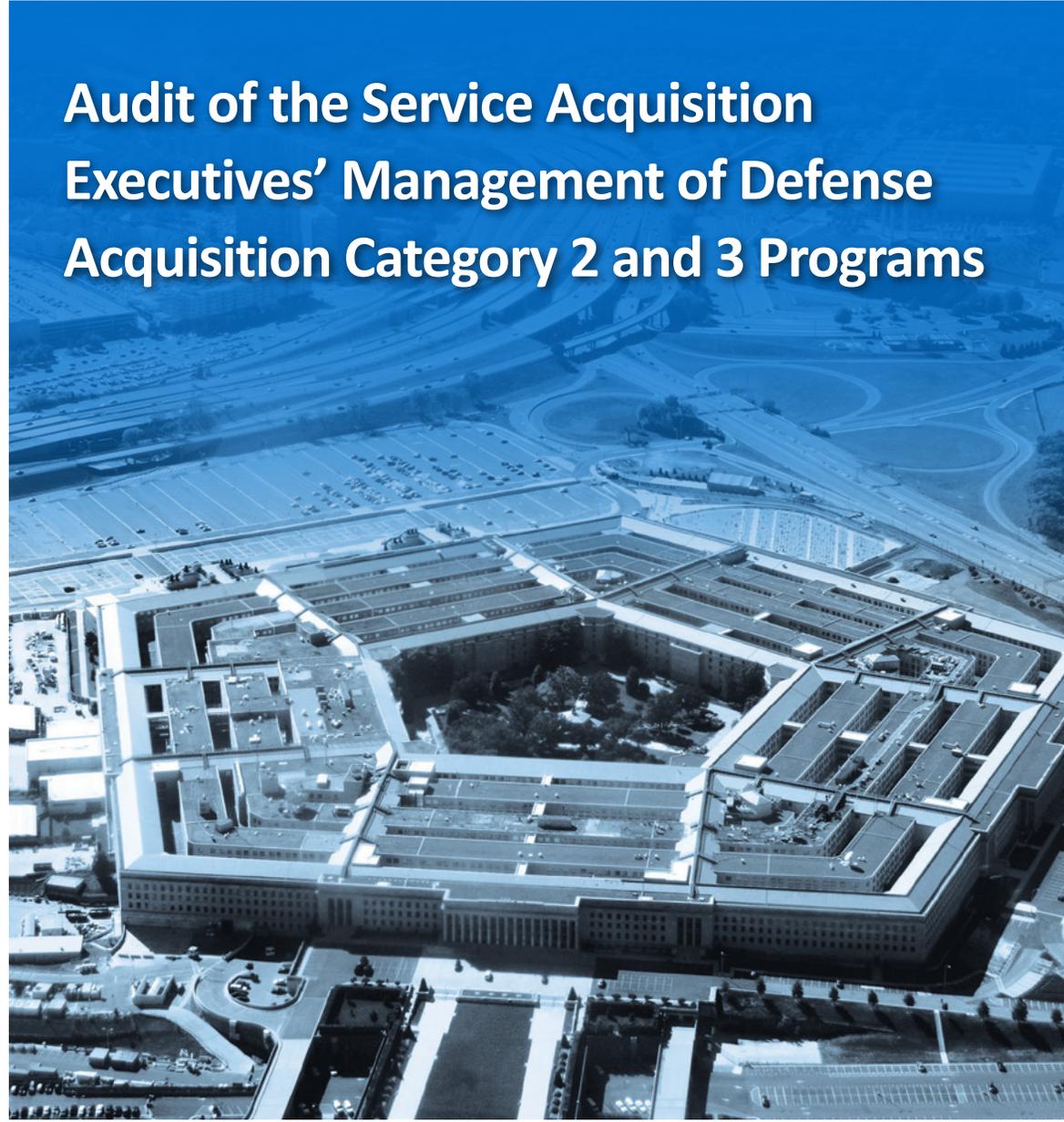




INSPECTOR GENERAL

U.S. Department of Defense

DECEMBER 20, 2019



Audit of the Service Acquisition Executives' Management of Defense Acquisition Category 2 and 3 Programs

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE





Results in Brief

Audit of the Service Acquisition Executives' Management of Defense Acquisition Category 2 and 3 Programs

December 20, 2019

Objective

The objective of this audit was to determine whether Army, Navy, and Air Force acquisition officials appropriately identified Acquisition Category (ACAT) 2 and 3 programs and monitored whether program costs and schedules aligned with their respective acquisition category designation.

Background

A DoD acquisition program is a funded effort that provides a new, improved, or continuing materiel, weapon, or information system or service capability in response to an approved need. DoD acquisition programs are classified into the appropriate ACAT level depending on estimated program costs and the type of acquisition. DoD Instruction 5000.02, "Operation of the Defense Acquisition System," establishes policy for the management of all acquisition programs and defines ACAT program designations.

ACAT 2 programs are major systems estimated to cost between \$185 million and \$480 million for research, development, test, and evaluation (RDT&E) or between \$835 million and \$2.8 billion for procurement. ACAT 3 programs are those programs that fall below the ACAT 2 minimum thresholds for RDT&E and procurement.

Each DoD acquisition program has a designated Milestone Decision Authority who has the overall responsibility for the program and is accountable for cost, schedule, and performance reporting to a higher authority, including congressional reporting.

Background (cont'd)

The DoD requested a total of \$236.7 billion in the FY 2019 President's budget for acquisition funding. Of the \$236.7 billion, \$144.4 billion was designated for ACAT 2 and 3 programs. ACAT 2 and ACAT 3 program management and oversight is delegated to the Military Departments. Each Department has its own procedures to identify and manage cost overruns, schedule slips, and overall program health.

We obtained a list of all acquisition programs from the Army, Navy, and Air Force. We identified 820 active ACAT 2 and 3 programs listed in the acquisition program master lists. We generated a statistical sample and selected 160 active programs across the Departments to review.

Findings

Army, Navy, and Air Force Service Acquisition Executives (SAEs) did not appropriately identify or monitor whether their Departments' ACAT 2 and 3 program costs and schedules aligned with their respective ACAT designation.¹ For example, in our sample each Department had programs, in their respective acquisition databases, that were not appropriately identified, monitored, or both, including:

- 21 Army programs, valued at \$8.8 billion, out of 65 Army programs with estimated total acquisition costs of \$22.5 billion,
- 24 Navy programs, valued at \$16.8 billion, out of 40 Navy programs with estimated total acquisition costs of \$21 billion, and
- 33 of 55 Air Force programs, 16 of which were valued at \$9.7 billion (Air Force acquisition officials did not provide cost estimates for the remaining 17 programs that we reviewed).

¹ The SAEs are the Assistant Secretary of the Army for Acquisition, Logistics, and Technology (ASA[ALT]); the Assistant Secretary of the Navy for Research, Development, and Acquisition (ASN[RD&A]); and the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics.



Results in Brief

Audit of the Service Acquisition Executives' Management of Defense Acquisition Category 2 and 3 Programs

Findings (cont'd)

These conditions occurred because the SAEs delegated their ACAT 2 and 3 program oversight responsibilities to their respective Program Executive Offices (PEOs) and did not perform required reviews of their Department's ACAT 2 and 3 programs.

As a result, the Army, Navy, and Air Force cannot accurately account for programs and program acquisition costs of up to \$144.4 billion dollars. Specifically, the SAEs did not know:

- the total number of ACAT 2 and 3 programs within their respective Departments;
- individual and total program costs of ACAT 2 and 3 programs;
- whether programs were approaching or have exceeded an ACAT threshold, requiring a higher level of oversight; or
- whether ACAT 2 or 3 programs were within budget and schedule.

Additionally, the Army's Program Executive Office for Combat Support and Combat Service Support did not inform or receive required approval from the Army Headquarters Data Administrator prior to deleting two programs from the Army's database used to track acquisition programs. This occurred because the permissions for the Army database do not restrict individuals from deleting programs without first receiving approval from the Army Headquarters Data Administrator. As a result, the Army has no assurance that the database is complete.

Recommendations

We recommend, among other recommendations, that the Under Secretary of Defense for Acquisition and Sustainment establish a common data framework for all Service acquisition databases that describes the core program information.

We recommend that the SAEs:

- verify and validate that their databases contain accurate lists of programs, and that programs have the correct active or inactive status; and
- verify and validate that all programs have approved Acquisition Program Baselines (APBs) as required by DoD Instruction 5000.02 and that program officials report when acquisition costs or schedules exceed thresholds established in the APB.

Finally, we recommend that the Assistant Secretary of the Army for Acquisition, Logistics, and Technology update the Army Acquisition Program Master List user guide to accurately reflect which roles have the authority to delete programs from the Army Acquisition Program Master List.

Management Comments and Our Response

This report contains 42 recommendations addressed to the Under Secretary of Defense for Acquisition and Sustainment; the Assistant Secretary of the Army for Acquisition, Logistics, and Technology; the Assistant Secretary of the Navy for Research, Development, and Acquisition; and the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics. Of the 42 recommendations, 13 were unresolved; 28 were resolved but will remain open until further actions are taken; and 1 was closed.

The Assistant Secretary of Defense for Acquisition, responding for Under Secretary of Defense for Acquisition and Sustainment, agreed to establish and populate a common data framework for all Service acquisition databases. The comments from the Assistant Secretary addressed all specifics of the recommendation; therefore, recommendation is resolved but will remain



Results in Brief

Audit of the Service Acquisition Executives' Management of Defense Acquisition Category 2 and 3 Programs

Comments (cont'd)

open. We will close this recommendation once we verify that Defense Acquisition Visibility Environment has established and documented a common framework for all ACAT 1, 2, and 3 programs and Military Departments have modernized their acquisition databases to include the core program information required.

The Army Deputy for Acquisition and Systems Management, responding for the Army SAE; the Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Navy SAE; and the Principal Deputy Assistant Secretary of the Air Force, responding for the Air Force SAE, agreed to verify and validate that their Service's respective databases contain an accurate list of programs. Their comments addressed the recommendation; therefore, the recommendations are resolved but will remain open. We will close the recommendations once the SAEs for the Army, Navy, and Air Force provide the processes used to verify and validate the program lists in their respective databases, along with evidence to ensure the programs are accurately represented in their databases.

The Army Deputy for Acquisition and Systems Management, responding for the Army SAE; the Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Navy SAE; and the Principal Deputy Assistant Secretary of the Air Force, responding for the Air Force SAE, agreed to verify and validate that each program has an approved APB, as required by DoD Instruction 5000.02, and report when cost or schedules exceed the thresholds established in the APB. However, comments from the Army did not address the recommendation; therefore, that recommendation is unresolved. The comments from the Navy and Air Force addressed the recommendations; therefore, those recommendations are resolved but will remain open.

We will close these recommendations once the SAEs for the Army, Navy, and Air Force provide the processes used to verify and validate that all programs have an approved APB and evidence that all programs have an approved APB. In addition, the SAEs should provide the processes used to verify and validate that program officials are reporting when program costs or schedules exceed APB thresholds and provide evidence that all program officials have reported programs that have exceeded the cost or schedule thresholds established in the APB.

The Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, agreed to update the Army Acquisition Program Master List User Guide to accurately reflect which roles have the authority to delete programs from the database. Comments from the Deputy addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close this recommendation when the Army provides the updated Army Acquisition Program Master List User Guide that shows which roles have authority to delete programs.

All of the recommendations, summaries of management's comments to the recommendations, and our responses are located in the "Recommendations, Management Comments, and Our Response" sections of the report. Additionally, summaries of management comments to each Finding of the report and our responses are located in Appendixes B and C. Please see the recommendation table on the next page for the status of recommendations.

Recommendations Table

Management	Recommendations Requiring Comment	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Under Secretary of Defense for Acquisition and Sustainment		A.2	A.1.a, A.1.b	
Assistant Secretary of the Army for Acquisition, Logistics, and Technology		A.3, B.1	A.4, B.2	
Assistant Secretary of the Navy for Research, Development, and Acquisition		A.7	A.5.a, A.5.b, A.5.c	A.6
Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics			A.8.a, A.8.b, A.8.c	
Army Service Acquisition Executive		A.9.b, A.9.d, A.10, A.11, A.12.a, A.12.b, A.12.c	A.9.a, A.9.c	
Navy Service Acquisition Executive		A.10	A.9.a, A.9.b, A.9.c, A.9.d, A.11, A.12.a, A.12.b, A.12.c	
Air Force Service Acquisition Executive		A.10	A.9.a, A.9.b, A.9.c, A.9.d, A.11, A.12.a, A.12.b, A.12.c	

Please provide Management Comments by January 21, 2020.

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**

December 20, 2019

**MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION
AND SUSTAINMENT
AUDITOR GENERAL, DEPARTMENT OF THE ARMY
AUDITOR GENERAL, DEPARTMENT OF THE NAVY
AUDITOR GENERAL, DEPARTMENT OF THE AIR FORCE**

**SUBJECT: Audit of the Service Acquisition Executives' Management of Defense Acquisition
Category 2 and 3 Programs (Report No. DODIG-2020-042)**

This final report provides the results of the DoD Office of Inspector General's audit. We previously provided copies of the draft report and requested written comments on the recommendations. We considered management's comments on the draft report when preparing the final report. These comments are included in the report.

The Assistant Secretary of Defense for Acquisition, responding for the Under Secretary of Defense for Acquisition and Sustainment, agreed with all three of our recommendations. Two recommendations are considered resolved but remain open; however, one recommendation is considered unresolved because management comments did not address the specifics of the recommendation.

The Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, agreed with all but two recommendations. Four recommendations are resolved but will remain open; however, nine recommendations are unresolved because management comments partially addressed or did not address the specifics of the recommendations.

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Assistant Secretary of the Navy for Research, Development, and Acquisition, agreed with all but one recommendation. As a result of management's comments and additional audit work, three recommendations were deleted and one recommendation was closed. Eleven recommendations are resolved but remain open; however, two recommendations are considered unresolved because management comments partially addressed or did not address the specifics of the recommendations.

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, responding for the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, agreed with all of our recommendations. Eleven recommendations are resolved and remains open; however, one recommendation is unresolved because management comments partially addressed the recommendation.

Therefore, as discussed in the Recommendations, Management Comments, and Our Response sections of this report, all but one recommendation remain open. Therefore, we will track these recommendations until an agreement is reached on the actions to be taken to address the recommendations, and adequate documentation has been submitted showing that the agreed-upon action has been completed. Please provide us your responses concerning specific actions in process or completed on the recommendations by completion dates you provided for these actions in your comments to the draft report. Your responses should be sent to followup@dodig.mil.

DoD Instruction 7650.03 requires that recommendations be resolved promptly. Therefore, please provide us within 30 days your response concerning specific actions in process or alternative corrective actions proposed on the recommendations. Your response should be sent to audacs@dodig.mil.

If you have any questions, please contact me at [REDACTED].



Theresa S. Hull
Assistant Inspector General for Audit
Acquisition, Contracting, and Sustainment

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Introduction

Objective

We determined whether Army, Navy, and Air Force acquisition officials appropriately identified Acquisition Category (ACAT) 2 and 3 programs and monitored whether program costs and schedule aligned with their respective acquisition category designation.² See Appendix A for a discussion of the scope, methodology, and prior audit coverage. See Appendix H for a description of programs used as examples throughout this report.

Background

A DoD acquisition program is a funded effort that provides a new, improved, or continuing materiel, weapon, or information system or service capability in response to an approved need. DoD acquisition programs are classified into an ACAT level based on estimated program costs and the type of acquisition. DoD Instruction 5000.02 establishes policy for the management of all acquisition programs and defines ACAT program designations.³ Table 1 describes ACAT program designations as defined by DoD Instruction 5000.02.

² Throughout this report, ACAT 3 programs will include any programs classified by the Departments as an ACAT 4 because DoD Instruction 5000.02 only defines acquisition programs at the ACAT 3 level.

³ DoD Instruction 5000.02, "Operation of the Defense Acquisition System," January 7, 2015, (Incorporating Change 4, August 31, 2018).

Table 1. Program Descriptions for DoD Acquisition Categories 1, 2, and 3

ACAT	Reason for ACAT Designation
ACAT 1	<ul style="list-style-type: none"> • Major Defense Acquisition Program estimated to require an eventual total expenditure of more than \$480 million for research, development, test, and evaluation (RDT&E) or more than \$2.79 billion for procurement for all increments • Milestone Decision Authority (MDA) designation as a special interest program¹
ACAT 1A	<ul style="list-style-type: none"> • Major automated information system that is expected to exceed: <ul style="list-style-type: none"> • \$40 million for all expenditures directly related to the automated information system definition, design, development, and deployment and incurred in a single fiscal year; or • \$165 million for all expenditures directly related to the automated information system definition, design, development, and deployment and incurred from the beginning of the materiel solution analysis phase through deployment at all sites; or • \$520 million for all expenditures directly related to automated information system definition, design, development, deployment, operations and maintenance, and incurred from the beginning of the materiel solutions analysis phase through sustainment for the estimated useful life of the system. • MDA designation as a special interest program
ACAT 2	<ul style="list-style-type: none"> • Does not meet criteria for ACAT 1 or 1A • Major system estimated to require an eventual total expenditure of more than \$185 million for RDT&E or more than \$835 million for procurement
ACAT 3	<ul style="list-style-type: none"> • Does not meet the criteria for ACAT 2 or above • An automated information system program that is not a major automated information system program

Note: All dollar figures reflect FY 2014 constant dollars.

¹ The special interest designation is typically based on one or more of the following factors: technical complexity; congressional interest; a large commitment of resources; or the criticality of the program to the achievement of a capability or set of capabilities, a part of a system of systems, or a joint program.

Source: DoD Instruction 5000.02, "Operation of the Defense Acquisition System," Change 4 Incorporated, August 31, 2018.

Each DoD acquisition program has a designated Milestone Decision Authority (MDA) who has:

- overall responsibility for the program;
- authority to approve the entry of an acquisition program into the next phase of the acquisition process; and
- accountability for cost, schedule, and performance reporting, including congressional reporting.

The MDA is also the approval authority for a number of acquisition program documents, strategies, and goals, including the acquisition strategy, acquisition decision memorandum, acquisition phase exit criteria, and the system engineering plan.

Depending on the ACAT designation, the MDA is the Defense Acquisition Executive (DAE), Service Acquisition Executive (SAE), Head of the DoD Component, or other individual delegated by the DAE or designated by the SAE. Additionally, the DAE may delegate decision authority down to the SAE.⁴ For ACAT 2 and 3 programs, the MDA may delegate decision authority to a lower level. Table 2 shows the MDA levels of designation for ACAT 1-3 programs.

Table 2. Acquisition Milestone Decision Authorities for Acquisition Category 1-3 Programs

Acquisition Category	Milestone Decision Authority
ACAT 1	<ul style="list-style-type: none"> ACAT 1B: The SAE ACAT 1C: The SAE or as delegated by the DAE ACAT 1D: The DAE or as delegated by the DAE
ACAT 1A	<ul style="list-style-type: none"> ACAT 1AM: The DAE or as delegated by the DAE ACAT 1AC: Head of the DoD Component or, if delegated, the SAE
ACAT 2	<ul style="list-style-type: none"> The SAE or the individual designated by the SAE
ACAT 3	<ul style="list-style-type: none"> The individual designated by the SAE

Source: DoD Instruction 5000.02 and Implementation Guidance for Section 2430(d) of Title 10 United States Code.

DoD Investment in ACAT 2 and 3 Programs

The DoD requested \$236.7 billion in the FY 2019 President's budget for acquisition funding, of which:

- ACAT 1 programs accounted for \$92.3 billion, or 39 percent, and
- ACAT 2 and 3 programs accounted for \$144.4 billion, or 61 percent.

ACAT 1 programs receive considerable oversight to ensure that they meet cost, schedule, and performance requirements. To provide information necessary to conduct robust oversight, DoD Instruction 5000.02 and public law require Major Defense Acquisition Program officials to produce reports, such as Selected Acquisition Reports, unit cost reports, Acquisition Program Baselines (APB), and DAE Summaries. Additionally, Congress requires the DoD to establish a baseline program description along with cost, schedule, and performance goals for all major defense acquisition programs.

⁴ The DAE is the Under Secretary of Defense for Acquisition and Sustainment and is the individual responsible for supervising the Defense Acquisition System. The SAEs are the Secretaries of the Military Departments; respectively, the Assistant Secretary of the Army for Acquisition, Logistics, and Technology (ASA[ALT]); the Assistant Secretary of the Navy for Research, Development, and Acquisition (ASN[RD&A]); and the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics.

When a program does not meet the minimum estimated cost for a major defense acquisition program or ACAT 1 designation, the level of oversight is delegated to the Military Departments, which have their own procedures to identify and control cost overruns, schedule slips, and overall program stability. Determining the appropriate guidance and level of oversight to apply to ACAT 2 and 3 programs is important because, although major defense acquisition programs are the largest programs in terms of dollars, ACAT 2 and 3 programs make up the largest share and largest dollar value of active acquisition programs.

Acquisition Databases

The DoD and each of the Military Departments have their own databases to maintain acquisition program master lists. The DoD's database, the Defense Acquisition Visibility Environment (DAVE) is an online reporting system that provides the DoD acquisition community with access to accurate, authoritative, and reliable data to support acquisition oversight, insight, analysis, and decision-making. The DAVE is the authoritative source for program information for major acquisition programs and the trusted source for ACAT 2 and 3 programs. DoD officials stated that the DAVE is populated with program data available in each Department's database: the Army Acquisition Program Master List (AAPML); the Assistant Secretary of the Navy (Research, Development, and Acquisition) (ASN[RD&A]) Information System (RDAIS); and the Air Force's Project Management Resource Tools (PMRT).⁵ With the exception of the Army database, the Department databases also include cost and schedule information that SAEs and senior acquisition officials can use for decision-making.

The AAPML is the official acquisition master list for the Army. The AAPML contains program data elements, such as the program's name, responsible program office, active or inactive status, next milestone event, and the ACAT level assigned. The AAPML allows acquisition officials to add, edit, and monitor this information.

RDAIS is the authoritative source for programmatic information for the Navy. RDAIS provides the Secretary of the Navy, the ASN(RD&A), the Chief of Naval Operations, program executive officers, and program managers a tool to manage various ACAT programs with consistent data throughout the chain of command. RDAIS tracks the cost, schedule, and performance for Navy acquisition programs as inputted by the program managers.

The PMRT is a collection of applications that the Air Force uses for program and financial management, acquisition reporting, and oversight. The PMRT database contains the Data Access Program Reporting tool, which maintains the Air Force's

⁵ RDAIS includes Marine Corps programs.

acquisition master list. This acquisition master list is the collection of all Air Force acquisition programs regardless of ACAT level or life cycle. The PMRT provides the Deputy Assistant Secretary of Air Force (Acquisition Integration), PEOs, and program managers a tool to manage and provide oversight for all ACAT and non-ACAT programs.

Acquisition Category 2 and 3 Programs Reviewed

We obtained the acquisition program master lists from the AAPML, RDAIS, and the PMRT and identified 2,044 programs (1,085 Army programs, 154 Navy programs, and 805 Air Force programs). We identified 820 active ACAT 2 and 3 programs included in the Departments' acquisition program master lists.⁶ We generated a statistical sample and randomly selected 160 active programs across the Military Departments to review. See Table 3 for a breakdown of the number of active programs and the sample sizes, by Department.

Table 3. Active Programs Universe and Sample Size

	Active ACAT 2 Programs	Active ACAT 3 Programs*	Total Active ACAT 2 & 3 Programs	ACAT 2 Program Sample Size	ACAT 3 Program* Sample Size	Total ACAT 2 & 3 Program Samples
Army	37	258	295	15	50	65
Navy	28	79	107	10	30	40
Air Force	42	376	418	15	40	55
Sub-total	107	713		40	120	
Total			820			160

* For this audit, ACAT 3 programs also include any program classified by the Department as an ACAT 4.

Source: The DoD OIG.

Review of Internal Controls

DoD Instruction 5010.40 requires DoD organizations to implement a comprehensive system of internal controls that provide reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls.⁷

We identified an internal control weakness with updates to the Army, Navy, and Air Force databases. According to Army and Navy guidance, program officials are required to update program information in those databases quarterly, at a minimum. According to Air Force guidance, program officials are required to update program information in that database semi-annually, at a minimum.

⁶ For this audit, ACAT 3 programs include any program classified by the Departments as an ACAT 4 because DoD Instruction 5000.02 only defines acquisition programs to the ACAT 3 level.

⁷ DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

However, during our audit, we identified programs in our sample that did not contain updated program information as required. This internal control weakness is further discussed in Finding A. We will provide a copy of the report to the senior officials responsible for internal controls in the Departments of the Army, Navy, and Air Force.

We identified a second internal control weakness with the Army's AAPML database permission controls. The AAPML user guide states that programs may only be deleted from the database with permission from the Headquarters Army Data Administrator. However, during our audit, we identified two programs deleted from the database without Headquarters Army knowledge or approval. This internal control weakness is further discussed in Finding B. We will provide a copy of the report to the senior official responsible for internal controls in the Department of the Army.

Finding A

Service Acquisition Executives Do Not Have an Accurate Source for Acquisition Category 2 and 3 Program Information

Army, Navy, and Air Force SAEs did not appropriately identify or monitor whether ACAT 2 and 3 program costs and schedules align with their respective ACAT designation, as required by DoD Instruction 5000.02. For example, in our sample of 160 programs, each Department had programs, in their respective databases, that were not appropriately identified, monitored, or both, including:

- 21 Army programs, valued at \$8.8 billion, out of 65 Army programs with estimated total acquisition costs of \$22.5 billion,
- 24 Navy programs, valued at \$16.8 billion, out of 40 Navy programs with estimated total acquisition costs of \$21 billion,
- 33 of 55 Air Force programs, 16 of which were valued at \$9.7 billion; however, Air Force acquisition officials did not provide cost estimates for the remaining 17 programs.⁸

This occurred because the SAEs delegated their ACAT 2 and 3 program oversight responsibilities to their respective PEOs and did not perform required reviews of their Department's ACAT 2 and 3 programs. As a result, the Army, Navy, and Air Force cannot accurately account for programs and program acquisition costs of up to \$144.4 billion dollars. Specifically, the SAEs do not know:

- the total number of ACAT 2 and 3 programs within their respective Departments;
- individual program costs and total program costs of ACAT 2 and 3 programs;
- whether programs were approaching or have exceeded an ACAT threshold, requiring a higher level of oversight; and
- whether ACAT 2 or 3 programs were within budget and schedule.

⁸ See Appendix E for the list of programs that make up the finding.

The Military Departments Did Not Appropriately Identify Acquisition Category 2 or 3 Programs

The SAEs did not appropriately identify ACAT 2 and 3 programs. Specifically, the Military Departments did not have reliable or complete listings of active programs within their respective acquisition program databases. DoD

Military Departments did not have reliable or complete listings of active programs within their respective acquisition program databases.

Instruction 5000.02 states that the SAEs must balance resources against priorities and ensure appropriate trade-offs are made among cost, schedule, technical feasibility, and performance throughout the life of a program. In addition, the DoD Instruction 5000.02 states that the SAE is at the top of the chain of command for responsibility and authority for program management, to include program planning and execution. Without a reliable and complete listing of programs and program information, the SAEs cannot perform their oversight duties and must instead rely on the programs' delegated MDA to provide oversight of ACAT 2 and 3 programs.

Army Database Lacks Cost and Schedule Management Information

The AAPML is a database that should contain a current and accurate list of acquisition programs and authorized acquisition activities, regardless of the program's life cycle phase or acquisition status. The AAPML also provides a historical record of Army ACAT 2 and 3 programs. Including a program on the AAPML does not constitute approval to start a new program or authority to commit, obligate, or expend funds. The AAPML does not contain program data elements indicating a program's performance regarding cost or schedule. The AAPML also does not contain program cost and schedule estimates, or cost and schedule thresholds and objectives established in the program's APB.⁹ This information is tracked through Army program status reviews at the PEO level. The AAPML should contain this data so that the Army's SAEs are aware of changes in the program cost and schedule, which could assist in their decision-making when a program exceeds its designated ACAT level.

⁹ The objective is the desired value the program manager expects to achieve based on available program funding, and the threshold is the maximum allowable value beyond which the program may be considered too costly.

Within our sample of 65 Army programs, we identified that the AAPML contained incorrect information for two programs:

- the Radiographic Imaging System Explosive Ordinance Disposal was a Navy system, that the Army procured quantities solely from the Navy, and was not an Army acquisition program; and
- the Jungle Combat Boot program, a “directed requirement” program, was recorded as an active program, when according to AAPML guidance, all “directed requirements” should always be recorded as inactive programs.¹⁰

In addition, within our sample of Army programs, we identified that the Army PEOs did not consistently update the AAPML. According to Army guidance, Army PEOs are required to update the program data elements in the AAPML when changes in the program occur or quarterly until the program is demilitarized or disposed of.¹¹ We identified that programs were not updated to indicate an accurate active or inactive program status. We found 5 of the 65 programs in our sample were listed as active programs when the programs should have been listed as inactive because Army acquisition officials did not update program data elements quarterly as required. These 5 programs had not been updated in anywhere from 4 months to 21 months. For example, when we selected our sample of Army programs in May 2018, the PEO had not updated the program data elements for the Lightweight Laser Designator/Rangefinder AN/PED-1 program since September 2016. The PEO should have updated the program data elements quarterly, as required by Army regulations, because the program has not been demilitarized or disposed of.¹²

Based on our review of the database and the errors and inaccurate information included in the AAPML, we determined that the Army does not have a current or accurate list of acquisition programs and authorized acquisition activities. In addition, the Army SAE does not have a separate system to track program cost and schedule estimates, thresholds, or objectives.

Navy Officials Cannot Account for Active Programs in the Navy Database

RDAIS is the authoritative source for programmatic information for the Navy. RDAIS tracks cost, schedule, and performance information for Navy acquisition programs. According to Navy guidance, program offices must update their

¹⁰ A directed requirement addresses an urgent operational need that if not addressed immediately, will seriously endanger personnel or pose a major threat to the success of ongoing Army operations.

¹¹ Army Regulation 70-1 “Army Acquisition Policy,” August 10, 2018, and Army Memorandum, “Establishment of the Army Acquisition Program Master List (AAPML),” September 30, 2015.

¹² Demilitarization is the act of destroying the military offensive or defensive capability inherent in certain types of equipment or materiel.

respective programs quarterly within RDAIS to satisfy reporting requirements and maintain real time accurate data.¹³ However, we identified programs that Navy acquisition officials had not updated for up to 6 years and programs that did not contain updated cost or schedule data in RDAIS. For example, program offices did not update the Integrated Condition Assessment System, the Maritime Integrated Air and Missile Defense Planning System, and the Combat System Tester program during our audit fieldwork. Navy acquisition officials also could not provide any current cost or schedule data for the three programs during our audit fieldwork. ASN(RD&A) officials stated that it appeared that the three programs were developed in the 1990s but that the programs were not removed from the acquisition program list when the programs failed to reach a Milestone B decision point.¹⁴

We requested points of contact and information for the programs. ASN(RD&A) officials stated that the point of contact for the Integrated Condition Assessment System was on extended leave and, although they attempted to identify other staff for program verification, they could not. Additionally, ASN(RD&A) officials could not provide any past or current cost or schedule estimates for the Integrated Condition Assessment System program during our audit fieldwork. However, we found that in the 2019 President's Budget, the Navy requested \$3.8 million in procurement funds for the program in addition to the \$26.9 million in funding from prior years. In July 2019, the Navy provided the Acquisition Category Assignment Request memorandum for the Integrated Condition Assessment System, dated February 5, 1996. This memorandum stated that the Integrated Condition Assessment System is an active Navy acquisition program. Navy officials were not able to account for \$30.7 million in requested funding for this program until after the draft report was issued in September 2019, when the Navy provided budgetary documentation from the Navy Enterprise Resource Planning program, the budgetary financial system for the Navy, that shows the \$30.7 million was used to fund the Integrated Condition Assessment System. If ASN(RD&A) officials had been performing thorough reviews of RDAIS, the authoritative source for Navy program information, they should have been able to provide accurate information on the Integrated Condition Assessment System prior to September 2019.

During our audit fieldwork, in August 2018, ASN(RD&A) officials could not validate the existence of the Maritime Integrated Air and Missile Defense Planning System, even though RDAIS listed the program as an active acquisition

¹³ Department of the Navy, Office of the Assistant Secretary Research, Development, and Acquisition Memorandum, "Updated Policy for Input of Programmatic Information into the ASN RD&A Information System (RDAIS)," August 27, 2014.

