



May 2022

COAST GUARD IT

Actions Needed to Improve Processes for Overseeing Non- Major Acquisition Programs

Accessible Version

Why GAO Did This Study

The U.S. Coast Guard, a component within the Department of Homeland Security (DHS), invests millions of dollars in IT systems to help execute its various missions. DHS oversees the Coast Guard's major IT acquisition programs—assets with total costs of \$300 million or more—while the Coast Guard generally manages non-major IT acquisition programs—assets with total costs of less than \$300 million. Since 2017, GAO has identified gaps in the Coast Guard's oversight of its non-major acquisition programs, including IT systems. GAO was asked to review the Coast Guard's management of its non-major IT acquisitions.

This report addresses the extent to which the Coast Guard (1) developed and implemented a process to identify non-major IT acquisition programs and (2) effectively oversees its non-major IT acquisition programs. GAO reviewed relevant DHS and Coast Guard policies, guidance, and documentation. GAO also interviewed DHS and Coast Guard officials.

What GAO Recommends

GAO is making three recommendations to improve Coast Guard non-major IT acquisition oversight processes, including defining risk levels to evaluate potential acquisition programs, and clearly communicating how programs should establish, revise, and communicate baseline information consistently. DHS concurred with all three recommendations.

View [GAO-22-104707](#). For more information, contact Marie A. Mak at (202) 512-4841 or makm@gao.gov.

COAST GUARD IT

Actions Needed to Improve Processes for Overseeing Non-Major Acquisition Programs

What GAO Found

In 2017, the Coast Guard developed and implemented a multistep process to identify and designate if an IT system should be managed as a non-major acquisition program (assets with total costs of less than \$300 million). However, the Coast Guard's process does not clearly indicate to officials how they should evaluate risks to determine if an IT system should be managed as a non-major acquisition. The Coast Guard identifies eight factors, such as technical risks and legal concerns, to evaluate as low, medium, or high risk in its guidance. However, it does not provide definitions for what constitutes these levels of risks for acquisition officials to use (see figure). Consequently, the Coast Guard cannot ensure that its acquisition professionals are making risk-based decisions when designating IT systems as non-major acquisition programs.

Risk Factors Used in the Coast Guard's Non-Major Acquisition Designation Process



Source: GAO rendering of graphic in Coast Guard's Non-Major Acquisition Program Manual. | GAO-22-104707

Further, GAO found that the Coast Guard's oversight of its non-major IT acquisition programs is hindered because programs are establishing, revising, and communicating cost and schedule goals (known as baselines) inconsistently. Three of the four non-major IT acquisition programs with approved baselines inconsistently established and revised their cost goals, hindering leadership's insight into cost changes. For example, one program used a different dollar measurement to calculate baseline costs when it revised its goals in 2021. This measurement did not accurately capture the almost \$300 million increase from its initial cost baseline.

Without clearly communicating how to establish, revise, and communicate baseline information, programs may calculate costs inconsistently or not include key schedule events in their baselines. This approach could make it difficult for the Coast Guard to track how programs are performing against their cost and schedule goals.

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Abbreviations

C5I	Command, Control, Communications, Computers, Cyber and Intelligence
CAE	Component Acquisition Executive
CG-LIMS	Coast Guard Logistics Information Management System
DHS	Department of Homeland Security
DOD	Department of Defense
eHRa	Electronic Health Records Acquisition
IT	Information Technology
NMAOC	Non-Major Acquisition Oversight Council
NMAP	Non-Major Acquisition Program
TCA Recap	Tactical Cryptology Afloat Recapitalization

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May 26, 2022

Congressional Requesters

The U.S. Coast Guard, a component within the Department of Homeland Security (DHS), invests millions of dollars in IT systems to help execute its various missions, such as ensuring the nation's maritime safety and security. These IT systems include major acquisition programs—assets with total costs of \$300 million or more—and non-major acquisition programs—assets with total costs of less than \$300 million. Major acquisition programs are subject to DHS oversight processes whereas non-major acquisition programs are generally managed by the Coast Guard. Although the Coast Guard currently does not have any major IT acquisition programs, many mission critical IT capabilities, such as providing an enterprise-wide logistics information management system and electronic health services to all medical facilities, are provided by non-major acquisition programs.

In 2017, we reported that the Coast Guard, among other DHS components, lacked effective procedures for identifying non-major acquisition programs. At the time, it had approximately 400-500 IT systems to assess and determine if these systems should be overseen as acquisition programs.¹ The Coast Guard has since revised its acquisition policies and processes for identifying and overseeing its major and non-major IT acquisition programs, but oversight challenges continue. For example, in 2018, despite expending almost \$60 million over nearly 7 years, we found that the Coast Guard was unable to modernize its health records system. The Coast Guard ultimately terminated the project because it did not effectively manage and oversee the development of the

¹GAO, *Homeland Security Acquisitions: Identifying All Non-Major Acquisitions Would Advance Ongoing Efforts to Improve Management*, [GAO-17-396](#) (Washington, D.C.: Apr. 13, 2017). GAO recommended that DHS establish a time frame for components to identify all of their non-major acquisitions. GAO closed the recommendation as implemented after DHS provided evidence that it directed its components to develop a repeatable methodology that is documented in component-level policies defining the process by which non-major acquisitions are identified, among others.

system.² The Coast Guard has since taken steps to acquire a new health records system but has not yet implemented it.

You requested that we review the Coast Guard's management of its non-major IT acquisition programs. This report addresses the extent to which the Coast Guard: (1) developed and implemented a process to identify non-major IT acquisition programs, and (2) effectively oversees its non-major IT acquisition programs.

To determine the extent to which the Coast Guard developed and implemented a process to identify non-major IT acquisition programs, we reviewed the Coast Guard's Level 3 Non-Major Acquisition Program (NMAP) Manual and related process materials. Specifically, we analyzed the resulting decision memorandums, forms, and an internal tracker—used to identify, evaluate, and designate potential non-major IT acquisition programs since 2017, when the process was established.

To identify the extent to which the Coast Guard is effectively overseeing its non-major IT acquisitions, we reviewed DHS's and the Coast Guard's non-major acquisition policies and guidance—such as DHS Acquisition Management Directive 102-01, Acquisition Management Instruction 102-01-001, and the Coast Guard's Level 3 NMAP Manual—and key acquisition documentation; including program baselines, annual review briefings, and decision memorandums to determine whether these programs are achieving established goals and the extent to which oversight has been conducted.

We supplemented our analysis by interviewing Coast Guard officials responsible for the process to identify non-major IT acquisition programs and representatives from various program offices for the Coast Guard's current non-major IT acquisition programs.³ Appendix I presents a more detailed description of the objectives, scope, and methodology for our review.

²GAO, *Coast Guard Health Records: Timely Acquisition of New System Is Critical to Overcoming Challenges with Paper Process*, [GAO-18-59](#) and [GAO-18-363T](#) (Washington, D.C.: Jan. 24 and Jan. 30, 2018).

³For the purpose of this review, we are referring to the offices under the Assistant Commandant for Command, Control, Communications, Computers, and Information Technology as the IT Directorate and the offices under the Assistant Commandant for Acquisition as Acquisition Directorate.

