROC is responsible for establishing processes, gathering information, and monitoring MDAPs. As the JCIDS process owner and the ultimate validation authority for capability requirements, JROC must compile its own list of MDAPs that will not be affected by the change to 10 U.S.C. § 181 and will remain under JROC validation responsibility.

Section 925 of the FY 2017 NDAA states that a new investment review process will ensure the DoD makes appropriate tradeoffs among life-cycle cost, schedule, performance, and procurement quantity for all MDAPs that reach Milestone A after October 1, 2017. Since MDAPs at Milestone B, Milestone C, or in full rate production have previously passed Milestone A, these MDAPs would not be affected by the new investment review process. Section 925 of the FY 2017 NDAA makes clear that

JROC remains responsible for validating capability development documents and capability production documents for any MDAPs that have reached Milestone A, Milestone B, or Milestone C on or before October 1, 2017. The recommendation will allow the JROC to track the MDAPs that are still under their responsibility for ensuring the DoD makes appropriate tradeoffs among life-cycle cost, schedule, performance, and procurement quantity.

Once the JROC has identified and compiled its own list of MDAPs not affected by the new investment review process, JROC will be able to conduct its statutory requirements to validate requirements documents for all MDAPs that have reached, or will reach Milestone A, Milestone B, or Milestone C, on or before October 1, 2017. We request that the Vice Chairman identify these MDAPs, and provide a date for completing the recommendation because of the significant monetary value of programs waiting to be validated.

b. For Major Defense Acquisition Programs that have reached Milestone A, or will reach Milestone A on or before October 1, 2017, that are not affected by the new investment review process required by the change to section 181, title 10, United States Code:

- 1. Establish a practice within the Joint Requirements Oversight Council to consistently evaluate procurement quantity submitted by sponsors and execute procedures to assess the validity and accuracy of the procurement quantity submitted by sponsors.**

Management Comments

The Vice Chairman of the Joint Chiefs of Staff accepted the recommendation, stating that a process is in place that evaluates tradeoffs between cost, schedule, performance, and procurement quantity from program inception through full rate production, and discussions will be documented during all working groups and formal boards. Additionally, the Vice Chairman stated that JROC also recommends that Office of the Secretary of Defense officials document any tradeoff discussions conducted during their own reviews. The Vice Chairman did not state actions taken or planned to resolve the recommendation.

Our Response

Comments from the Vice Chairman did not address how JROC will consistently evaluate the procurement quantity submitted by the sponsors; therefore, the recommendation is unresolved and remains open.

We disagree that a process is in place for evaluating and documenting tradeoffs between cost, schedule, performance, and procurement quantity. JROC did not provide a process to evaluate tradeoffs between cost, schedule, performance and procurement quantity, in written guidelines or in actual practice. JROC officials consistently stated that they do not assess the quantity; rather, they trust the sponsor to use diligence when determining quantity. JROC must ensure procurement quantity is evaluated as part of the tradeoff analysis, and also to afford some basis of assurance that the warfighter will not have either too many or too few weapon systems resulting in potentially unnecessary costs on the one hand or an adverse impact to the mission on the other.

We request that the Vice Chairman establish procedures for assessing procurement quantity submitted by sponsors and provide a date the recommendation will be completed.

2. Require subordinate boards to obtain input and reviews from advisors and stakeholders to assess and review procurement quantity.

Management Comments

The Vice Chairman of the Joint Chiefs of Staff accepted the recommendation, stating that JROC consistently allows for, and accepts, input from multiple stakeholders and will continue to do so. The Vice Chairman did not state actions taken or planned to resolve the recommendations.

Our Response

Comments from the Vice Chairman did not address how the subordinate boards will be required to obtain input and reviews of procurement quantity from its advisors or stakeholders. Therefore, the recommendation is unresolved and remains open.

JROC subordinate boards allow for input from advisors and stakeholders through discussions and meetings. However, we found no evidence that subordinate boards solicited and received input and reviews of procurement quantity from stakeholders or advisors. For instance, USD(AT&L) and CAPE officials could not provide information about analysis, advice, or documents provided to JROC to support the validation decisions for procurement quantity.

We request the Vice Chairman describe actions the subordinate boards will take to obtain input and reviews of procurement quantity from advisors and stakeholders, and completion date of the recommendation.