¹⁴ Milestone B is the point during the acquisition process when the decision is made to commit resources to the development of a product and enter the engineering and manufacturing development phase.

program with estimated total acquisition costs of \$34.3 million.¹⁵ Additionally, the program had not been updated in RDAIS between 2013 and 2019. During our audit fieldwork, ASN(RD&A) officials could not provide any additional cost and schedule information, to include any past or current program cost or schedule estimates or any approved APBs for the program. However, we found that the Navy requested \$12.4 million in procurement funds in the FYs 2012 through 2014 President's Budgets and an additional \$3.1 million in RDT&E funding in the FYs 2017 through 2019 President's Budget. Therefore, the Navy requested funds for a program that ASN(RD&A) officials could not verify existed. In October 2018, ASN(RD&A) officials stated that the Maritime Integrated Air and Missile Defense Planning System was a pre-milestone B Navy acquisition program. However, Navy officials were not able to provide any documentation to support the program was pre-milestone B. ASN(RD&A) officials then stated that this program was inactive and would be canceled and that the FY 2019 President's Budgets request would be used to maintain the program until it is completely removed from the Navy fleet. On May 2, 2019, the Navy issued a memorandum that stated the Maritime Integrated Air and Missile Defense Planning System will terminate the sustainment phase and all assets will be removed from operational locations and disposed of by September 30, 2023. In September 2019, after a draft of this report was issued, Navy acquisition officials stated they made a change to RDAIS in June 2019, to allow users to identify programs that are pre-milestone B. Navy acquisition officials provided a screen shot from RDAIS that indicated the Maritime Integrated Air and Missile Defense Planning System was pre-milestone B. While the change to RDAIS improves program oversight, Navy officials did not update RDAIS in accordance with Navy regulations, between November 2013 and June 2019. During our audit fieldwork, ASN(RD&A) officials could not account for \$34.3 million in spending on the Maritime Integrated Air and Missile Defense Planning System program in RDAIS and \$15.5 million requested in the President's Budget requests. Additionally, ASN(RD&A) officials stated that they could not identify how much money was appropriated for this program. If ASN(RD&A) officials had been performing thorough reviews of RDAIS, the authoritative source for Navy program information, they should have been able to provide accurate information on the Maritime Integrated Air and Missile Defense Planning System. The ASN(RD&A) should determine how \$49.8 million, including the \$34.3 million listed in RDAIS and the \$15.5 million requested in FYs 2012 through 2019 President's Budgets, was appropriated and whether the appropriated funding was properly spent on the program. ASN(RD&A) should also determine whether any remaining funds could be put to better use. Further, ASN(RD&A) should implement controls to track appropriated funding amounts for ACAT 2 and 3 programs.

¹⁵ All dollars are expressed in FY 2014 dollars unless otherwise noted.

In another example, ASN(RD&A) officials could not provide any evidence that the Combat System Tester program was ever an active program of record despite the program being listed as an active program in RDAIS. Additionally, ASN(RD&A) officials could not provide the past or current cost or schedule estimates or approved APBs for the Combat System Tester program, or verify that they ever existed. ASN(RD&A) officials stated the program was no longer being executed and that they were awaiting a letter from the MDA to remove the program from the active ACAT listing. As a result of our audit, the Navy Assistant Commander for Acquisition requested that the ASN(RD&A) remove the Combat System Tester program from the RDAIS ACAT list because the program was not active and never entered the acquisition life cycle. If ASN(RD&A) officials had been performing thorough reviews of RDAIS, the authoritative source for Navy program information, they should have been able to provide accurate information on the Combat System Tester.

Air Force Database Lacks Cost and Schedule Management Information

The PMRT contains several applications; one is the Data Access Program Reporting tool, which contains the Air Force's acquisition master list. Air Force program managers are required to ensure consistency of program data, such as the cost and schedule information contained in the PMRT database, by performing reviews and submitting updates twice a year. According to Air Force acquisition officials, the Data Access Program Reporting tool is primarily used to monitor acquisition programs and ensure that they meet their funding execution goals. The Data Access Program Reporting tool does not contain APB cost and schedule information that Air Force oversight officials could use to manage acquisition programs. The Monthly Acquisition Reporting tool, another application of the PMRT, contains APB cost and schedule information for programs that meet the reporting requirements. According to Air Force guidance, program managers are required to complete a monthly acquisition report for ACAT 2 programs or a quarterly report for ACAT 3 programs with funding greater than \$30 million in RDT&E or \$50 million in procurement over the life of the program.¹⁶ Program managers prepare these acquisition reports for review and approval by the program's PEO. The reports include program assessments, APB data, funding execution data, contract information, and program schedules. Air Force acquisition officials use the Monthly Acquisition Reporting tool to generate a periodic report that contains an executive summary of issues identified in monthly acquisition reports.

¹⁶ Air Force Instruction 63-101/20-101, "Integrated Life Cycle Management," section 11.4, "Monthly Acquisition Report (MAR)," May 9, 2017. MAR reporting refers to both monthly and quarterly reports, depending on the ACAT designation.

We found that the information in, and the program manager reviews of, the PMRT and its applications were unreliable and inaccurate.

The summary is then submitted to the SAE. We found that the information in, and the program manager reviews of, the PMRT and its applications were unreliable and inaccurate and

should not be used by the SAE for decision-making until the information has been validated as accurate and reliable.

For example, the Monthly Acquisition Reporting tool contained 36 of the 55 Air Force programs in our sample. We determined that there was one additional program within our sample, the P5-Combat Training System, which should have been reported in the Monthly Acquisition Reporting tool, in accordance with Air Force guidance. The PEO for Weapons did not report the program in the Monthly Acquisition Reporting tool, and when asked, could not explain the omission even though the P-5 Combat Training System had a total procurement cost of \$182.7 million, which exceeds the Monthly Acquisition Reporting tool \$50 million procurement requirement. Therefore, the PEO for Weapons should have reported this program in the Monthly Acquisition Reporting tool in accordance with Air Force guidance. Without reporting the program in the Monthly Acquisition Reporting tool, Air Force acquisition officials did not provide a complete assessment to the SAE, and the SAE was not aware of millions of procurement dollars that were not reported on a system that provides urgent combat training capabilities.

In addition, within our Air Force sample, four programs that were reported in the Monthly Acquisition Reporting tool did not contain complete cost and schedule information. For example, the PEO for Intelligence, Surveillance, and Reconnaissance, did not report total estimated acquisition costs of \$2.5 billion for the EC-37B Compass Call Re-Host program, an ACAT 2 program, or the program's APB information in the Monthly Acquisition Reporting tool, as required. Because the program does not have information in the Monthly Acquisition Reporting tool, Air Force acquisition officials did not provide accurate and complete program information in the assessment provided to the SAE. Therefore, the SAE was unaware of any potential problems related to a \$2.5 billion program used to stop enemy command and control communications. The SAE cannot appropriately monitor Air Force acquisition programs if programs that are required to report cost and schedule information do not report this information.

Furthermore, of the 55 programs in our sample, Air Force PEOs were not required to report on 15 programs, with total costs of \$239.7 million, in the Monthly Acquisition Reporting tool because those programs did not meet the RDT&E and procurement minimum funding requirements. For example, the E-3 Reliability,

Maintainability & Availability (Block 1) program, an ACAT 3 program with total program costs of \$41.8 million, was not required to be reported in the Monthly Acquisition Reporting tool because it did not meet the RDT&E or procurement minimum funding requirements. Therefore, those 15 programs are not included in the periodic executive summary report that Air Force acquisition officials submit to the SAE. As a result, the SAE has no mechanism in PMRT to help provide oversight of those programs totaling \$239.7 million and program officials are not held accountable for cost or schedule changes.

Air Force Officials Incorrectly Classified Non-Acquisition Programs as Acquisition Programs and Incorrectly Reported Inactive Programs as Active

Air Force acquisition officials incorrectly classified 6 of the 55 Air Force programs in our sample as acquisition programs. Additionally, based on our sample, Air Force acquisition officials misclassified another agency's acquisition program as an Air Force program on its acquisition master list. Furthermore, our sample contained two inactive programs that Air Force acquisition officials reported as active on the acquisition master list.

Six programs in our sample were incorrectly classified as active Air Force acquisition programs. According to the PMRT, these six programs consisted of an unknown number of low cost modification (LCM) efforts with total costs of \$41.4 million. Air Force guidance describes an LCM as an unforeseen requirement estimated to be completed in 1 year with total funding that should not exceed \$2 million per fiscal year.¹⁷ Air Force acquisition officials could not provide a complete list of LCM efforts or costs that contributed to any of the six LCM programs in our sample. Air Force acquisition officials also could not provide APBs for all six programs. Air Force acquisition officials stated that the LCMs could be tailored and did not require the same acquisition documentation since they were not acquisition programs, despite being classified as ACAT 3 programs on the Air Force acquisition master list. For example, the PMRT included the A-10 LCM program on the acquisition list. The A-10 LCM was used to satisfy unforeseen requirements and to correct deficiencies for the A-10 aircraft. The PMRT shows that the A-10 LCM program began in FY 2016 with approved funding of \$5.2 million through FY 2017. Air Force acquisition officials could not provide a listing of LCM efforts that were included in the A-10 LCM program or the individual costs for each LCM effort. Specifically, the Air Force could not provide the LCM costs reported, how long LCM efforts had been underway, or how many LCM efforts were grouped under each of the six programs. Additionally, the Air Force could not provide

¹⁷ Air Force Manual 65-605, Volume 1, "Budget Guidance and Technical Procedures," dated October 24, 2018, section 2.4.1.4.3, "Low Cost Modification."

evidence whether each LCM effort met LCM funding and completion requirements. As a result, Air Force acquisition officials cannot account for \$41.4 million attributed to the six programs in our sample. The Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics should determine the number of LCMs, their associated costs, the accountable program offices, and whether each LCM effort was completed in less than 1 year at a cost of \$2 million or less. Additionally, the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics should validate that LCM costs are reflected in their respective acquisition program cost estimates. Table 4 describes the six LCMs in our audit sample.

Table 4. Air Force Low Cost Modification Efforts in the Audit Sample

Programs That Contain Individual Low Cost Modification Efforts	Total Program Cost (in millions)*
A-10 LCM	\$5.2
C-5 LCM	3.4
Munitions LCM	11.6
C-21A LCM	2.4
VC-25 Service Bulletin	7.7
B-1 LCM	11.1
Total	\$41.4

* Total program costs for the LCMs are based on the total approved program cost found in PMRT. Air Force acquisition officials could not provide any documentation to support these dollar figures.

Source: The DoD OIG.

The PEO for Space also included the Space Based Space Surveillance Follow-On program on its active acquisition master list. The program was a collaborative intelligence community acquisition program between the National Reconnaissance Office and the Air Force, under the authority of the National Reconnaissance Office. The Air Force does not have acquisition authority for the program and, therefore, does not have control over acquisition documentation or program decisions. The PEO for Space should not have included the program on the Air Force acquisition master list as an Air Force program. Including programs incorrectly on the acquisition master list makes the data unreliable for acquisition decision makers and indicates that the Air Force does not hold program offices accountable for correct reporting and validation of the master list data.

Finally, Air Force acquisition officials reported two programs in our sample as active on the acquisition master list when the programs were inactive. When the audit team selected our sample in May 2018, the PMRT listed the KC-10 Communication, Navigation, Surveillance/Air Traffic Management and the

B-52 New START Treaty programs as active. Air Force acquisition officials stated that the KC-10 Communication, Navigation, Surveillance/Air Traffic Management program was not an active program, this program had completed all deliveries, and no investment funding was associated with the program. However, the program manager did not submit a request to re-classify the program as inactive on the acquisition master list. Air Force acquisition officials stated that the B-52 New START Treaty was a one-time modification and was completed in FY 2017. However, Air Force acquisition officials did not re-classify this program as inactive on its acquisition master list until June 2018, after the audit team requested acquisition program documents. Without a reliable and complete listing of programs and program information, the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics will not have adequate oversight of acquisition programs.

Consistent Database Reporting Requirements and Program Data Definitions Needed for Acquisition Reporting

The type and amount of information that the Army, Navy, and Air Force reported within their respective databases varied widely. For example, the Army database, AAPML, is the only database amongst the Military Departments that does not contain any mechanism or field to indicate program costs or schedule. Consequently, the AAPML could not be used as a tool to provide oversight of Army programs. The Air Force database, PMRT, contains applications for cost and schedule reporting, but does not require all programs to report within their applications. The Navy database, RDAIS, is the most robust among the Military Departments, and contains mechanisms for cost and schedule oversight; however, it is not properly used or updated to provide SAEs with accurate information for decision-making. Additionally, there are no standard definitions for critical program data elements across the Military Departments for ACAT 2 and 3 programs. The Office of Secretary of Defense created a data dictionary to define necessary program data elements for the DAVE; however, the data dictionary only applies to data elements within the DAVE. Standardized definitions help all of the Departments report reliable and consistent program information regardless the ACAT level. For more efficient and effective management of all acquisition programs, the Under Secretary of Defense for Acquisition and Sustainment should:

- Establish a common framework for all Service acquisition databases that describes the core program data the database must contain, including but not limited to, program identification, cost, schedule, performance, and risk for all ACAT 1, 2, and 3 acquisition programs.

- Populate the common data framework, establish both criteria and guidelines for declaring program start, designating the initial acquisition category, and defining the minimum program data needed at program start.

Service Acquisition Executives Did Not Appropriately Monitor Acquisition Category 2 and 3 Programs

The Army, Navy, and Air Force SAEs did not appropriately monitor ACAT 2 and 3 programs throughout their acquisition lifecycles to determine if programs had exceeded or were approaching an ACAT threshold. Furthermore, Department acquisition officials could not provide original APBs for all of the programs in our sample or the required deviation reports when a program's cost and schedule differed from the approved APB. For a full list of programs discussed, please see Appendixes E and F.

SAEs did not appropriately monitor ACAT 2 and 3 programs throughout their acquisition lifecycles to determine if programs had exceeded or were approaching an ACAT threshold.

DoD Instruction 5000.02 requires program managers to notify the MDA immediately when the program manager becomes aware of an upcoming deviation from the cost or schedule constraints defined in the APB. The program manager must submit a program deviation report to the MDA that describes the reason for the deviation and planned corrective actions.

Programs Have Exceeded or Are Approaching a Higher Acquisition Category During the Acquisition Lifecycle

According to DoD Instruction 5000.02, SAEs are responsible for notifying the DAE when an increase or estimated increase in program costs during a program's acquisition life cycle will result in a possible reclassification of a lower ACAT program to an ACAT 1 program. The SAE also must report ACAT changes to the DAE as soon as the program's costs are estimated to be within 10 percent of the minimum cost threshold of the next ACAT level. During our audit, we determined that the SAEs were not informed when program costs increased to the next ACAT level or were within 10 percent of the next ACAT level. Therefore, the MDAs for ACAT 3 programs should also be required to notify the SAE when an increase or estimated increase in program costs will result in a possible reclassification to an ACAT 2 program.

Army Program Is Approaching a Higher Acquisition Category

We identified that one of the 65 Army programs in our sample was within 10 percent of the next ACAT level based on estimated program cost growth. In November 2017, the Army acquisition officials estimated that the Bioscavenger program, an ACAT 2 program intended to prevent incapacitation and death from nerve agent threats, would have total RDT&E costs of \$442.1 million, which is within 10 percent of the ACAT 1 RDT&E cost minimum of \$480 million. In May 2017, the PEO provided the program manager a memorandum acknowledging the changes to program cost and schedule and accepting the re-baseline strategy. The PEO requested that the program manager submit a revised APB for approval no later than second quarter FY 2018. However, the PEO later granted an extension pending a program decision, which will determine whether the Army continues or terminates the program. If the program continues, the PEO will direct the program manager to provide an updated cost estimate, APB, and, if necessary, a notification of re-designation to the ACAT 1 level. Although the PEO stated the Army's plans for ACAT re-designation, the PEO could not provide documentation that it had notified the SAE of the program's potential re-designation to an ACAT 1.

We identified that one of the 65 Army programs in our sample was estimated to exceed the ACAT 1 cost minimum for RDT&E. In FY 2018, the Army acquisition officials estimated that the Recombinant Botulinum Vaccine program, an ACAT 2 program intended to protect against aerosolized exposure to botulinum neurotoxins, would have total RDT&E costs of \$534.1 million—\$54.1 million above the ACAT 1 RDT&E cost minimum. As of July 2018, the Food and Drug Administration was evaluating the vaccine to determine whether it meets Food and Drug Administration regulations. Upon the conclusion of the Food and Drug Administration's examination, Army officials will determine whether the program will begin reporting as an ACAT 1 and proceed to Milestone C, or whether the Army will terminate the program.¹⁸ The Assistant Secretary of the Army for Acquisition, Logistics, and Technology (ASA(ALT)) should immediately reclassify the Recombinant Botulinum Vaccine program as an ACAT 1 program and report whether the program has been cancelled.

In response to the draft report, the Army stated that the Recombinant Botulinum Vaccine program would be reclassified as an ACAT 1 program by the second quarter of Fiscal Year 2020. The Army did not provide a response on whether the program has been cancelled.

¹⁸ A successful Milestone C decision allows the program to begin production and deployment of the product.

We identified that two of 65 Army programs in our sample were approaching or had exceeded a higher acquisition category due to cost growth; however, there are 230 active ACAT 2 and 3 Army programs that were not reviewed as part of this audit that may not be receiving the appropriate level of oversight.

Navy Programs Exceeded or Are Approaching a Higher Acquisition Category

We identified 3 out of 40 Navy programs in our sample that were not reclassified at a higher ACAT level after estimated program cost growth exceeded the program's original ACAT cost threshold. Furthermore, we identified two additional programs in our sample that were within 10 percent of the next ACAT level.

For example, Navy acquisition officials estimated that the Expeditionary Sea Base program, an ACAT 2 program that will fulfill critical strategic needs to support airborne mine countermeasures, would have total procurement costs of \$4.5 billion. This estimate was \$1.7 billion above the ACAT 1 procurement cost minimum. According to RDAIS, Navy acquisition officials first estimated the program would exceed the ACAT 1 procurement cost minimum in November 2015. However, program officials did not notify the SAE that the program would exceed the ACAT 1 minimum procurement threshold until February 2018. Navy acquisition officials stated that procurement costs increased after Congress authorized five additional ships over multiple fiscal years. In August 2018, almost 3 years after the Navy first estimated that the program would exceed the ACAT 1 procurement cost minimum, the SAE submitted a memorandum to the DAE to re-designate the program as an ACAT 1 program and assign the ASN(RD&A) to be the MDA. As a result, the program did not receive the higher level of oversight required of an ACAT 1 program for almost 3 years. Additional oversight for an ACAT 1 program includes reporting in the Selected Acquisition Report, which provides the status of total program cost, schedule, and performance to Congress and reports increased program risk. The Selected Acquisition Report also includes a certification from the Secretary of the Military Department and the Chief of the Armed Forces that program requirements are stable and funding is adequate to meet program cost, schedule, and performance objectives.

In another example, Navy acquisition officials estimated that the Coastal Battlefield Reconnaissance and Analysis program, an ACAT 3 program that provides intelligence preparation of battlefield information, would have total RDT&E costs of \$259.2 million, which is \$74.2 million above the ACAT 2 RDT&E cost minimum. According to RDAIS, Navy acquisition officials first estimated that the program would exceed the ACAT 2 RDT&E cost minimum in January 2018, and should have notified the SAE for program reclassification to an ACAT 2 at that time. However, Navy acquisition officials did not reclassify the program as an ACAT 2 until

October 2018, after the audit team requested the notification of reclassification to the SAE. Unlike ACAT 3 programs, ACAT 2 programs are required to notify Congress of MDA-directed changes to the program's acquisition strategy, which would include a change to the program's ACAT level.¹⁹ Navy acquisition officials could not provide any evidence to show that program officials notified the SAE of the potential ACAT reclassification when they first estimated that program costs would exceed the ACAT 2 cost minimum in January 2018. As a result, the program did not receive the higher level of oversight required for an ACAT 2 program for 9 months and Navy acquisition officials did not notify Congress of MDA-directed changes to the program's acquisition strategy.

In addition, Navy acquisition officials estimated that the Nulka/Shipboard Improvement program, an ACAT 3 program used as a decoy to counter radar-guided anti-ship cruise missiles, would have total procurement costs of \$1.1 billion, which was \$284.3 million above the ACAT 2 procurement cost minimum. Furthermore, the MDA-approved APB, dated April 2009, contained procurement objective and threshold costs that exceeded the ACAT 2 procurement cost minimum. Navy acquisition officials could not verify that the PEO notified the SAE or requested that the SAE re-classify the program. Therefore, Navy acquisition officials had been incorrectly classifying the Nulka/Shipboard Improvement program, with estimated total acquisition costs of \$1.2 billion, as an ACAT 3 program for 9 years. Additionally, Navy acquisition officials did not notify Congress of changes to the program, as required, for 9 years. The ASN(RD&A) should reclassify the Nulka/Shipboard Improvement program as an ACAT 2 program and notify Congress of MDA directed changes to the acquisition strategy as required by DoD Instruction 5000.02.

Finally, Navy acquisition officials estimated that the Evolved Seasparrow Missile Block 2, an ACAT 2 program, would have total RDT&E costs of \$478.9 million. The estimated RDT&E costs were within 10 percent of the ACAT 1 RDT&E cost minimum of \$480 million. Navy acquisition officials could not verify or provide documentation that the MDA notified the SAE or that the SAE notified the DAE of the potential for reclassification. However, our review of the January 2019 RDAIS update showed that program officials removed \$68 million in non-development-related funds for other program Blocks from the estimated RDT&E costs.²⁰ Nevertheless, program officials did not recognize \$68 million was incorrectly included in program RDT&E estimates until we identified that a potential ACAT reclassification was required. After the program office removed

¹⁹ The acquisition strategy is a comprehensive plan that identifies and describes the acquisition approach that program management will follow to manage program risks and meet program objectives.

²⁰ Dollar values are in FY 2011 dollars.

those costs, the program's estimated RDT&E cost was no longer within 10 percent of the ACAT 1 RDT&E cost minimum and, therefore, the MDA no longer needed to notify the SAE. Navy acquisition officials did not provide adequate oversight for the Evolved Seasparrow Missile Block 2 program and as a result did not recognize that the program was approaching an ACAT threshold due to cost growth.

We identified 5 of 40 Navy programs in our sample that exceeded or were approaching an ACAT threshold. There are an additional 67 active Navy ACAT 2 and 3 programs that were not reviewed as part of this audit and may also have program costs approaching a higher ACAT level.

Acquisition Program Baseline Documentation Missing or Unavailable

Military Department acquisition officials could not provide the original APBs for 31 programs in our sample. Additionally, Military Department acquisition officials could not provide both an original and a current APB for 23 programs. For a full list of programs discussed, please see Appendix F.

According to DoD Instruction 5000.02, APBs are required for all programs and should contain cost and schedule baselines to guide the program manager in managing the program. DoD Instruction 5000.02 states that the APB represents the formal commitment of the Department and the acquisition chain of command to the MDA. The acquisition chain of command begins with the program manager and continues up through the PEO to the SAE. For ACAT 1 programs, the chain continues up to the DAE.

The program manager can modify the original APB and submit for approval to create a new formal commitment of the Department and the acquisition chain of command to the MDA. The original APB must serve as the current baseline description until a revised APB is approved. This new or updated formal commitment would become the current APB for the program. Military Department acquisition officials could not provide original or current APBs for 54 of the 160 programs in the audit sample as shown in Table 5 below.

Table 5. Acquisition Program Baseline Documents Missing or Unavailable

	Number of Programs Without an Original APB	Number of Programs Without Both an Original or Current APB	Total Program Sample Size
Army	6	4	65
Navy	15	3	40
Air Force	10	16	55
Total	31	23	160

Source: The DoD OIG.

Army acquisition officials could not provide the required APBs for 10 of the 65 programs in our sample. Specifically, Army acquisition officials could not provide original APBs for six programs and could provide neither the original nor the current APB for four programs. For example, the PEO for Intelligence, Electronic Warfare, and Sensors could not provide an original or a current APB for the Counter Radio Controlled Improvised Explosive Device, an ACAT 2 program with estimated total acquisition costs of \$2.4 billion. PEO officials stated that, in October 2014, the then-MDA instructed program officials to continue without an APB because the program entered the acquisition lifecycle after Milestone C. The then-MDA created a memorandum for record in 2014, stating that the program entered the acquisition lifecycle post Milestone C and that all required ACAT 2 documentation was completed. However, according to DoD guidance, the APB is required for all ACAT 2 programs unless there is a waiver to the APB. The program officials stated they did not develop a waiver for the APB. As a result, the program did not have an APB to guide program officials in managing a program with estimated total acquisition costs of \$2.4 billion.

Navy acquisition officials could not provide either an original or a current APB for 18 of the 40 programs in our sample. Specifically, Navy acquisition officials could not provide original APBs for 15 programs and neither an original nor the current APB for three programs. For example, Navy acquisition officials could not provide an original or a current APB for the Maritime Integrated Air and Missile Defense Planning System, an ACAT 3 program with estimated total acquisition costs of \$34.3 million, according to RDAIS. Navy acquisition officials also requested an additional \$15.4 million in multiple President's Budgets with no APB to guide program officials in managing program costs.

Air Force acquisition officials could not provide either an original or a current APB for 26 of the 55 programs in our sample. Specifically, Air Force acquisition officials could not provide original APBs for 10 programs and could provide neither the original nor the current APB for 16 programs in our sample. For example,

Air Force acquisition officials could not provide an original or a current APB for the F-15C/D Service Life Extension Program–Wings, an ACAT 2 program with an estimated total acquisition cost of \$1.9 billion. Air Force acquisition officials stated that the program did not have an approved APB because they expected the program to be canceled. Air Force acquisition officials could not provide an acquisition decision memorandum or an APB waiver for the program. Therefore, program officials did not have an approved APB to guide their efforts when managing the F-15C/D wing replacement program that was expected to have estimated total acquisition costs of \$1.9 billion.

Overall, 23 of the 160 programs in our sample did not have a current APB to serve as the formal commitment to the MDA and to guide program officials in managing the programs; however, there are 660 active ACAT 2 and 3 programs that were not reviewed as part of this audit that may not have a current APB. The APB is a significant, required document that aids program officials in managing program costs. The SAEs should verify and validate that all acquisition programs have approved APBs as required by DoD Instruction 5000.02.

Acquisition Program Baseline Deviations Not Reported

We determined that, of the 160 programs in our audit sample, 50 programs had exceeded or expect to exceed APB cost estimates or schedule milestones. According to DoD Instruction 5000.02, the program manager must immediately notify the MDA when the manager becomes aware of an impending deviation from any APB cost or schedule metric. As shown in Table 6, we determined that, of the 160 programs in our audit sample, 26 programs were estimated to exceed or had exceeded cost thresholds, and 24 programs were estimated to miss or had missed schedule milestones. The Military Departments did not report APB deviations for 21 of those programs. Furthermore, there are 660 active ACAT 2 and 3 programs that were not reviewed as part of this audit that may have exceeded or are expected to exceed APB cost estimates or schedule milestones. For a full list of programs discussed, please see Appendix G.

Table 6. Acquisition Program Baseline Deviations Not Reported

	APB Cost Thresholds Estimated to Exceed or Had Exceeded		APB Schedule Milestones Estimated to Miss or Had Missed		Total Sample Size
	Number of Programs	Programs Unable to Verify MDA Notification	Number of Programs	Programs Unable to Verify MDA Notification	
Army	9	6	12	2	65
Navy	7	4	9	3	40
Air Force	10	6	3	0	55
Total	26	16	24	5	160

Source: The DoD OIG.

Army Acquisition Program Baseline Cost Thresholds Exceeded

Of the 65 Army programs in our sample, 9 programs with estimated total acquisition costs of \$5.7 billion, were estimated to exceed their APB cost thresholds. Program officials for these programs did not follow DoD Instruction 5000.02 for program deviations. For three of the nine programs, program managers appropriately notified the MDA of the potential to exceed an APB threshold. However, for the remaining six programs, program officials could not verify that program managers appropriately notified the MDA of the potential to exceed an APB threshold. Additionally, while some MDAs were notified, the MDAs did not bring program costs or schedules back within APB constraints or revise and provide updated APBs within 90 business days, as required. For one program, officials took 2 years to revise the APB.

For example, we identified that the Common Sensor Payload program, used to provide state-of-the-art sensors to collect information for air/ground maneuver teams, would exceed the RDT&E and procurement cost threshold for the APB, dated July 2013, by \$68.6 million and \$409.1 million, respectively.²¹ When the audit team requested the MDA notification of the cost deviation, the MDA stated that the cost estimates we were provided included product improvement costs for a Target Location Accuracy effort to meet new requirements that were not included on the approved Common Sensor Payload APB. The MDA signed an acquisition decision memorandum in July 2018 “closing out” the Common Sensor Payload APB, stating that the program ended because it delivered all end items, and spent all funding. However, the MDA stated that the new requirements for the Target Location Accuracy effort were not a separate program from the Common Sensor Payload program, but were enhancements to the existing program and did

²¹ Dollar values are in FY 2007 dollars.

not require an APB. Without an APB, there is no formal commitment from the Army to the program, and there are no cost and schedule constraints to guide program officials in managing the program or to indicate when a program has challenges with meeting program requirements, cost, or schedule. Additionally, the MDA stated that he would manage new requirements for the Target Location Accuracy effort separately from the Common Sensor Payload program and in accordance with Army guidance. However, the MDA could not provide evidence that he managed the program separately. Both cost estimates and President's Budget submissions indicate that costs for the Target Location Accuracy effort were managed as part of the Common Sensor Payload program. At our request, the PEO separated costs for the Target Location Accuracy effort from the Common Sensor Payload program costs, but the PEO could not reconcile the separated costs with the original Common Sensor Payload estimates because the separated costs did not add up to the amount indicated on the original estimates that the Army provided. The original cost estimates we were provided contained \$170 million more than is reflected in the separated cost estimates. The PEO could not provide documentation to support the programs funds, or explain the \$170 million difference in the Target Location Accuracy and Common Sensor Payload costs.

According to the separated costs, the Target Location Accuracy cost estimates were \$91.3 million in RDT&E and \$284.6 million in procurement, for estimated total acquisition costs of \$375.9 million. With RDT&E of less than \$185 million and procurement of less than \$835 million, the Target Location Accuracy effort meets the criteria for an ACAT 3 program. However, the MDA stated that the Target Location Accuracy is not a separate program from the Common Sensor Payload and is instead considered a modification effort. Consequently, the MDA does not intend to create an APB to manage the additional program costs. However, Army guidance states that modifications to programs that are no longer in production are considered a separate acquisition and are planned and executed accordingly.²² According to the PEO, all end items for the Common Sensor Payload were delivered and there is no plan to update the APB or start a new program for the modification. The ASA(ALT) should determine whether the modification effort for the Common Sensor Payload program fulfills a valid need or cancel the modification effort. If the ASA(ALT) decides to continue the modification effort, the PEO should establish an APB, along with the required documents to start a new program, to manage the program to cost and schedule constraints. If the ASA(ALT) decides to cancel the program, \$375.9 million could be put to better use.

²² Army Pamphlet 70-3, "Army Acquisition Procedures," September 17, 2018.

In another example, the Modular Catastrophic Recovery System was estimated to exceed the procurement cost threshold for the most recent APB, dated January 2015, by \$21.7 million. Specifically, the APB procurement cost threshold was \$34.8 million but the program had an estimated procurement cost of \$56.5 million. In March 2017, the PEO notified the MDA that the program was estimated to exceed the APB procurement cost threshold due to an increase in the number of systems the Army wanted to procure. When we requested the original and current APB in June 2018, the PEO provided the signed and approved January 2015 APB, as well as a statement that the APB was in the process of being updated. Although the MDA was notified of costs exceeding APB constraints in March 2017, the program manager did not re-baseline the APB until January 2019. Therefore, the program manager for the Modular Catastrophic Recovery System, an ACAT 3 program with estimated total acquisition costs of \$56.5 million, did not manage the program to achieve cost constraints established in the MDA-approved APB for almost 2 years. In addition, the Army is at least \$21.7 million over budget in acquiring a recovery asset capable of transporting disabled wheeled vehicles.

Army Acquisition Program Baseline Schedules Missed

Of 65 Army programs in our sample, 12 programs with estimated total acquisition costs of \$4.1 billion missed or were estimated to miss APB schedule milestones. Program managers for 10 of the programs appropriately notified the MDA of estimated or actual deviation from an APB schedule threshold. Program officials for two programs stated that the MDA was notified of the estimated deviation; however, the PEO could not provide documents to show that the notification occurred.