We conducted this performance audit from January 2021 to May 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

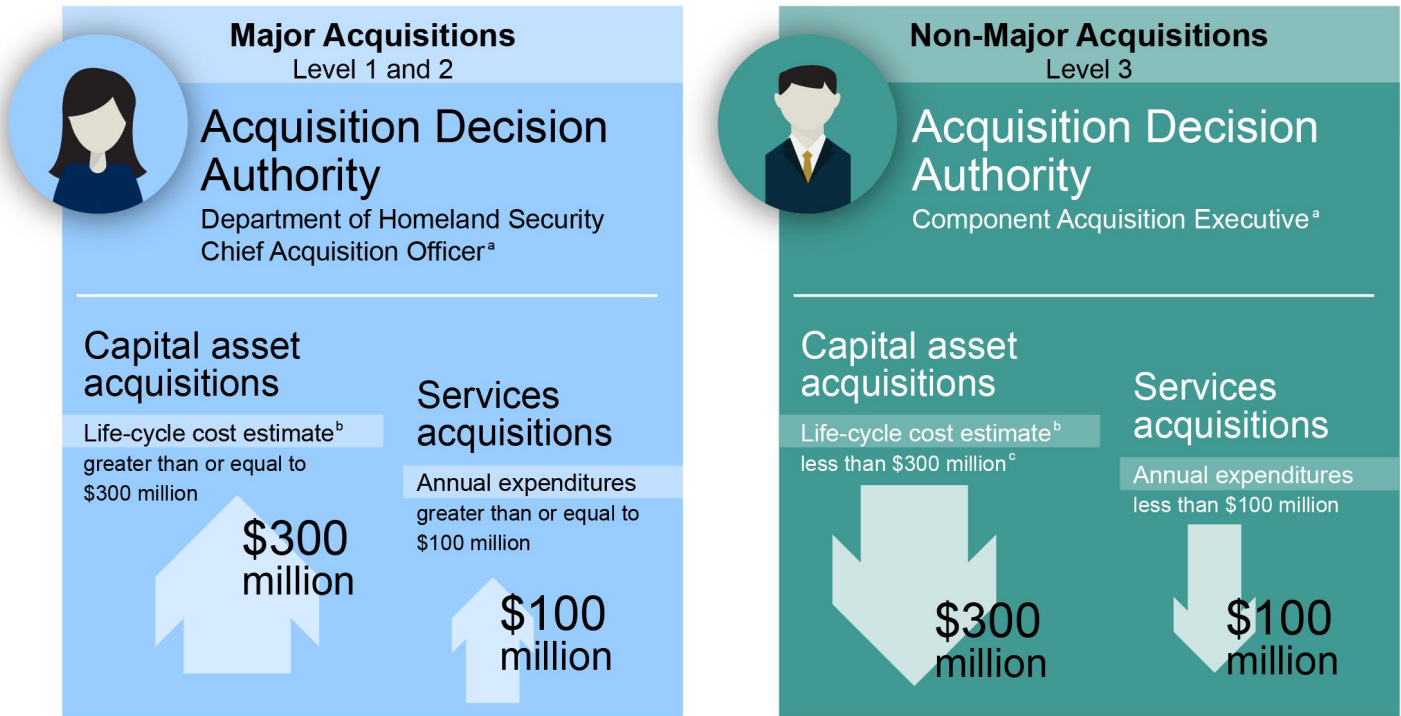
DHS Acquisition Management and Oversight

DHS policies and processes for managing its acquisition programs are set forth primarily in its Acquisition Management Directive 102-01 and Acquisition Management Instruction 102-01-001. These documents establish two overarching categories of acquisitions: capital assets—such as IT systems or aircraft—and services, such as those provided by security guards and emergency responders. For each acquisition category, acquisitions are further identified as major (Level 1 and 2) or non-major (Level 3) based on expected cost.

An acquisition's major or non-major status determines which Acquisition Decision Authority is responsible for management and oversight of the acquisition. DHS policy established the DHS Chief Acquisition Officer as the Acquisition Decision Authority for major acquisitions and the Component Acquisition Executive (CAE)—the senior acquisition official within each of DHS's 14 components—as the Acquisition Decision Authority for all non-major acquisitions. CAEs have overarching responsibility for the acquisition cost, schedule, risk, and system performance of the component's acquisition portfolio and are responsible for ensuring that appropriate acquisition planning takes place. According to DHS's acquisition policy, CAEs are required to establish component-specific non-major acquisition policies and guidance that comply with the "spirit and intent" of department acquisition policies.⁴ CAEs establish unique processes for managing their components' non-major acquisitions. Figure 1 illustrates the decision authority and thresholds for major and non-major acquisitions.

⁴Department of Homeland Security, *Acquisition Management Instruction*, DHS Instruction 102-01-001 (Jan. 21, 2021).

Figure 1: Department of Homeland Security Acquisition Dollar Thresholds and Decision Authorities for Major and Non-Major Acquisitions



Source: GAO analysis of Department of Homeland Security acquisition management policy. | GAO-22-104707

^aChief Acquisition Officers and Component Acquisition Executives can delegate acquisition authority at certain acquisition decision events in the Department of Homeland Security's acquisition life-cycle framework.

^bAn acquisition's life-cycle cost estimate includes an accounting of all resources and associated cost elements required to develop, produce, deploy, sustain, and dispose of a particular acquisition.

^cIn some circumstances, asset acquisitions with a value of less than \$300 million or services acquisitions with annual expenditures under \$100 million may be designated as major acquisitions if determined to be of special interest by the Department of Homeland Security. An asset may be designated as special interest if it affects more than one component or has significant policy implication, among other reasons.

Coast Guard Non-Major Acquisition Management and Oversight

The Coast Guard manages and oversees its non-major acquisition programs as described in its NMAP manual.⁵ The manual identifies two categories of non-major programs—Level 3 and Level 3 Limited. Level 3 programs include:

- capital assets with estimated life-cycle costs less than \$300 million or
- services with annual costs less than \$100 million.

In 2020, the Coast Guard established the Level 3 Limited category for those non-major acquisition programs that are low-cost and low-risk.⁶ These programs include:

- capital assets with estimated life-cycle costs of less than \$50 million or
- services with annual costs of less than \$50 million.