3. **Establish expectations for stakeholders and advisors, particularly the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Director, Cost Assessment and Program Evaluation, to assist the Joint Requirements Oversight Council in evaluating procurement quantity throughout the validation process.**

Management Comments

The Vice Chairman of the Joint Chiefs of Staff accepted the recommendation, stating that the expectations are already in place and that evaluations already occur. The Vice Chairman stated that he would ensure that discussions involving cost, schedule, performance, and procurement quantity are documented in meeting minutes. The Vice Chairman did not state actions taken or planned to resolve the recommendations.

Our Response

Comments from the Vice Chairman did not address the recommendation; therefore, the recommendation is unresolved and remains open. We disagree that the expectations are in place and evaluations occurred. For example, we did not find evidence that the USD(AT&L) or CAPE participated in the validation process other than attending meetings.

JCIDS guidance explains that advisors play a significant role in the validation process. The USD(AT&L) and CAPE should actively participate throughout the entire validation process by advising JROC, supporting assessments, reviewing parts of requirements documents, and consulting about resources needed to fill joint military requirements.

We request that the Vice Chairman establish, communicate, and implement expectations for advisors to evaluate procurement quantity throughout the validation process.

4. **Document and maintain the methodology for evaluating procurement quantity for each validation decision.**

Management Comments

The Vice Chairman of the Joint Chiefs of Staff accepted the recommendation, stating that JROC will ensure more complete documentation, but the methodology will not be a clear cut formula or checklist. The Vice Chairman stated that cost, schedule, performance, quantity, and affordability are all considerations dependent on

each other. These considerations are made throughout the JROC process to fulfill Title 10 responsibilities. The Vice Chairman did not state actions taken or planned to resolve the recommendations.

Our Response

Comments from the Vice Chairman did not address how JROC will document and maintain its methodology for evaluating procurement quantity; therefore, the recommendation is unresolved and remains open.

The methodology for assessing the procurement quantity should be different for each MDAP, and a plan for validating individual requirements documents should be implemented because each MDAP is unique. For example, the methodology for assessing procurement quantity for ships would be different than assessing quantity of aircraft or missiles because of variables such as cost, schedule, and performance. However, it is JROC's responsibility to execute practices to document and maintain methodology for the evaluated procurement quantity and demonstrate rationale for investment and operational decisions. The Knowledge Management/Decision Support tool can be used to store methodologies and results of evaluations.

We request that the Vice Chairman establish practices for documenting and maintaining evaluated procurement quantities and provide a date corrective action will be taken.

Recommendation 2

We recommend the Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff, for Major Defense Acquisition Programs that reach Milestone A after October 1, 2017:

- a. Clearly define the roles and responsibilities for supporting the new investment review process required by the FY 2017 change to section 181, title 10, United States Code, in ensuring appropriate tradeoffs are made among life-cycle cost, schedule, performance, and procurement quantity when developing recommendations for program costs.**
- b. Ensure the new investment review process:**
 - 1. Clearly defines the roles for assessing, reviewing, and analyzing procurement quantity.**
 - 2. Develops and implements oversight procedures and accountable methods to ensure that procurement quantity is evaluated.**

3. **Establishes expectations and accountability for the Director, Cost Assessment and Program Evaluation, in ensuring appropriate tradeoffs are made among life-cycle cost, schedule, performance, and procurement quantity.**

Management Comments

The Vice Chairman of the Joint Chiefs of Staff, responding for the Deputy Secretary of Defense, accepted the recommendation, stating that the recommendation is consistent with the FY 2017 NDAA. The Vice Chairman also stated that he will consider the recommendation as the new process is developed. However, the Vice Chairman did not state actions taken or planned to resolve the recommendations.

Our Response

Comments from the Vice Chairman did not address how the assessment of procurement quantity would be included in the new investment process; therefore, the recommendation is unresolved and remains open.

We request that the Vice Chairman and the Deputy Secretary of Defense clearly define the roles and responsibilities for supporting the new investment review process and ensure it clearly defines the roles for assessing, reviewing, and analyzing procurement quantity; ensure the new investment review process develops and implements oversight procedures and accountable methods to ensure that procurement quantity is evaluated; and ensure the new investment review process establishes expectations and accountability for the Director, CAPE, in ensuring appropriate tradeoffs are made among life cycle cost, schedule, performance, and procurement quantity. In addition, we request the Vice Chairman and Deputy Secretary of Defense provide dates the corrective action will be taken because MDAPs have significant monetary value.