Program officials responsible for 2 of the 12 programs with estimated schedule deviations stated that the MDA was notified of the schedule deviation and that the MDA made the decision that a Program Deviation Report was not necessary. For example, the PEO for Combat Support and Combat Service Support (CS&CSS) stated that in September 2015 program officials for the Vibratory Plate Compactor notified the MDA that a schedule deviation occurred. The program missed its final two milestones by 1 year each. The MDA decided that because the program only had two milestones remaining, it was impractical to re-baseline the program and approved a new APB, and no program deviation report was created. Without an updated APB, this program did not have a required written agreement between the program manager, the MDA, and the SAE. In addition, the program manager for the Vibratory Plate Compactor program, an ACAT 3 program with estimated total acquisition costs of \$3.1 million, did not manage the program to achieve the MDA-approved schedule for 1 year.

In another example, the Modular Catastrophic Recovery System, which exceeded an APB cost threshold, also missed an APB schedule milestone. Program officials for the Modular Catastrophic Recovery System estimated a delay of almost 3 ½ years for the Full Materiel Release milestone. Full Materiel Release occurs when the system meets all of its operational, safety, and suitability requirements. When we requested the original and current APB in June 2018, the current APB provided was dated January 2015. The January 2015 APB stated that the Full Materiel Release deadline was October 2017. In April 2018, 6 months after the milestone was missed, program officials notified the MDA that the milestone estimate was delayed until March 2021. Prior to the schedule delay, program officials estimated that the program would exceed the APB procurement threshold by \$21.7 million in March 2017. Program officials estimated this program would exceed APB cost and schedule thresholds but did not re-baseline the January 2015 APB within 90 business days, as required by DoD Instruction 5000.02. The program did not have an updated and approved APB until January 2019. As a result, the program manager has not managed the program to achieve cost constraints since March 2017 or schedule milestones since April 2018.

Of the 65 active Army programs we reviewed, 9 programs were estimated to exceed an APB cost threshold and 12 missed or were estimated to miss APB schedule milestones. There are an additional 230 active ACAT 2 and 3 Army programs not reviewed as part of this audit that may also be exceeding APB cost thresholds, or missing schedule milestones.

Navy Acquisition Program Baseline Cost Threshold Exceeded

Of the 40 Navy programs in our sample, 7 programs with estimated total acquisition costs of \$4.3 billion were estimated to exceed an APB cost threshold. Of those 7 programs:

- 4 program managers did not report the potential to exceed an APB cost threshold;
- one program manager did not provide a revised APB within 90 business days or bring program costs back within APB constraints;
- one program manager had an APB in a draft status for 5 months; and
- only one program manager appropriately notified the MDA of the estimated cost increase.

For example, Navy acquisition officials estimated that the E-6B Multi-Role Tactical Common Data Link Modification program would exceed the APB procurement threshold by \$100.2 million.²³ Specifically, the procurement threshold for the

²³ Dollars are in FY 2012 dollars.

June 2014 APB was \$283.9 million, but the program manager estimated a procurement cost of \$384.1 million.²⁴ The program manager submitted a program deviation report to the PEO in August 2016. The program deviation report stated that the program manager would submit a revised APB within 90 business days of the report, in accordance with DoD Instruction 5000.02. Navy acquisition officials provided a revised APB; however, the revised APB was dated August 2018, 2 years after the program deviation report. As a result, for more than 2 years, the program manager for the E-6B Multi-Role Tactical Common Data Link Modification, an ACAT 3 program with estimated total acquisition costs of \$395.7 million, did not manage the program within MDA-approved cost constraints.

In another example, Navy acquisition officials estimated that the Rolling Airframe Missile Block 2 program, a surface-to-air missile, would exceed the RDT&E APB threshold by \$30.8 million.²⁵ Specifically, its June 2012 APB RDT&E threshold was \$187.3 million, but the program manager estimated RDT&E expenses at \$218.1 million.²⁶ According to ASN(RD&A) officials, the Rolling Airframe Missile Block 2 did not exceed the June 2012 RDT&E APB threshold but, rather, the program office misunderstood what it should include in the RDT&E estimate. ASN(RD&A) officials stated that program officials included funds that were for an engineering change that began in 2013 for the Rolling Airframe Missile program as a whole, not the Block 2 increment. ASN(RD&A) officials further stated that the funding for the engineering change should not have been included and that the program office would correct the RDT&E dollars in its FY 2020 President's Budget submission. After the audit team identified this potential cost deviation, the program office corrected its RDT&E estimate, removing \$53.5 million from the RDT&E program manager estimate in October 2018.²⁷

The Navy database, RDAIS, contains a section that compares program manager estimated costs to APB costs. RDAIS indicates whether a program manager's estimate is higher than an APB threshold by highlighting the text in red and marking it with an asterisk. RDAIS can also create a breach report that can include programs that exceed cost and schedule thresholds. Programs with cost or schedule estimates marked with red text and asterisks are included in the breach report. ASN(RD&A) officials stated that they retrieve a breach report from RDAIS monthly and contact PEOs about potential breaches. ASN(RD&A) officials provided a breach report from July 2018 as an example of the breach report they retrieve every month. We noted that the Rolling Airframe Missile Block 2 program

²⁴ Dollars are in FY 2012 dollars.

²⁵ Dollars are in FY 2012 dollars.

²⁶ Dollars are in FY 2006 dollars.

²⁷ Dollars are in FY 2006 dollars.

was included on the July 2018 breach report for RDT&E costs and determined that, as far back as October 2017, the Rolling Airframe Missile Block 2 program manager had estimated that the program would exceed the APB RDT&E threshold. Navy acquisition officials should have identified and corrected the mistake more than a year prior. Therefore, ASN(RD&A) officials did not perform adequate oversight as they claimed.

Navy Acquisition Program Baseline Schedules Missed

Of the 40 Navy programs in our sample, 9 programs with estimated total acquisition costs of \$6.5 billion missed or were estimated to miss an APB schedule milestone. Five program managers submitted program deviation reports to their PEOs, but did not submit a revised APB within 90 business days or bring the programs back within APB constraints. Three program managers did not submit program deviation reports to the MDA, submit revised APBs within 90 business days, or bring the programs back within APB constraints. One program manager appropriately notified their PEO of the estimated schedule delay by submitting a program deviation report.

For example, the AN/AQS-20A Sonar Mining Detecting Set Block 2 program missed four APB schedule milestones between March and November 2016. In August 2015, the program manager submitted the first program deviation report to the SAE that stated the program would miss the four APB schedule milestones between March and November 2016. The report further stated that the program manager would submit a revised APB for approval within 90 business days. The program manager submitted a second deviation report to the SAE in May 2017, almost 2 years after the first deviation report, which again stated that the PM would submit a revised APB within 90 business days. However, Navy acquisition officials did not submit a revised APB after the first or second program deviation report. ASN(RD&A) officials stated that they planned to submit an updated APB schedule in December 2018—more than 2 years after the first schedule deviation occurred in March 2016 and 3 years after the program manager first identified that a deviation would occur in August 2015. The program manager notified the MDA of the schedule delays by submitting program deviation reports but did not submit a revised APB within 90 business days of the first schedule delay and did not bring the program back within APB constraints. As a result, the program manager for the AN/AQS-20A Sonar Mining Detecting Set Block 2, an ACAT 2 program with estimated total acquisition costs of \$460.8 million, did not manage the program to achieve the MDA-approved schedule for 3 years after officials determined a deviation would occur.

Of the 40 active Navy programs reviewed, 7 programs were estimated to exceed APB cost thresholds, and 9 programs missed or were estimated to miss APB schedule milestones. The Navy had an additional 67 active ACAT 2 and 3 Navy programs on its acquisition master list not reviewed as part of this audit that may also be estimated to exceed APB cost thresholds or miss APB schedule milestones.

Air Force Acquisition Program Baseline Cost Thresholds Exceeded

Of the 55 Air Force programs in our sample, 10 programs with estimated total acquisition costs of \$6.7 billion were estimated to exceed APB cost thresholds. Of those 10 programs, four program officials provided verification that program managers appropriately notified the MDA of the potential to exceed an APB threshold. However, Air Force acquisition officials did not provide program deviation documentation for two programs we identified. Additionally, four program managers did not notify the MDA of program costs exceeding APB thresholds, submit revised APBs within 90 business days, or bring program costs back within APB constraints.

For example, the Integrated Aircrew Ensemble program manager estimated that the program would exceed the APB procurement threshold by \$11.2 million.²⁸ Specifically, the August 2016 APB procurement threshold was \$54.7 million but the program estimated procurement costs of \$65.9 million.²⁹ The program manager did not notify the MDA of the estimated cost increase. Therefore, the program manager for the Integrated Aircrew Ensemble, an ACAT 3 program with estimated total acquisition costs of \$120 million, did not manage the program within MDA-approved cost constraints for almost 3 years.

In another example, the F-16 Active Electronically Scanned Array Radar program manager estimated that the program would exceed the APB procurement threshold by \$102.8 million.³⁰ The most recent APB, dated September 2017, was broken down into three phases with a total APB procurement threshold of \$1.3 billion.³¹ However, in the 2017 program office estimate, the program manager estimated that procurement costs grew to \$1.4 billion for all three phases.³² The program manager did not notify the MDA of the estimated cost increase. Therefore, the program manager for the F-16 Active Electronically Scanned Array Radar, an ACAT 2 program with estimated total acquisition costs of \$1.7 billion, did not manage the program within MDA-approved cost constraints for 2 years.³³

²⁸ Dollars are in FY 2007 dollars.

²⁹ Dollars are in FY 2007 dollars.

³⁰ Dollars are in FY 2016 dollars.

³¹ Dollars are in FY 2016 dollars.

³² Dollars are in FY 2016 dollars.

³³ Dollars are in FY 2016 dollars.

Air Force Acquisition Program Baseline Schedules Missed

Of the 55 Air Force programs in our sample, 3 missed APB schedule milestones. Air Force acquisition officials provided cost estimates for two of the three programs, with estimated total acquisition costs of \$550.7 million. Air Force acquisition officials could not provide a cost estimate for the third program. Program managers appropriately notified the MDA of schedule deviations by submitting a program deviation report for all three programs. However, none of the three program managers submitted a revised APB within 90 business days of the first schedule delay or brought the program back within APB schedule constraints.

For example, the Electronic Scheduling Dissemination 3.0 program missed three APB scheduled milestones, by 5 years. The program manager submitted a program deviation report in September 2015, which stated that the program would miss two of the three APB milestone dates and that a revised APB for approval would be submitted within 90 business days. The most recent APB that Air Force officials provided for this program was dated February 2013. From that APB, we determined that the program manager notified the MDA of the schedule delays by submitting a program deviation report for two milestones but did not submit a revised APB within 90 business days and did not bring the program back within APB schedule constraints. In addition, the program manager did not notify the MDA on the third missed APB schedule milestone. As a result, the program manager for the Electronic Scheduling Dissemination 3.0, an ACAT 3 program with total program costs of \$190.2 million, did not manage the program to achieve the MDA-approved schedule for 5 years. In addition, the Air Force is at least 5 years late in updating the software and hardware satellite control scheduling system.

Of 55 active Air Force programs reviewed, 10 programs were estimated to exceed APB cost thresholds and 3 programs missed APB schedule milestones. There are an additional 363 active Air Force ACAT 2 and 3 programs not reviewed as part of this audit that may also be exceeding cost thresholds or missing schedule milestones.

Service Acquisition Executives Delegated Oversight Responsibilities to Program Executive Offices and Did Not Review Acquisition Program Databases

Army, Navy, and Air Force SAEs delegated ACAT 2 and 3 program oversight responsibilities to the respective PEOs and did not perform regular reviews of the ACAT 2 and 3 programs in their databases.

SAE officials could not provide accurate or updated program information after reaching out to the PEOs.

Additionally, during our audit, SAE officials requested documentation from their respective PEOs, but in many instances SAE officials could not provide accurate or updated program information after reaching out to the PEOs. Furthermore, the PEOs did not provide adequate oversight and did not notify SAEs of potential ACAT reclassifications. DoD Instruction 5000.02 states that the SAEs must balance resources against priorities and ensure appropriate trade-offs are made among cost, schedule, technical feasibility, and performance, throughout the life of the program. The APB is a key tool that program managers, PEOs, and SAEs use to monitor the stability of program costs and schedule; it also represents the formal commitment of the Military Department to the program.

Department Database Information Not Updated Quarterly

Each Military Department's guidance requires program managers or PEOs to update program data in their respective databases quarterly to maintain accurate and up-to-date information.

Despite these requirements, Army, Navy, and Air Force acquisition officials did not update their databases as required, causing decision makers to rely on inaccurate information. Additionally, the databases included listings that were not programs. The Navy database also contained programs that the Navy could not account for and programs with none of the required cost or schedule data. The Air Force database lacked cost and schedule management information for some programs and identified programs as active when they were either inactive or not acquisition programs. Therefore, the Army, Navy, and Air Force do not have reliable or complete program databases and the SAEs could not perform accurate reviews of ACAT 2 and 3 programs.

The SAEs should verify and validate that the databases contain an accurate list of programs, the correct active or inactive status, accurate points of contact or responsible offices, and that databases are updated in accordance with Department

guidance. Additionally, the SAEs should hold the PEOs accountable for reporting inaccurate or misleading program information and enforce existing guidance that requires program acquisition databases to be regularly updated.

Acquisition Category Reporting Did Not Occur as Required

SAEs were not notified, as required, when programs were within 10 percent or exceeded the next ACAT level. According to DoD Instruction 5000.02, the SAEs are responsible for notifying the DAE when an increase or estimated increase in program costs will result in a possible reclassification of a formerly lower-level ACAT program to an ACAT 1 program. The SAE also must report ACAT changes as soon as the SAE anticipates that the program's cost is within 10 percent of the minimum cost threshold of the next ACAT level.

DoD Instruction 5000.02 requires notification to senior officials when a lower-level ACAT program could potentially be reclassified as an ACAT 1 program but not when an ACAT 3 program could potentially be reclassified as an ACAT 2. ACAT 1 designations carry the greatest consequences in terms of management level, reporting requirement, and documentation and analysis to support program decisions; however, ACAT 2 and 3 programs accounted for more than half the DoD acquisition funding in FY 2019. Programs designated as ACAT 1 are required to report additional information to senior DoD officials and Congress. For example, ACAT 1 programs are required to report quarterly in a DAE Summary. The DAE Summary identifies program issues that may affect program cost and schedule.

Officials for programs designated as ACAT 2 are also required to report additional information in comparison to ACAT 3 programs. For example, ACAT 2 programs and above are required to notify Congress of MDA-directed changes to the program or system. These additional reporting requirements at each ACAT designation inform senior officials of program performance and help the Secretaries of the Military Departments balance resources against priorities and ensure appropriate trade-offs are made among cost, schedule, technical feasibility, and performance throughout the life of acquisition programs. We determined that PEOs and PMs were not notifying the SAEs when program costs exceeded ACAT levels. Not reporting potential re-classifications for all ACAT designations hinder the SAEs' ability to perform their responsibilities effectively to balance resources and ensure appropriate trade-offs.

The SAEs did not know whether programs were approaching, had met, or had exceeded an ACAT threshold, which would require a higher level of oversight.

Within our sample, we determined one Army program and three Navy programs, with estimated total acquisition costs of \$6.7 billion, were designated incorrectly at an ACAT level based on estimated cost growth. We further identified three programs, one Army program and two Navy programs in our sample, with estimated total acquisition costs of \$3.8 billion, that were within 10 percent of the next ACAT level. None of the program officials for the three programs notified the SAE of the potential for ACAT reclassification. As a result, in these examples, the SAEs did not know whether programs were approaching, had met, or had exceeded an ACAT threshold, which would require a higher level of oversight. The SAEs should verify and validate that they are being notified, as required, by DoD Instruction 5000.02, when programs are within 10 percent or exceed the next ACAT level.

Service Acquisition Executives Did Not Follow Existing Acquisition Program Baseline Guidance

The SAEs did not follow existing guidance to produce original APBs or report APB program deviations for all programs.

Acquisition Program Baselines Required for Program Management

DoD Instruction 5000.02 states that all programs must meet the following requirements.

- The first APB must be approved by the MDA prior to a program entering Engineering and Manufacturing Development, or at program initiation, whichever occurs later.
- The APB must serve as the current baseline description until a revised APB is approved.
- The APB must incorporate key performance constraints, or primary requirements, from the Capability Development Document or Capability Production Document.

ACAT 1 program APBs report cost, schedule, and performance thresholds and objectives in a standardized format within the Defense Acquisition Management Information Retrieval database. ACAT 2 and 3 programs are not held to that same requirement; each Military Department allows the PEOs to establish what information they provide and how they present the information in the APBs. However, based on the number of programs we found during our audit that did not have APBs or cost and schedule information, ACAT 2 and 3 program APBs should

follow the ACAT 1 APB guidance to ensure MDAs are managing the programs against cost and schedule thresholds and objectives. The Under Secretary of Defense for Acquisition and Sustainment should require ACAT 2 and 3 programs to follow the same guidance as ACAT 1 programs for developing APBs.

Deviations from Acquisition Program Baselines

DoD Instruction 5000.02 describes reporting requirements associated with deviations from and changes to the approved APB. Specifically, the program manager must immediately notify the MDA when the program manager becomes aware of an impending deviation from any cost or schedule constraints. Within 30 business days of the deviation, the program manager must submit a program deviation report that informs the MDA of the reason for the deviation and planned actions. Within 90 business days of the deviation, the program manager must:

- bring the program back within APB constraints, or
- submit information to inform a recommendation to the MDA on whether it is appropriate to approve a revision to an APB.

The MDA must decide whether it is appropriate to approve a revision to an APB. A program deviation report is required for all ACAT programs that require an APB revision. Failure to notify the MDA of an impending deviation from any constraint or submit a program deviation report after a deviation occurs indicates that the acquisition chain of command is no longer managing the program to achieve the cost, schedule, or performance constraints in the MDA-approved APB. In addition, a deviation from the APB signifies that the MDA-approved APB no longer represents a Department's formal commitment to the program.

We identified 4 Army programs, 3 Navy programs, and 16 Air Force programs, where the Military Departments could not provide current APBs for those 23 programs in our sample. In addition, we identified 16 Army programs, 16 Navy programs, and 13 Air Force programs with estimated total acquisition costs of \$24.3 billion that exceeded or were estimated to exceed an APB cost or schedule threshold. Multiple program managers did not notify senior officials when a program was estimated to exceed an APB threshold, submit a program deviation report after the deviation occurred, bring the program back within APB constraints, or submit a revised APB within 90 business days of the first deviation. The SAEs should verify and validate that program officials are reporting when acquisition costs or schedules exceed thresholds established in the APB. Additionally, the SAEs should report to the Department Secretary when this verification and validation effort is completed.

The Military Departments Do Not Know How Many Acquisition Programs They Have or Their Cost

In FY 2019, ACAT 2 and 3 programs across the Army, Navy, and Air Force received \$144.4 billion, or 61 percent, of acquisition funding for more than 800 acquisition programs. However, after reviewing a sample of acquisition programs from the Army, Navy, and Air Force acquisition master lists, we determined that the Military Departments do not have an accurate listing of acquisition programs.

We determined that 21 programs, valued at \$8.8 billion, out of 65 Army programs, with estimated total acquisition costs of \$22.5 billion, were not appropriately identified, monitored, or both. For example, the Army failed to correctly designate the Recombinant Botulinum Vaccine program as an ACAT 1 when RDT&E costs grew to \$534.1 million, which was \$54.1 million above the ACAT 1 RDT&E cost minimum.

We determined that 24 programs, valued at \$16.8 billion, out of 40 Navy programs, with estimated total acquisition costs of \$21 billion, were not appropriately identified, monitored, or both. For example, Navy officials could not validate the existence of, or provide any program documentation for, the Integrated Condition Assessment System program, despite requesting \$26.3 million in funding for the program.

We determined that 33 out of our sample of 55 Air Force programs, were not appropriately identified, monitored, or both. Sixteen of these programs were valued at \$9.7 billion. Air Force acquisition officials did not provide any program cost estimates for the other 17 programs. For example, the F-15C/D Service Life Extension Program-Wings, was not appropriately monitored because the Air Force acquisition officials could not provide an original or a current APB to manage the cost and schedule for the program which had estimated total acquisition costs of \$1.9 billion.

Without an accurate listing of programs that are receiving funding, the SAEs cannot provide or ensure oversight of their respective programs or provide accurate information to be displayed in the DAVE.

Without an accurate listing of programs that are receiving funding, the SAEs cannot provide or ensure oversight of their respective programs or provide accurate information to be displayed in the DAVE. The DAVE is considered the

authoritative source for program information for major acquisition programs and the trusted source for ACAT 2 and 3 programs. Without consistency among the Military Departments regarding acquisition program information, the DAVE system

does not contain reliable data to support acquisition oversight, insight, analysis, and decision-making across the DoD. Furthermore, after reviewing the programs included on each Military Department's acquisition master list, we determined that the Army, Navy, and Air Force could not provide accurate cost information for all programs included in our sample, including programs that had grown to the size of an ACAT 1 program, requiring the highest level of oversight. This means that, altogether, the Army, Navy, and Air Force cannot account accurately for programs and program acquisition costs of up to \$144.4 billion dollars.

Army, Navy, and Air Force acquisition officials also could not provide APBs and notifications to the MDAs or SAEs that programs had exceeded approved costs limits. APBs are one of the key tools program management officials use to plan, monitor, and identify when the stability of an acquisition program is at risk and take early corrective action to get the program back on track. If SAEs do not enforce the production and approval of APBs for all acquisition programs, the SAEs risk wasting funds on programs that are not performing in the best interest of the DoD.

Management Comments on the Finding and Our Response

See Appendix B for the summaries of management comments on the finding and our response. We received responses from the Assistant Secretary of Defense for Acquisition; the Deputy for Acquisition and Systems Management responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology; the Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Assistant Secretary of the Navy for Research, Development, and Acquisition; and, the Principal Deputy Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, responding for the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics.

Recommendations, Management Comments, and Our Response

Deleted and Renumbered Recommendations

As a result of management comments and additional audit work, we deleted draft report recommendations A.5.a, A.5.b, and A.5.c. In addition, we renumbered draft report recommendations A.6 to A.5; A.7 to A.6; A.8 to A.7; A.9 to A.8; A.10 to A.9; A.11 to A.10; A.12 to A.11; and A.13 to A.12.

Recommendation A.1

We recommend that the Under Secretary of Defense for Acquisition and Sustainment:

- a. Establish a common framework for all Service acquisition databases that describes the core program information the database must contain, including but not limited to, program identification, cost, schedule, performance, and risk for all Acquisition Category 1, 2, and 3 acquisition programs.**

The Under Secretary of Defense for Acquisition and Sustainment Comments

The Assistant Secretary of Defense for Acquisition, responding for Under Secretary of Defense for Acquisition and Sustainment, agreed with the recommendation, stating that the Defense Acquisition Visibility Environment (DAVE) has established and documented a common framework for the Department's core data, through the Acquisition Visibility Data Framework. Additionally, the Assistant Secretary of Defense for Acquisition stated DAVE was established for ACAT 1 programs; however, the Military Departments have acknowledged that DAVE provides a common standard for adoption in their databases. The Assistant Secretary of Defense for Acquisition also stated that the Office of the Under Secretary of Defense for Acquisition and Sustainment will continue to monitor the Services as they modernize their databases regarding core program information for ACAT 2 and 3 acquisition programs.

Our Response

Comments from the Assistant Secretary addressed all specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close this recommendation once we verify that:

- DAVE has established and documented a common framework for all ACAT 1, 2, and 3 acquisition programs; and
- Military Departments have modernized their acquisition databases to include core program information, including but not limited to, program identification, cost, schedule, performance, and risk for all ACAT 1, 2, and 3 acquisition programs.

Unsolicited Comments

Although not required to comment, the Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, agreed with the recommendation, stating that a common set of data and definitions would be helpful. The Deputy also stated that the DAVE already maintains a list of acquisition programs from all of the Services with

an approved set of program attributes. The Deputy stated that the framework would need to be flexible for Service specific requirements. The Deputy further stated that the corrective action would be to continue to work with the Office of the Secretary of Defense and the Services on a common data framework. For the full text of the Deputy's comments, see the Management Comments section of the report.

Our Response

We acknowledge the Deputy for Acquisition and Systems Management's comments on Recommendation A.1. We are coordinating directly with the Under Secretary of Defense for Acquisition and Sustainment to address this recommendation.

- b. Populate the common data framework, establishing both criteria and guidelines for declaring program start, designating the initial acquisition category, and defining the minimum program data needed at program start.**

The Under Secretary of Defense for Acquisition and Sustainment Comments

The Assistant Secretary of Defense for Acquisition, responding for Under Secretary of Defense for Acquisition and Sustainment, agreed with our recommendation and provided no additional comment.

Our Response

Comments from the Assistant Secretary addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once we obtain evidence and verify the Assistant Secretary populated the common data framework, established both criteria and guidelines for declaring program start, designated the initial acquisition category, and defined the minimum program data needed at program start.

Unsolicited Comments

Although not required to comment, the Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, agreed with the recommendation, stating that while a common data framework does not exist, the Army believes that the PMRT software would fulfill this requirement. The Deputy stated that the corrective action would be to continue to work with the Office of the Secretary of Defense and the Service officials on a common data framework. For the full text of the Deputy's comments, see the Management Comments section of the report.

Our Response

We acknowledge the Deputy for Acquisition and Systems Management's comments on Recommendation 1.b. We are coordinating directly with the Under Secretary of Defense for Acquisition and Sustainment to address this recommendation.

Recommendation A.2

We recommend that the Under Secretary of Defense for Acquisition and Sustainment immediately develop and implement guidance to require Acquisition Category 2 and 3 programs to follow the same guidance as Acquisition Category 1 programs for developing Acquisition Program Baselines to ensure that programs are managed against cost and schedule thresholds and objectives.

The Under Secretary of Defense for Acquisition and Sustainment Comments

The Assistant Secretary of Defense for Acquisition, responding for Under Secretary of Defense for Acquisition and Sustainment, agreed with the recommendation, stating that the requirement for establishing and implementing Acquisition Program Baselines is established in the Department of Defense Directive 5000.01, "The Defense Acquisition System," May 12, 2003. The Assistant Secretary of Defense for Acquisition also stated that the Directive applies to all programs regardless of ACAT level.

Our Response

Comments from the Assistant Secretary did not address the specifics of the recommendation; therefore, the recommendation is unresolved. The intent of the recommendation was for the Under Secretary of Defense for Acquisition and Sustainment to immediately develop and implement guidance to require lower ACAT programs to follow the same guidance as ACAT 1 programs for developing APBs and ensure those programs are managed against cost and schedule thresholds and objectives. DoD Directive 5000.01 is consistent with DoD Instruction 5000.02, and it establishes guidance for decision authorities, program managers, and others in the acquisition process, to present cost, schedule, and performance parameter goals that describe a program over its lifecycle in the program baseline. The Instruction also states that APB is a summary of the program cost, schedule, and performance baselines. According to DoD Instruction 5000.02, ACAT 1 programs report cost, schedule, and performance thresholds and objectives in a standardized format within the Defense Acquisition Management Information Retrieval database. However, ACAT 2 and 3 programs are not held to that same requirement; each of the Military Departments allows the PEOs to establish what information they provide and how they present the information in the APBs. During the course of the audit, we determined that ACAT 2 and 3 programs did not

have APB, or cost and schedule information. We request that the Under Secretary of Defense for Acquisition and Sustainment develop and implement guidance to require ACAT 2 and 3 programs to follow same guidance as ACAT 1 programs for developing APBs that include cost and schedule thresholds and objectives.

Recommendation A.3

We recommend that the Assistant Secretary of the Army for Acquisition, Logistics, and Technology determine whether the modification effort to the Common Sensor Payload program supports a valid need or cancel the program modification.

If the Assistant Secretary decides to continue the program modification, program officials should establish an Acquisition Program Baseline, along with the required documents to start a new program, to manage the program to cost and schedule constraints.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments

The Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, disagreed with the recommendation and recommended that we remove “cancel the program modification” from the recommendation because there are other remediations available. The Deputy stated that the Common Sensor Payload program would execute the Target Location Accuracy upgrade as a pre-planned product improvement. According to the Deputy, the pre-planned product improvement is considered a sustainment activity and does not require a new baseline. The Deputy stated that the \$170 million difference between the original Common Sensor Payload estimate and the separate Target Location Accuracy estimate is a result of a reduction in the total quantity of the Target Location Accuracy payloads that the Army intended to procure. According to the Deputy, the original estimate assumed the Target Location Accuracy upgrade was going to be applied to the entire Common Sensor Payload. However, the Deputy stated that as a result of discussions with the U.S. Army Training and Doctrine Command officials, the effort was reduced to upgrading a limited number of the Common Sensor Payloads in the inventory. The Deputy stated the limited upgrades were taken to reduce cost and bring the planned procurement funding in line with the operational requirement.

Our Response

Comments from the Deputy did not address the recommendation; therefore, the recommendation is unresolved. The intent of the recommendation is for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, to determine whether the modification effort supports a valid need, and if it does not, to then cancel the Common Sensor Payload modification. Further, if the

Army determines this modification supports a valid need, the Army needs to create an APB and all required new program documents for the Common Sensor Payload modification. As stated in the report, the MDA stated in a memorandum that the APB for the Common Sensor Payload has been closed because all end items have been delivered and all funds have been spent. The MDA also stated in the memorandum that the Common Sensor Payload modification would be managed separately. Additionally, Army Pamphlet 70-3 states that modifications to programs no longer in production are considered a separate acquisition and are planned and executed accordingly.

In the Army's comments to a discussion draft of this report, the Army stated that the Project Manager and PEO created an abbreviated APB to track the cost, schedule, and performance of the Common Sensor Payload modification. The Army did not provide the description of an abbreviated APB, the guidance for abbreviated APBs, or the abbreviated APB that was created for the modification. In response to the draft report, the Army stated that the modification would be executed as a pre-planned product improvement, which the Army considers a sustainment activity. The Army did not provide the description of a pre-planned product improvement or provide any Army guidance stating modifications can be executed as a sustainment activity as part of their response. In addition, the Army did not provide an explanation on why the course of action for the Common Sensor Payload modification changed. The Army stated the \$170 million decreased cost is because of a reduction in the total quantity the Army intends to procure; however, the Army did not provide any documentation, during the audit or as part of their response, to support the decreased cost. We request that the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, provide a signed APB, along with the required documents to start a new program, or documentation to support the cancellation of the Common Sensor Payload modification.

Recommendation A.4

We recommend that the Assistant Secretary of the Army for Acquisition, Logistics, and Technology immediately reclassify the Recombinant Botulinum Vaccine program as an Acquisition Category 1 program and report whether the program has been cancelled.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments

The Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, agreed with the recommendation, stating that the Recombinant Botulinum Vaccine program is in

the process of being reclassified as an Acquisition Category 1 program. The Deputy for Acquisition and Systems Management stated that the action will be complete in the second quarter of FY 2020.

Our Response

Comments from the Deputy addressed all specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once we obtain evidence and verify the Army reclassified the program as an Acquisition Category 1 program.

Recommendation A.5

We recommend that the Assistant Secretary of the Navy for Research, Development, and Acquisition:

- a. Cancel the Maritime Integrated Air and Missile Defense Planning System program.**

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Assistant Secretary of the Navy for Research, Development, and Acquisition, agreed with the recommendation. The Principal Civilian Deputy stated that the Maritime Integrated Air and Missile Defense Planning System never entered the acquisition cycle at Milestone B, even though RDAIS listed the program as an active ACAT 3 program in 2011. In addition, the Principal Civilian Deputy stated that prior to Milestone B, the program was not required to submit a quarterly report; however, the program submitted adhoc reports into RDAIS for the program objective memorandum process and the President's Budget. Additionally, the Principal Civilian Deputy stated that the Navy terminated the Maritime Integrated Air and Missile Defense Planning System program on May 2, 2019 and will remove all assets from the fleet by September 30, 2023.

Our Response

Comments from the Principal Civilian Deputy addressed all of the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close this recommendation once we verify the Navy is no longer sustaining the program.