The NMAP manual includes four phases and requires formal approval reviews at discrete knowledge points called acquisition decision events for its Level 3 non-major programs. These events provide the Acquisition Decision Authority with an opportunity to assess whether an acquisition meets certain requirements and is ready to proceed through the corresponding life cycle phases. Level 3 Limited programs do not follow these four phases; nor do they have acquisition decision events. Instead, the Acquisition Directorate reviews Level 3 Limited programs' costs, schedules, and performance annually or more frequently for shorter duration programs. Figure 2 represents the acquisition decision events

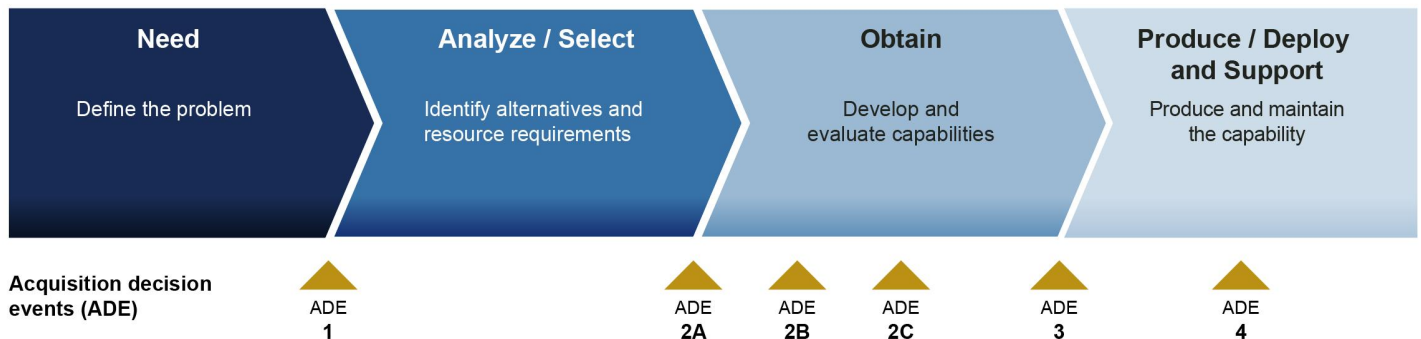
⁵The Coast Guard implemented the NMAP manual in December 2012. The manual defines non-major acquisition programs' policy and processes, including non-major IT acquisition programs. Detailed procedures are provided for applying a uniform and disciplined approach to non-major acquisition planning and program management from requirements generation through design, development, production, and deployment. The Coast Guard issued the current version of the manual in November 2021. See Coast Guard, *Level 3 Non-Major Acquisition Program Manual*, COMDTINST M5000.11D (Washington, D.C.: Nov. 9, 2021).

⁶The Coast Guard implemented an interim process for managing Level 3 Limited acquisition programs in May 2020 and updated it in November 2020. The Coast Guard formalized the management process for Level 3 Limited acquisition programs in its November 2021 update to its NMAP manual. See Coast Guard, *Non-Major Acquisition Program Manual*, COMDTINST M5000.11D (Washington, D.C.: Nov. 9, 2021).

and phases of the non-major acquisition life cycle as captured in the NMAP manual.

Figure 2: Coast Guard's Non-Major Acquisition Program Life Cycle

Acquisition phases



Source: GAO rendering of graphic in the Coast Guard's Non-Major Acquisition Program Manual. | GAO-22-104707

As part of an acquisition decision event for a non-major acquisition, the Coast Guard's Acquisition Decision Authority reviews and approves key acquisition documents, such as the program plan. The program plan includes the acquisition program baseline, which establishes a program's critical baseline cost, schedule, and performance goals using objective (target) and threshold (maximum acceptable for cost, latest acceptable for schedule, and minimum acceptable for performance) baselines. Baselines are useful management tools that can help leadership:

- understand the scope of an acquisition,
- assess how well the acquisition is being executed, and
- secure adequate funding.

Breaches occur when a program fails to meet any cost, schedule, or performance threshold goals in its approved program baseline. Breaches make leadership, the Acquisition Decision Authority, in particular, aware of program challenges and allow programs to work with leadership on identifying options to address those specific baseline goals.

The Coast Guard CAE delegated Acquisition Decision Authority responsibilities for non-major acquisition programs to the Assistant Commandant for Acquisition, who serves as the Chief Acquisition Officer. The Chief Acquisition Officer also serves as the Chair of the Coast Guard's Executive Oversight Council, which is responsible for providing overarching oversight of non-major acquisition programs, including conducting acquisition decision events and annual reviews for applicable

programs. The Executive Oversight Council may also delegate oversight of non-major acquisition programs to the Non-Major Acquisition Oversight Council (NMAOC). The NMAOC is also responsible for screening programs, including IT systems, to be identified and managed as acquisition programs.

In addition to the Executive Oversight Council and NMAOC, other offices and officials support the oversight of the Coast Guard's non-major acquisition programs:

- The Acquisition Support Office is responsible for assisting the Executive Oversight Council and NMAOC as Executive Secretary, overseeing acquisition policy and processes, and other duties. These duties include maintaining a list of non-major acquisition programs, assisting program offices, and coordinating with DHS's Office of Program Accountability and Risk Management.
- Program management offices are responsible for planning and executing individual acquisition programs within the cost, schedule, and performance goals established in their baselines.

Within DHS headquarters, the Office of Program Accountability and Risk Management is the lead office responsible for overseeing the department's acquisition processes. For non-major acquisitions, the Office of Program Accountability and Risk Management's role is to ensure CAEs are overseeing their components' acquisitions appropriately.

Coast Guard IT Management

The Coast Guard's IT Directorate is responsible for managing and overseeing Coast Guard's operational, business, and infrastructure IT assets and services.

Within the IT Directorate, the Command, Control, Communications, Computers, Cyber and Intelligence (C5I) Program Management Office is responsible for overseeing the programming, planning, resource allocation, governance, and portfolio management of C5I capabilities for the Coast Guard. The office also coordinates the transition of acquired IT systems from the Acquisition Directorate to sustainment, among other responsibilities. Additionally, the C5I Program Management Office provides guidance and direction to the C5I Service Center, which is responsible for managing the Coast Guard's C5I product lines and developing, testing, delivering, and supporting all C5I systems, applications and services, among other responsibilities.

The Coast Guard established policies to manage the development and sustainment of those C5I programs managed within the IT Directorate. However, IT systems designated as non-major IT acquisitions receive oversight from the Coast Guard's Executive Oversight Council or the NMAOC, as delegated by the CAE.