Appendix

Scope and Methodology

We conducted this performance audit from March 2016 through April 2017 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.

We reviewed JCIDS procedures for evaluating and validating the procurement quantities contained in the capability development document and capability production document. We searched for programs in the “Official MDAP List” from the Defense Acquisition Management Information Retrieval system in February 2016 to identify MDAPs for audit selection.²⁰ The “Official MDAP List” consisted of 111 programs from which we reduced the population to 22 by focusing on programs that:

- had development and production decisions between January 2012 and June 2016;
- were not canceled or transferred;
- had not completed production; and
- were not satellite, aircraft carrier, or research and development programs because these programs typically have low procurement quantity.

We removed six programs that were previously covered in DoD OIG acquisition audits before February 2016. The remaining 16 programs were ranked by total cost and quantity. We nonstatistically selected the three highest ranking programs, one for each Military Service. The programs selected were the LCS, KC-46A, and JAGM. Table 2 illustrates program costs and total quantity of selected MDAPs at the time JROC validated the requirements documents.

²⁰ The Defense Acquisition Management Information Retrieval system provides visibility to program information.

~~(FOUO)~~ Table 2. Program Costs and Quantity for Selected Major Defense Acquisition Programs

(FOUO) Service	Major Defense Acquisition Program	Program Cost (in Billions)	Total Quantity
Navy	Littoral Combat Ship	\$25.3	55
Air Force	KC-46A Tanker Modernization	35.1	179
Army	Joint Air-to-Ground Missile	■	■ (FOUO)

Source: Knowledge Management/Decision Support tool.

We collected and reviewed documents associated with the LCS, KC-46A, and JAGM programs. We reviewed the requirements documents, briefing charts, JCB meeting minutes, recorded comments from the Knowledge Management/Decision Support tool, and JROC memorandums.

Additionally, JROC officials provided us with a list of 15 programs with a validated capability development document or a capability production document between March 2015 and March 2016. We nonstatistically selected 5 of 15 programs with a validated capability development document and reviewed comments on these programs in the Knowledge Management/Decision Support tool to determine if stakeholders and advisors mentioned quantities during the validation process. The five additional programs that we reviewed comments for were:

- Advanced Pilot Training;
- Next Generation Jammer;
- Amphibious Combat Vehicle;
- Ohio Class Replacement Submarine; and
- Common Remotely Operated Weapons Station.

The 13 MDAPs valued at \$140 billion being validated by JROC is through March 2017, and came from the Knowledge Management/Decision Support tool.

We interviewed Joint Staff personnel from FCBs, the Deputy Director for Requirements, and the JCB Chair to discuss the overall JROC validation procedures and the process specific to the LCS, KC-46A, and JAGM programs. We interviewed representatives from the USD(AT&L) and CAPE to discuss their roles and responsibilities as advisors to JROC.

We reviewed:

- Section 181, title 10, United States Code (2017, 2013, and 2007);
- Public Law 114-328, “The National Defense Authorization Act for Fiscal Year 2017,” section 925, “Modifications to the Requirements Process,” December 23, 2016;
- DoD Instruction 5015.02, “DoD Records Management Program,” February 24, 2015;
- Chairman of the Joint Chiefs of Staff Instruction 5123.01G, “Charter of the Joint Requirements Oversight Council (JROC),” February 12, 2015;
- “Manual for the Operation of the Joint Capabilities Integration and Development System,” February 12, 2015;
- Chairman of the Joint Chiefs of Staff Instruction 3170.01I, “Joint Capabilities Integration and Development System,” January 23, 2015;
- DoD Instruction, 5000.02, “Operation of the Defense Acquisition System,” January 7, 2015;
- DoD Instruction, 7041.03, “Economic Analysis for Decision-making,” September 9, 2015;
- Under Secretary of Defense for Acquisition, Technology, and Logistics memorandum, “Implementation Directive for Better Buying Power 2.0 – Achieving Greater Efficiency and Productivity in Defense Spending,” April 24, 2013;
- DoD Directive, 5105.84, “Director of Cost Assessment and Program Evaluation (DCAPE),” May 11, 2012;
- DoD Directive 5134.01, “Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)),” April 1, 2008;
- DoD Instruction 5000.01, “The Defense Acquisition System,” dated November 20, 2007; and
- DoD Instruction, 7041.3, “Economic Analysis for Decision-making,” November 7, 1995.