- b. Determine how \$49.8 million, including the \$34.3 million listed in the Navy’s database and the \$15.5 million requested in the FYs 2012 through 2019 President’s Budgets, was appropriated and whether the appropriated funding was properly spent.**

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Assistant Secretary of the Navy for Research, Development, and Acquisition, agreed with the recommendation. The Principal Civilian Deputy stated the Navy will evaluate the Maritime Integrated Air and Missile Defense Planning System funding execution and requirements as part of the FY 2021 President’s Budget development.

Our Response

Comments from the Principal Civilian Deputy addressed the recommendation; therefore, this recommendation is resolved but will remain open. We will close the recommendation once we obtain evidence and verify the outcome of the Navy’s evaluation of the funding execution and requirements as part of the FY 2021 President’s Budget development, which must include the Navy’s determination on whether appropriated funds were properly spent.

- c. Determine whether any remaining funds can be put to better use.**

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Assistant Secretary of the Navy for Research, Development, and Acquisition, agreed with the recommendation, stating that the Navy will evaluate Maritime Integrated Air and Missile Defense Planning System funding execution and requirements as part of the FY 2021 President’s Budget development.

Our Response

Comments from the Principal Civilian Deputy addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once we obtain evidence and verify the outcome of the Navy’s evaluation of the funding execution and requirements as part of the FY 2021 President’s Budget development, which must include the Navy’s determination on whether any remaining funds can be put to better use.

Recommendation A.6

We recommend that the Assistant Secretary of the Navy for Research, Development, and Acquisition reclassify the Nulka/Shipboard Improvement program as an Acquisition Category 2 program and notify Congress of Milestone Decision Authority-directed changes to the acquisition strategy as required by the DoD Instruction 5000.02.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments

The Principal Civilian Deputy responding for the Assistant Secretary of the Navy for Research, Development, and Acquisition, partially agreed with the recommendation, stating that the program designation should have been updated. The Principal Civilian Deputy also stated that the NULKA/Shipboard Improvement program was reclassified as an ACAT 2 program in October 2018. However, the Principal Civilian Deputy did not agree that the reclassification of an ACAT 3 to ACAT 2 program requires notification to Congress. The Principal Civilian Deputy stated that the Congressional notification requirement in DoD Instruction 5000.02 expressly implements the legal requirement stated in 10 U.S.C. § 2431a. The law, as amended by Section 848 of the FY 2017 National Defense Authorization Act, only requires Congressional notification if an acquisition strategy for an ACAT 1 or 2 program is revised “because of a change described in paragraph (1)(F).” The Principal Civilian Deputy, Assistant Secretary of the Navy (Research, Development, and Acquisition) stated that 10 U.S.C. § 2431a, paragraph (d)(1)(F) lists four specific programmatic changes. The Principal Civilian Deputy further stated that the NULKA program has not experienced any of those four changes and was not required to notify Congress.

Our Response

Comments from the Principal Civilian Deputy addressed the recommendation; therefore, this recommendation is closed. The NULKA/Shipboard Improvement program has been reclassified as an ACAT 2. In addition, the intent of our recommendation was for the Assistant Secretary of the Navy for Research, Development, and Acquisition, to notify Congress if any of the four specific programmatic changes referenced in 10 U.S.C. § 2431a, paragraph (d)(1)(F) occurred from the time the NULKA/Shipboard Improvement program should have been classified as an ACAT 2 program. The Principal Civilian Deputy stated that the reclassification did not require congressional notification, and we agree; therefore, no additional action is required.

Recommendation A.7

We recommend that the Assistant Secretary of the Navy for Research, Development, and Acquisition implement controls to track appropriated funding amounts for Acquisition Category 2 and 3 programs.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Assistant Secretary of the Navy for Research, Development, and Acquisition, disagreed with the recommendation, stating that there is no need for additional action beyond controls already in place to track appropriated funding. The Principal Civilian Deputy stated that all active ACAT 1 programs submit budget reports for the budget estimate submission and the President's Budget submissions, including itemized funding by appropriation and fiscal year, in accordance with the Office of the Secretary of Defense for Acquisition and Sustainment requirements. The Principal Civilian Deputy also stated that each report includes a "Track to Budget" section identifying budget line item information. Finally, the Principal Civilian Deputy stated that the Navy follows this guidance for ACAT 2 through 4 programs by requiring program submissions in RDAIS to align with budget estimate submissions and the President's budget submissions, and the budget reports are required for all designated ACAT programs, pre- and post-Milestone B.

Our Response

Comments from the Principal Civilian Deputy did not address the recommendation; therefore, this recommendation is unresolved. The intent of this recommendation is for Assistant Secretary of the Navy for Research, Development, and Acquisition, to provide the necessary controls to track appropriated funding amounts for all Navy acquisition programs to ensure funding is accurate. The Principal Civilian Deputy did not provide the instruction or process the Assistant Secretary of the Navy for Research, Development, and Acquisition uses to verify and validate that program submissions in RDAIS align with budget estimate submissions, the President's Budget submissions, and the budget reports.

We provided two examples in our report where the Navy could not identify how much funding was appropriated, including the Maritime Integrated Air and Missile Defense Planning System and the Integrated Condition Assessment System. After a draft report was issued, the Navy provided budgetary information for the Integrated Condition Assessment System that showed the funding execution; however the Navy did not describe how the Assistant Secretary of the Navy for

Research, Development, and Acquisition verified or validated this information. In addition, the Navy has not provided similar information for the Maritime Integrated Air and Missile Defense Planning System. We request that the Assistant Secretary of the Navy for Research, Development, and Acquisition, implement controls to track appropriated funding amounts for Acquisition Category 2 and 3 programs.

Recommendation A.8

We recommend that the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics:

- a. Determine the number of low cost modifications, their associated costs, and the accountable program offices.**

Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics Comments

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, responding for the Assistant Secretary of the Air force for Acquisition, Technology, and Logistics, agreed with the recommendation, stating the Air Force would continue to ensure LCMs are accurately captured on the acquisition master list. The Principal Deputy also agreed that individual low cost modifications could be better identified on the acquisition master list. The Principal Deputy plans to complete this action by January 31, 2020.

Our Response

Comments from the Principal Deputy addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once we obtain evidence and verify Air Force officials identified the number of LCMs, their associated costs, and the accountable program offices within the Air Force for each LCM.

- b. Determine whether each low cost modification effort was completed in less than 1 year, at \$2 million or less, as required by Air Force guidance.**

Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics Comments

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, responding for the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, agreed with the recommendation, stating that PEOs and financial managers already ensure each individual LCM is completed in less than 1 year, at \$2 million or less, as required by Air Force guidance.

The Principal Deputy also stated that Air Force personnel will validate that LCMs have been completed in accordance with Air Force guidance. The Principal Deputy plans to complete this action by January 31, 2020.

Our Response

Comments from the Principal Deputy addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. Although the Principal Deputy stated that PEOs and financial managers already ensure each individual LCM is completed in less than 1 year, at \$2 million or less, as required by Air Force guidance, as stated in our report, Air Force acquisition officials could not provide documentation for the LCM costs reported, how long LCM efforts had been underway, or how many LCM efforts were grouped under each of the six LCM programs in our sample. We will close the recommendation once we obtain evidence and verify that LCM efforts were completed in less than 1 year, at \$2 million or less, as required by Air Force guidance.

- c. Validate that low cost modification costs are reflected in their respective acquisition program cost estimates.**

Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics Comments

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, responding for the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, agreed with the recommendation, stating that Program Executive Officers and program managers already ensure costs are reflected in acquisition program cost estimates. The Principal Deputy also stated that the Air Force would validate that costs are reflected in respective acquisition program cost estimates by January 31, 2020.

Our Response

Comments from the Principal Deputy addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. Although the Principal Deputy stated that PEOs and program managers already ensure costs are reflected in acquisition program cost estimates, as stated in our report, Air Force acquisition officials could not provide a complete list of LCM efforts or costs that contributed to any of the six LCM programs in our sample. We will close the recommendation once we obtain evidence and verify low cost modification costs are reflected in their respective acquisition program's cost estimates.

Recommendation A.9

We recommend that the Service Acquisition Executives for the Army, Navy, and Air Force verify and validate that their databases:

- a. Contain an accurate list of programs.**

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments

The Deputy for Acquisition and Systems Management, responding for the Army SAE, agreed with the recommendation, stating that the corrective action for this recommendation is completed. The Deputy stated that PEOs are instructed to update the AAPML as program changes occur, or at least quarterly. The Deputy also stated that this requirement is identified in Army Regulation 70-1 and a quarterly reminder is sent to the PEOs. The Deputy further stated that ACAT 1 data is automatically updated from the Defense Acquisition Management Information Retrieval database. Additionally the Deputy stated that it is the responsibility of the PEOs to ensure that their portfolio of programs, to include ACAT 2 and 3 programs, are accurately represented in Army databases.

Our Response

Comments from the Deputy addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once the Army SAE provides the process used to verify and validate the program list in the AAPML, and evidence to ensure programs are accurately represented in the Army database.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Navy SAE, agreed with the recommendation and provided an estimation of completion of December 30, 2019.

Our Response

Comments from the Principal Civilian Deputy addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once the Navy SAE provides the process used to verify and validate the program list in the Navy database, and evidence to ensure programs are accurately represented in the database.

Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology Comments

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, responding for the Air Force SAE, agreed with the recommendation, stating that PEOs, program managers, and analysts already complete monthly/quarterly acquisition program status reviews to validate that the databases contain an accurate list of programs. The Principal Deputy also stated that Air Force officials will conduct a previously scheduled data review to validate the accuracy of the Air Force database by September 30, 2019.

Our Response

Comments from the Principal Deputy addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. Although the Principal Deputy stated that PEOs, program managers, and analysts already complete monthly/quarterly acquisition program status reviews to validate that the databases contain an accurate list of programs, as stated in our report, the Air Force database did not contain an accurate list of programs. We will close the recommendation once the Air Force SAE provides the process used to verify and validate the program list in the Air Force database, and evidence to ensure programs are accurately represented in the Air Force database. In addition, we request the Air Force SAE to provide the results of the scheduled data review that was completed by September 30, 2019.

b. Contain the correct active or inactive status.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments

The Deputy for Acquisition and Systems Management, responding for the Army SAE, disagreed with the recommendation, stating that the terms “active” and “inactive” are not in statute or policy. The Deputy stated the terms were introduced by the Office of the Secretary of Defense in the Defense Acquisition Management Information Retrieval database to identify ACAT 1 programs and their requirements to complete quarterly cost updates and annual Selected Acquisition Reports. The Deputy also stated that there were no requirements for lower ACAT programs to report quarterly cost updates or in the annual Selected Acquisition Reports; therefore the “active” and “inactive” reporting status does not apply. The Deputy further stated that all Army programs are expected to report as required by policy in the program management tools provided by the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, regardless of ACAT level, for the life of the program.

Our Response

Comments from the Deputy did not address the specifics of the recommendation; therefore, the recommendation is unresolved. The intent of this recommendation is for the Army SAE to verify and validate that the Army database contains the correct active and inactive status of all Army programs. According to the “Establishment of the Army Acquisition Program Master List” memorandum, September 30, 2015, the AAPML will contain all active and inactive Army programs. In addition, the “Cessation of Reporting for Acquisition Category 2 and 3 Programs” memorandum, December 23, 2014, extended the cessation of reporting criteria for Acquisition Category 1 programs to Acquisition Category 2 and 3 programs. The December 2014 memorandum defines the criteria required to declare an active Acquisition Category 2 or 3 program as an inactive program. We request that the Army SAE provide evidence that Army officials verified and validated that all programs contain the accurate active and inactive reporting status.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition responding for the Navy SAE, agreed with the recommendation and provided an estimation of completion of December 30, 2019.

Our Response

Comments from the Principal Civilian Deputy addressed the recommendation; therefore the recommendation is resolved but will remain open. We will close the recommendation once the Navy SAE provides the process used to verify and validate the Navy database contains the correct status for active and inactive programs, and evidence to ensure programs are accurately represented in the database.

Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology Comments

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, responding for the Air Force SAE, agreed with the recommendation, stating that PEOs, program managers, and analysts already complete monthly/quarterly acquisition status reviews to validate that the databases contain correct active or inactive status. The Principal Deputy stated that the Air Force will conduct a previously scheduled data review to validate program status accuracy in the database by September 30, 2019.

Our Response

Comments from the Principal Deputy addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. Although the Principal Deputy stated that PEOs, program managers, and analysts already complete monthly/quarterly acquisition status reviews to validate that the databases contain correct active or inactive status, as stated in the report, we determined two programs on the acquisition master list were considered active when the programs were inactive. Further, the Air Force acquisition officials did not submit a request to re-classify the programs as inactive on the acquisition master list and did not update the program's status until at least a year after program completion. We will close the recommendation once the Air Force SAE provides the process used to verify and validate the Air Force database contains the correct status for active and inactive programs, and evidence to ensure programs are accurately represented in the database. In addition, we request the Air Force SAE to provide the results of the scheduled data review that was completed by September 30, 2019.

c. Contain accurate points of contact or responsible offices.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments

The Deputy for Acquisition and Systems Management, responding for the Army SAE, agreed with recommendation, stating that a corrective action was in process. The Deputy also stated that the Army is implementing the Air Force's PMRT software, which will include a point of contact.

Our Response

Comments from the Deputy addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once the Army SAE provides evidence pertaining to the implementation of the PMRT software, to include points of contact for each program, and we test programs have accurate point of contact information in the Army database.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Navy SAE, agreed with the recommendation and provided an estimation of completion of December 30, 2019.

Our Response

Comments from the Principal Civilian Deputy addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once the Navy SAE provides the process used to verify and validate the Navy database contains the correct points of contact or responsible offices, and evidence test programs have accurate point of contact information in the Navy database.

Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology Comments

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, responding for the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, agreed with the recommendation, stating that PEOs, program managers, and analysts already complete monthly/quarterly acquisition reviews to validate that the database contains accurate points of contacts or responsible offices. The Principal Deputy also stated that the Air Force would conduct a previously scheduled data review to validate the database contains accurate points of contacts or responsible offices by September 30, 2019.

Our Response

Comments from the Principal Deputy addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close this recommendation once the Air Force SAE provides the process used to verify and validate the Air Force database contains the correct points of contact or responsible offices, and evidence test programs have accurate point of contact information in the Air Force database. In addition, we request the Air Force SAE to provide the results of the scheduled data review that was completed by September 30, 2019.

d. Are updated in accordance with Department guidance.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments

The Deputy for Acquisition and Systems Management, responding for the Army SAE, agreed with the recommendation, stating that the corrective action has been completed. The Deputy also stated that the PEOs are instructed to update the AAPML as program changes occur or at least quarterly, as required by Army Regulation 70-1. The Deputy further stated that a quarterly reminder is sent to the PEOs.

Our Response

Comments from the Deputy did not address the recommendation; therefore, the recommendation is unresolved. Although the Deputy stated PEOs are instructed to update the AAPML, as stated in the report, we determined that the AAPML database was not being updated in accordance with Army guidance. As a result of our audit, we found that 5 of the 65 programs in our sample were listed as active programs when the programs should have been listed as inactive because Army acquisition officials did not update program data elements quarterly as required. These 5 programs had not been updated in anywhere from 4 months to 21 months. The intent of this recommendation is for the Army SAE to verify and validate that the Army database is updated in accordance with Army guidance. We request the Army SAE provide the process used to verify and validate that the AAPML is updated in accordance with Army guidance and provide evidence to ensure programs are accurately represented in the database.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Navy SAE, agreed with the recommendation and provided an estimation of completion by December 30, 2019.

Our Response

Comments from the Principal Civilian Deputy addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once the Navy SAE provides the process used to ensure the Navy database is updated in accordance with Navy guidance, and evidence to ensure programs are accurately represented in the database.

Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology Comments

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, responding for the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, agreed with the recommendation, stating that PEOs, program managers, and analysts already complete monthly/quarterly acquisition program status reviews to validate that the databases are updated in accordance with Department guidance. The Principal Deputy also stated that the Air Force officials will conduct previously scheduled data reviews to validate databases are updated in accordance with Department guidance by September 30, 2019.

Our Response

Comments from the Principal Deputy addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. Although the Principal Deputy stated PEOs, program managers, and analysts already complete monthly/quarterly acquisition program status reviews to validate that the databases are updated in accordance with Department guidance, as stated in the report, we determined that the database did not contain an accurate listing of acquisition programs; therefore, it was not updated in accordance with Air Force guidance. We will close the recommendation once the Air Force SAE provides the process used to ensure the Air Force database is updated in accordance with Air Force guidance, and evidence to ensure programs are accurately represented in the database. In addition, we request the Air Force SAE to provide the results of the scheduled data review that was completed by September 30, 2019.

Recommendation A.10

We recommend that the Service Acquisition Executives for the Army, Navy, and Air Force hold Program Executive Officers accountable for reporting inaccurate or misleading program information and for enforcing existing guidance that requires program acquisition databases to be regularly updated.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments

The Deputy for Acquisition and Systems Management, responding for the Army SAE, agreed with recommendation. The Deputy recommended rewording this Recommendation A.10 to, “We recommend that the Service Acquisition Executives for the Army, Navy, and Air Force implement business processes to detect inaccurate or misleading program information and to reinforce existing guidance that requires program acquisition databases to be regularly updated.” The Deputy stated that the corrective action is complete. The Deputy also stated that the PEO charter’s document the appointment and describe the roles and responsibilities of the Program Executive Officer.

Our Response

Comments from the Deputy did not address the specifics of the recommendation; therefore, the recommendation is unresolved. The intent of this recommendation is for the Army SAE to hold the Program Executive Officers accountable for their offices reporting inaccurate or misleading program information, and to hold the Program Executive Officers accountable for their offices adherence to guidance that requires the Army databases to be regularly updated. Army Regulation 70-1 requires PEOs to update the AAPML database when changes

in the program data occur, or at least quarterly. As a result of our audit, we determined that the Army acquisition officials did not update their databases as required or did not report when programs exceeded APB cost thresholds, causing decision makers to rely on inaccurate information. We request the Army SAE clarify whether Army officials will hold Program Executive Officers accountable for the accuracy of program information, and enforce existing guidance which requires the updating of databases regularly.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition responding for the Navy SAE, agreed with the recommendation, stating that the Navy issued a March 2019 revision to the Secretary of the Navy's Defense Acquisition System and Joint Capabilities Integration and Development System Implementation (SECNAV Instruction 5000.2F) that reinforced the oversight and reporting requirements across the acquisition community. The Principal Civilian Deputy stated that the update focuses on improving the agility of the acquisition process by streamlining acquisition program oversight and driving responsibility to the appropriate level. Additionally, the Principal Civilian Deputy stated that the Navy is developing RDAIS 3.0 to enable better program oversight, while improving the user interface to allow program offices to update data more efficiently. However, in the interim, the Principal Civilian Deputy stated that new reports have been developed in RDAIS 2.0 to improve data quality by identifying overdue submissions.

Our Response

Comments from the Principal Civilian Deputy partially addressed the recommendation; therefore, this recommendation is unresolved. The intent of this recommendation is for the Navy SAE to hold the Program Executive Officer accountable when there is inaccurate or misleading program information and for enforcing existing guidance that requires RDAIS to be regularly updated. The Navy SAE is responsible for the Department of the Navy's management of the Defense Acquisition System within the Navy. According to Navy Instruction 5000.2F, the Assistant Secretary of the Navy for Research, Development, and Acquisition, has delegated the management responsibility of RDAIS to the Deputy Assistant Secretary of the Navy for Management and Budget. We request that the Navy SAE clarify whether Navy officials will hold Program Executive Officers accountable for accuracy of program information in RDAIS, and enforce existing guidance which requires the updating of databases regularly.

Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology Comments

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, responding for the Air Force SAE, agreed with the recommendation, stating that Air Force senior acquisition leadership reviews completed monthly/quarterly acquisition reports and holds the Program Executive Officers and other acquisition officials accountable for reporting accuracy and program execution. The Principal Deputy stated that the action for this recommendation has been completed.

Our Response

Comments from the Principal Deputy partially addressed the recommendation; therefore, the recommendation is unresolved. The intent of this recommendation is for the Air Force SAE to hold the Program Executive Officers accountable for their offices reporting inaccurate or misleading program information, and to hold the Program Executive Officers accountable for their offices adherence to guidance that requires the Air Force database to be regularly updated. The Air Force SAE did not state whether they held the PEOs accountable for reporting inaccurate and misleading program information in database. We request that the Air Force SAE provide evidence showing whether PEOs were held accountable, or not, for reporting inaccurate or misleading program information.

Recommendation A.11

We recommend that the Service Acquisition Executives for the Army, Navy, and Air Force verify and validate that they are being notified, as required by DoD Instruction 5000.02, when programs are within 10 percent or exceed the next Acquisition Category level.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments

The Deputy for Acquisition and Systems Management, responding for the Army SAE, agreed with the recommendation, stating that corrective action has been completed. The Deputy also stated that according to Army Regulation 70-1, Chapter 2, Section 2-2, c (2), potential ACAT changes to Army-managed programs will be reported through the acquisition chain of command to the Army SAE when the program's cost is within 10 percent of the minimum cost threshold of the next ACAT level. The Deputy further stated that the PEOs produce annual ACAT 2, 3, and 4 reports that identify programs that are within 10 percent of the next higher ACAT level or have exceeded the next ACAT level in the past year.

Our Response

Comments from the Deputy partially addressed the recommendation; therefore, the recommendation is unresolved. While we understand controls are currently in place to ensure SAEs are notified when programs are within 10 percent or exceed the next Acquisition category level; we request clarity whether the Army SAE will verify and validate program officials are notifying the SAE when program costs are within 10 percent or have exceeded the next ACAT level.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Navy SAE, agreed with the recommendation and provided an estimation of completion by September 30, 2019.

Our Response

Comments from the Principal Civilian Deputy addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close this recommendation once the Navy SAE provides the process used to verify and validate that, by September 30, 2019, the Navy SAE is being notified and evidence to ensure all programs have reported, as required by the DoD Instruction 5000.02, when program costs are within 10 percent or exceed the next ACAT level.

Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology Comments

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology, responding for the Air Force SAE, agreed with the recommendation, stating that as part of the Air Force continuing program and management review, PEOs, program managers, and analysts already ensure proper notifications are made when required. The Principal Deputy also stated that the Air Force officials will validate that the SAE has been notified in accordance with Air Force Guidance by January 31, 2020. The Principal Deputy further stated that DoD Instruction 5000.02 does not provide guidance for SAE notification of ACAT 2 and 3 programs, but stated that Air Force guidance contains that requirement.

Our Response

Comments from the Principal Deputy addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once Air Force officials provide evidence they are being notified when programs are within 10 percent or exceed the next Acquisition Category level.

Recommendation A.12

We recommend that the Service Acquisition Executives for the Army, Navy, and Air Force:

- a. Verify and validate that all programs have approved Acquisition Program Baselines as required by DoD Instruction 5000.02.**

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments

The Deputy for Acquisition and Systems Management, responding for the Army Service Acquisition Executive, agreed with recommendation, stating that corrective action is complete. The Deputy stated that the Army SAE memorandum, "Acquisition Program Baseline Reporting for All Acquisition Category Programs and Middle Tier Acquisition Efforts," December 20, 2018, designated the Defense Acquisition Management Information Retrieval Acquisition Program Baseline module as the official source for all Army APBs. The Deputy also stated that all APBs, regardless of ACAT level, are expected to be entered by September 30, 2019. The Deputy further stated that the Acquisition Reporting and Analysis Directorate within the Assistant Secretary of the Army for Acquisition, Logistics, and Technology manages compliance with the APB memorandum. The Deputy stated that the Army SAE policy memorandum, "Acquisition Information Repository Guidance," October 26, 2018, directed that all acquisition documents required for a milestone decision or a life cycle event should be uploaded to the Acquisition Information Repository for all ACAT levels. The Deputy stated that legacy signed APBs will be uploaded as well.

Our Response

Comments from the Deputy did not address the recommendation; therefore, the recommendation is unresolved. During the course of our audit, Army acquisition officials could not provide the required APB for multiple programs. We acknowledge that all APBs, to include legacy programs, will be entered into the Defense Acquisition Management Information Retrieval Acquisition Program Baseline module; however, we request that the Army SAE provide the process used to verify and validate that all programs have an approved APB and also provide evidence that all programs have an approved APB. In addition, we request the Army provide the process used to verify and validate that, by September 30, 2019, all APBs, regardless of ACAT level, were uploaded into the Defense Acquisition Management Information Retrieval Acquisition Program Baseline module.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Navy Service Acquisition Executive, agreed with the recommendation and provided an estimated completion date of December 30, 2019.

Our Response

Comments from the Principal Civilian Deputy addressed the recommendation; therefore, this recommendation is resolved but will remain open. We will close the recommendation when the Navy SAE provides the process the Navy used to verify and validate that all programs have an approved APB, and evidence that all programs have approved APBs.

Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology Comments

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology, responding for the Air Force Service Acquisition Executive, agreed with the recommendation stating that PEOs, program managers, and analysts would continue to ensure all programs have approved APBs as required by DoD guidance. The Principal Deputy also stated that the Air Force would validate that all programs have approved APB as required by DoD 5000.02 by January 31, 2020.

Our Response

Comments from the Principal Deputy addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. Although the Principal Deputy stated that PEOs, program managers, and analysts would continue to ensure all programs have approved APBs as required by DoD guidance, as stated in the report, acquisition personnel did not always ensure programs had approved APBs. We will close the recommendation when the Air Force SAE provides the process that the Air Force used to verify and validate that all programs have an approved APB, and also provide evidence that all programs have approved APBs.

- b. Verify and validate that program officials are reporting when acquisition costs or schedules exceed thresholds established in the Acquisition Program Baseline.**

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments

The Deputy for Acquisition and Systems Management, responding for the Army SAE, agreed with recommendation, stating that corrective action has been completed. The Deputy stated that the Acquisition Reform Initiative 8, line of effort 4 requires the collection of cost, schedule, and performance metrics for Army acquisition programs. The Deputy also stated that this information will be centrally collected and reviewed in PMRT. The Deputy stated that these metrics are currently collected manually for all ACAT 1 and 2 programs. The Deputy further stated that PMRT automation and the integration of the Defense Acquisition Management Information Retrieval APB data will enable the collection of metrics for all programs after the first quarter of fiscal year 2021. The Deputy also stated that the delay is the time necessary to deploy PMRT across all Army acquisition programs. The Deputy further stated that ACAT 1 program cost, schedule, and performance deviations are captured in the quarterly DAE Summary and annual Selected Acquisition Report; and the PEOs for lower ACAT programs prepare an annual report that includes an assessment of cost, schedule, and performance parameters.

Our Response

Comments from the Deputy did not address the recommendation; therefore, the recommendation is unresolved. The intent of the recommendation is for the Army SAE to verify and validate that the Army SAE has been notified when a program has exceeded the APB established thresholds. As a result of our audit, we determined that Army program officials for multiple programs were not notifying the MDA when program costs or schedule were exceeding the approved APB thresholds, causing decision makers to rely on inaccurate information. We request that the Army SAE provide the process used to verify and validate that program officials are reporting when program costs or schedules exceed APB thresholds and also provide evidence that all program officials have reported programs that have exceeded the cost or schedule thresholds established in the APB.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Navy SAE, agreed with the recommendation and provided an estimated completion date of December 30, 2019.

Our Response

Comments from the Principal Civilian Deputy addressed the recommendation; therefore, this recommendation is resolved but will remain open. We will close the recommendation once the Navy SAE provides the process the Navy used to verify and validate that program officials were reporting when acquisition costs or schedules exceed thresholds established in the APB, and evidence program officials reported programs that exceeded established APB thresholds.

Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology Comments

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology, responding for the Air Force SAE, agreed with the recommendation, stating that program officials would continue to report acquisition costs or schedules that exceed program thresholds in monthly reports or as needed. The Principal Deputy also stated that the Air Force would validate that program officials are reporting when acquisition costs or schedules exceed APB thresholds. The Air Force provided an estimated completion date of January 31, 2020.

Our Response

Comments from the Principal Deputy addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. Although the Principal Deputy stated that program officials would continue to report acquisition costs or schedules that exceed program thresholds in monthly reports or as needed, as stated in the report, acquisition officials did not always report costs or schedules that exceeded program thresholds. We will close the recommendation when the Air Force SAE provides the process that the Air Force used to verify and validate that program officials were reporting when program costs or schedules exceed APB thresholds and evidence program officials reported programs that exceeded established APB thresholds.

- c. Report to their respective Military Department Secretary when this verification and validation effort has been completed.**

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments

The Deputy for Acquisition and Systems Management, responding for the Army SAE, agreed with the recommendation, stating that corrective action has been completed. The Deputy stated that Acquisition Reform Initiative 8 directed the implementation of measures and metrics that assess performance across the

acquisition enterprise. In addition, the Deputy stated that reporting regarding the status of Acquisition Reform Initiatives was delegated to the Vice Chief of Staff for the Army.

Our Response

Comments from the Deputy did not address the recommendation; therefore, the recommendation is unresolved. The intent of this recommendation is for the Army SAE to notify the Secretary of the Army that the verification and validation processes addressed in Recommendations A.12.a and A.12.b have been completed. We request the Army SAE provide evidence of notification sent to the Secretary of the Army stating that the verification and validation process addressed in Recommendations A.12.a and A.12.b has been completed.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Navy SAE, agreed with the recommendation and provided an estimated completion date of December 30, 2019.

Our Response

Comments from the Principal Civilian Deputy addressed the recommendation; therefore, this recommendation is resolved but will remain open. We will close the recommendation once the Navy SAE provides evidence notifying the Secretary of the Navy that the verification and validation processes address in Recommendations A.12.a and A.12.b have been completed.

Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology Comments

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology, responding for the Air Force SAE, agreed with the recommendation, stating that the Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology, will provide a report to the Secretary of the Air Force when verification and validation is completed by February 15, 2020.

Our Response

Comments from the Principal Deputy addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close this recommendation once the Air Force SAE provides the report sent to the Secretary of the Air Force stating the APB verification and validation process has been completed.

Management Comments on the Internal Controls and Our Response

Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology Management Comments to Internal Controls

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, responding for the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, stated that the verbiage in the report, “According to ... Air Force guidance, program officials are required to update program information in databases at a minimum, quarterly...,” is inconsistent with Air Force guidance. Specifically, the Principal Deputy stated that Air Force guidance requires at least quarterly reporting for programs with funding greater than \$30M Research, Development, Testing, and Evaluation or \$50M procurement over the life of the program. Further, all programs are required to update basic mandatory information and review information at least twice a year.

Our Response

We agree with the Principal Deputy. Air Force Instruction 63-101/20-101 states that Air Force acquisition officials should ensure consistency by conducting reviews and providing updates to the database at least twice a year. Further, programs that require Monthly Acquisition Reporting are updated at least quarterly. We modified the report accordingly to account for the Air Force reviewing program information twice a year in our internal control weakness section of the report.

Finding B

Army Program Executive Offices Can Delete Acquisition Programs From the Historical Record Without Army Headquarters Approval

The PEO CS&CSS did not inform or receive required approval from the Army Headquarters Data Administrator prior to deleting two programs from the AAPML. This occurred because the AAPML permissions do not restrict individuals from deleting programs without first receiving approval from the Army Headquarters Data Administrator. As a result, the Army has no assurance that the AAPML is complete, and without an accurate listing of acquisition programs, the ASA(ALT) cannot accurately track and oversee Army programs and the costs associated with these programs.

Army Officials Deleted Two Acquisition Programs From the Historical Record Without Required Approval

The PEO CS&CSS did not inform or receive required approval from the Army Headquarters Data Administrator to delete two programs from the AAPML. During our audit, we identified two programs that the PEO CS&CSS deleted from the AAPML: the Machine Powered Mowing System and the SG-1366/U Signal Generator program. PEO CS&CSS officials stated that these programs were deleted because they were not programs of record and were entered into the AAPML in error. However, the programs existed in the AAPML as far back as 2015, and, despite multiple program status reviews, they were not identified as incorrectly recorded programs. PEO CS&CSS officials stated that they were directed to review and update the AAPML when changes in program data elements occurred and in conjunction with program status reviews. According to Army guidance, in addition to reviewing and updating the AAPML when changes occur, PEOs are required to review and update program elements in the AAPML quarterly. The ASA(ALT) directed the PEO to ensure that the AAPML was consistent with the information reported at the program status reviews. Therefore, if the PEO was conducting program reviews as required, the PEO should have identified, prior to our audit, that these programs were entered in the AAPML in error.

