



Highlights of [GAO-09-462T](#), a testimony before the Subcommittee on Coast Guard and Maritime Transportation, Committee on Transportation and Infrastructure, House of Representatives

Why GAO Did This Study

GAO has a large body of work examining government agencies' approaches to managing their large acquisition projects. GAO has noted that without sufficient knowledge about system requirements, technology, and design maturity, programs are subject to cost overruns, schedule delays, and performance that does not meet expectations.

The Deepwater Program, intended to replace or modernize 15 major classes of Coast Guard assets, accounts for almost 60 percent of the Coast Guard's fiscal year 2009 appropriation for acquisition, construction and improvements. GAO has reported over the years on this program, which has experienced serious performance and management problems such as cost breaches, schedule slips, and assets designed and delivered with significant defects.

To carry out the Deepwater acquisition, the Coast Guard contracted with Integrated Coast Guard Systems (ICGS) as a systems integrator. In April 2007, the Commandant acknowledged that the Coast Guard had relied too heavily on contractors to do the work of government and announced that the Coast Guard was taking over the lead role in systems integration from ICGS.

This testimony reflects our most recent issued work on Deepwater, specifically our June 2008 report, *Coast Guard: Change in Course Improves Deepwater Management and Oversight, but Outcome Still Uncertain*, GAO-08-745.

[View GAO-09-462T](#) or [key components](#). For more information, contact John P. Hutton at (202) 512-4841 or rhuttonj@gao.gov.

COAST GUARD

Observations on Changes to Management and Oversight of the Deepwater Program

What GAO Found

Over the past two years, the Coast Guard has reoriented its acquisition function to position itself to execute systems integration and program management responsibilities formerly carried out by ICGS. The acquisition directorate has been consolidated to oversee all Coast Guard acquisitions, including the Deepwater Program, and Coast Guard project managers have been vested with management and oversight responsibilities formerly held by ICGS. Another key change has been to manage the procurement of Deepwater assets on a more disciplined, asset-by-asset approach rather than as an overall system of systems, where visibility into requirements and capabilities was limited. For example, cost and schedule information is now captured at the individual asset level, resulting in the ability to track and report breaches for assets. Further, to manage Deepwater acquisitions at the asset level, the Coast Guard has begun to follow a disciplined project management process that requires documentation and approval of program activities at key points in a program's life cycle.

These process changes, coupled with strong leadership to help ensure the processes are followed in practice, have helped to improve Deepwater management and oversight. However, the Coast Guard still faces many hurdles going forward and the acquisition outcome remains uncertain.

- The consequences of not following a disciplined acquisition approach for Deepwater acquisitions and of relying on the contractor to define Coast Guard requirements are clear now that assets, such as the National Security Cutter, have been paid for and delivered without the Coast Guard's having determined whether the assets' planned capabilities would meet mission needs.
- While the asset-based approach is beneficial, certain cross-cutting aspects of Deepwater—such as command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) and the overall numbers of each asset needed to meet requirements—still require a system-level approach. The Coast Guard is not fully positioned to manage these aspects.
- One of the reasons the Coast Guard originally contracted with ICGS as the systems integrator was the recognition that the Coast Guard lacked the experience and depth in workforce to manage the acquisition itself. The Coast Guard has faced challenges in building an adequate government acquisition workforce and, like many other federal agencies, is relying on support contractors—some in key positions such as cost estimating and contract support. GAO has pointed out the potential concerns of reliance on contractors who closely support inherently governmental functions.