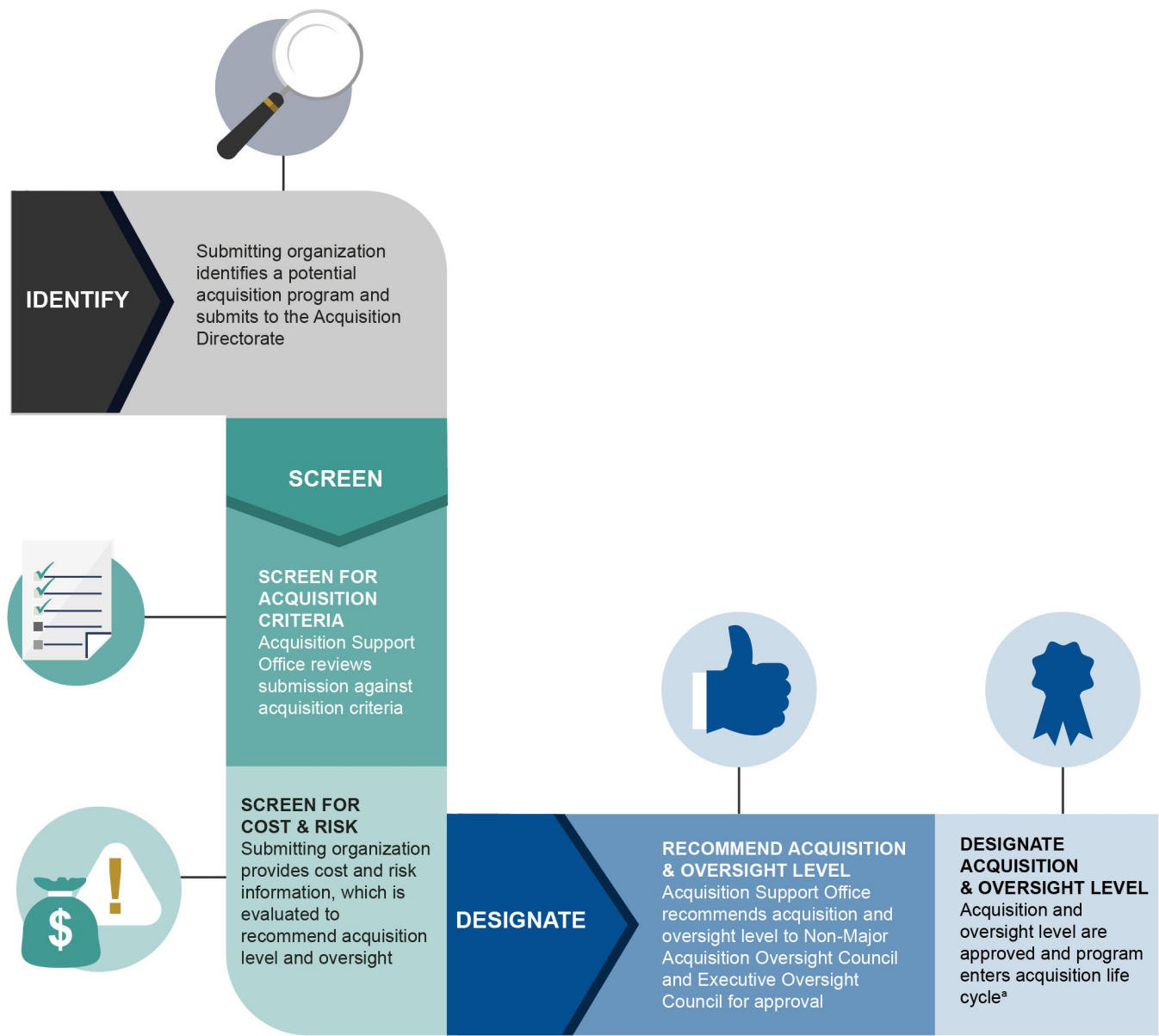
Coast Guard's Process to Identify Non-Major IT Acquisition Programs Does Not Clearly Indicate How to Evaluate Risks

Coast Guard Developed and Implemented a Multistep Process to Identify Non-Major IT Acquisition Programs

We found that the Coast Guard developed and implemented a multistep process through the NMAOC in 2017 to identify whether an IT system is a non-major acquisition program and designate the appropriate level of oversight.⁷ In June 2018, the Coast Guard revised the NMAP manual to formalize this process. Figure 3 provides an overview of the Coast Guard's process intended to ensure that IT systems are identified as potential non-major acquisition programs, screened for cost and risk, and monitored under the appropriate oversight.

⁷This process applies to all non-major acquisition programs including both IT and non-IT. For the purpose of our review, we assessed the results for IT non-major acquisition programs.

Figure 3: Coast Guard’s Process for Identifying, Screening, and Designating Non-Major IT Acquisition Programs



Source: GAO analysis of Coast Guard’s Non-Major Acquisition Program Manual. | GAO-22-104707

^aOnly Level 3 non-major acquisition programs enter the acquisition life cycle. Level 3 Limited programs do not follow the acquisition life-cycle framework and do not have acquisition decision events.

Non-Major Acquisition Criteria from Identification Form

Does this asset :

- Provide new or enhanced capability
- Require development or modification
- Require integration
- Require life-cycle sustainment

Does this service:

- Provide mission capability
- Require life-cycle sustainment

Source: GAO analysis of Coast Guard's Non-Major Acquisition Program Manual. | GAO-22-104707

Identify. An IT system with the potential to be an IT acquisition program can be identified by various organizations within the Coast Guard, such as the C5I Resource Council or a sponsor, like the IT Directorate. In order to identify potential non-major acquisition programs, the submitting organization assesses the IT system to determine if the asset or service meets any of six acquisition criteria specified in the NMAP manual. Once the submitting organization identifies an IT system as meeting one or more of the acquisition criteria, it completes an Identification Form for the Acquisition Support Office.

Screen. The Acquisition Support Office—serving as the Executive Secretary to the Executive Oversight Council and NMAOC—and the Chair of the NMAOC screen the submitting organization's Identification Form to confirm that the IT system meets the acquisition program criteria. If it does not meet the criteria, the Acquisition Support Office and Chair inform the submitting organization and the NMAOC that the IT system will not be managed as an acquisition program. According to IT Directorate officials, those IT systems determined not to be acquisition programs are managed as procurements through the C5I Service Center using the IT Directorate's management policies. If the IT system meets the acquisition program criteria, the Acquisition Support Office sends the submitting organization a Governance Form to complete to obtain more information, such as program summary, costs, impacts, and risks.

**Information Collected on the
Governance Form**

- Program Summary
- Estimated Costs
- Internal Impacts or Visibility (affecting Coast Guard's mission or personnel)
- External Impacts or Visibility (affecting Department of Homeland Security or external stakeholders)
- Logistics Impacts (required level of support)
- Safety Concerns
- Legal Concerns
- Resource Risks
- Schedule Risks
- Technical Risks

Source: GAO analysis of Coast Guard's Non-Major Acquisition Program Manual. | GAO-22-104707

Designate. The Acquisition Support Office and Chair of the NMAOC review the estimated acquisition and sustainment costs identified on the submitting organization's Governance Form to determine if an IT system meets the cost thresholds to be designated as a Level 3 or Level 3 Limited non-major acquisition program. Then, based on an assessment of the risks from the Governance Form, they recommend an acquisition level (Level 3 or Level 3 Limited) and appropriate oversight level to the NMAOC and the Chief Acquisition Officer—who, as noted earlier, has Acquisition Decision Authority for non-major acquisition programs—for approval, which is documented in an acquisition decision memorandum. Upon acquisition decision event 1 approval, the IT system is formally designated as a Level 3 non-major acquisition program.⁸