Database Does Not Restrict Deletion Without Army Headquarters Approval

Army database permissions do not restrict individuals from deleting programs without Army Headquarters Data Administrator approval. The AAPML user guide states that the entries in the AAPML system are intended to be a historical record of Army ACAT 2 and 3 programs, and deletions should only be performed to correct data. PEO CS&CSS officials stated that they did not inform Army Headquarters of their deletions and stated that there was no requirement to create official documentation describing why they performed a deletion or update of an error in the AAPML. Army Headquarters Data Administration officials stated that they were unaware that PEO CS&CSS deleted the programs, but also stated that it was not necessary for the PEOs to inform them or receive permission to remove their programs from the AAPML database.

However, this conflicts with the AAPML user guide, which states that the Army Headquarters Data Administrator should delete or approve the deletions of programs to maintain the historical record. This is especially important because Army Headquarters Data Administrators stated that they cannot see if programs have been deleted from the database, who they were deleted by, or why they were deleted. If the AAPML is intended to be the historical record, the Army Headquarters Data Administrators should be able to view programs that have been deleted, especially given that, in practice, the PEOs do not receive approval before deleting programs. Therefore, the Army should develop the capability to see when programs are deleted from the AAPML, including who deleted them, and the justification. Army officials should also clarify which individuals have authority to delete programs from the Army database.

During our audit, Army Headquarters Data Administrators stated that they were working with the database contractor to develop the capability to view programs that had been deleted from the AAPML. Army Headquarters Database officials also stated that the user guide would be updated to reflect which individuals have authority to delete programs from the Army database.

Army Has No Assurance the Army Acquisition Program Master List is Complete

Without the ability to view whether programs are deleted from the AAPML, the Army cannot determine whether programs are deleted to correct an error or by mistake. This calls into question the accuracy and completion of the AAPML database, which the Army intends to be its historical record. Consequently, the ASA(ALT) may not have a complete and accurate list of acquisition programs to track and oversee Army programs and the costs associated with these programs.

Management Comments on Finding and Our Response

See Appendix C for the summaries of management comments on the finding and our responses. We received responses from the Assistant Secretary of the Army for Acquisition, Logistics, and Technology.

Recommendation, Management Comments, and Our Response

Recommendation B.1

We recommend that the Assistant Secretary of the Army for Acquisition, Logistics, and Technology develop the capability to see when programs are deleted in the Army Acquisition Program Master List database, including who deleted the programs and the justification.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments

The Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, agreed with recommendation, stating that corrective action has been completed. The Deputy stated that the capability existed at the time of the audit. The Deputy also stated that all deleted program data is stored in the AAPML database along with the reason for deletion. The Deputy further stated that deleted AAPML records are available for review at any time.

Our Response

Comments from the Deputy did not address the recommendation; therefore, the recommendation is unresolved. As stated in the report, the capability addressed in this recommendation did not exist at the time of the audit. During the audit, Army Headquarters Data Administrators stated that officials were working with the database contractor to develop the capability for Army acquisition officials. We request that the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, provide documentation showing that the capability has been developed and implemented.

Recommendation B.2

We recommend that the Assistant Secretary of the Army for Acquisition, Logistics, and Technology update the Army Acquisition Program Master List user guide to reflect accurately which roles have the authority to delete programs from the Army Acquisition Program Master List.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments

The Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, agreed with recommendation, stating that corrective action has been completed. The Deputy stated that this change to the user guide was made during the audit and identified that administrators have the authority to delete programs. The Deputy also stated that administrators are assigned at each PEO for management of ACAT 2 and below programs and at the Headquarters of the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, for all programs.

Our Response

Comments from the Deputy addressed the recommendation; therefore, this recommendation is resolved but will remain open. We will close this recommendation when the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, provides the new version of the AAPML User Guide that reflects the change to user's authorities.

Appendix A

Scope and Methodology

We conducted this performance audit from April 2018 through July 2019 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 obtained access to and used the Military Departments' databases to retrieve acquisition program master lists, which contain all acquisition programs for each Department. We used these acquisition master lists as the overall universe of acquisition programs.

From the acquisition master lists, we began with a universe of 1,085 Army programs, 154 Navy programs, and 805 Air Force programs. We solicited help from the OIG Quantitative Methods Division (QMD) to identify active ACAT 2 and 3 programs. This left a population of 295 Army, 107 Navy, and 418 Air Force ACAT 2, 3, and 4 programs. For this audit, we included programs that the Military Departments categorized as ACAT 4 within the ACAT 3 category because DoD Instruction 5000.02 only defines programs to the ACAT 3 level. The QMD designed a stratified statistical sample that included programs from ACATs 2, 3, and 4 for each of the Department's program populations. The sampled programs for each ACAT category were randomly selected to eliminate selection bias. Tables 7, 8, and 9 show the samples selected for each Department.

Table 7. Army Programs

Category	Population Size	Sample Size
ACAT II	37	15
ACAT III	195	30
ACAT IV*	63	20
Total	295	65

* For this report, ACAT III and ACAT IV categories were combined.

Source: The DoD OIG

Table 8. Navy Programs

Category	Population Size	Sample Size
ACAT II	28	10
ACAT III	41	15
ACAT IV*	38	15
Total	107	40

* For this report, ACAT III and IV categories were combined.

Source: The DoD OIG

Table 9. Air Force Programs

Category	Population Size	Sample Size
ACAT II	42	15
ACAT III	376	40
Total	418	55

Source: The DoD OIG

We did not project the results of the sample because we had no assurance that the population received was accurate and complete.

After receiving our sample of 160 programs from QMD, we requested acquisition program baselines, program cost estimates, and schedule estimates for each program from the Military Departments. We compared original source documentation to cost and schedule information from each Department to corroborate database information, where possible. We determined whether APBs had been created and updated and whether the information recorded in the APBs was accurate and complied with DoD Instruction 5000.02 requirements.

We collected and reviewed documents dating from July 26, 2001, to February 1, 2019, including:

- original and updated APBs,
- program cost and schedule estimates, and
- Acquisition Decision Memorandums.

To understand how each Department uses its database to conduct oversight, we interviewed officials from the following offices.

- Assistant Secretary of the Army for Acquisition, Logistics, and Technology
- Assistant Secretary of the Navy for Research, Development, and Acquisition
- Assistant Secretary of the Air Force for Acquisition.

We also reviewed the following guidance.

- 10 United States Code (U.S.C.) Section 3013, “Secretary of the Army”
- 10 U.S.C. Section 5013, “Secretary of the Navy”
- 10 U.S.C. Section 8013, “Secretary of the Air Force”
- 10 U.S.C. Section 2546, “Civilian Management of the Defense Acquisition System”
- DoD Instruction 5000.02, “Operation of the Defense Acquisition System,” January 7, 2015 (Incorporating Change 4, August 31, 2018)
- Army Regulation 70-1, “Army Acquisition Policy,” August 10, 2018
- Army Pamphlet 70-3, “Army Acquisition Procedure,” September 17, 2018
- Secretary of the Navy Instruction 5000.2E, “Department of the Navy Implementation and Operation of the Defense Acquisition System and the Joint Capabilities Integration and Development System,” September 1, 2011
- Secretary of the Navy Instruction 5400.15C Change Transmittal 1, “Department of the Navy Research and Development, Acquisition, Associated Life-Cycle Management, and Logistics Responsibilities and Accountability,” December 2, 2011
- Secretary of the Navy Instruction 5430.7R Change Transmittal 1, “Assignment of Responsibilities and Authorities in the Office of the Secretary of the Navy,” May 2, 2017
- Air Force Instruction 63-101/20-101, “Integrated Life Cycle Management,” May 9, 2017
- Air Force Pamphlet 63-128, “Integrated Life Cycle Management,” July 10, 2014

Use of Computer-Processed Data

We used computer-processed data to perform this audit. Specifically, we used the Military Departments’ databases, including the Army’s Acquisition Program Master List (AAPML), the Navy’s ASN(RD&A) Information System (RDAIS), and the Air Force’s Data Access and Program Reporting Project Management Resource Tools (PMRT). Additionally, we used the Departments’ databases to identify cost and schedule information available to Department decision makers. Based on findings from a prior Government Accountability Office report, the audit team anticipated that the databases contained unreliable information and so requested source documentation, where available, to corroborate database information.

Use of Technical Assistance

An Operations Research Analyst and an information technology specialist from the Quantitative Methods Division assisted with this audit. They helped identify the universe of ACAT 2 and 3 programs for each Military Department and generated a sample of programs for us to review.

Prior Coverage

During the last 5 years, the Government Accountability Office (GAO) issued one report discussing the identification, classification, and cost reporting for ACAT 2 and 3 programs. Unrestricted GAO reports can be accessed at <http://www.gao.gov>.

GAO

Report No. GAO-15-188, “Defense Acquisitions: Better Approach Needed to Account for Number, Cost, and Performance of Non-Major Programs,” March 2015

The GAO found that the DoD could not provide sufficiently reliable data for the GAO to determine the number, total cost, or performance of the DoD’s current acquisition category 2 and 3 programs. The GAO found that the accuracy, completeness, and consistency of the DoD’s data on these programs were undermined by widespread data entry issues, missing data, and inconsistent identification of current ACAT 2 and 3 programs.

Appendix B

Management Comments on Finding A and Our Response

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments to Finding A, "Service Acquisition Executives Do Not Have an Accurate Source for Acquisition Category 2 and 3 Program Information"

The Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, disagreed with this section of the finding. The Deputy recommended that we change the wording to, "Auditor could not verify the Service's Acquisition Category 2 and 3 Program Information for the selected sample." The Deputy stated that a program count report is supplied to the Army SAE, Military Deputy, and Deputy for Acquisition and Program Management on the first working day of each month and stated that the list is derived from the AAPML. The Deputy also stated that the PEOs started submitting annual ACAT 2, 3, and 4 reports to the Army SAE in Fiscal Year 2017. The reports include the following.

- A review of the APB, including an assessment of cost, schedule, and performance parameters; and the review addresses deviations.
- A description of the internal management processes.
- Programs that are within 10 percent of the next ACAT level and provide a rationale and status of the notification.
- Programs pending cancellation.
- Programs that completed a milestone decision or an authority to proceed decision.

Our Response

Although the Army has an authorized list of Army programs, the AAPML is not accurate. For example, we identified errors in the AAPML that are listed throughout the report, including two programs that were not Army acquisition programs and five programs that were not update quarterly, as required. While performing our audit, we identified these errors in our sample of 65 programs. However, we did not review the other 230 active Army programs; therefore, there is a possibility that the errors we found in our sample extend beyond our sample. In addition, the Army provided examples of the ACAT 2 and ACAT 3 annual reports. The ACAT 2 annual report does not include the same program information included in the ACAT 3 annual report. The ACAT 2 annual program review provides program schedule and program descriptions, but it does not include a review of the APB, an assessment of cost, schedule, and performance parameters, or program

deviations. The ACAT 2 annual program review also does not contain a description of the internal management processes, programs that are within 10 percent of the next ACAT level, status of the notification, programs pending cancellation, or programs that completed a milestone decision or an authority to proceed decision. The ACAT 3 annual report included a summary of all the items listed in the Army's response; however, it did not contain specific program information, such as cost threshold, cost estimate, and the amount which the costs have exceeded the cost threshold. As a result, we concluded that the Army SAE does not have an accurate source for ACAT 2 and 3 program information. We did not revise the report based on this comment.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments to Finding A, "The Military Departments Did Not Appropriately Identify Acquisition Category 2 and 3 Programs"

The Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, agreed with this section of the finding; however he recommended that we change the wording to, "Auditor could not verify the Service's Acquisition Category 2 and 3 program information for the selected sample." The Deputy stated that this section of the finding correctly stated that two efforts in AAPML were incorrectly identified as programs, but were rapid acquisition efforts. The Deputy also stated this was because the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, prefers to have visibility on all efforts, not just programs. The Deputy stated the Radiographic Imaging System Explosive Ordinance Disposal and the Jungle Combat Boot were rapid fielding efforts and not Army acquisition programs. The Deputy further stated that the AAPML user guide has been updated to reflect the appropriate use of the active and inactive program designations and encourages the submission of all types of efforts for top level visibility.

Our Response

During the audit, the Army stated that the Radiographic Imaging System Explosive Ordinance Disposal was a Navy program that the Army was procuring quantities from; however, the Army did not state that it was a rapid fielding effort until the comments to the draft report. As a result of this program not being an Army program, it should not have been on the AAPML. During the audit, the Army stated that the Jungle Combat Boot was a "directed requirement;" as a result, this program should have been properly recorded on the AAPML as inactive. Additionally, we did not receive the updated AAPML user guide during the audit or as part of the comments to the draft report. We did not revise the report based on this comment.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments to Finding A, "Service Acquisition Executives Did Not Appropriately Monitor ACAT 2 and 3 Programs"

The Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, disagreed with this section of the finding. The Deputy recommended that we change the wording to, "Army ACAT 2 and 3 program oversight was delegated to PEOs. Auditors could not verify the PEOs monitoring of their portfolios for the selected sample." The Deputy stated that the PEOs submit annual ACAT 2, 3, and 4 reports to the Army SAE that provide information regarding specific issues in this finding, except for missing APBs. The Deputy also stated that the Counter Radio Controlled Improvised Explosive Device entered the life cycle after Milestone C and, therefore, had no APB. The Deputy further stated that APBs are normally required for materiel programs between milestone B and full-rate production, and many original APBs identified as missing were provided to Assistant Secretary of the Army for Acquisition, Logistics, and Technology, by the PEOs. Finally, the Deputy further stated that he was unsure why the APBs were not available during the audit; however, the existence of a paper document does not preclude proper monitoring of acquisition programs by the MDA.

Our Response

The Counter Radio Controlled Improvised Explosive Device should have had an APB according to the DoD Instruction 5000.02. According to the Instruction, enclosure 1, Table 2, APBs are regulatory requirements for all program types and program events. Additionally, the Instruction states that the first APB is approved by the MDA prior to entering Engineering and Manufacturing Development or at program initiation, whichever occurs later. The Counter Radio Controlled Improvised Explosive Device was initiated post Milestone C, which is a program event, and therefore should have required an approved APB. We added Appendix E to this report to more clearly explain that programs missing an original APB, but otherwise had no problems, were not included in the count of programs that not appropriately identified, monitored, or both. We did not revise the report based on this comment.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments to Finding A, "Service Acquisition Executives Delegated Oversight Responsibilities to Program Executive Offices and Did Not Review Acquisition Program Databases"

The Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, disagreed with this section of the finding. The Deputy recommended that we change the wording

to, “Service Acquisition Executives delegated oversight responsibilities to Program Executive Offices and did not review acquisition program databases. Auditors could not verify the PEOs review of their acquisition program databases for the selected sample.” The Deputy stated that the PEOs submit annual ACAT 2, 3, and 4 reports to the Army SAE. The Deputy also stated that the data in the AAPML database was updated quarterly and reviewed periodically. Finally, the Deputy stated that the Recombinant Botulinum Vaccine program is being reclassified as an ACAT 1 in the second quarter of fiscal year 2020.

Our Response

We identified errors in the AAPML that are listed throughout the report, to include two programs that were not Army acquisition programs, and five programs that did not get updated quarterly as required. These five programs were not updated for periods of 4 to 21 months. We concluded that the SAE did not review the AAPML database, because if the SAE had been performing reviews of the AAPML, the five programs missing quarterly reviews should have been found prior to our audit. For our response to comments about the Recombinant Botulinum Vaccine program, please see the response to recommendation A.4. We did not revise the report based on this comment.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments to Finding A, “The Military Departments Do Not Know How Many Acquisition Programs They Have or Their Cost”

The Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, partially disagreed with this section of the finding. The Deputy recommended that we change the wording to, “Auditors could not verify Military Department program counts or costs for the selected sample.” The Deputy stated that a program count report from AAPML is supplied to the Army SAE and Deputy for Acquisition and Systems Management on the first working day of each month. The Deputy also stated that the PEOs are instructed to update the AAPML as program changes occur or at least quarterly, and the AAPML was not designed or intended to collect program cost. The Deputy further stated that Assistant Secretary of the Army for Acquisition, Logistics, and Technology, announced the adoption of the Air Force PMRT system on June 3, 2019, to improve the quality and transparency of Army acquisition program data. The Deputy stated that the Army plans to have PMRT implemented by the first quarter of fiscal year 2021. The Deputy also stated that the system includes automated security and business rules that will improve or replace the Army’s existing manual processes for data collection, data maintenance, and reporting of, but not limited to, program cost, schedule, and performance.

Our Response

During the audit, Army officials did not inform us of the existence of a monthly program count report that was supplied to the Army SAE. We found several errors in the AAPML from our sample of 65 programs, to include identifying two programs that were not Army acquisition programs, and five programs that were not updated quarterly as required. We did not review the other 230 active Army programs; therefore, there may be additional errors in AAPML that we did not find in our sample. We concluded that the Army does not know how many acquisition programs it has. We did not revise the report based on this comment.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments to the Report

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, stated that the Navy welcomes an independent evaluation of the oversight of the Navy's acquisition Category 2 through 4 programs. The Principal Civilian Deputy further stated that the Navy SAE and the Assistant Secretary of the Navy for Research, Development, and Acquisition, perform monthly reviews which include regular program deep dives and Program Executive Officer portfolio reviews, in addition to Navy's oversight and monitoring of the RDAIS. The Principal Civilian Deputy stated that the RDAIS provides Navy leadership with insight into cost, schedule, and performance status on Navy and Marine Corps programs. The Principal Civilian Deputy also stated that the Navy took exception to the broad conclusions made in the report regarding the Department of the Navy acquisition oversight when the audit focused on a limited review of program documents and the RDAIS database. The Principal Civilian Deputy further stated that the Navy acknowledged the noted deficiencies in data management and document records management in RDAIS, and is taking steps to address the recommendations.

Further, the Principal Civilian Deputy expressed concerns with the methodology that we used and the lack of supporting data tables. The Principal Civilian Deputy stated that the Navy is in compliance with the intent of the DoD Instruction 5000.02 and the Secretary of the Navy Instruction 5000.2F. The Principal Civilian Deputy also stated that the report makes assumptions that data quality, technical data, and document repository challenges are equal to a lack of oversight and poor management of the Navy's acquisition portfolio.

Our Response

We clarified a sentence in the first paragraph of Finding A to state, “For example, in our sample of 160 programs, each Department had programs, in their respective databases, that were not appropriately identified, monitored, or both.” In addition, we also added Appendix E, “Army, Navy, and Air Force Did Not Appropriately Identify or Monitor 78 Programs,” to clearly identify each of the programs we identified from our sample that had problems. Lastly, Appendix A, “Scope and Methodology,” discusses the scope and methodology we used to perform our audit.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments to Finding A, “Consistent Database Reporting Requirements and Program Data Definitions Needed for Acquisition Reporting”

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, commented on a statement in the report:

“The Navy database, RDAIS, is the most robust among the Military Departments, and contains mechanisms for cost and schedule oversight; however, it is not properly used or updated to provide SAEs with accurate information for decision-making. Additionally, there are no standard definitions for critical program data elements across the Military Departments for ACAT 2 and 3 programs.”

The Principal Civilian Deputy stated that the Navy takes exception to the statement that RDAIS is not properly used without any context. The Principal Civilian Deputy stated that the RDAIS has a data dictionary and is aligned with the DoD’s Acquisition Visibility Data Framework which provides DoD wide data governance across all acquisition data categories.

Our Response

We provided a number of specific examples in our report where we identified inaccurate information or inconsistent reporting in the RDAIS and made recommendations to address our concerns, and the Navy concurred with each recommendation. Additionally, we made a recommendation to the Under Secretary of Defense for Acquisition and Sustainment to establish a common framework for all Service acquisition databases. The recommendation was not specific to RDAIS. We did not revise the report based on this comment.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments to Finding A, "Service Acquisition Executives Do Not Have an Accurate Source for Acquisition Category 2 and 3 Program Information"

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Assistant Secretary of the Navy for Research, Development, and Acquisition, stated that the Navy disagrees that the inability to provide a signed original APB is reasonable to support Finding A. Specifically, the Principal Civilian Deputy stated that Finding A cites 24 of 40 Navy programs not appropriately identified, monitored, or both; however, the Principal Civilian Deputy stated that the data tables and examples provided in this report do not clearly identify the 24 programs, despite prior Navy requests for this data. The Principal Civilian Deputy also stated that the Navy could not provide signed original APBs for 15 programs. However, the Principal Civilian Deputy stated that the Navy maintained current APBs, as well as detailed tracking through every APB revision, back to the original APB. The Principal Civilian Deputy further stated that two of the three programs in Table 5 (second column) of the draft report did not have APBs because they were pre-MS B, which is in accordance with DoD Instruction 5000.02. The Principal Civilian Deputy stated that it appears these 18 programs may contribute to Finding A.

Our Response

We added Appendix E, "Army, Navy, and Air Force Did Not Appropriately Identify or Monitor 78 Programs," to clearly identify each of the programs we identified from our sample that had problems. Even though the Principal Civilian Deputy stated that the Navy maintained detailed tracking for every APB revision, acquisition officials did not provide requested APBs for each program in the audit sample. We determined that Navy acquisition officials could not provide either an original or a current APB for 18 of 40 programs. Appendix F of the report provides a complete listing of programs that were missing original or current APBs.

Additionally, during our fieldwork phase, the Navy did not provide any documentation to show that the two programs in Table 5 were pre-Milestone B. After the field work was performed and after a draft report was issued, the Navy provided screen shots of RDAIS that indicated these two programs were pre-milestone B. Additionally, the Navy did not provide any other documentation to validate that these two programs were pre-milestone B. Therefore, we did not revise the report based on this comment.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments to Finding A, "Programs Have Exceeded or Are Approaching a Higher Acquisition Category During the Acquisition Lifecycle"

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Assistant Secretary of the Navy for Research, Development, and Acquisition, commented on a statement in the report:

For example, Navy acquisition officials estimated that the Expeditionary Sea Base program, an ACAT 2 program, would have total procurement costs of \$4.5 billion; this estimation was \$1.7 billion above the ACAT 1 procurement cost minimum. According to RDAIS, Navy acquisition officials first estimated the program would exceed the ACAT I procurement cost minimum in November 2015.

The Principal Civilian Deputy stated that the November 2015 RDAIS procurement estimate was \$2.8B and that the program office and PEO communicated with the Navy SAE officials regarding possible re-classification. The Principal Civilian Deputy also stated that there was discussion about which elements should contribute to procurement costs because some estimates projected that the program would be under the \$2.79B. Additionally, the Principal Civilian Deputy stated that the Navy had internal discussions about whether or not the first two ships acquired as Expeditionary Transfer Docks should be included in the calculations for Expeditionary Sea Bases. The Principal Civilian Deputy further stated that the Navy determined the Expeditionary Sea Base 5 was a Congressional add and believed to be the last ship of the class; therefore, at that point in time, that there was no requirement to re-classify the program as an ACAT 1. The Principal Civilian Deputy also stated that throughout this time period the program continued to report execution status and risk to the SAE and continued rigorous oversight of shipbuilding activities.

Our Response

While the Navy stated the November 2015 procurement estimate for the Expeditionary Sea Base program was \$2.8 billion, we calculated the November 2015 procurement estimate was \$2.88 billion in FY14 dollars. However, both estimates are above the DoD ACAT 1 minimum dollar value threshold of \$2.79 billion. Although the Navy SAE was notified of the possible reclassification, the Navy did not accurately identify the program as an ACAT 1 in RDAIS. We did not revise the report based on this comment.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments to Finding A, "Programs Have Exceeded or Are Approaching a Higher Acquisition Category During the Acquisition Lifecycle"

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Assistant Secretary of the Navy for Research, Development, and Acquisition, stated that the Coastal Battlefield Reconnaissance and Analysis program uses a block or incremental approach to deliver a capability to the fleet. The Principal Civilian Deputy also stated that the Coastal Battlefield Reconnaissance and Analysis Block I is currently the only increment and Blocks II and III are designated as pre-system acquisitions and are therefore not part of the program baseline. Further, the Principal Civilian Deputy stated that the program manager evaluated the potential for accelerating a portion of the Coastal Battlefield Reconnaissance and Analysis Block II capability by increasing the scope of the Block I program in January 2018. According to the Principal Civilian Deputy, at that time, the additional RDT&E for the increased scope was prematurely reported in RDAIS in the Block I program of record. Finally, the Principal Civilian Deputy stated that the Coastal Battlefield Reconnaissance and Analysis Block I was officially restructured in October 2018, as documented in an acquisition decision memorandum. The Navy acquisition officials reclassified the program as an ACAT 2 based on the approved increase in RDT&E resources.

Our Response

We acknowledge that the Navy reclassified the program as an ACAT 2 program; however, we determined that the Navy was not appropriately monitoring this program in RDAIS because the program manager prematurely reported the additional RDT&E funds to the Coastal Battlefield Reconnaissance and Analysis Block I program. We did not revise the report based on this comment.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments to Finding A, "Programs Have Exceeded or Are Approaching a Higher Acquisition Category During the Acquisition Lifecycle"

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Assistant Secretary of the Navy for Research, Development, and Acquisition, stated that the Evolved Seasparrow Missile Block 2 program discovered and documented non-RDT&E efforts and made the noted changes in the program's July 2018 RDAIS report. The Principal Civilian Deputy also stated that in preparation for the March 2019 Milestone C review, the program worked with Naval Sea Systems Command to generate a program life-cycle cost estimate, which determined the program was within 3 percent of

the ACAT I RDT&E threshold. Finally, the Principal Civilian Deputy stated that the program office then provided the required notification to the Assistant Secretary of the Navy for Research, Development, and Acquisition.

Our Response

We acknowledge that the Navy noted program changes in the July 2018 RDAIS report. However, we determined that the Navy was not monitoring the program to identify the \$68 million in non-developmental costs that were incorrectly allocated to the Evolved Seasparrow Missile Block II. This allocation caused the Evolved Seasparrow Missile Block 2 estimate to exceed the ACAT 1 RDT&E cost minimum. The Navy did not adjust the RDT&E cost estimate in RDAIS to allocate the \$68 million to other ESSM Blocks as appropriate until we requested the MDA notification letter to the SAE during our audit. We did not revise the report based on this comment.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments to Finding A, "Acquisition Program Baseline Documentation Missing or Unavailable"

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Assistant Secretary of the Navy for Research, Development, and Acquisition, stated that Table 5 is misleading because it includes two programs, the Maritime Integrated Air and the Missile Defense Planning System and Combat System Tester, that were not required to have approved APBs, as they never reached milestone B. The Principal Civilian Deputy acknowledged that the Navy failed to update the programs' status to 'inactive' in RDAIS; however, it is incorrect to state these programs are missing APBs because per DoD Instruction 5000.02, APBs were not required. Further, the Principal Civilian Deputy stated that the report correctly notes that pre-initiation programs do not have APBs, thus Table 5 contains data that contradicts statements later in the report.

Our Response

During our fieldwork phase, the Navy could not provide any program documentation for these programs. After the field work was performed and after a draft report was issued, the Navy provided screen shots of RDAIS that indicated these two programs were pre-milestone B; however, the Navy did not provide any other documentation to validate that these two programs were pre-milestone B. We did not revise the report based on this comment.

Secretary of the Navy for Research, Development, and Acquisition Comments to Finding A, "Acquisition Program Baseline Deviations Not Reported"

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Assistant Secretary of the Navy for Research, Development, and Acquisition, stated that the E-6B Multi-Role Tactical Common Data Link Modification Program APB submission was delayed, following the program deviation report submission. The Principal Civilian Deputy also stated that program leadership directed a full review of the program schedule and cost estimate. The Principal Civilian Deputy further stated that the result indicated a significant disconnect within the program plan and shortfall within the program budget which could only be corrected through the POM and budget process. Additionally, the Principal Civilian Deputy stated that after consultation with the MDA, the decision was made to delay the APB revision until after the increased program funding was submitted in the President's Budget.

Our Response

As stated in the report, we acknowledged that the program manager submitted a program deviation report to the PEO in August 2016, which stated that the program manager would submit a revised APB within 90 business days of the report, in accordance with DoD Instruction 5000.02. We also acknowledged that the Navy acquisition officials provided a revised APB, but the revised APB was dated August 2018, 2 years after the program deviation report. We determined that the program manager was not managing the program within an MDA-approved cost constraint for those two years. Further, the Navy SAE was not provided the MDA decision to delay the APB revision after the President's Budget submission. Additionally, the Navy's response does not state in which President's Budget it would expect increased funding. We did not make changes to the report based on this comment.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments to Finding A, "Acquisition Program Baseline Deviations Not Reported"

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Assistant Secretary of the Navy for Research, Development, and Acquisition, stated that the Rolling Airframe Missile Block 2 development effort began in 2005 and was completed in 2012. The Principal Civilian Deputy also stated that the Navy agreed with us that there was a potential cost breach in RDT&E for the program. According to the Principal Civilian Deputy, while the program office was working with the Assistant Secretary of the Navy for Research, Development, and Acquisition, program

officials identified an error in the program's RDAIS funding data. Finally, the Principal Civilian Deputy stated that all 2008-2023 RDT&E funding for the entire Rolling Airframe Missile had been incorrectly identified as applicable to the Rolling Airframe Missile Block 2 program in RDAIS; however, program officials updated the RDAIS cost data to include only RDT&E funding for the Rolling Airframe Missile Block 2 Development.

Our Response

We acknowledged that the Navy updated program cost data in RDAIS to include only RDT&E funding associated with the Rolling Airframe Missile Block 2 Development. However, we determined that the Navy was not appropriately monitoring the Rolling Airframe Missile Block 2 program to determine the program had a funding error. We did not revise the report based on this comment.

Assistant Secretary of the Navy for Research, Development, and Acquisition Comments to Finding A, "Acquisition Program Baseline Deviations Not Reported"

The Principal Civilian Deputy, Assistant Secretary of the Navy for Research, Development, and Acquisition, responding for the Assistant Secretary of the Navy for Research, Development, and Acquisition, stated that the AN/AQS-20A Sonar Mining Detecting Set Block 2 program requires a tow platform to complete its schedule milestones. The Principal Civilian Deputy stated that the delay in re-baselining the AN/AQS-20A Sonar Mining Detecting Set Block 2 schedule milestones is the result of the cancellation of a related Navy program of record, the Remote Minehunting System. The Principal Civilian Deputy also stated the AN/AQS-20A program manager submitted a deviation report in August 2015, notifying the MDA of the schedule breach for initial operational test and evaluation and full-rate production.

The Principal Civilian Deputy further stated that at the direction of the Navy SAE, the Navy established an independent review team to assess the viability of the Remote Multi-Mission Vehicle as the tow platform for the AN/AQS-20A sonar system. The AN/AQS-20A program could not reach the initial operational test and evaluation and the full-rate production schedule milestones without a tow platform; therefore, the Navy delayed re-baselining the AN/AQS-20A program.

The Principal Civilian Deputy also stated that the DoD terminated the Remote Minehunting System program, including the development and procurement of the Remote Multi-Mission Vehicle tow platform. The Principal Civilian Deputy further explained that the independent review team approved an implementation plan that included a three phased development approach for the minehunting

solution. On October 8, 2018, the Navy SAE designated the Mine Countermeasures Unmanned Surface Vehicle as the new tow platform for the AN/AQS-20A sonar system. This vehicle is planned to enter the acquisition phase at full-rate production, scheduled for FY 2020. The Principal Civilian Executive explained that the AN/AQS-20A schedule milestones for the initial operational test and evaluation and the full-rate production are contingent on the approved Mine Countermeasures Unmanned Surface Vehicle capability development document requirements. Once this document is Joint Requirements Oversight Council approved, the Navy will re-baseline the AN/AQS-20A program schedule milestones.

Our Response

As noted in the report, the program missed four APB schedule milestones between March and November 2016. In August 2016, the program manager submitted the first deviation report stating the reason for this delay is to complete the pre-planned product improvement. This improvement effort replaces the forward looking sonar with multi-function sonar that also improves signal processing. In May 2017, almost 2 years after the first deviation report, the Program Manager submitted a second deviation report for the same reason to complete the pre-planned product improvement.

The second deviation report discusses the termination of the remote minehunting system program and the impact this termination has on the AN/AQS-20A program; however, both of these deviation reports stated that the Program Manager would revise the APB within 90 days. Although the program manager provided the deviation reports to the MDA, the program manager did not revise the APB within the 90 business days of the first or second deviation report and did not bring the program back within the APB constraints. Therefore, we determined that the Navy did not manage the program within the MDA approved schedule for 3 years. We did not make changes to the report based on this comment.

Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology Management Comments to Finding A

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, responding for the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, stated that the Air Force agrees with all the recommendations in the report related to noncompliance with existing DoD and Air Force guidance. However, the Air Force contends that it is in compliance with the intent of DoD Instruction 5000.02 and Air Force Instruction 63-101/20-101, "Integrated Life Cycle Management." The Principal Deputy stated the report makes faulty assumptions that technical data challenges that exist within and between acquisition data systems, equates to a lack of executive level program oversight.

The Principal Deputy also stated that Air Force policy and procedures provide other means of oversight that can include program reviews, routine updates, and direct information sharing between SAE and Program Executive Offices. Further, the Principal Deputy stated that the Air Force believes the report's interpretation of policy is misleading.

Our Response

Although the Principal Deputy stated that Air Force policy and procedures provide other means of oversight that can include program reviews, routine updates, and direct information sharing between the SAE and PEO, as stated in our report, Air Force SAE delegated their ACAT 2 and 3 program oversight responsibilities to their respective PEO and did not perform required reviews of Air Force ACAT 2 and 3 programs. We determined that Air Force acquisition officials did not appropriately identify, monitor, or both, for 33 acquisition programs. Our audit focused on information in the Services respective databases. We clarified a sentence in the first paragraph of Finding A to state, "For example, in our sample of 160 programs, each Department had programs, in their respective databases, that were not appropriately identified, monitored, or both." Additionally, we also added Appendix E, "Army, Navy, and Air Force Did Not Appropriately Identify or Monitor 78 Programs," to clearly identify each of the programs we identified from our sample that had problems.

Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology Management Comments to Finding A

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, responding for the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, stated that while the Air Force acknowledged that technical data challenges existed, the Air Force does not agree that 33 of 55 Air Force programs were not appropriately identified, monitored, or both. Specifically, the Principal Deputy stated that the Air Force provided documentation for many programs during fieldwork and during the discussion draft review. In addition, the Principal Deputy stated that using DoD Instructions regarding the tailoring authorities, adequate documentation had been provided for many of the programs.

Our Response

As shown throughout the report, we determined that specific programs did not have the appropriate acquisition documentation available. During our audit, we made multiple information requests on several occasions for each acquisition program in our sample. However, the Air Force did not provide requested

documentation as discussed in the report. In addition, DoD Instruction 5000.02 and Air Force Instruction 63-101/20-101, provide guidance for acquisition programs with tailoring authorities. However, both DoD Instruction and Air Force Instruction stated that when program information is tailored, it must be documented at the request of the program manager and approved by the MDA. The Air Force acquisition officials did not provide any official documentation citing a program was tailored or other acquisition documentation that would meet the intent of the request. We added Appendix E, “Army, Navy, and Air Force Did Not Appropriately Identify or Monitor 78 Programs,” to clearly identify each of the programs we identified from our sample that had problems. Additionally, Appendix F of the report provides a complete listing of programs that were missing original or current APBs.

Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology Management Comments, “The Military Departments Did Not Appropriately Identify Acquisition Category 2 or 3 Programs”

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, responding for the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, stated that the DoD Instruction 5000.02 statement, “The SAEs will balance resources against priorities and ensure appropriate trade-offs made among cost, schedule, technical feasibility, and performance throughout the life of a program,” is true for all programs. However, the Principal Deputy stated the requirement is “specifically against Secretaries of the Military Department acquiring Major Defense Acquisition Program (MDAP) and Chiefs of the Military Services fielding MDAPs.”

Our Response

According to the DoD Instruction 5000.02, the Secretaries of the Military Departments, in coordination with the chiefs of the Military Services fielding a system, will balance resources against priorities and ensure appropriate tradeoffs are made among cost, schedule, technical feasibility, and performance throughout the life of the program. Further, the MDA must decide whether the SAE and Chief must agree with the cost, schedule, technical feasibility, and performance tradeoffs before written determination prior to Milestones A and B. Regardless of ACAT level, the SAE is required to ensure an acquisition program’s resources are balanced appropriately. As stated in the report, without a reliable and complete listing of programs and program information, the SAEs cannot perform their oversight duties and must instead rely on the programs’ delegated MDA to provide oversight of ACAT 2 and 3 programs.

Assistant Secretary of the Air Force for Acquisition, Logistics, and Technology Management Comments, “Acquisition Program Baseline Required Program Management”

The Principal Deputy Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, responding for the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics, stated that the report statement, “The APB must include the affordability caps for unit production and sustainment costs,” is inconsistent with guidance. Specifically, the Principal Deputy stated that DoD Instruction 5000.02 states that affordability analysis and affordability goals and caps are documented in an ADM post Milestone A for ACAT I and ACAT IA only and the SAE is to develop and issue life-cycle affordability guidance for lower acquisition category programs. Furthermore, the Principal Deputy stated that according to Air Force Instruction 63-101/20-101, affordability caps are not required in APBs.

Our Response

The DoD Instruction 5000.02 states that APBs are required for all programs and should contain cost and schedule baselines to guide the program manager in managing the program and the APBs will include affordability caps for unit production and sustainment costs. The Air Force Instruction 63-101/20-101 states that all ACAT programs require an affordability analysis during the Planning, Programing, Budget, and Execution and strategic planning processes annually. We did not review program APBs to determine whether APBs had had affordability caps for unit production and sustainment costs included in the APB. Therefore, we modified the report to remove language regarding affordability caps.

Appendix C

Management Comments on Finding B and Our Response

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments to Finding B, “Army Program Executive Offices Can Delete Acquisition Programs From the Historical Record Without Army Headquarters Approval”

The Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, disagreed with the finding. The Deputy recommended that we change the wording to, “Army Program Executive Offices Can Remove Acquisition Programs From View in the Historical Record Without Army Headquarters Approval.” The Deputy stated that the Army SAE delegated responsibility for ACAT 2 and below oversight in Army SAE memorandum, “Delegation of Program Executive Officers as Milestone Decision Authority for Acquisition Category 2 and 3 and Business System Category 2 and 3 Programs,” November 30, 2018. The Deputy also stated the memorandum directed PEOs to manage the assigned program in accordance with applicable statutes and regulations and the PEO’s charter.

The Deputy stated that programs are never physically deleted from the AAPML database and the deleted records can be recalled for review. The Deputy also stated that ASA(ALT) runs monthly program count reports and identifies programs that have appeared or disappeared from month to month. Additionally, the Deputy stated that the AAPML user guide is not a policy and no Army policy directed the ASA(ALT) notification at the time of the audit, so there was no violation of policy. The Deputy further stated the user guide was adjusted to clarify that Program Executive Administrators do not need to seek approval from ASA(ALT) administrators prior to AAPML record deletions.

Our Response

The Army did not inform us of or provide us with the memorandum, “Delegation of Program Executive Officers as Milestone Decision Authority for Acquisition Category II and III and Business System Category II and III Programs,” dated November 30, 2018, during the audit or as part of their response to the report. However, even with the delegation memorandum, the Army SAE has the overall responsibility for acquisition within the Army. The Army also did not inform us of or provide us with the monthly program count report during the audit or as part of their response to the report. According to Army Headquarters Data

Administrators, programs are not truly deleted from the database, however, they are not visible to the AAPML user. Army Headquarters Data Administrators stated that OSD DAMIR support staff can recover the deleted program records. We did not state that the Army did not follow policy. The AAPML User Guide states that the guide instructs users on how to add, modify, and delete programs; how to administer the system and its users; and how to manage requests and export data from within AAPML.

The AAPML User Guide at the time of the audit stated that permission was needed from Army Headquarters Data Administrators before a program was removed from the AAPML database. As a result, we concluded that the Army did not follow the AAPML User Guide. The Army did not provide us with the updated AAPML User Guide during the audit or as part of the comments to the Draft report. We did not revise the report based on this comment.

*Assistant Secretary of the Army for Acquisition, Logistics, and Technology
Comments to Finding B, "Army Officials Deleted Two Acquisition Programs
From the Historical Record Without Required Approval"*

The Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, disagreed with this section of the finding, stating that the PEOs had the authority to correct errors in the historical record. The Deputy recommended that we change the wording to, "Authorized Army Officials Removed Two Acquisition Programs From View in the Historical Record Without Army Headquarters Approval."

The Deputy stated that the Army SAE delegated responsibility for ACAT 2 and below oversight in a memorandum, and the memorandum directed the PEOs to "manage the assigned program in accordance with applicable statutes and regulations and the PEO's charter." The Deputy also stated that programs are never physically deleted from the AAPML database and the records can be recalled for review by ASA(ALT) Headquarters. According to the Deputy, the ASA(ALT) runs monthly program count reports and identifies programs that have appeared or disappeared from month to month. The Deputy stated that, according to the DoD OIG report, these programs were deleted because they were not programs of record and were entered into the AAPML in error. The Deputy stated that the AAPML user guide is not a policy and no Army policy directed the ASA(ALT) notification at the time of the audit, so there was no violation of policy. According to the Deputy, the user guide was adjusted to clarify that PEO Administrators do not need to seek approval from ASA(ALT) administrators prior to AAPML record deletions.

Our Response

We did not state that the Army did not follow policy. The AAPML User Guide states that the guide instructs users on how to add, modify, and delete programs; how to administer the system and its users; and how to manage requests and export data from within AAPML. At the time of the audit, the AAPML User Guide stated that deletions must first be approved by Army Headquarters Data Administrators. As a result, we conclude that the Army did not follow the AAPML User Guide. The Army did not provide us with the updated AAPML User Guide during the audit or as part of the comments to the draft report. We did not revise the report based on this comment.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology Comments to Finding B, "Database Does Not Restrict Deletion Without Army Headquarters Approval"

The Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, disagreed with this section of the finding, stating that the PEOs had the authority to correct errors in the historical record. The Deputy recommended that we change the wording to, "AAPML Does Not Restrict Authorized Army Officials From Removing Programs From View in the Historical Record Without Army Headquarters Approval."

The Deputy stated that the Army SAE delegated responsibility for ACAT 2 and below oversight in a memorandum and the memorandum directed PEOs to "manage the assigned program in accordance with applicable statutes and regulations and the PEO's charter." The Deputy also stated that programs are never physically deleted from the AAPML database and the deleted records can be recalled for review by ASA(ALT) Headquarters. The Deputy further stated that ASA(ALT) runs a monthly program count report and identifies programs that have appeared or disappeared from month to month.

The Deputy stated that the AAPML user guide is not a policy and no Army policy directed the ASA(ALT) notification at the time of the audit, so there was no violation of policy. The Deputy also stated the user guide was adjusted to clarify that PEO Administrators do not need to seek approval from ASA(ALT) administrators prior to AAPML record deletions.

Our Response

The Army did not inform us of or provide us with the memorandum, "Delegation of Program Executive Officers as Milestone Decision Authority for Acquisition Category II and III and Business System Category II and III Programs," dated November 30, 2018, during the audit or as part of their response to the report.

However, even with the delegation memorandum, the Army SAE has the overall responsibility for acquisition within the Army. The Army also did not inform us of or provide us with the monthly program count report during the audit or as part of their response to the report. According to Army Headquarters Data Administrators, programs are not truly deleted from the database, however, they are not visible to the AAPML user. Army Headquarters Data Administrators stated that OSD DAMIR support staff can recover the deleted program records.

We did not state that the Army did not follow policy. The AAPML User Guide states that the guide instructs users on how to add, modify, and delete programs; how to administer the system and its users; and how to manage requests and export data from within AAPML. The AAPML User Guide at the time of the audit stated that permission was needed from Army Headquarters Data Administrators before a program was removed from the AAPML database. As a result, we conclude that the Army did not follow the AAPML User Guide. The Army did not provide us with the updated AAPML User Guide during the audit or as part of the comments to the draft report. We did not revise the report based on this comment.

*Assistant Secretary of the Army for Acquisition, Logistics, and Technology
Comments to Finding B, "Army Has No Assurance the Army Acquisition
Program Master List is Complete"*

The Deputy for Acquisition and Systems Management responding for the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, disagreed, stating that the PEOs had the authority to correct errors in the historical record. The Deputy recommended that we change the wording to, "Auditors Could Not Verify AAPML Completeness for the Selected Sample."

The Deputy stated that the Army SAE delegated responsibility for ACAT 2 and below oversight in Army SAE memorandum, "Delegation of Program Executive Officers as Milestone Decision Authority for Acquisition Category 2 and 3 and Business System Category 2 and 3 Programs," November 30, 2018. The Deputy also stated that the memorandum directed PEOs to manage the assigned program in accordance with applicable statutes and regulations and the PEO's charter.

Our Response

During the audit, the AAPML User Guide required Army Headquarters Data Administrator approval before programs were removed from the AAPML. We found that two programs were deleted from the AAPML database without approval from the Army Headquarters Data Administrator. Additionally, the Army Headquarters Data Administrator was unaware these programs were deleted. While performing our audit, we identified these errors in our sample of 65 programs. However, we did not review the other 230 active Army programs; therefore, there is a possibility that the errors we found in our sample extend beyond our sample. Due to the possibility of errors in the AAPML, the Army does not have assurance the AAPML is complete. We did not revise the report based on this comment.

Appendix D

Summary of Potential Monetary Benefits

We used the Army's program cost estimate to calculate the potential monetary benefit for the Common Sensor Payload program, as shown in Table 10. The Army could see actual benefits that could range from zero to \$376 million, depending on the extent of actions taken in response to our recommendation for the Army's decision to continue or cancel the effort. We used RDAIS and the FY 2019 President's Budget to calculate the potential monetary benefits for the Maritime Integrated Air and Missile Defense Planning System, as shown in Table 10. The Navy should determine how \$49.8 million was spent on the program and whether any of the remaining funds could be put to better use. We used the total approved program cost found in PMRT to calculate the potential monetary benefits for the six Air Force programs that contain LCM efforts, with total costs of \$41.4 million.

Table 10: Army, Navy, and Air Force Acquisition Funds Put to Better Use and Questioned Costs

Recommendation	Type of Potential Benefit*	Amount of Potential Benefit (in millions)	Account
A.3	Funds Put to Better Use	\$376	Multiple Accounts Will Be Impacted
A.5	Funds Put to Better Use and Questioned Costs	49.8	Multiple Accounts Will Be Impacted
A.8	Questioned Costs	41.4	Multiple Accounts Will Be Impacted
Total		\$467.2	

* Potential monetary benefits are funds put to better use or questioned costs.

Source: The DoD OIG.

Appendix E

Army, Navy and Air Force Did Not Appropriately Identify or Monitor 78 Programs

We reviewed 160 programs from the Army, Navy, and Air Force databases. We reviewed these programs to determine whether the Army, Navy, and Air Force SAEs appropriately identified or monitored whether their Departments' ACAT 2 and 3 programs costs and schedules aligned with their respective ACAT designations, in accordance with DoD Instruction 5000.02. We determined a program contained a deficiency if the Services did not appropriately identify or monitor programs according to the following:

- Programs that did not report a deviation or estimated deviation in a cost or schedule threshold, and programs that did not bring program costs or schedules back within approved APB thresholds, or revise the APB following a cost or schedule deviation,
- Programs not identified as the appropriate ACAT level,
- Programs that did not have an original or current APB, and
- Other program specific issues.

We determined that 78 programs across the Military Departments, were not appropriately identified, monitored, or both. We also identified programs that were missing an original APB, but had no other programmatic issues. Although the individual Military Services could not provide the original APB, the Military Services provided a current APB that the program manager has been using to monitor program performance. Therefore, we excluded those specific programs from the number of programs with a deficiency. Below, we have listed all programs in our sample that contained a deficiency.

Army Sampled Programs With Deficiencies

- Bioscavenger
- Calibration Sets Equipment
- CBRN Dismounted Reconnaissance Sets, Kits, and Outfits
- Common Sensor Payload
- Counter Radio Controlled Improvised Explosive Device (Duke)
- Deployable Power Generation & Distribution System
- Family of Boats and Motors Phase I - 7 & 15 Man Boats w/motors
- Global Positioning System - Survey

- Integrated Soldier Sensor Suite
- Joint Effects Model Increment 2
- Joint Warning and Reporting Network Increment 2
- Laboratory Assay for Traumatic Brain Injury - Increment 2, Handheld for Point of Care
- M32A2 Lightweight Handheld Mortar Ballistic Computer
- Modernization Enterprise Terminals
- Modular Catastrophic Recovery System
- NBC Reconnaissance Vehicle Sensor Suite
- Recombinant Botulinum Vaccine
- Third Generation FLIR
- Transportable Tactical Command Communications
- Vibratory Plate Compactor
- Water Well Drill Rig Support Truck

Navy Sampled Programs With Deficiencies

- Advanced Precision Kill Weapon
- AN/AQS-20A Sonar Mining Detecting Set
- AN/PYX-1 Identity Dominance System
- Automated Digital Network System
- Coastal Battlefield Reconnaissance and Analysis
- Combat System Tester Program
- Common Broadband Advanced Sonar System
- E-6B Multi-Role Tactical Common Data Link Modification Program
- E-6B Take Charge and Move Out
- Evolved SEASPARROW Missile Block 2
- Expeditionary Sea Base Program
- Integrated Condition Assessment System
- Intelligence Carry-On Program
- Joint Ultra High Frequency Military Satellite Communications Network Integrated
- Low Band Universal Communication Systems
- Low Cost Conformal Array
- Maritime Air and Missile Defense Planning System

- MK 54 Mod 0 Lightweight Hybrid Torpedo
- NULKA/ Shipboard Improvement Program
- Rolling Airframe Missile Block 2
- Subsonic Aerial Target Program
- Surface Mine Countermeasure Unmanned Undersea Vehicle
- Sustainment Lightning System
- Unmanned Influence Sweep System

Air Force Sampled-Programs With Deficiencies

- A-10 Low Cost Modification
- A-10 On Board Oxygen Generating System
- A-10 Operational Flight Program 10
- AF DCGS Reference Imagery Transition -1
- B-1 Low Cost Modification
- B-52 New Start Treaty
- C-130 Center Wing Box Replacement
- C-17A Common Configuration
- C-21A Low Cost Modification
- C-5 Low Cost Modification
- C-5M Large Aircraft Infrared Countermeasures Block 30 Upgrade Program
- Deployable Radar Approach Control
- E-3 Reliability, Maintainability, & Availability (Block 1)
- Electronic Scheduling Dissemination 3.0
- F-15C/D Flight Data Recorder
- F-15C/D Service Life Extension Program - Wings
- F-16 Active Electronically Scanned Array Radar
- F-16 Legacy Structural Service Life Extension Program
- HH-60G Operational Loss Replacement
- Integrated Aircrew Ensemble
- KC-10 Communication, Navigation, Surveillance/Air Traffic Management
- LGM Automatic Switch Unit
- MHU-196/204 Service Life Extension Program
- Modernization Eastern Range Network
- MQ-9 Upgrade Program

- MRAP Recovery of Airbase Denied By Ordnance
- Munitions Low Cost Modification
- Personal Locator Beacon Replacement
- RQ-4 Ground Segment Modernization Program
- Space Based Space Surveillance Follow-On
- T-1A Avionics Modification
- UH-1N NVIS/Install NVG Interior/Exterior
- VC-25 Service Bulletin

Appendix F

Missing Original or Current Acquisition Program Baselines

According to DoD Instruction 5000.02, each program is required to have an original APB. The Program Manager can modify the original APB and create a new formal commitment of the Military Department and the acquisition chain of command to the MDA. This new or updated formal commitment would become the current APB for the program. Department acquisition officials could not provide original or current APBs for 54 of the 160 programs in the audit sample as shown in Table 11 and Table 12 below.

Table 11. Original Acquisition Program Baseline Documents Missing or Unavailable

Number of Programs Without Original APB	
Army	6
CBRN Dismounted Reconnaissance Sets Kits and Outfits (DR SKO)	
Joint Effects Model Increment 2 (JEM Inc 2)	
Joint Warning and Reporting Network Increment 2 (JWARN Inc 2)	
Recombinant Botulinum Vaccine (RBV)	
Topical Antileishmanial Drug Paromomycin + Gentamicin (TADP&G)	
Uniform Integrated Protection Ensemble Increment 1 (UIPE Incr 1)	
Navy	15
Air Deployable Active Receiver (ADAR)	
AN/AQS-20A Sonar Mining Detecting Set (AN/AQS-20A)	
Automated Digital Network System (ADNS (Genser) Increment III)	
Coastal Battlefield Reconnaissance and Analysis (COBRA)	
Common Broadband Advanced Sonar System (CBASS)	
E-6B Multi-Role Tactical Common Data Link Modification Program (E-6B MR-TCDL)	
E-6B Take Charge and Move Out (E-6B Block 1 MOD)	
GQM-163A Supersonic Sea Skimming (GQM-163A)	
Integrated Submarine Imaging System (ISIS)	
Low Cost Conformal Array (LCCA)	
MK 54 Mod 0 Lightweight Hybrid Torpedo (LHT)	
Navigation Warfare Sea (NAVWAR SEA)	
Nulka/Shipboard Improvement Program (NULKA)	

Table 11. Original Acquisition Program Baseline Documents Missing or Unavailable (cont'd)

Number of Programs Without Original APB	
Rolling Airframe Missile Block 2 (RAM BLK 2)	
Surface Electronic Warfare Improver Program Block 1B3 (SEWIP Block 1B3)	
Air Force	10
AF DCGS Reference Imagery Transition - 1 (DRT-1)	
B-1B Self-Contained Attitude Indicator (SCAI)	
C-130 Center Wing Box Replacement (CWB)	
C-21A Low Cost Modification (LCM)	
F-15 Suite 8E Operational Flight Program M7 (OFP)	
Integrated Aircrew Ensemble (IAE)	
Manned Destructive Suppression / HARM Targeting System (MDS HTS)	
MRAP Recovery of Airbase Denied by Ordnance (RADBO)	
T-1A Avionics Modification (AM)	
VC-25 Service Bulletins (SB)	

Source: The DoD OIG.

Table 12. Original and Current Acquisition Program Baseline Documents Missing or Unavailable

Number of Programs without Original or Current APB	
Army	4
Counter Radio Controlled Improvised Explosive Device (Duke) (CREW/Duke)	
Deployable Power Generation & Distribution System (DPGDS)	
Integrated Soldier Sensor Suite (ISSS)	
Modernization Enterprise Terminals (MET)	
Navy	3
Combat System Tester Program (CST)	
Integrated Condition Assessment System (ICAS)	
Maritime Air and Missile Defense Planning System (MIPS)	
Air Force	16
A-10 Low Cost Mods (LCM)	
A-10 On Board Oxygen Generating System (OBOGS)	

Table 12. Original and Current Acquisition Program Baseline Documents Missing or Unavailable (cont'd)

Number of Programs without Original or Current APB
A-10 Operational Flight Program 10 (OFP)
B-1 Low Cost Modification (LCM)
B-52 New START Treaty (NST)
C-5 Low Cost Modification (LCM)
C-5M Large Aircraft Infrared Countermeasures Block 30 Upgrade Program (LAIRCM)
E-3 Reliability, Maintainability, & Availability (Block 1) (RM&A)
F-15C/D Service Life Extension Program - Wings (SLEP)
KC-10 Communication, Navigation, Surveillance/Air Traffic Management (CNS/ATM)
Modernization Eastern Range Network (MEN)
MHU-196/204 Service Life Extension Program (SLEP)
MQ-9 Upgrade Program
Munitions Low Cost Modification (LCM)
Personal Locator Beacon Replacement (PLB)
Space Based Space Surveillance Follow-On (SBSS FO)

Source: The DoD OIG.

Appendix G

Acquisition Program Baseline Deviations Not Reported

According to DoD Instruction 5000.02, the program manager must immediately notify the MDA when the manager becomes aware of an impending deviation from any APB cost or schedule metric. As shown in Table 13 below, we determined that 26 of the 160 programs in the audit sample were estimated to exceed or had exceeded cost thresholds. As shown in Table 14 below, we determined that 24 of 160 programs in the audit sample were estimated to miss or have missed schedule milestones. The Military Departments did not appropriately notify the MDA of these program's deviations from the APB.

Table 13. Acquisition Program Baseline Cost Threshold Deviations

Program Name	Program Estimated to Exceed or Exceeded Cost Threshold	PEOs Unable to Verify MDA Notification
Army	9	6
Bioscavenger (BSCAV)	X	
CBRN Dismounted Reconnaissance Sets Kits and Outfits (DR SKO)	X	X
Common Sensor Payload (CSP)	X	X
Joint Effects Model Increment 2 (JEM Inc 2)	X	X
Laboratory Assay for Traumatic Brain Injury Increment 2 - Handheld Point of Care (LATBI Inc 2)	X	X
Modular Catastrophic Recovery System (MCRS)	X	
Recombinant Botulinum Vaccine (RBV)	X	
Third Generation FLIR (3GEN FLIR)	X	X
Transportable Tactical Command Communications (T2C2)	X	X
Navy	7	4
Advanced Precision Kill Weapon (APKWS II)	X	X
AN/AQS-20A Sonar Mining Detecting Set (AN/AQS-20A)	X	X
Coastal Battlefield Reconnaissance and Analysis (COBRA)	X	X
E-6B Take Charge and Move Out (MR-TCDL)	X	
Evolved Seasparrow Missile Block 2 (ESSM)	X	X
Low Band Universal Communication System (LBUCS)	X	
Subsonic Aerial Target Program (SSAT)	X	

Table 13. Acquisition Program Baseline Cost Threshold Deviations (cont'd)

Program Name	Program Estimated to Exceed or Exceeded Cost Threshold	PEOs Unable to Verify MDA Notification
Air Force	10	6
C-130 Center Wing Box Replacement (CWB)	X	X
C-17A Common Configuration (CC)	X	X
Deployable Radar Approach Control (D-RAPCON)	X	X
F-16 Active Electronically Scanned Array Radar (AESA)	X	X
F-16 Legacy Structural Service Life Extension Program (SLEP)	X	
HH-60G Operational Loss Replacement (OLR)	X	
Integrated Aircrew Ensemble (IAE)	X	X
LGM-30 Automatic Switch Unit (ASU)	X	
MRAP Recovery of Airbase Denied by Ordnance (RADBO)	X	X
RQ-4 Ground Segment Modernization Program (GSMP)	X	

Source: The DoD OIG.

Table 14. Acquisition Program Baseline Schedule Threshold Deviations

Program Name	Program Estimated to Exceed or Exceeded Schedule Thresholds	PEOs Unable to Verify MDA Notification
Army	12	2
Bioscavenger (BSCAV)	X	
Calibration Sets Equipment (CALSETS)	X	
Family of Boats and Motors Phase 1 - 7 & 15 Man Boats w/Motors (FoBAM 7 & 15 man)	X	
Global Positioning System – Survey (GPS-S)	X	
Joint Effects Model Increment 2 (JEM Inc 2)	X	
Joint Warning and Reporting Network Increment 2 (JWARN Inc 2)	X	
M32A2 Lightweight Handheld Mortar Ballistic Computer (M32A2 LHNBC)	X	
Modular Catastrophic Recovery System (MCRS)	X	
Recombinant Botulinum Vaccine (RBV)	X	
Third Generation FLIR (3GEN FLIR)	X	X
Vibratory Plate Compactor (VPC)	X	

Table 14. Acquisition Program Baseline Schedule Threshold Deviations (cont'd)

Program Name	Program Estimated to Exceed or Exceeded Schedule Thresholds	PEOs Unable to Verify MDA Notification
Water Well Drill Rig Support Truck (WWDR-ST)	X	X
Navy		
	9	3
AN/AQS-20A Sonar Mining Detecting Set (AN/AQS-20A)	X	
Coastal Battlefield Reconnaissance and Analysis (COBRA)	X	X
Common Broadband Advanced Sonar System (CBASS)	X	X
Evolved Seasparrow Missile Block 2 (ESSM)	X	
Low Band Universal Communication System (LBUCS)	X	X
Rolling Airframe Missile Block 2 (RAM)	X	
Surface Mine Countermeasure Unmanned Undersea Vehicle (SMCM UUV)	X	
Sustainment Lightning System (SLS)	X	
Unmanned Influence Sweep System (UISS)	X	
Air Force		
	3	0
Deployable Radar Approach Control (D-RAPCON)	X	
Electronic Scheduling Dissemination 3.0 (ESD)	X	
Integrated Aircrew Ensemble (IAE)	X	

Source: The DoD OIG.

Appendix H

Descriptions of Programs Used As Examples

Army Programs

Bioscavenger: Capability intended to prevent incapacitation and death from current and emerging nerve agent threats.

Common Sensor Payload: An advanced state-of-art airborne sensor suite provided high definition day/night imagery and targeting capability for air/ground maneuver teams.

Counter Radio Controlled Improvised Explosive Device: Used to develop, acquire, field, and provide life cycle support for Counter Radio Controlled Improvised Explosive Device Electronic Warfare-2 capabilities that protect ground forces operating in convoys, single vehicle operations, or fixed locations by countering signals that trigger Radio-Controlled Improvised Explosive Devices.

Jungle Combat Boot: Combat boot for operations in tropical, wet environments.

Lightweight Laser Designator/Rangefinder AN/PED-1: Portable modular target locator and laser designation system.

Machine Powered Mowing System: A front-mounted attachment to the Heavy Type II Loader that uses a 60-inch mower head attachment, four-blade saw attachment, and a ditching attachment.

Modular Catastrophic Recovery System: Organic recovery and evacuation asset that is capable of lifting, towing, and transporting disabled wheeled vehicles that have been catastrophically damaged.

Radiographic Imaging System Explosive Ordinance Disposal: A replacement for the MK 41 MOD 0/1/2 EOD Tool Set (X-Ray). The system consists of an Imager, PCUs, software, and accessories. This initial capability will have increased penetration and resolution, larger active imaging area, and software image manipulation features.

Recombinant Botulinum Vaccine: A joint acquisition vaccine program to deliver a new vaccine intended to protect against aerosolized exposure to botulinum neurotoxins.

SG-1366/U Signal Generator program: Bench-top microwave signal source that provides clean signals capable of being amplitude-, frequency-, and pulse-modulated.

Vibratory Plate Compactor: A stand-behind, one-person, guided earth compacting machine. The operator will use the system to compact both soil and asphalt.

Navy Programs

AN/AQS-20A Sonar Mining Detecting Set Block 2: Provides identification of bottom mines in shallow water and detection, localization, and classification of bottom, close-tethered, and volume mines in deep water.

Coastal Battlefield Reconnaissance and Analysis: Provides intelligence preparation of the battlefield information, which accurately depicts tactical objectives, minefields, and obstacles in the surf zone, on the beach, and through the beach exit during amphibious and expeditionary operations.

E-6B Multi-Role Tactical Common Data Link Modification Program: The E-6B platform provides the Commander for U.S. Strategic Command with the command, control, and communications capability needed for execution and direction of strategic nuclear forces. The E-6B performs very low frequency emergency communications, the U. S. Strategic Command airborne command post mission, and airborne launch control of ground-based inter-continental ballistic missiles.

Evolved Seasparrow Missile Block 2: Serves as the primary surface-to-air ship self-defense missile system. The Seasparrow Missile is a primary self-defense weapon on aircraft carriers and large-deck amphibious warships and provides layered defense for Aegis cruisers and destroyers. The Evolved Seasparrow Missile Block 2 replaces the missile guidance section with an active/semi-active dual mode seeker.

Expeditionary Sea Base: A variant of the Expeditionary Transfer Dock Program using the same hull and commercial technology. The Expeditionary Sea Base will fulfill critical strategic needs to support airborne mine countermeasures and support to Special Operations Forces by enabling global access, reach, and persistence.

Integrated Condition Assessment System: A system for on-line automated machinery condition monitoring and assessment that supports condition-based maintenance.

Maritime Integrated Air and Missile Defense Planning System: A software and hardware display tool that supports operational level integrated air and missile defense planning and asset allocation, assessments of alternative courses of action, and near real-time monitoring during integrated air and missile defense mission execution.

Nulka/Shipboard Improvement: An active, off-board, ship-launched decoy developed in cooperation with Australia to counter a wide spectrum of present and future radar-guided anti-ship cruise missiles.

Rolling Airframe Missile Block 2 program: A high-rate-of-fire, low cost system designed to engage anti-ship cruise missiles. The Rolling Airframe Missile is a surface-to-air missile with passive dual-mode radio frequency/infrared guidance and an active-optical proximity and contact fuse.

Air Force Programs

A-10 Low Cost Modification: Modifications that satisfy unforeseen requirements and small projects designed to correct minor product quality or other deficiencies for the A-10 aircraft.