Use of Computer-Processed Data

We did not use computer-processed data to perform this audit.

Prior Coverage

No prior audits were conducted on JROC’s procedures for evaluating procurement quantities for MDAPs during the last 5 years.

Management Comments

Vice Chairman of the Joint Chiefs of Staff



THE VICE CHAIRMAN OF THE JOINT CHIEFS OF STAFF
WASHINGTON, D.C. 20318-9999

CM-0161-17
10 July 2017

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: Response to Draft Audit Report, "Joint Requirements Oversight Council Officials Could Not Demonstrate the Methods Used to Assess Procurement Quantity"

1. The Joint Staff appreciates the Department of Defense Inspector General Team's review of our requirements process and its recommendations to improve process efficiency and effectiveness. We coordinated our response to the draft audit report (attached) with the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, and the Office of the Director, Cost Assessment & Program Evaluation. Our recommendations are provided for your consideration as your team finalizes the subject report.

2. My point of contact for this response is [REDACTED]


PAUL J. SELVA
General, U.S. Air Force

Attachment:
As stated

Vice Chairman of the Joint Chiefs of Staff (cont'd)

ATTACHMENT

Requirements oversight is an important and complex process that includes the participation of leaders across the Department of Defense. Getting the requirement "right" on the front end of this process is critical to ensure that we provide our Warfighters with what they require, and subsequently provide the acquisition community with a product that is actionable. Section 925(a) of the 2017 National Defense Authorization Act (NDAA) requires the Joint Requirements Oversight Counsel (JROC) to *"assist the Chairman of the Joint Chiefs of Staff in assessing joint military capabilities, and identifying, approving, and prioritizing gaps in such capabilities, to meet applicable requirements in the national defense strategy..."*. To achieve this objective, previous statutes have required the JROC to *"ensure appropriate tradeoffs are made among lifecycle cost, schedule, and performance objectives, and procurement quantity objectives..."*. In short, the JROC does not assess nor establish procurement quantities in isolation but rather considers them in the entire context of the cost, schedule, performance and procurement quantity trades that are conducted to determine the most effective means to satisfy the capability need. While this responsibility will, as of October 1, 2017, fall under the new investment review process to be conducted in accordance with Section 925(b) of the 2017 NDAA, the determination of procurement quantity will still (as directed in section 925(b)) be considered in the larger trade-off context.

The Joint Staff believes that the report was written without a complete understanding of the process described above. This point is highlighted by imprecise or inaccurate statements such as:

- o *"JROC officials accepted Major Defense Acquisition Program procurement quantities without input and reviews from Office of the Secretary of Defense (OSD) Officials."* OSD officials, the Joint Staff, Services, Combatant Commands, and the program sponsor debate, discuss and execute collaboratively at all levels throughout the process. This includes tradeoff discussions to ensure that we have the money to buy the right capability to meet our needs and that it will be delivered on time. Procurement quantity is an important piece and is not isolated from the discussion.
- o *"JROC officials confirmed they did not assess validity and accuracy of procurement quantity received from the sponsors as part of the validation process."* JROC officials do not establish procurement quantity and do not specifically validate quantity within their responsibilities but rather consider it as one piece of validating the affordability and operational need of a program. Additionally, the findings state that JROC officials did not obtain input and reviews from stakeholders and advisors when validating documents and that the Office of the Secretary of Defense for Acquisition, Technology, and Logistics (OSD (AT&L)) and Cost Assessment and Programs Evaluation (CAPE) stated they do not review procurement quantity as part of the process. These statements are inaccurate and not representative of the process on any level.

Attachment

Vice Chairman of the Joint Chiefs of Staff (cont'd)

The report contains several misleading statements implying that JROC processes have resulted in wasteful spending. These statements are not corroborated by fact since decisions on quantity are reserved at the Secretary level and affected by multiple factors, such as programmatic decisions, budgetary pressures, and congressional direction. The JROC is an important, but not solitary, step in the entire process.

The report contains several technical errors in the Joint Air-to-Ground Missile, KC-46A tanker aircraft, and Littoral Combat Ship sections, among others. These errors were previously highlighted by CAPE to Department of Defense Inspector General (DOD IG) officials but were not corrected. For these reasons, CAPE does not stand by the facts as presented in the report.