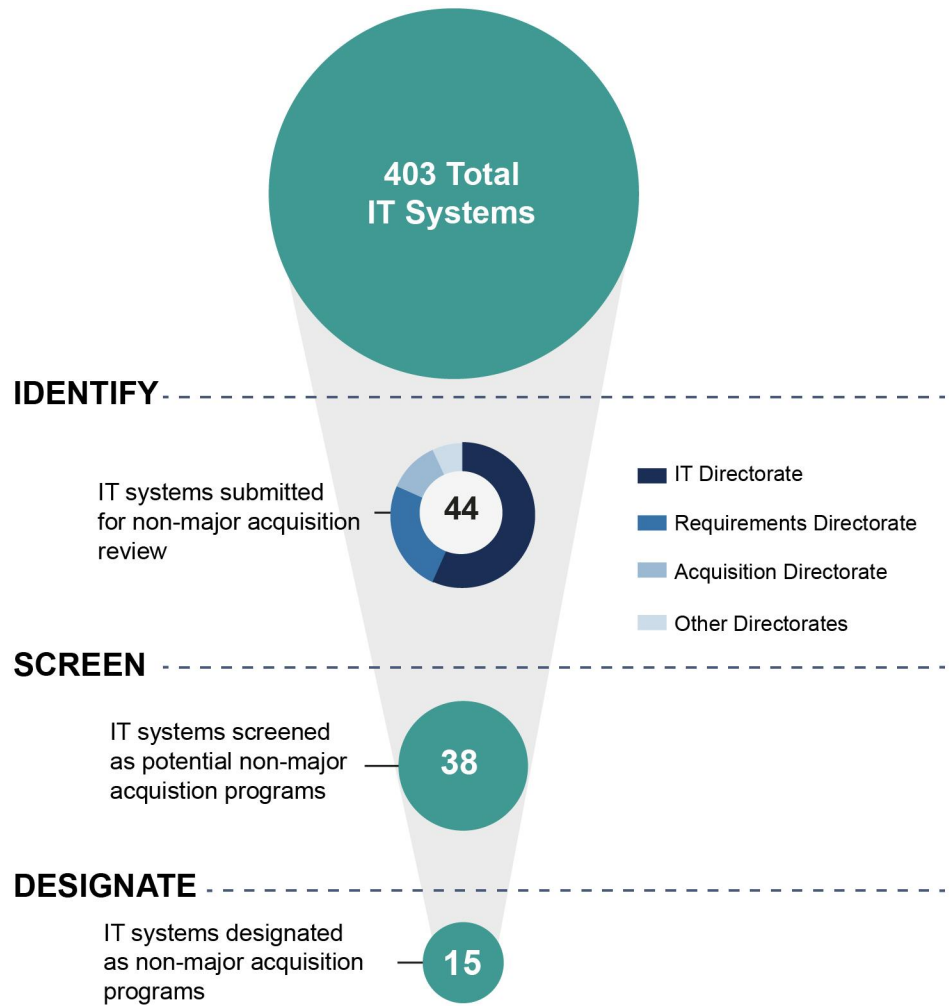
Coast Guard Designated 15 IT Systems as Non-Major Acquisition Programs Since 2017

Since implementing its process in 2017, the Coast Guard identified and submitted 44 of its 403 IT systems to the NMAOC for review as potential non-major IT acquisitions. Of those 44 IT systems, the NMAOC screened

⁸Level 3 Limited programs do not follow the acquisition life-cycle framework and do not have acquisition decision events. Designation as a Level 3 Limited program is contingent on recommendation by the NMAOC and approval by the Chief Acquisition Officer.

38 and designated 15 as Level 3 or Level 3 Limited non-major IT acquisition programs (see fig. 4).⁹

Figure 4: Results of Coast Guard’s Process to Identify and Designate 15 Non-Major IT Acquisition Programs Since 2017



Source: GAO analysis of Coast Guard data. | GAO-22-104707

⁹Of the 44 IT systems submitted to the NMAOC for review, six were not screened. Of these six, one system was withdrawn by the submitting organization before the NMAOC could screen it and the other five were not screened because they did not obtain funding.

We found that there are various reasons why screened IT systems do not meet the NMAP manual's acquisition criteria and are not designated as acquisition programs. For example, the IT Directorate identified the Auxiliary Data system, a web-based application that collects data used to support auxiliary Coast Guard personnel, as a potential acquisition program because it required development of interfaces to Coast Guard information systems. However, upon further review, the NMAOC determined that the commercial off-the-shelf product required minimal integration and did not designate it as an acquisition program. Another reason that an IT system may not be designated as an acquisition program is the system has not obtained funding through the Coast Guard's annual budget process. Per the NMAP manual, an IT system should only be submitted for review as a potential acquisition program if, for example, it is supported for funding by the C5I Resource Council. However, several IT systems have been submitted for review without funding. Officials from the Acquisition Support Office stated that they are working with offices across the Coast Guard to educate them that an IT system must be supported for funding approval before it can be submitted and reviewed as a potential acquisition program.

Of the 15 IT systems that were designated as non-major programs since 2017, 11 are currently overseen by the Coast Guard as active Level 3 or Level 3 Limited IT acquisition programs.¹⁰ These systems provide a range of IT assets and services to the Coast Guard and are overseen by either the Coast Guard's Executive Oversight Council or the NMAOC. See Table 1 for a summary of the Coast Guard's active non-major IT acquisition programs and their oversight councils.

¹⁰Active acquisition programs are those that are between acquisition decision event 1 and full operational capability. At the time of our review, two programs—Learning Management Solution and Merchant Mariner Credentialing—have not achieved acquisition decision event 1, and one program—Marine Inspector Mobile Application—is post-full operational capability. The Coast Guard also designated the Financial Management Service Improvement Initiative program as a Level 3 program. However, it is a subprogram supporting DHS's larger Financial System Modernization program that is managed as a major program by DHS. As such, we did not include the Financial Management Service Improvement Initiative program in our review.

Table 1: Summary of the Coast Guard's 11 Non-Major IT Acquisition Programs as of December 2021

Category	Program	Description	Overseen by
Level 3	Coast Guard - Logistics Information Management System	Provides a centrally-managed, integrated, enterprise-wide logistics information management system	Executive Oversight Council
Level 3	Electronic Health Record Acquisition	Provides electronic health services and improves interoperability with the Department of Defense Health System and Veterans Health Administration	Executive Oversight Council
Level 3	Maritime Security Risk Analysis Model	Provides an updated web-based model that analyzes terrorism risk to critical infrastructure and informs tactical and operational response to active threats	Non-Major Acquisition Oversight Council (NMAOC)
Level 3	SeaWatch	Provides an upgraded command and control system to aid and enhance the Coast Guard's missions	NMAOC
Level 3	Sea Commander	Provides sensor information, target tracking, weapons control, and other tactical capabilities for operational National Security Cutters	NMAOC
Level 3	Tactical Cryptology Afloat Recapitalization	Recapitalizes the current capability by installing secure network hardware and intelligence collections system hardware on National Security Cutters 1 through 4	NMAOC
Level 3 Limited	Certifications and Qualifications Task Management Tool	Provides an enterprise-wide solution for recording and tracking various types of certifications and qualifications required of military personnel	NMAOC
Level 3 Limited	Electronic Official Military Personnel File	Provides an enhanced system to manage personnel records for all Coast Guard military members	NMAOC
Level 3 Limited	Mobile Team Awareness Kit	Provides personnel location tracking	NMAOC
Level 3 Limited	Recruiting Case Management	Provides a comprehensive recruiting system to manage applicants from first contact until recruit training	NMAOC
Level 3 Limited	Vessel Documentation System	Provides an electronic document imaging and workflow management system to replace the paper-based system for vessel documentation processing and management activities	NMAOC