B-1 Low Cost Modification: Modifications that are low cost upgrades to address safety, reliability, maintainability, and improved system performance issues, support equipment, and simulators and trainers for the B-1 aircraft.

B-52 New START Treaty: A one-time modification for the B-52 aircraft.

C-130J Large Aircraft Infrared Countermeasures Block 30: Provides significantly improved defensive systems capability for DoD aircraft to counter the infrared man-portable air-defense systems missile threat.

C-21A Low Cost Modification: Modifications to meet unforeseen requirements for the C-21A aircraft. The C-21A provides decoy vehicle transport, small high cargo, and medivac missions.

C-5 Low Cost Modification: Modifications that satisfy unforeseen requirements for the C-5 aircraft.

E-3 Reliability, Maintainability & Availability (Block 1): Reliability, Maintainability, and Availability modifications to ensure continuous supportability of the E-3 aircraft during day-to-day missions, major deployments, and Task Force Concepts of Operations, which help lay the foundation for achieving the Commander Air Combat Command-mandated Mission Capable rate.

EC-37B Compass Call Re-Host: An airborne tactical weapons system used to stop enemy command and control communications that limits enemy coordination needed for its force management, which supports U.S. and coalition tactical air, surface, and special operations forces. The Compass Call Re-host program's goal is to provide EC-37B aircraft with Airborne Electronic Attack capabilities.

Electronic Scheduling Dissemination 3.0: A software and hardware effort to replace the legacy DOS-based Air Force Satellite Control Network scheduling system with a Windows-based system. The system provides resource scheduling services, resource monitoring services, dissemination of schedules and resource status, and notifications services for the Air Force Satellite Control Network.

F-15C/D Service Life Extension Program – Wings: F-15E variant wing replacement for the F-15C/D aircraft for 2045 Service Life Extension Program.

F-16 Active Electronically Scanned Array Radar: Used to develop, procure, install, and sustain Active Electronically Scanned Array radars for the Air National Guard, Air Force Reserve, and the active duty Air Force F-16s, across all blocks of the F-16 aircraft.

F-16 Legacy Structural Service Life Extension: Identifies life-limiting aircraft structures, develops modifications and repair designs, and implements a modification program to extend certified service life.

Integrated Aircrew Ensemble: Replaces the current multi-layered aircrew flight equipment with a fully integrated system, using as few layers as possible, that provides required protection for both fixed wing and rotary wing aircrews, during ground and flight operations, in most climates and environments, while maximizing aircrew performance and comfort by minimizing bulk and thermal burden.

KC-10 Communication, Navigation, Surveillance/Air Traffic Management: Federal Aviation Administration-certified Communication, Navigation, Surveillance/Air Traffic Management that provides optimal air traffic lanes and enhanced separation standards for KC-10 aircraft fleet.

Munitions Low Cost Modification: Serves as the entire procurement-funded portfolio of programs in the Munitions Sustainment Division at Hill Air Force Base.

P-5 Combat Training System: A rangeless Air Combat Training System that provides urgent, needed, near-term training capabilities and support growth improvement to meet Air Force and Navy air combat training needs.

Space-Based Space Surveillance Follow-On: The Air Force's contribution to the SILENTBARKER, which enables space-based situational awareness for timely space event detection and custody.

VC-25 Service Bulletin: Airworthiness directives issued by the Federal Aviation Administration or the weapon manufacturer to keep the VC-25 aircraft in compliance with required Federal Aviation Administration standards and to maintain certifications.

Appendix I

Programs Reviewed From the Army, Navy, and Air Force

Army Sampled Programs

ACAT 2 Programs

- Air and Missile Defense Planning and Control Systems
- Air Soldier Systems
- Bioscavenger
- Counter Radio Controlled Improvised Explosive Device (Duke)
- Degraded Visual Environment/Brownout Reliability Enhancement System

ACAT 3 Programs

- Calibration Sets Equipment
- CBRN Dismounted Reconnaissance Sets Kits and Outfits
- Commanders Risk Reduction Dashboard Increment II
- Common Sensor Payload
- Contaminated Human Remains System
- Counterintelligence Human Intelligence Automated Reporting and Collection Systems
- Deployable Power Generation & Distribution System
- Family of Boats and Motors Phase I – 7 & 15 Man Boats w/motors
- Human Immunodeficiency Virus Vaccine – Increment 1, Global Vaccine
- Joint Effects Model Increment 2
- Joint Warning and Reporting Network Inc. 2
- Laboratory Assay for Traumatic Brain Injury – Increment 2, Handheld for Point of Care
- Legacy Ammunition Mortar
- Legacy Demolition Munitions
- Load Bank System
- Machine Powered Mowing System
- Modernization Enterprise Terminals
- Modular Catastrophic Recovery System

- NBC Reconnaissance Vehicle Sensor Suite
- SG-1366/U Signal Generator (Microwave)
- Tactical Disablement System
- Tactical Space Superiority
- Terrestrial Transmission Line of Sight
- Topical Antileishmanial Drug Paromomycin + Gentamicin
- Transportable Tactical Command Communications
- Troposcatter Transmission System
- Uniform Integrated Protection Ensemble Increment 1
- Urban Operations Platoon Set
- Vibratory Plate Compactor
- Water Well Drill Rig Support Truck

ACAT 4 Programs³⁴

- 155mm HE Training (M1122E1)
- 5.56mm Lead-Free Ammunition
- Cartridge, 60mm HE Enhanced Fragmentation (EF) M1061
- Global Positioning System –Survey (formerly AISI)
- Instrument Set, Reconnaissance and Surveying (ENFIRE)
- Integrated Soldier Sensor Suite
- Jungle Combat Boot
- M1037 5.56 mm Short Range Training Ammunition
- M32A2 Lightweight Handheld Mortar Ballistic Computer
- M781E1 40 mm Low Velocity (LV) Target Practice-Day/Night/
Thermal (TP-DNT)
- M918E1 40 mm High Velocity (HV) Target Practice-Day/Night/
Thermal (TP-DNT)
- Military Free Fall Advanced RAM Parachute System
- Mounted Machinegun Optic
- Multi-Purpose Personal Hydration System
- Next Generation Advanced Bomb Suit
- Radio Frequency Remote Activation Munition System

³⁴ Throughout this report, ACAT 4 programs were included in the ACAT 3 category because DoD guidance only defines acquisition programs at the ACAT 3 level.

- Radiographic Imaging System EOD (RISEOD)
- Vehicle Optics Sensor System
- XM 17 Modular Handgun System
- XM1112 40 mm Airburst Non-Lethal Munition

Navy Sampled Programs

ACAT 2 Programs

- AN/AQS-20A Sonar Mining Detecting Set
- Automated Digital Network System
- E-6B Take Charge and Move Out
- Evolved Seasparrow Missile Block 2
- Expeditionary Sea Base Program

ACAT 3 Programs

- Air Deployable Active Receiver
- Air Navigation Warfare
- Advanced Precision Kill Weapon
- Battle Force Tactical Network
- Common Broadband Advanced Sonar System
- Commercial Broadband Satellite Program
- Coastal Battlefield Reconnaissance and Analysis
- E-6B Multi-Role Tactical Common Data Link Modification Program
- Intelligence Carry-On Program
- Maritime Air and Missile Defense Planning System
- Navigation Warfare Sea
- Navy Global Broadcast Service
- Nulka/Shipboard Improvement Program
- Surface Mine Countermeasure Unmanned Undersea Vehicle
- Unmanned Influence Sweep System

ACAT 4 Programs

- 120-mm Precision Extended Range Munition Program
- AN/PYX-1 Identity Dominance System
- Common Laser Range Finder Integrated Capability

- Combat System Tester Program
- Integrated Condition Assessment System
- Intrepid Tiger II
- Integrated Submarine Imaging System
- Joint Ultra High Frequency Military Satellite Communications Network Integrated
- Low-Band Universal Communication Systems
- Low-Cost Conformal Array
- P-19A Replacement Program
- Radiographic Imaging System Explosive Ordnance Disposal
- Sustainment Lightning System
- Subsonic Aerial Target Program
- Weaponing and Stores Planning

Air Force–Sampled Programs

ACAT 2 Programs

- A-10 Wing Replacement Program
- B-1 Vertical Situation Display Upgrade
- C-130 Center Wing Box Replacement
- EC-37B Compass Call Re-host
- F-15C/D Service Life Extension Program - Wings
- F-15E Radar Modernization Program APG-82(V)1
- F-16 Active Electronically Scanned Array Radar
- F-16 OFP M8/M8+
- F-16 Operational Flight Program M7
- Global Aircrew Strategic Network Terminal Increment 1
- HH-60G Operational Loss Replacement
- MQ-9 Upgrade Program
- RQ-4 Ground Segment Modernization Program
- Space Based Space Surveillance Follow-On

ACAT 3 Programs

- A-10 Low Cost Mods
- A-10 On Board Oxygen Generating System
- A-10 Operational Flight Program 10
- AF DCGS Reference Imagery Transition -1
- Air Force Subscale Aerial Target (BQM-167A)
- AGM-86B Warhead Arming Device
- Advanced Radar Threat System-Variant 1
- Advanced Radar Threat System-Variant 2
- B-1 Low Cost Modifications
- B-1B Self-Contained Attitude Indicator
- B-52 New START Treaty
- C-130J Large Aircraft Infrared Countermeasures - Block 30
- C-17A Common Configuration
- C-21A Low Cost Modifications
- C-37 Communication Navigation Surveillance/Air Traffic Management
- C-5 Low Cost Modifications
- C-5M Large Aircraft Infrared Countermeasures
- Command and Control System - Consolidated Assurance and Capability Enhancement
- Deployable Radar Approach Control
- E-3 Reliability, Maintainability and Availability (Block 1)
- Electronic Scheduling Dissemination 3.0
- F-15C/D Flight Data Recorder
- F-16 Legacy Structural Service Life Extension Program
- Integrated Aircrew Ensemble
- Integrated Base Defense Security Systems
- Identification Friend or Foe (KIV 77 / KIV 78)
- KC-10 Communication, Navigation, Surveillance/Air Traffic Management
- KC-10 Mode 5 Identification Friend or Foe
- LGM-30G Automatic Switching Unit
- LGM-30G G6B4 Build Equipment Replacement
- Manned Destructive Suppression/HARM Targeting System

- Modernization of Eastern Range Network
- MHU-196/204 Munitions Trailer
- MRAP Recovery of Airbase Denied by Ordnance
- Munitions Low Cost Modifications
- P5 Combat Training Systems
- Personal Locator Beacon Replacement
- T-1A Avionics Modification
- UH-1N NVIS/Install NVG Interior/Exterior
- VC-25B Service Bulletin

Management Comments

Assistant Secretary of Defense for Acquisition and Sustainment



ACQUISITION

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
3600 DEFENSE PENTAGON
WASHINGTON, DC 20301-3600

AUG 20 2019

MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR POLICY AND OVERSIGHT

SUBJECT: Response to Department of Defense Inspector General Draft Audit of the Management of Category 2 and 3 Programs (Project No. D2018-D000AU-0148.000)

As requested, I am providing responses to the general content and recommendations contained in the subject report.

Recommendation 1:

A.1.a. We recommend that the Under Secretary of Defense for Acquisition and Sustainment: Establish a common framework for all Service acquisition databases that describes the core program information the database must contain, including but not limited to, program identification, cost, schedule, performance, and risk for all Acquisition Category 1, 2, and 3 acquisition programs.

Response: Concur. The Defense Acquisition Visibility Environment (DAVE) has established and documented a common framework for the Department's core data, through the Acquisition Visibility Data Framework (AVDF). While originally established to align data for Acquisition Category (ACAT) 1 programs, the Services have acknowledged that this provides for a common standard for adoption within their databases. The Office of the Under Secretary of Defense for Acquisition and Sustainment continues to monitor the Services as they modernize their acquisition databases to the extent agreed upon regarding core program information for ACAT 2 and 3 acquisition programs.

Recommendation 2:

A.1.b. We recommend that the Under Secretary of Defense for Acquisition and Sustainment: Populate the common data framework, establishing both criteria and guidelines for declaring program start, designating the initial acquisition category, and defining the minimum program data needed at program start.

Response: Concur. No additional comment.

Recommendation 3:

A.2 We recommend that the Under Secretary of Defense for Acquisition and Sustainment immediately develop and implement guidance to require ACAT 2 and 3 programs to follow the same guidance as ACAT 1 programs for developing Acquisition Program Baselines to ensure that programs are managed against cost and schedule thresholds and objectives.

Assistant Secretary of Defense for Acquisition and Sustainment (cont'd)

Response: Concur. The requirement for establishing and implementing Acquisition Program Baselines is addressed in the existing Department of Defense Directive 5000.01, "The Defense Acquisition System," May 12, 2003, as amended. It applies to all programs, regardless of ACAT level.

My point of contact is [REDACTED]
if additional information is required.



Kevin M. Fahey
Assistant Secretary of Defense
for Acquisition

Assistant Secretary of the Army for Acquisition, Logistics, and Technology



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
ACQUISITION LOGISTICS AND TECHNOLOGY
103 ARMY PENTAGON
WASHINGTON, DC 20310-0103

AUG 22 2019

SAAL-ZS

MEMORANDUM FOR U.S. DEPARTMENT OF DEFENSE OFFICE OF THE
INSPECTOR GENERAL, 4800 MARK CENTER DRIVE, ALEXANDRIA, VA 22350

SUBJECT: Audit of the Management of Defense Acquisition Category 2 and 3
Programs Findings and Recommendations, Project No. D2018-D000AU-0148.000

1. Reference: U.S. Department of Defense Inspector General, Audit of the Management of Defense Acquisition Category 2 and 3 Programs, Project No. D2018-D000AU-0148.000, draft, dated 2 August 2019.
2. The enclosed comments to referenced audit constitute the ASA(ALT) response to the Department of Defense Inspector General's recommendations and findings.
3. The point of contact is [REDACTED]
[REDACTED] Acquisition Reporting and Assessments Directorate.

Encl


GLENN A. DEAN
COL, AR
Deputy for Acquisition and
Systems Management

Assistant Secretary of the Army for Acquisition, Logistics, and Technology (cont'd)

Enclosure
U.S. ARMY OFFICE OF THE ASSISTANT OF THE ARMY ACQUISITION LOGISTICS AND TECHNOLOGY (ASA(ALT))
OFFICIAL RESPONSES TO PROJECT No. D2018-D000AU-0148.000, draft, dated 2 August 2019

#	Findings / Recommendations	Agree or Disagree	Response
1	Finding A (pg.7) Service Acquisition Executives Do Not Have an Accurate Source for Acquisition Category 2 and 3 Program Information	Disagree	<p>Inflammatory language with a sweeping inference. If the finding is retained, recommend rewording to: "Auditor could not verify the Services' Acquisition Category 2 and 3 Program information for the selected sample."</p> <p>A program court report is supplied to the Army Acquisition Executive (AAE), Military Deputy (MILDEP) and Deputy for Acquisition and Program Management (DASM) on the first working day of each month. This count is derived from the authoritative list of Army programs—the Army Acquisition Program Master List (AAPML). AAPML was formally established 30 Sep 2015.</p> <p>The PEOs began submitting annual ACAT II, III, and IV reports to the AAE in FY2017. The reviews include:</p> <ul style="list-style-type: none"> • A review of the Acquisition Program Baselines including an assessment of cost, schedule, and performance parameters, and address deviations. • Provide a description of the internal management processes. • Identify programs that are within 10% of the next ACAT level and provide a rationale and status of the notification. • Identify programs pending cancellation. • Identify programs that completed a Milestone Decision or an Authority to Proceed Decision.
2	Finding A (pg.8) The Military Departments Did Not Appropriately Identify Acquisition Category 2 or 3 Programs	Agree	<p>Inflammatory language with a sweeping inference. Recommend rewording to: "Auditor could not verify the Services' Acquisition Category 2 and 3 program information for the selected sample."</p> <p>This finding correctly states that two efforts in the ASA(ALT) portfolio self-identified in AAPML incorrectly as a program rather than as rapid acquisition efforts. ASA(ALT) prefers to have visibility on all efforts and policy now reflects this position.</p> <p>1. Radiographic Imaging System Explosive Ordinance Disposal (RISEOD)—this was a rapid fielding effort and not an Army acquisition program.</p> <p>Corrective action complete: the AAPML user guide has been updated to reflect the appropriate use of the ACTIVE and INACTIVE program designations and encourages the submission of all types of efforts for top-level visibility.</p> <p>2. Jungle Combat Boot—this was a rapid fielding effort and not an Army acquisition program.</p> <p>Corrective action complete: the AAPML user guide has been updated to reflect the appropriate use of the ACTIVE and INACTIVE program designations and encourages the submission of all types of efforts for top-level visibility.</p>

Assistant Secretary of the Army for Acquisition, Logistics, and Technology (cont'd)

Enclosure

**U.S. ARMY OFFICE OF THE ASSISTANT OF THE ARMY ACQUISITION LOGISTICS AND TECHNOLOGY (ASA(ALT))
OFFICIAL RESPONSES TO PROJECT No. D2018-D000AU-0148.000, draft, dated 2 August 2019**

#	Findings / Recommendations	Agree or Disagree	Response
3	<p>Finding A (pg.16) Service Acquisition Executives Did Not Appropriately Monitor ACAT 2 and 3 Programs</p>	Disagree	<p>Inflammatory language with a sweeping inference. If the finding is retained, recommend rewording to: "Army ACAT 2 and 3 program oversight was delegated to PEOs. Auditors could not verify the PEOs monitoring of their portfolios for the selected sample."</p> <p>The PEOs submit annual ACAT II, III, and IV reports to the AAE. A section of the report identifies programs that are within 10% of the next higher ACAT level or have exceed the next ACAT level in the past year. The annual reports (see item #1 above) provide information to the AAE regarding specific issues in this finding except for missing APBs.</p> <p>The finding of missing APBs is countered as follows: 1. Counter Radio Controlled Improvised Explosive Device—this program entered the lifecycle post milestone (MS) C and, therefore, had no APB. APBs are normally required for materiel programs between MS B and full-rate production.</p> <p>2. Many original APBs identified as missing were provided by PEOs upon request to ASA(ALT). We are unsure as to why they were not available during the audit, however, the existence of a paper document does not preclude proper monitoring of acquisition programs by the IMDA.</p> <p>Inflammatory language with a sweeping inference. If the finding is retained, recommend rewording to: "Service Acquisition Executives delegated oversight responsibilities to Program Executive Offices and did not review acquisition program databases. Auditors could not verify the PEOs review of their acquisition program databases for the selected sample."</p> <p>The PEOs submit annual ACAT II, III, and IV reports to the AAE. Data in the AAPML database was updated quarterly and reviewed periodically.</p>
4	<p>Finding A (pg.31) Service Acquisition Executives Delegated Oversight Responsibilities to Program Executive Offices and Did Not Review Acquisition Program Databases</p>	Disagree	<p>The one (1) Army program identified as having a potential ACAT reclassification—Recombinant Botulinum Vaccine—notified the AAE of a potential reclassification in May 2017. The program is being reclassified as an ACAT I in 2QFY2020.</p>

Page 2 of 8

Assistant Secretary of the Army for Acquisition, Logistics, and Technology (cont'd)

Enclosure

**U.S. ARMY OFFICE OF THE ASSISTANT OF THE ARMY ACQUISITION LOGISTICS AND TECHNOLOGY (ASA(ALT))
OFFICIAL RESPONSES TO PROJECT No. D2018-D000AU-0148.000, draft, dated 2 August 2019**

#	Findings / Recommendations	Agree or Disagree	Response
5	<p><u>Finding A (pg.35)</u> The Military Departments Do Not Know How Many Acquisition Programs They Have or Their Cost</p>	Partially Disagree	<p>Inflammatory language with a sweeping inference. If the finding is retained, recommend rewording to, "Auditors could not verify Military Department program counts or costs for the selected sample."</p> <p>A program count report is supplied to the AAE, MILDEP and DASM on the first working day of each month. This count is derived from the authoritative list of Army programs—AAPML. AAPML was formally established 30 Sep 2015. PEOs are instructed to update AAPML as program changes occur or at least quarterly.</p> <p>The AAPML system was not designed or intended to collect program cost.</p> <p>ASA(ALT) formally announced the adoption of the USAF Project Management Resource Tools (PMRT) system on 3 June 2019 to improve the quality and transparency of Army acquisition program data. The current plan calls for PMRT to reach Full Operational Capability (FOC) across ASA(ALT) by 1 OFY2021. The system includes automated security and business rules that will improve or replace the Army's existing manual processes for data collection, data maintenance, and reporting of but not limited to program Cost, Schedule, and Performance.</p> <p>Inflammatory language with a sweeping inference. If the finding is retained, recommend rewording to, "Army Program Executive Offices Can Remove Acquisition Programs From View in the Historical Record Without Army Headquarters Approval."</p>
6	<p><u>Finding B (pg.40)</u> Army Program Executive Offices Can Delete Acquisition Programs From the Historical Record Without Army Headquarters Approval</p>	Disagree	<p>The AAE delegated responsibility for ACAT II and below oversight in AAE memo, "Delegation of Program Executive Officers as Milestone Decision Authority for Acquisition Category II and III and Business System Category II and III Programs," dated 30 Nov 2018. The memo directed PEOs to "manage the assigned program in accordance with applicable statutes and regulations and the PEO's charter." Additionally, programs are never physically deleted from the AAPML database and the deleted records can be recalled for review by ASA(ALT) HQ. ASA(ALT) also runs monthly program count reports and identifies programs that have appeared or disappeared from month to month.</p> <p>The AAPML user guide is not a policy. No Army policy directed the ASA(ALT) notification at the time of the audit so there was no violation of policy. However, the user guide was adjusted to clarify that PEO Admins do not need to seek approval from ASA(ALT) admins prior to AAPML record deletions.</p>

Assistant Secretary of the Army for Acquisition, Logistics, and Technology (cont'd)

Enclosure

**U.S. ARMY OFFICE OF THE ASSISTANT OF THE ARMY ACQUISITION LOGISTICS AND TECHNOLOGY (ASA(ALT))
OFFICIAL RESPONSES TO PROJECT No. D2018-D000AU-0148.000, draft, dated 2 August 2019**

#	Findings / Recommendations	Agree or Disagree	Response
7	<p><u>Finding B (pg 41)</u> Army Officials Deleted Two Acquisition Programs From the Historical Record Without Required Approval</p>	<p>Disagree</p>	<p>Inflammatory language with a sweeping inference. PEOs had the authority to correct errors in the historical record. If the finding is retained, recommend rewording to, "Authorized Army Officials Removed Two Acquisition Programs From View in the Historical Record Without Army Headquarters Approval."</p> <p>The Army Acquisition Executive (AAE) delegated responsibility for ACAT II and below oversight in AAE memo. "Delegation of Program Executive Officers as Milestone Decision Authority for Acquisition Category II and III and Business System Category II and III Programs, dated 30 Nov 2018. The memo directed PEOs to "manage the assigned program in accordance with applicable statutes and regulations and the PEO's charter." Additionally, programs are never physically deleted from the AAPML database and the deleted records can be recalled for review by ASA(ALT) HQ. ASA(ALT) also runs monthly program count reports and identifies programs that have appeared or disappeared from month to month.</p> <p>Per the DoD IG report...these programs were deleted because they were not programs of record and were entered into the AAPML in error.</p> <p>The AAPML user guide is not a policy. No Army policy directed the ASA(ALT) notification at the time of the audit so there was no violation of policy. However, the user guide was adjusted to clarify that PEO Admins do not need to seek approval from ASA(ALT) admins prior to AAPML record deletions.</p>
8	<p><u>Finding B (pg 42)</u> Database Does Not Restrict Deletion Without Army Headquarters Approval</p>	<p>Disagree</p>	<p>Inflammatory language with a sweeping inference. PEOs had the authority to correct errors in the historical record. If the finding is retained, recommend rewording to, "AAPML Does Not Restrict Authorized Army Officials From Removing Programs From View in the Historical Record Without Army Headquarters Approval."</p> <p>The Army Acquisition Executive (AAE) delegated responsibility for ACAT II and below oversight in AAE memo. "Delegation of Program Executive Officers as Milestone Decision Authority for Acquisition Category II and III and Business System Category II and III Programs, dated 30 Nov 2018. The memo directed PEOs to "manage the assigned program in accordance with applicable statutes and regulations and the PEO's charter." Additionally, programs are never physically deleted from the AAPML database and the deleted records can be recalled for review by ASA(ALT) HQ. ASA(ALT) also runs monthly program count reports and identifies programs that have appeared or disappeared from month to month.</p> <p>The AAPML user guide is not a policy. No Army policy directed the ASA(ALT) notification at the time of the audit so there was no violation of policy. However, the user guide was adjusted to clarify that PEO Admins do not need to seek approval from ASA(ALT) admins prior to AAPML record deletions.</p>

Assistant Secretary of the Army for Acquisition, Logistics, and Technology (cont'd)

Enclosure

**U.S. ARMY OFFICE OF THE ASSISTANT OF THE ARMY ACQUISITION LOGISTICS AND TECHNOLOGY (ASA(ALT))
OFFICIAL RESPONSES TO PROJECT No. D2018-D000AU-0148.000, draft, dated 2 August 2019**

#	Findings / Recommendations	Agree or Disagree	Response
9	<u>Finding B (pg 42)</u> Army Has No Assurance the Army Acquisition Program Master List is Complete	Disagree	Inflammatory language with a sweeping inference. PEOs had the authority to correct errors in the historical record. If the finding is retained, recommend rewording to: "Auditors could not verify AAPML completeness for the selected sample."
10	<u>Recommendation A.1.a</u> Establish a common data framework for all Service acquisition databases that describes the core program information the database must contain, including but not limited to, program identification, cost, schedule, performance, and risk for all ACAT 1, 2, and 3 acquisition programs	Agree	The Army Acquisition Executive (AAE) delegated responsibility for ACAT II and below oversight in AAE memo, "Delegation of Program Executive Officers as Milestone Decision Authority for Acquisition Category II and III and Business System Category II and III Programs, dated 30 Nov 2018. The memo directed PEOs to "manage the assigned program in accordance with applicable statutes and regulations and the PEO's charter." A common set of data and definitions would be helpful. The Defense Acquisition Visibility Environment (DAVE) already maintains a list of acquisition programs from all of the Services with an approved set of program attributes. However, the framework must be flexible to allow for Service specific requirements. Corrective Action: Continue to work with OSD and the Services to work on a common data framework.
11	<u>Recommendation A.1.b</u> Populate the common data framework, establishing both criteria and guidelines for declaring program start, designating the initial acquisition category, and defining the minimum program data needed at program start	Agree	While a common data framework does not exist, we believe that the Project Management Resource Tools (PMRT) software (also used by USAF) would fulfill this requirement. Corrective Action: Continue to work with OSD and the Services to work on a common data framework.
12	<u>Recommendation A.3 (CSP, PNO C410, PEO IEW&S)</u> We recommend that the Assistant Secretary of the Army for Acquisition, Logistics, and Technology determine whether the modification effort to the Common Sensor Payload program supports a valid need or cancel the program modification, if the Assistant Secretary decides to continue the program modification, program officials should establish an Acquisition Program Baseline, along with the required documents to start a new program, to manage the program to cost and schedule constraints.	Disagree	Recommend removing the recommendation to "cancel the program modification." There are a number of other remediations available. The Common Sensor Payload (CSP) Capability Production Document (CPD) approved 12/19/2016. CSP will execute Target Location Accuracy (TLA) as a Pre-Planned Product Improvement (P3I). This P3I is considered a sustainment activity and does not require a new baseline. The \$170 million difference between the original CSP estimate and the separate TLA estimate is a result of a reduction in the total quantity of TLA payloads that the Army intended to procure. The original estimate assumed that the TLA upgrade would be applied to the entire inventory of CSP payloads. However, as a result of a subsequent discussion with the TRADOC Capability Manager, the TLA effort was reduced to only upgrading a limited quantity of the CSP inventory. This step was taken to reduce cost and bring the planned procurement dollars in line with the operational requirement.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology (cont'd)

Enclosure

**U.S. ARMY OFFICE OF THE ASSISTANT OF THE ARMY ACQUISITION LOGISTICS AND TECHNOLOGY (ASA(ALT))
OFFICIAL RESPONSES TO PROJECT No. D2018-D000AU-0148.000, draft, dated 2 August 2019**

#	Findings / Recommendations	Agree or Disagree	Response
13	Recommendation A.4 We recommend that the Assistant Secretary of the Army for Acquisition, Logistics, and Technology immediately reclassify the Recombinant Botulinum Vaccine program as an Acquisition Category 1 program and report whether the program has been cancelled.	Agree	Corrective action in progress: The Recombinant Botulinum Vaccine (BOV) program is in the process of being reclassified as an ACAT 1. This action will be completed in 20F-Y2020.
14	Recommendation A.10.a We recommend that the Service Acquisition Executives for the Army, Navy, and Air Force verify and validate that their databases: a. Contain an accurate list of programs.	Agree	Corrective action complete: PEOs are instructed to update the AAPML as program changes occur or at least quarterly. This is identified in AR 70-1 and a quarterly reminder is sent via the Task Management Tool (TMT). ACAT 1 data is automatically updated from DAMIR. Lower ACAT programs have been delegated and it is the responsibility of each PEO to ensure their portfolio of programs is accurately represented in Army databases.
15	Recommendation A.10.b We recommend that the Service Acquisition Executives for the Army, Navy, and Air Force verify and validate that their databases: b. Contain the correct active or inactive status.	Disagree	The use of the term "active" and "inactive" is not based in statute or policy. It was introduced by OSD in the DAMIR database to identify ACAT 1 programs and their requirements to complete quarterly cost updates (via DAES) and annual SARs. There is no applicability to lower ACAT programs or BCAT programs to report DAES or SARs and reporting status does not apply to these programs. All Army programs are expected to report as required by policy and in the program management tools provided by ASA(ALT) – regardless of ACAT or BCAT level, for the life of the program.
16	Recommendation A.10.c We recommend that the Service Acquisition Executives for the Army, Navy, and Air Force verify and validate that their databases: c. Contain accurate points of contact or responsible offices.	Agree	Corrective action in progress: ASA(ALT) is implementing the USAF PMRT software. Part of the required program information includes updated POCs.
17	Recommendation A.10.d We recommend that the Service Acquisition Executives for the Army, Navy, and Air Force verify and validate that their databases: d. Are updated in accordance with Department guidance.	Agree	Corrective action complete: PEOs are instructed to update the AAPML as program changes occur or at least quarterly. This is identified in AR 70-1 and a quarterly reminder is sent via TMT.
18	Recommendation A.11 We recommend that the Service Acquisition Executives for the Army, Navy, and Air Force hold Program Executive Officers accountable for reporting inaccurate or misleading program information and for enforcing existing guidance that requires program acquisition databases to be regularly updated.	Agree	Inflammatory language with a sweeping inference. Recommend rewording to: "We recommend that the Service Acquisition Executives for the Army, Navy, and Air Force implement business processes to detect inaccurate or misleading program information and to reinforce existing guidance that requires program acquisition databases to be regularly updated." Corrective action complete: PEO charters document the appointment and describes roles and responsibilities of the Program Executive Officer.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology (cont'd)

Enclosure

**U.S. ARMY OFFICE OF THE ASSISTANT OF THE ARMY ACQUISITION LOGISTICS AND TECHNOLOGY (ASA(ALT))
OFFICIAL RESPONSES TO PROJECT No. D2018-D000AU-0148.000, draft, dated 2 August 2019**

#	Findings / Recommendations	Agree or Disagree	Response
19	Recommendation A.12 We recommend that the Service Acquisition Executives for the Army, Navy, and Air Force verify and validate that they are being notified, as required by DoD Instruction 5000.02, when programs are within 10 percent or exceed the next Acquisition Category level.	Agree	Corrective action complete: Per AR 70-1, Chapter 2, Section 2.2, c (2) Potential ACAT changes to Army-managed programs in all ACATs will be reported through the acquisition chain of command to the AAE when the program's cost is within 10 percent of the minimum cost threshold of the next ACAT level for non-Defense Business System (DBS) programs, or 20 percent for DBS programs. Additionally, PEOs produce annual ACAT II, III, and IV reports. A section of the reports identify programs that are within 10 percent of the next higher ACAT level or have exceed the next ACAT level in the past year.
20	Recommendation A.13.a We recommend that the Service Acquisition Executives for the Army, Navy, and Air Force: a. Verify and validate that all programs have approved Acquisition Program Baselines as required by DoD Instruction 5000.02.	Agree	Corrective action complete: The AAE memo, "Acquisition Program Baseline Reporting for All Acquisition Category Programs and Middle Tier Acquisition Efforts," 20 Dec 2018 designated the DAMIR APB module as the official source for all Army APBs. All APBs, regardless of ACAT level, are expected to be entered by 30 September 2019-- The Acquisition Reporting and Analysis Directorate within ASA(ALT) manages compliance with the APB memo. The AAE policy memo "Acquisition Information Repository Guidance," 26 Oct 2018 directed that "all acquisition documents required for a Milestone Decision or a Life Cycle Event shall be uploaded to AIR for all ACAT and DBS levels." Copies of legacy signed APBs are being uploaded to complement the digital APBs.
21	Recommendation A.13.b We recommend that the Service Acquisition Executives for the Army, Navy, and Air Force: b. Verify and validate that program officials are reporting when acquisition costs or schedules exceed thresholds established in the Acquisition Program Baseline.	Agree	Corrective action complete: Acquisition Reform Initiative (ARI) 8, Line of effort 4 (LOE 4) requires the collection of cost, schedule and performance metrics for Army acquisition programs. This information will be centrally collected and reviewed in PMRT. These metrics are currently collected manually for all ACAT I and II programs. Automation via PMRT and the integration of DAMIR APB data will enable the collection of metrics for all programs after TQFY21. The delay is the time necessary to deploy PMRT across all Army acquisition programs. For ACAT I programs Cost, Schedule, and Performance breaches are captured in the quarterly DAES and annual SAR; and for lower ACAT/BCAT programs, PEOs prepare an annual report that includes "an assessment of cost, schedule, and performance parameters."
22	Recommendation A.13.c We recommend that the Service Acquisition Executives for the Army, Navy, and Air Force: c. Report to their respective Military Department Secretary when this verification and validation effort has been completed.	Agree	Corrective action complete: ARI 8: Assessing performance with metrics directed implementing measures and metrics that assess performance across the acquisition enterprise by the Secretary of the Army in Army Directive 2017-35 dated November 2017. Reporting of ARI status was delegated to the USAAVCSA.
23	Recommendation B.1 We recommend that the Assistant Secretary of the Army for Acquisition, Logistics, and Technology develop the capability to see when programs are deleted in the Army Acquisition Program Master List database, including who deleted the programs and the justification.	Agree	Corrective action complete: This capability existed at the time of the audit. All deleted program data is stored in the AAPML database along with a comment supplied by the delete administrator describing the reason for deletion. Deleted AAPML records are available for review at any time.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology (cont'd)

Enclosure

**U.S. ARMY OFFICE OF THE ASSISTANT OF THE ARMY ACQUISITION LOGISTICS AND TECHNOLOGY (ASA(ALT))
OFFICIAL RESPONSES TO PROJECT No. D2018-D000AU-0148.000, draft, dated 2 August 2019**

#	Findings / Recommendations	Agree or Disagree	Response
24	<p>Recommendation B.2 We recommend that the Assistant Secretary of the Army for Acquisition, Logistics, and Technology update the Army Acquisition Program Master List user guide to reflect accurately which roles have the authority to delete programs from the Army Acquisition Program Master List.</p>	Agree	<p>Corrective action complete: This change to the user guide was made during the audit. It identifies that administrators have the authority to delete programs. Administrators are assigned at each PEO for management of ACAT II and below programs and at ASA(ALT) HQ for all programs.</p>

Assistant Secretary of the Navy for Research, Development, and Acquisition



DEPARTMENT OF THE NAVY
THE ASSISTANT SECRETARY OF THE NAVY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
WASHINGTON DC 20350-1000

22 August 2019

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: Navy Response to DoD Office of Inspector General Draft Report, "Audit of Management of Defense Acquisition Category 2 and 3 Programs" (Project No. D2018-D000AU-0148.000)

1. This is the Department of the Navy (DON) response to the DoDIG Draft Report, "Audit of Management of Defense Acquisition Category 2 and 3 Programs" (Project No. D2018-D000AU-0148.000). The DON welcomes an independent evaluation of the oversight of our Acquisition Category (ACAT) II-IV programs. The Navy Service Acquisition Executive (SAE), the Assistant Secretary of the Navy for Research, Development, and Acquisition (ASN (RD&A)), conducts robust oversight of Navy and Marine Corps acquisition programs through a variety of toolsets. The SAE is briefed on program status through monthly Stem to Stern Reviews for acquisition portfolios, a monthly review devoted to a single Program Executive Officer (PEO) portfolio, and regular program deep dives. PEOs also conduct frequent portfolio status reviews. These reviews are in addition to the Navy's oversight and monitoring of the RDA Information System (RDAIS) that provides Navy leadership with insight into cost, schedule, and performance status on Navy and Marine Corps programs. The Navy takes exception to the broad conclusions made in this report regarding the DON acquisition oversight when the audit focused on a limited review of program documents and the RDAIS database. The Navy acknowledges noted deficiencies in data management and document records management in RDAIS, and is taking steps to address as noted in our response below.