The following recommendations from the DOD IG are provided along with responses from Joint Staff in coordination with OSD (AT&L) and CAPE:

Recommendation 1

The DOD IG recommends that the Vice Chairman of the Joint Chiefs of Staff:

A. Identify which Major Defense Acquisition Programs reached, or will reach, Milestone A on or before October 1, 2017, and will not be affected by the new investment review process required by the FY 2017 change to section 181, title 10, United States Code.

Response: Accept with comment. The DOD IG team should have already identified all these programs during the course of their audit. The Joint Staff can assist in providing an answer but would want to know a baseline date from which to start the search. Many programs are well past Milestone (MS) A. For follow-on recommendations, what is the intent of DOD IG for programs that are at MS B, MS C, and well into full rate production, sustainment or obsolescence?

B. For Major Defense Acquisition Programs that have reached Milestone A, or will reach Milestone A on or before October 1, 2017, that are not be affected by the new investment review process required by the change to section 181, title 10, United States Code:

1. Establish a practice within the Joint Requirements Oversight Council to consistently evaluate procurement quantity submitted by sponsors and execute procedures to assess the validity and accuracy of the procurement quantity submitted by sponsors.

Vice Chairman of the Joint Chiefs of Staff (cont'd)

Response: Accept with comment. The JROC already has a process in place that evaluates all trade space from program's inception to the time it reaches full rate production. The JROC will specifically document these discussions during all working groups and formal boards. The JROC recommends that OSD document any trade space discussions conducted in the context of their own reviews. The JROC will continue to fulfill its statutory responsibilities.

2. Require subordinate boards to obtain input and reviews from advisors and stakeholders to assess and review procurement quantity.

Response: Accept with comment. The JROC consistently allows for, and accepts, input from multiple stakeholders and will continue to do so.

3. Establish expectations for stakeholders and advisors, particularly the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Director, Cost Assessment and Programs Evaluation, to assist the Joint Requirements Oversight Council in evaluating procurement quantity throughout the validation process.

Response: Accept with comment. The expectations are already in place and the evaluation and scrutiny already occurs. We will, however, ensure that trade space discussions involving cost, schedule, performance, and procurement quantity are specifically captured in minutes.

4. Document and maintain the methodology for evaluating procurement quantity for each validation decision.

Response: Accept with comment. We will ensure that more complete documentation is part of the process but the methodology is not a clear cut formula or checklist. Cost, schedule, performance, quantity, and affordability are all considerations dependent upon each other. They are considered throughout the process and the JROC fulfills its Title 10 responsibilities to consider these aspects during the validation process.

Recommendation 2

This is applicable to Major Defense Acquisition Programs reaching MS A after October 1, 2017. It recommends that the Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff:

a. Clearly define the roles and responsibilities for supporting the new investment review process required by the Fiscal Year 2017 change to section 181, title 10, United States Code, in ensuring appropriate tradeoffs are made among life-cycle cost, schedule, performance, and procurement quantity when developing recommendations for program costs. And,

Attachment

Vice Chairman of the Joint Chiefs of Staff (cont'd)

b. Ensure the new investment process:

- 1. Clearly defines the roles for assessing, reviewing, and analyzing procurement quantity.*
- 2. Develops and implements oversight procedures and accountable methods to ensure that procurement quantity is evaluated.*
- 3. Establishes expectations and accountability for the Director, Cost Assessment and Program Evaluation, in ensuring appropriate tradeoffs are made among life-cycle cost, schedule, performance, and procurement quantity.*

Response: Accept with comment. We agree that the recommendation is consistent with the direction in subsection (b) of section 925 of the FY 2017 NDAA and warrants our consideration as we develop the process described in the section.

Attachment

Acronyms and Abbreviations

CAPE	Cost Assessment and Program Evaluation
FCB	Functional Capabilities Board
JAGM	Joint Air-to-Ground Missile
JCB	Joint Capabilities Board
JCIDS	Joint Capabilities Integration and Development System
JROC	Joint Requirements Oversight Council
KC-46A	KC-46A Tanker Modernization
LCS	Littoral Combat Ship
MDAP	Major Defense Acquisition Program
NDAA	National Defense Authorization Act
U.S.C.	United States Code
USD(AT&L)	Under Secretary of Defense for Acquisition, Technology, and Logistics

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U.S. DEPARTMENT OF DEFENSE

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