Source: GAO analysis of Coast Guard documentation. | GAO-22-104707

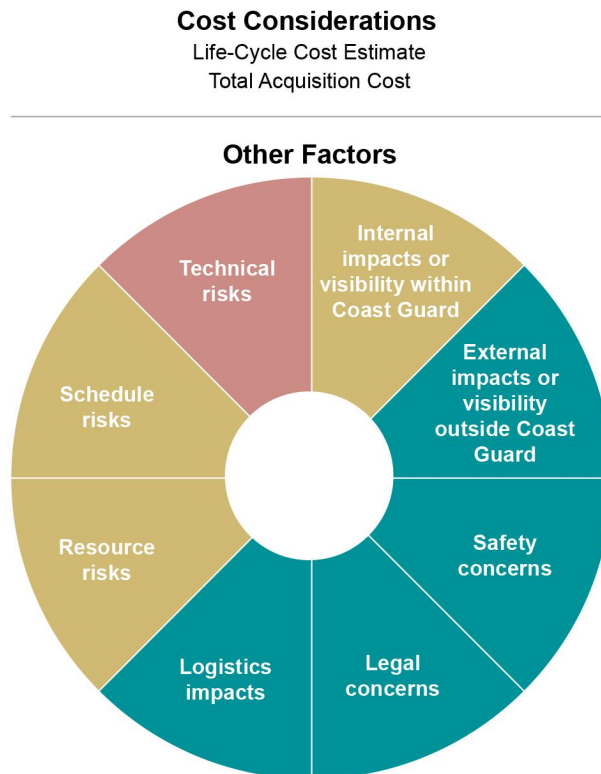
Evaluation Process Does Not Define Risk Levels

We found that the Coast Guard's process for designating non-major IT acquisition programs does not clearly indicate to officials how they should evaluate risk when determining an appropriate level of acquisition oversight because it does not define risk levels. Specifically, the Coast

Guard identified factors—such as technical risks, legal concerns, and internal and external visibility—to evaluate as low, medium, or high when determining if an IT system is a non-major acquisition program and when designating the required level of oversight. However, neither the Coast Guard’s Governance Form nor the NMAP manual define what constitutes low, medium, or high risk for the Acquisition Support Office or the NMAOC to use when assigning a level of risk to the identified factors. For example, one of the criteria for designating an IT system as a Level 3 Limited acquisition program is that it is low risk, but the Coast Guard’s manual does not define what constitutes low-risk IT systems.

Further, the NMAP manual includes a tool for the NMAOC to use to assess the risk factors as low, medium, or high in order to recommend an appropriate level of oversight (the Executive Oversight Council or NMAOC). However, the NMAP manual does not include any information or description on how to use the tool to do so. Figure 5 shows the governance level assessment tool as it appears in the manual.

Figure 5: Governance Level Assessment Tool in Coast Guard's Non-Major Acquisition Program Manual



Source: GAO rendering of graphic in Coast Guard's Non-Major Acquisition Program Manual. | GAO-22-104707

Acquisition Support Office officials told us that evaluating risk requires the acquisition professionals' knowledge and should not be formulaic because risks—including the applicable factors and risk level—can vary by program. Officials said that the tool is not used to identify a specific oversight level or acquisition designation. Instead, they noted that acquisition professionals use the tool to inform discussion when evaluating the appropriate oversight level of a potential acquisition program. In addition, Coast Guard officials stated that, although the risk tool identifies which risks the submitting organization must address, it relies on unstructured risk analysis rather than specified risk criteria.

However, the Coast Guard already established guidance for how to categorize and rate risks for its major acquisition programs.¹¹ This

¹¹ Coast Guard, *Program Risk Management and Mishap Risk Management*, United States Coast Guard Commandant Standard Operating Procedure No. 07 (Nov. 8, 2016).

guidance includes a standard tool to evaluate and quantify risks based on probability of occurrence and the severity of the consequence should the risk be realized. The guidance also defines the risk levels to be used when rating and prioritizing risks as low, medium, or high. Figure 6 shows the risk reporting matrix and definitions as they appear in the Coast Guard’s major acquisition program risk guidance.

Figure 6: Risk Level Rating Matrix and Definitions in Coast Guard’s Major Acquisition Program Risk Guidance

Probability of Occurrence

Near Certainty					
Highly Likely					
Likely					
Unlikely					
Remote					
	Minimal/ No Impact	Marginal	Significant	Critical	Perilous

Severity of Consequence

Risk Level

High	Unacceptable. Major disruption likely. Priority management attention required.
Moderate	Some disruption. Additional management attention required.
Low	Minimal impact. Normal oversight needed to ensure risk remains low.

Source: GAO rendering of graphic in Coast Guard’s major acquisition program risk guidance. | GAO-22-104707

Federal internal controls state that management should identify, analyze, and respond to risks, and the significance of risks should be estimated by considering the magnitude of impact, likelihood of occurrence, and the nature of the risk.¹² In addition, the Coast Guard’s *Framework for Strategic Mission Management, Enterprise Risk Stewardship, and Internal*

¹²GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

Control states that risk management involves identifying and analyzing risks, and the severity of risks should be characterized by the likelihood of occurrence and the possible impacts.¹³ Until the Coast Guard defines the risk levels for the factors in its manual or risk assessment tool, it cannot ensure that it is making risk-based decisions about which IT systems should be managed as non-major acquisition programs and that the programs are receiving appropriate oversight.

Inconsistent Baseline Information and Breach Policy Limit Non-Major IT Acquisition Program Oversight

Non-Major IT Acquisition Programs Inconsistently Established, Revised, and Communicated Baseline Cost and Schedule Goals

Inconsistently Establishing and Revising Baselines

Tracking program performance against approved baselines provides leadership with insight into program execution against cost, schedule, and performance goals and with opportunities to take corrective actions when problems, such as cost growth, occur. To that end, the Coast Guard requires its Level 3 non-major acquisition programs to establish and revise baselines in their program plans.¹⁴

According to DHS acquisition management policy, acquisition programs are required to establish baseline cost goals in base year dollars—dollars that are expressed in the value of a specific year and the effects of inflation are removed—using the same base year for all subsequent baseline revisions. The policy also states that programs are required to

¹³United States Coast Guard Deputy Commandant for Operations, *Framework for Strategic Mission Management, Enterprise Risk Stewardship, and Internal Control* (Washington D.C.: July 2020).

¹⁴This requirement does not apply to Level 3 Limited programs. The Coast Guard reviews the cost, schedule, and performance information for its five Level 3 Limited programs at least annually. However, these programs do not develop the supporting acquisition program documentation, including program plans, as required for Level 3 programs.

include the following two schedule events, among others, when establishing their schedule goals:

- Initial operational capability: the date when a system being acquired is available in its minimum usefully deployable form;
- Full operational capability: the date when a system is delivered to the user for operational use.