RECOMMENDATION A.5a: The DoDIG recommends that the Assistant Secretary of the Navy for Research, Development, and Acquisition stop requesting funds and cancel the Integrated Condition Assessment System (ICAS) program.

NAVY RESPONSE: Non-concur. The DON currently fields ICAS on the surface ship fleet, such as the DDG 51 Class, and while scheduled to be replaced by a follow on system, ICAS is required to support readiness requirements of the fleet. Enterprise Remote Monitoring, a Defense Business System, is in development and when fielded, will replace ICAS.

RECOMMENDATION A.5b: The DoDIG recommends that the Assistant Secretary of the Navy for Research, Development, and Acquisition determine how much of the \$26.3 million in requested funding was appropriated and whether the appropriated funding was properly spent.

NAVY RESPONSE: Non-concur. Through oversight mechanisms in place, the DON has confidence the appropriated funding was executed appropriately in fielding and operational support of the ICAS System.

Assistant Secretary of the Navy for Research, Development, and Acquisition (cont'd)

SUBJECT: Navy Response to DoD Office of Inspector General Draft Report, "Audit of Management of Defense Acquisition Category 2 and 3 Programs" (Project No. D2018-D000AU-0148.000)

RECOMMENDATION A.5c: The DoDIG recommends that the Assistant Secretary of the Navy for Research, Development, and Acquisition determine whether any remaining funds can be put to better use.

NAVY RESPONSE: Non-concur. As previously stated, ICAS is a operationally fielded system that is critical in supporting the operational readiness of the surface fleet.

RECOMMENDATION A.6a: The DoDIG recommends that the Assistant Secretary of the Navy for Research, Development, and Acquisition cancel the Maritime Integrated Air and Missile Defense Planning System program.

NAVY RESPONSE: Concur. Although the Maritime Integrated Air and Missile Defense Planning System (MIPS) was listed as an active ACAT program in RDAIS following designation as an ACAT III in 2011, it never actually entered the acquisition cycle at Milestone (MS) B. Prior to MS B, the program was not required to submit quarterly reports. The program has however, submitted periodic Adhoc Reports into RDAIS in support of the POM process and the President's Budget (PB). On 2 May 2019 the Navy terminated the MIPS program with removal of all assets from the Fleet by 30 September 2023.

RECOMMENDATION A.6b: The DoDIG recommends that the Assistant Secretary of the Navy for Research, Development, and Acquisition determine how \$49.8 million, including the \$34.3 million listed in the Navy's database and the \$15.5 million requested in the FYs 2012 through 2019 President's Budgets, was appropriated and whether the appropriated funding was properly spent.

NAVY RESPONSE: Concur. The Navy will evaluate MIPS funding execution and requirements as part of the FY21 President's Budget development.

RECOMMENDATION A.6c: The DoDIG recommends that the Assistant Secretary of the Navy for Research, Development, and Acquisition determine whether any remaining funds can be put to better use.

NAVY RESPONSE: Concur. The Navy will evaluate MIPS funding execution and requirements as part of the FY21 President's Budget development.

RECOMMENDATION A.7: The DoDIG recommends that the Assistant Secretary of the Navy for Research, Development, and Acquisition reclassify the Nulka/Shipboard Improvement program as an Acquisition Category 2 program and notify Congress of Milestone Decision Authority-directed changes to the acquisition strategy as required by the DoD Instruction 5000.02.

NAVY RESPONSE: Partially Concur. The Navy concurs that the NULKA program designation should have been updated. The program was reclassified as ACAT II in October

Assistant Secretary of the Navy for Research, Development, and Acquisition (cont'd)

SUBJECT: Navy Response to DoD Office of Inspector General Draft Report, "Audit of Management of Defense Acquisition Category 2 and 3 Programs" (Project No. D2018-D000AU-0148.000)

2018. Program status is 90% complete, and the program has been removed from an active ACAT status. The Navy does not concur that a reclassification of ACAT status from ACAT III to ACAT II requires a notification to Congress. The Congressional notification requirement in DoDI 5000.02, Table 6 (as referenced in Table 2) expressly implements the statutory requirement stated in 10 U.S.C. 2431a. That statute, as amended by section 848 of the FY2017 National Defense Authorization Act, only requires Congressional notification if an acquisition strategy for an ACAT I or II program is revised "because of a change described in paragraph (1)(F)". 10 U.S.C. 2431a(d)(2) Paragraph (1)(F) lists four specific program changes. The NULKA program has not experienced any of these four changes and was not required to provide such a notification to Congress.

RECOMMENDATION A.8: The DoDIG recommends that the Assistant Secretary of the Navy for Research, Development, and Acquisition implement controls to track appropriated funding amounts for Acquisition Category 2 and 3 programs.

NAVY RESPONSE: Non-Concur. The Navy does not concur that additional action is required beyond controls already in place to track appropriated funding. In accordance with Office of the Secretary of Defense (Acquisition & Sustainment) requirements, all active ACAT I programs submit budget reports for the Budget Estimate Submission (BES) and the PB submissions. These include itemized funding by appropriation and fiscal year. Each report includes a Track to Budget section identifying budget line item information. The Navy follows this guidance for ACAT II-IV programs in requiring program submissions to RDAIS to align with BES and PB submissions. These budget reports are required for all designated ACAT programs, pre- and post-MS B.

RECOMMENDATION A.10.a: The DoDIG recommends that the Service Acquisition Executive for the Army, Navy, and Air Force verify and validate that their databases contain an accurate list of programs.

NAVY RESPONSE: Concur. Estimated completion date 30 December 2019.

RECOMMENDATION A.10.b: The DoDIG recommends that the Service Acquisition Executive for the Army, Navy, and Air Force verify and validate that their databases contain the correct active or inactive status.

NAVY RESPONSE: Concur. Estimated completion date 30 December 2019.

RECOMMENDATION A.10.c: The DoDIG recommends that the Service Acquisition Executive for the Army, Navy, and Air Force verify and validate that their databases contain accurate points of contact or responsible offices.

NAVY RESPONSE: Concur. Estimated completion date 30 December 2019.

Assistant Secretary of the Navy for Research, Development, and Acquisition (cont'd)

SUBJECT: Navy Response to DoD Office of Inspector General Draft Report, "Audit of Management of Defense Acquisition Category 2 and 3 Programs" (Project No. D2018-D000AU-0148.000)

RECOMMENDATION A.10.d: The DoDIG recommends that the Service Acquisition Executive for the Army, Navy, and Air Force verify and validate that their databases are updated in accordance with Department guidance.

NAVY RESPONSE: Concur. Estimated completion date 30 December 2019.

RECOMMENDATION A.11: The DoDIG recommends that the Service Acquisition Executive for the Army, Navy, and Air Force hold Program Executive Officers accountable for reporting inaccurate or misleading program information and for enforcing existing guidance that requires program acquisition databases to be regularly updated.

NAVY RESPONSE: Concur. The Navy reinforced the oversight and reporting requirements across the acquisition community with the March 2019 revision to the Secretary of the Navy's Defense Acquisition System and Joint Capabilities Integration and Development System Implementation (SECNAV INST 5000.2F). This update focuses on improving the agility of the acquisition process by streamlining acquisition program oversight and driving responsibility to the appropriate level. Additionally, the Navy is currently developing RDAIS 3.0 to enable better program oversight, while improving the user interface to allow program offices to update data more efficiently. In the interim, new reports have been developed in RDAIS 2.0 to improve data quality by identifying overdue submissions.

RECOMMENDATION A.12: The DoDIG recommends that the Service Acquisition Executive for the Army, Navy, and Air Force verify and validate that they are being notified, as required by DoD Instruction 5000.02, *Operation of the Defense Acquisition System*, when programs are within 10 percent or exceed the next Acquisition category level.

NAVY RESPONSE: Concur. Estimated completion date 30 September 2019.

RECOMMENDATION A.13.a: The DoDIG recommends that the Service Acquisition Executive for the Army, Navy, and Air Force verify and validate that all programs have approved Acquisition Program baselines as required by DoD Instruction 5000.02.

NAVY RESPONSE: Concur. Estimated completion date 30 December 2019.

RECOMMENDATION A.13.b: The DoDIG recommends that the Service Acquisition Executive for the Army, Navy, and Air Force verify and validate that program officials are reporting when an acquisition costs or schedules exceed thresholds established in the Acquisition Baseline.

NAVY RESPONSE: Concur. Estimated completion date 30 December 2019.

Assistant Secretary of the Navy for Research, Development, and Acquisition (cont'd)

SUBJECT: Navy Response to DoD Office of Inspector General Draft Report, "Audit of Management of Defense Acquisition Category 2 and 3 Programs" (Project No. D2018-D000AU-0148.000)

RECOMMENDATION A.13.c: The DoDIG recommends that the Service Acquisition Executive for the Army, Navy, and Air Force report to their respective Military Department Secretary when this verification and validation has been completed.

NAVY RESPONSE: Concur. Estimated completion date 30 December 2019.

2. The Navy expresses concerns with the methodology utilized by DoDIG and the lack of supporting data tables. The Navy contends it is in compliance with the intent of both the DoDI 5000.02 and the SNI 5000.2F. The report makes assumptions that data quality, technical data, and document repository challenges are equal to a lack of oversight and poor management of the Navy's acquisition portfolio. The Navy provides the following response to additional content throughout the report:

Page 5, Paragraph 3: Per DoDIG – 'The Navy database, RDAIS, is the most robust among the Military Departments, and contains mechanisms for cost and schedule oversight; however, it is not properly used or updated to provide SAEs with accurate information for decision-making. Additionally, there are no standard definitions for critical program data elements across the Military Departments for ACAT 2 and 3 programs.' The Navy takes exception to the statement by DoDIG that RDAIS is not properly used without any context in the DoDIG statement or fact based evidence. Additionally, RDAIS is governed by a data dictionary and is aligned with the DoD's Acquisition Visibility Data Framework which provides DoD wide data governance across all acquisition data categories.

Page 7: Finding A cites 24 of 40 Navy programs not appropriately identified, monitored, or both. The data tables and examples provided in this report do not clearly identify the 24 programs in this finding, despite prior Navy requests for this data. The Navy was unable to provide signed original APBs for 15 programs. However, the Navy maintained current APBs as well as detailed tracking through every APB revision back to the original APB. Two of the three programs in Table 5 (second column) of the draft report did not have APBs because they were pre-MS B, which is in accordance with DoDI 5000.02. It appears these 18 programs may contribute to Finding A. The Navy non-concurs that the inability to produce a signed original APB is reasonable grounds to support Finding A.

Page 18, Paragraph 3: Per DoDIG –'For example, Navy acquisition officials estimated that the Expeditionary Sea Base program, an ACAT 2 program, would have total procurement costs of \$4.5 billion; this estimation was \$1.7 billion above the ACAT 1 procurement cost minimum. According to RDAIS, Navy acquisition officials first estimated the program would exceed the ACAT 1 procurement cost minimum in November 2015.' The November 2015 RDAIS procurement estimate was \$2.8B. The Program Office and the PEO communicated with SAE staff during this timeframe to discuss a possible re-classification. As program estimates were so close to the threshold of \$2.79B there was discussion on exactly which elements should contribute to procurement costs; with some estimates projecting that the program would be under the \$2.79B threshold. There was also internal Navy discussion centered around whether or not

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the first two ships acquired as Expeditionary Transfer Docks (ESDs) should be included in the calculations for Expeditionary Sea Bases (ESBs). As ESB 5 was a Congressional add and believed to be the last ship of the class, the Navy determined (at that point in time) that there was no requirement to re-classify as an ACAT I. Throughout this time period the program continued to report execution status and risk to the SAE and continued rigorous oversight of shipbuilding activities.

Page 18, Paragraph 4: The Coastal Battlefield Reconnaissance and Analysis (COBRA) program utilizes a Block or incremental approach to deliver capability to the Fleet. Currently, the COBRA Block I is the only increment in the acquisition system. Blocks II and III are designated as pre-systems acquisition and are therefore not part of the program baseline. In January 2018, the program manager evaluated the potential for accelerating a portion of the COBRA Block II capability by increasing the scope of the Block I program. At that time, the additional Research, Development, Test, & Evaluation (RDT&E) for the increased scope was prematurely reported in RDAIS against the Block I program of record. The COBRA Block I program was officially restructured on 10 October 2018, as documented in an acquisition decision memorandum by the MDA. Simultaneously, the program was reclassified as an ACAT II program based on the approved increase in scope of RDT&E resources.

Page 19, Paragraph 3: In July 2018, the ESSM Block 2 program discovered and documented non-Engineering and Manufacturing Design RDT&E efforts and made the noted changes in their July 2018 RDAIS report. In preparation for the March 2019 MS C review, the program worked with NAVSEA-05C to generate a Program Life-Cycle Cost Estimate (PLCCE), which determined the program was within 3% of the ACAT I RDT&E threshold. The program office then provided the required notification to ASN (RD&A).

Page 21, Table 5 is misleading by including two programs (MIPS and Combat System Tester) that were not required to have approved APBs as they never reached MS B. The Navy provided this information with DoDIG. The Navy has acknowledged that RDAIS failed to update the programs' status to 'inactive'. It is incorrect to state these programs are missing APBs because per DoDI 5000.02, APBs were not required. The report correctly notes on page 31 that pre-initiation programs do not have APBs, thus Table 5 contains data that contradicts statements later in the report.

Page 27, Paragraph 2: The E-6B Multi-Role Tactical Common Data Link Modification Program APB submission was delayed, following the program deviation report (PDR) submission, as PMA-271 leadership directed a full review of the program schedule and cost estimate. The result indicated a significant disconnect within the program plan and shortfall within the program budget which could only be corrected through the POM and budget process. After consultation with the Milestone Decision Authority (MDA), the decision was made to delay the APB revision until after the increased program funding was submitted in the PB.

Page 27, Paragraph 3: The RAM Block 2 development effort began in 2005 and was completed in 2012. The Navy agrees that DoDIG identified a potential Cost Breach for R&D

Assistant Secretary of the Navy for Research, Development, and Acquisition (cont'd)

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funding. The Program Office, working with ASN (RD&A), identified an error in the Program's RDAIS funding data. Specifically in RDAIS, all 2008-2023 RDT&E funding had been incorrectly identified as applicable to the RAM Block 2 Program. The Program updated the RDAIS cost data to include only RDT&E funding associated with RAM Block 2 Development.

Page 28, Paragraph 4: With regards to AN/AQS-20A, the system requires a tow platform to complete its schedule milestones. The delay in re-baselining the AN/AQS-20A schedule milestones is the result of cancellation of a related Navy program of record, the Remote Minehunting System (RMS). The AN/AQS-20A program manager submitted a PDR on report on 18 August 2015 notifying the MDA of the schedule breach for Initial Operation Test & Evaluation (IOT&E) and Full Rate Production (FRP).

At the direction of the SAE, the Navy established an Independent Review Team (IRT) to assess the viability of the RMMV as the tow platform for the AN/AQS-20A sonar system. The AN/AQS-20A program could not reach IOT&E and FRP schedule milestones without a tow platform, and therefore the Navy delayed re-baselining the AN/AQS-20A program.

In March 2016, the DoD terminated the RMS program, which included terminating the development and procurement of the RMMV tow platform. In May 2016, the IRT approved an implementation plan that included a three-phased development approach for the minehunting solution. This included a re-baselining phase to align the impacted programs of record with an integrated master schedule for the Mine Countermeasures (MCM) mission package. On 8 October 2018, the SAE designated the Mine Countermeasures Unmanned Surface Vehicle (MCM USV) as the new tow platform for the AN/AQS-20A sonar system as a pre-ACAT II program. The MCM USV will enter into acquisition at FRP, currently planned for FY2020. The AN/AQS-20A schedule milestones for IOT&E and FRP are contingent on the approved MCM USV Capability Development Document (CDD) requirements. Once the MCM USV CDD is Joint Requirements Oversight Council approved, the Navy will re-baseline the AN/AQS-20A program schedule milestones.

3. The DON requests a senior level followup on this audit prior to the final release. The ASN (RD&A) point of contact is [REDACTED], Director Naval Acquisition Governance, [REDACTED], or via email at [REDACTED]



ALLISON STILLER
Principal Civilian Deputy, Assistant Secretary of the Navy
(Research, Development, and Acquisition)

Assistant Secretary of the Navy for Research, Development, and Acquisition (cont'd)

SUBJECT: Navy Response to DoD Office of Inspector General Draft Report, "Audit of Management of Defense Acquisition Category 2 and 3 Programs" (Project No. D2018-D000AU-0148.000)

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AGC
NAVAUDIT

Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

FROM: SAF/AQ
1060 Air Force Pentagon
Washington, DC 20330-1060

SUBJECT: Air Force Response to DoD Office of Inspector General Draft Report, "Audit of Management of Defense Acquisition Category 2 and 3 Programs" (Project No. D2018-D000AU-0148.000)

This is the Department of the Air Force response to the DoDIG Draft Report, "Audit of Management of Defense Acquisition Category 2 and 3 Programs" (Project No. D2018-D000AU-0148.000). SAF/AQ concurs with the recommendations in this report and welcomes the opportunity to provide additional comments for your consideration.

The AF/IG in coordination with SAF/AQ will correct issues identified in this report, and develop and implement a corrective action plan outlined in the following recommendations:

RECOMMENDATION A.9.a: The DODIG recommends that the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics determine the number of low-cost modifications, their associated cost, and the accountable program offices

AIR FORCE RESPONSE: Concur. No monetary value. The Air Force will continue to ensure that low-cost modifications are accurately captured on the Acquisition Master List but agrees that individual low-cost modifications can be better delineated. Estimated completion date: 31 Jan 2020.

RECOMMENDATION A.9.b: The DODIG recommends that the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics determine whether each low cost modification effort was completed in less than 1 year, at \$2 million or less, as required by Air Force guidance.

AIR FORCE RESPONSE: Concur. No monetary value. Program Executive Officers, along with their financial managers, already ensure that each individual low cost modification is completed in less than 1 year, at \$2 million or less, as required by Air Force guidance. The Air Force will validate that the low cost modifications have been completed per Air Force guidance. Estimated completion date: 31 Jan 2020.

Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics (cont'd)

RECOMMENDATION A.9.c: The DODIG recommends that the Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics validate that costs are reflected in their respective acquisition program cost estimates.

AIR FORCE RESPONSE: Concur. No monetary value. Program Executive Officers, along with their program managers already ensure that costs are reflected in their respective acquisition program cost estimates. The Air Force will validate that costs are reflected in their respective acquisition program cost estimate. Estimated completion date: 31 Jan 2020.

RECOMMENDATION A.10.a: The DODIG recommends that the Service Acquisition Executive for the Army, Navy, and Air Force verify and validate that their databases contain an accurate list of programs.

AIR FORCE RESPONSE: Concur. No monetary value. Program Executive Officers, along with their program managers and analysts, already accomplish monthly/quarterly acquisition program status reviews to validate that their databases contain an accurate list of programs. The Air Force will conduct already scheduled data reviews to validate the accuracy of the database. Estimated completion date: 30 Sept 2019.

RECOMMENDATION A.10.b: The DODIG recommends that the Service Acquisition Executive for the Army, Navy, and Air Force verify and validate that their databases contain the correct active or inactive status.

AIR FORCE RESPONSE: Concur. No monetary value. Program Executive Officers, along with their program managers and analysts, already accomplish monthly/quarterly acquisition program status reviews to validate that their databases contain the correct active or inactive status. The Air Force will conduct already scheduled data reviews to validate the database contains the correct active or inactive status. Estimated completion date: 30 Sept 2019.

RECOMMENDATION A.10.c: The DODIG recommends that the Service Acquisition Executive for the Army, Navy, and Air Force verify and validate that their databases contain accurate points of contact or responsible offices.

AIR FORCE RESPONSE: Concur. No monetary value. Program Executive Officers, along with their program managers and analysts, already accomplish monthly/quarterly acquisition program status reviews to validate that their databases contain accurate points of contact or responsible offices. The Air Force will conduct already scheduled data reviews to validate the database contain accurate points of contact or responsible offices. Estimated completion date: 30 Sept 2019.

Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics (cont'd)

RECOMMENDATION A.10.d: The DODIG recommends that the Service Acquisition Executive for the Army, Navy, and Air Force verify and validate that their databases are updated in accordance with Department guidance.

AIR FORCE RESPONSE: Concur. No monetary value. Program Executive Officers, along with their program managers and analysts, already accomplish monthly/quarterly acquisition program status reviews to validate that their databases are updated in accordance with Department guidance. The Air Force will conduct already scheduled data reviews to validate the databases are updated in accordance with Department guidance. Estimated completion date: 30 Sept 2019.

RECOMMENDATION A.11: The DODIG recommends that the Service Acquisition Executive for the Army, Navy, and Air Force hold Program Executive Officers accountable for reporting inaccurate or misleading program information and for enforcing existing guidance that requires program acquisition databases to be regularly updated.

AIR FORCE RESPONSE: Concur. No monetary value. Program Executive Officers, along with their program managers and analysts, accomplish a monthly/quarterly acquisition report which is reviewed by senior acquisition leadership and are held accountable for the accurate reporting and execution of their programs. Estimated completion date: Completed.

RECOMMENDATION A.12: The DODIG recommends that the Service Acquisition Executive for the Army, Navy, and Air Force verify and validate that they are being notified, as required by DoD Instruction 5000.02, *Operation of the Defense Acquisition System*, when programs are within 10 percent or exceed the next Acquisition category level.

AIR FORCE RESPONSE: Concur. No monetary value. As part of their continuing program management and review, Program Executive Officers, along with their program managers and analysts, already ensure proper notifications are made when required. The Air Force will validate that the Service Acquisition Executive has been notified per Air Force guidance. Note that DoDI 5000.02, [Enclosure 2, Section 2.c. "Program Reclassification"] does not provide guidance for Component Acquisition Executive notification of ACAT II or III programs, however, Air Force guidance does. Estimated completion date: 31 Jan 2020.

RECOMMENDATION A.13.a: The DODIG recommends that the Service Acquisition Executive for the Army, Navy, and Air Force verify and validate that all programs have approved Acquisition Program baselines as required by DoD Instruction 5000.02.

AIR FORCE RESPONSE: Concur. No monetary value. Program Executive Officers, along with their program managers and analysts, will continue to ensure that all programs have an approved Acquisition Program Baseline as required by

Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics (cont'd)

DoD Instruction 5000.02. The Air Force will validate that all programs have approved Acquisition Program baselines as required by DoD Instruction 5000.02. Completion date: 31 Jan 2020.

RECOMMENDATION A.13.b: The DODIG recommends that the Service Acquisition Executive for the Army, Navy, and Air Force verify and validate that program officials are reporting when acquisition costs or schedules exceed thresholds established in the Acquisition Program Baseline.

AIR FORCE RESPONSE: Concur. No monetary value. Program officials will continue to report acquisition costs or schedules that exceed program thresholds when required by established instruction or guidance in their monthly reports or as needed. The Air Force will validate that program officials are reporting when an acquisition costs or schedules exceed thresholds established in the Acquisition Baseline. Estimated completion date: 31 Jan 2020.

RECOMMENDATION A.13.c: The DODIG recommends that the Service Acquisition Executive for the Air Force report to the Secretary of the Air Force when this verification and validation has been completed.

AIR FORCE RESPONSE: Concur. No monetary value. SAF/AQ will provide a report to the SecAF when this verification and validation is complete. Estimated completion date: 15 Feb 2020.

While we concur with all of the recommendations of this report identifying possible non-compliance with existing DoD and USAF policy and guidance, we contend the USAF is in compliance with the intent of both DoD 5000.02 and AFI 63-101/20-101, *Integrated Life Cycle Management*. The report makes a faulty assumption that technical data challenges that sometimes exist within and between acquisition data systems, equates to a lack of executive level program oversight. Air Force policy and procedures provide for other means of oversight including program reviews, routine updates, and direct information sharing between the SAE and PEOs. We believe this report is misleading in its interpretation of policy and provide the following additional comments on references to specific guidance:

Page 6, Para 1 “According to...Air Force guidance, program officials are required to update program information in the databases, at a minimum, quarterly.”

-- Inconsistent with AF Guidance: AFI 63-101/20-101, para 11.4. requires (at least) quarterly reporting for programs with funding greater than \$30M RDT&E or \$50M procurement over the life of the program. However, all programs are required to update basic mandatory information prior to every major program milestone and/or following any significant program change; and are expected to review the information at least twice a year. (ref AFI 63-101/20-101, para 11.2.2)

Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics (cont'd)

Page 8, Para 1 “DoD Instruction 5000.02 states that the SAEs will balance resources against priorities and ensure appropriate trade-offs are made among cost, schedule, technical feasibility, and performance throughout the life of a program.”

-- Although true for all programs, the requirement stated in DoDI 5000.02 is specifically against Secretaries of the Military Departments acquiring a Major Defense Acquisition Program (MDAP) and Chiefs of the Military Services fielding MDAPs. (ref para 4 d and e)

Page 16, Para 2 While we acknowledge that technical data challenges exist, we do not agree that 33 of 55 Air Force programs were not appropriately identified, monitored, or both. The Air Force provided documentation for many of these programs and we identified the specific programs that provided documentation during the draft review. Further we contend that with tailoring authorities we have adequate documentation on many of the programs identified. In addition, the IG stated for multiple programs that the AF did not provide documentation by using some variation of the logic below, this is not the same as not providing program documentation.

“A cost estimate for the program was provided at the time of APB finalization. The Air Force has not provided any additional current cost estimate documentation that designates RDT&E and procurement costs. The audit team still has not received current cost estimates for this program.”

“The Air Force provided “Cost” that listed “EMD Costs” and “P&D Costs” during the initial documentation request. However, the “Cost” did not identify RDT&E or procurement current costs. The audit team still has not received current RDT&E or procurement current costs estimates for this program.”

Page 33, para 1 (continuing from Page 32) “DoD Instruction 5000.02 states that all programs must meet the following requirements. ...The APB must include the affordability caps for unit production and sustainment costs.”

-- Inconsistent with guidance: DoDI 5000.02, Encl. 8, para 3.b (2) and para 3.e. (2) states that affordability analysis provides data to support ADMs pre-MS A and APBs post MS B for ACAT I and IA programs only, and affordability goals and caps are documented in an ADM post MS A for ACAT I and ACAT IA only. Para 4 provides guidance for lower ACAT programs, requiring the CAE to develop and issue life-cycle affordability guidance for these programs. For AF programs that guidance is in AFI 63-101/20-101 para 3.15.2 which does not require affordability caps in APBs.

Assistant Secretary of the Air Force for Acquisition, Technology, and Logistics (cont'd)

The SAF/AQ point of contact is [REDACTED]

Brian J. Bohrer
for DARLENE J. COSTELLO
Principal Deputy Assistant Secretary of the Air
Force (Acquisition, Technology & Logistics)

Acronyms and Abbreviations

AAPML	Army Acquisition Program Master List
ACAT	Acquisition Category
APB	Acquisition Program Baseline
ASA(ALT)	Assistant Secretary of the Army (Acquisition, Logistics, Technology)
ASN(RD&A)	Assistant Secretary of the Navy (Research, Development, and Acquisition)
CS&CSS	Combat Support & Combat Service Support
DAE	Defense Acquisition Executive
DAVE	Defense Acquisition Visibility Environment
LCM	Low Cost Modification
MDA	Milestone Decision Authority
PEO	Program Executive Office
PMRT	Project Management Resource Tools
RD AIS	Research, Development, and Acquisition Information System
RDT&E	Research, Development, Test, and Evaluation
SAE	Service Acquisition Executive

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Congressional Liaison

703.604.8324

Media Contact

public.affairs@dodig.mil; 703.604.8324

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4800 Mark Center Drive
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www.dodig.mil
DoD Hotline 1.800.424.9098