Of the six Level 3 acquisition programs, four have approved baselines. Of those four, three inconsistently estimated their baseline cost goals in their program plans, making it difficult to accurately identify cost changes. Specifically:

- **Electronic Health Records Acquisition (eHRa).** The eHRa program, a services acquisition program, did not use the same base year to estimate costs when it revised its cost goals, making traceability with its initial baseline difficult. In 2018, the program established its initial baseline cost goals using base year 2017 dollars but used base year 2020 dollars when the program revised its cost goals in 2021. We asked the Coast Guard to recalculate the estimated costs in its 2021 program plan using base year 2017 dollars to ensure traceability with its initial baseline. The revised calculations revealed that the program's estimated costs were about \$30 million less than what was reported when using base year 2020 dollars but that the costs increased by almost 140 percent, or almost \$300 million, from its initial cost goals (see table 2).¹⁵

Table 2: Estimated Life-Cycle Costs for Electronic Health Records Acquisition Program in 2018 and 2021 (in millions of dollars)

Category	2018 estimate (in base year 2017 dollars)	2021 estimate (in base year 2020 dollars)	2021 estimate (in base year 2017 dollars)
Total life-cycle costs	207	526	496

Source: GAO analysis of Coast Guard documents. | GAO-22-104707

- **SeaWatch.** The program estimated costs using different base years and then year dollars—a cost measurement that includes the effect of inflation—for all revisions made to its cost goals, making it difficult to identify cost changes. In 2016, the program established its initial

¹⁵eHRa is a services acquisition program: therefore, it is designated as major or non-major based on annual costs rather than a life-cycle cost estimate. Non-major services acquisitions are those programs with annual costs of less than \$100 million and eHRa annual cost estimates remain less than \$100 million.

baseline cost goals using base year 2015 dollars. However, it used base year 2019 dollars when it revised its cost goals in 2020. In 2021, the program revised its cost goals again but used then year dollars instead of base year dollars. The revised cost goals showed that the program's estimated costs in then year dollars exceeded \$300 million—the upper threshold for non-major asset acquisition programs.¹⁶ When we asked the Coast Guard about the significant cost growth in terms of program affordability, officials told us that they had made an administrative error by estimating costs in then year dollars and said that costs should be estimated using base year dollars, consistent with DHS's policy. The Coast Guard subsequently recalculated its SeaWatch 2020 and 2021 cost goals using base year 2015 dollars to ensure traceability with its initial baseline, which revealed that the program's costs are about \$40 million less than what was reported in its 2021 program plan (see table 3).

Table 3: Estimated Life-Cycle Costs for SeaWatch Program in 2016, 2020, and 2021 (in millions of dollars)

Category	2016 estimate (in base year 2015 dollars)	2020 estimate (in base year 2015 dollars)	2021 estimate (in then year dollars)	2021 estimate (in base year 2015 dollars)
Total life- cycle costs	106	211	319	276

Source: GAO analysis of Coast Guard documents. | GAO-22-104707

- **Tactical Cryptology Afloat Recapitalization (TCA Recap).** The program initially established and revised its cost goals using then year dollars instead of base year dollars. In 2019, the program established its initial cost goals using then year dollars and also reported its cost goals in then year dollars when it revised its program plan in 2021. After we pointed out the inconsistency, Coast Guard officials acknowledged this was not consistent with what is described in DHS's policy.

In addition, the fourth Level 3 Coast Guard IT acquisition program with an approved baseline did not include required schedule events in various versions of its program plan.

- **Sea Commander.** The program did not include initial operational capability and full operational capability event dates when it established its schedule baseline in July 2020 or when it revised its

¹⁶Non-major asset acquisition programs have a life-cycle cost estimate of less than \$300 million, whereas major asset acquisition programs have a life-cycle cost estimate of greater than or equal to \$300 million.

program plan in May 2021. However, during the course of our review and, in part, because of discussions that we had with the Coast Guard about baselines, the program revised its schedule goals in October 2021 to include these event dates.

The Coast Guard's manual references DHS acquisition management policy, which, as discussed above, includes specific instructions on which type of dollars to use when establishing and revising baseline cost goals and which schedule events to include in schedule baselines. Further, the NMAP manual provides some guidance on when programs should establish and revise their program baselines consistent with what is described in DHS's policy. For example, the NMAP manual requires programs to establish a preliminary baseline before achieving acquisition decision event 2A and a final baseline before achieving acquisition decision event 2B. The manual also requires programs to revise their baselines should they fail to meet one or more of their approved cost, schedule, or performance goals. However, the NMAP manual does not clearly communicate DHS policy regarding the type of dollars to use to calculate costs or which schedule events to include when establishing and revising baseline cost and schedule goals.

Additionally, the Coast Guard's non-major acquisition programs are to follow a specific template when developing their program plans, which includes information on how to develop a life-cycle cost estimate and a master schedule, among other information. According to Coast Guard officials, non-major acquisition programs are required to use this template when establishing and revising their program plans. The template provides some guidance for how programs should establish their acquisition program baseline: it specifies that cost goals should be derived from the life-cycle cost estimate and that schedule goals should be derived from the master schedule. However, like the NMAP manual, the template does not clearly communicate DHS's policy regarding which type of dollars to use to calculate costs or which schedule events to include when establishing and revising baseline cost and schedule goals. While the program plan template provides an example of an acquisition program baseline cost and schedule goals, this example does not convey that cost goals must be established and revised using consistent base year dollars, or which schedule events dates are required to be included, as stated in DHS's policy.

Further, until November 2021, the template example showed an acquisition program baseline with cost goals established in then year rather than base year dollars. During the course of our review, the Coast

Guard updated the program plan template baseline example to show cost goals established in base year dollars. However, the updated template still does not clearly communicate DHS's policy related to the type of dollars to use when establishing or revising program cost goals or the schedule events to include. Coast Guard officials stated that program managers have varying levels of experience in establishing baselines, which also emphasizes the need for more specific instructions in the program plan template on establishing baselines.

Without clearly communicating DHS's policy on establishing and revising cost and schedule goals in documents used by programs to develop their baselines, such as the NMAP manual and program plan template, programs may estimate costs inconsistently or not include key schedule events. Baselines that are established or revised using different types of dollars and schedule events are incomparable and inconsistent. This limits the Coast Guard's ability to have adequate knowledge about IT program execution against cost and schedule goals when it makes acquisition decisions and identifies programs that should be subject to increased oversight based on factors, such as cost growth or schedule delays.

Inconsistently Communicating Baseline Information

The Coast Guard conducts annual program reviews via briefings from the program managers to monitor its non-major IT acquisition programs, but we found information in these briefings to be inconsistent with approved baselines. The NMAP manual requires that the Coast Guard conduct annual reviews to provide an opportunity for the non-major acquisition programs to communicate their program status against their approved baselines and to elevate any concerns to their assigned oversight council, as delegated by the CAE. Non-major acquisition programs must do so unless they recently achieved an acquisition decision event. In 2021, all six Level 3 programs met the annual briefing requirement. However, we found inconsistencies between baseline information in the annual briefings and approved program baselines for three of the Coast Guard's four Level 3 IT programs with approved baselines. Specifically:

- **Sea Commander.** The May 2021 program plan states that the baseline life-cycle cost threshold is \$0.2 million, while the September 2021 annual briefing states that it is \$201 million.

-
- **SeaWatch.** The May 2021 program plan states that the baseline life-cycle cost threshold is \$319 million, while the July 2021 annual briefing states that it is \$190 million.
 - **TCA Recap.** The May 2021 program plan states the first phase will achieve full operational capability by June 2021, while the July 2021 annual briefing states the event was achieved by December 2020.

Neither the NMAP manual nor its accompanying program briefing template include instructions on which acquisition documents should be used to develop the briefing, and how this information should be verified as current based on approved documentation. Further, Coast Guard officials told us that briefing information—including the baseline updates—is not validated against approved acquisition documentation before it is shared with the programs' assigned oversight council. Communicating inconsistent baseline information in briefings does not align with the Coast Guard's own risk framework and federal internal control standards, which state that management should use and internally and externally communicate quality information to achieve objectives.¹⁷ Communicating consistent information, along with accurately and consistently establishing and revising programs' baselines, can help ensure that leadership makes informed acquisition management decisions.

Non-Major Acquisition Breach Policy Limits Oversight

The Coast Guard excused—or did not require—one of its non-major IT acquisition programs from declaring cost, schedule, and performance breaches and discussed excusing additional programs in the future even if they fail to meet their schedule baseline goals. This limits opportunities for oversight and, according to officials from DHS's Office of Program Accountability and Risk Management, is inconsistent with DHS's acquisition management policy. Specifically, in 2021, the Coast Guard's eHRa program revised its cost and schedule goals, more than doubling its life-cycle cost threshold from approximately \$207 million to \$496 million, and delayed the full operational capability event date by 54 months (about 4.5 years). However, the program did not declare a cost or schedule breach.

¹⁷[GAO-14-704G](#). See also the United States Coast Guard Deputy Commandant for Operations, *Framework for Strategic Mission Management, Enterprise Risk Stewardship, and Internal Control* (July 2020).

Acquisition Support Office officials told us they did not require the program to declare a schedule breach because the program is dependent on the Department of Defense (DOD) as a federal service provider to procure DOD's electronic health records system.¹⁸ These officials told us that the program would be excused from breaching schedule and performance goals going forward because of its dependency on DOD, and they directed the program to annotate its program plan to reflect this decision. In response, the eHRa program updated its program plan to include a clause stating its cost, schedule, and performance baseline goals are not breachable. However, when asked, Acquisition Support Office officials told us that the clause in the current eHRa program plan is not accurate and that the program should not be excused from declaring cost breaches, as these events facilitate larger conversations about affordability. As of December 2021, the program plan had not been corrected to reflect that eHRa is excused from declaring schedule and performance, but not cost breaches.

Similar to the eHRa program, acquisition officials told us that they are planning to excuse the Coast Guard Logistics Information Management System (CG-LIMS) from schedule breaches because of its planned dependency on the Navy as a federal service provider. The CG-LIMS program has been in schedule breach status since October 2018 due to a change in scope, among other reasons. In April 2020, the program conducted a business case analysis and found that the Navy was pursuing a similar logistics capability that met its needs. The Coast Guard determined that it could procure the Navy's Naval Operational Business Logistics Enterprise system as a non-major IT services acquisition at an affordable cost. However, Coast Guard officials told us the Navy is in the process of revising the cost, schedule, and performance goals for its Naval Operational Business Logistics Enterprise system. The Coast Guard cannot revise the CG-LIMS program's baselines to reflect its decision to procure the Navy's system until the Navy finalizes the new baseline goals for the Naval Operational Business Logistics Enterprise system. As of December 2021, the CG-LIMS program was still in schedule breach status. The Coast Guard expects to revise the CG-LIMS program's schedule baseline to align with the Navy's deployment

¹⁸GAO previously reported on the Coast Guard's effort to modernize its health records system as well as DOD's effort to modernize its health records system. See GAO, *Coast Guard Health Records: Timely Acquisition of New System is Critical to Overcoming Challenges with Paper Process*, [GAO-18-59](#) (Washington, DC.: Jan. 24, 2018); and *Electronic Health Records: DOD Has Made Progress in Implementing a New System, but Challenges Persist*, [GAO-21-571](#) (Washington, DC.: Sept. 20, 2021).

schedule for its Naval Operational Business Logistics Enterprise system by December 2022.

According to Coast Guard acquisition officials, they are also considering excusing non-major IT acquisition programs that are dependent on other Coast Guard programs from declaring schedule breaches. For example, a TCA Recap program official told us it did not achieve the full operational capability date of June 30, 2021 for its first phase because it is dependent on the operational asset availability of the National Security Cutters.¹⁹ The TCA Recap hardware has to be installed during each cutter's maintenance availability period, which can shift depending on the ship's operational status. The TCA Recap program ultimately declared a schedule breach for missing this milestone. However, acquisition officials told us that the NMAOC had multiple conversations about whether the program should be in breach status because of the program's dependency on another Coast Guard program.

After declaring a breach, the TCA Recap program removed the full operational capability date that it breached for its first phase from its baseline. The program is now using the full operational capability date of September 30, 2024 for its second phase as the only breachable schedule event date. As a result, the TCA Recap program avoids having to declare breaches in the interim should the National Security Cutters continue to be unavailable on the planned dates. Similarly, program officials told us that the Sea Commander program's schedule is also dependent on the availability of the National Security Cutters, because the software can only be deployed and tested when the cutter is at the pier. Also, the SeaWatch program's schedule is dependent on the production of the Offshore Patrol and Polar Security Cutters, both of which already experienced schedule delays.²⁰

DHS's acquisition management policy states that, if a program fails to meet any schedule, cost, or performance thresholds approved in the

¹⁹The TCA Recap program involves installing network and intelligence collections system hardware on National Security Cutters 1 through 4 in two phases. Phase 1 replaces the network equipment and Phase 2 replaces the intelligence collections system hardware.

²⁰GAO, DHS Annual Assessment: Most Acquisition Programs Are Meeting Goals Even with Some Management Issues and COVID-19 Delays, [GAO-22-104684](#) (Washington, D.C.: Mar. 8, 2022); *Coast Guard Acquisitions: Opportunities Exist to Reduce Risk for the Offshore Patrol Cutter Program*, [GAO-21-9](#) (Washington, D.C.: Oct. 28, 2021); and, *Coast Guard Acquisitions: Polar Icebreaker Program Needs to Address Risks before Committing Resources*, [GAO-18-600](#) (Washington, D.C.: Sept. 4 2018).

program baseline, the program is in breach. Programs in breach should notify their Acquisition Decision Authority and develop a remediation plan that outlines a time frame for the program to return to its program baseline or establish new schedule, cost, or performance goals. In contrast, the Coast Guard updated its non-major breach policy in November 2021 to state that programs that are dependent on another entity may specifically be excused from breaching schedule goals.

According to Acquisition Support Office officials, programs that are dependent on another entity should not be held accountable for meeting schedule goals, in particular, because they cannot control how other departments or agencies manage their acquisition programs. When programs declare a breach they are required to develop a remediation plan, describing the root cause for the breach and planned corrective actions. However, Acquisition Support Office officials said it is not beneficial for the program office to develop a remediation plan if the breach was not the responsibility of the Coast Guard.

When asked about the Coast Guard's decision to excuse programs from declaring schedule or performance breaches, DHS Office of Program Accountability and Risk Management officials stated that dependency on another federal service provider, in itself, is not a justification to excuse an acquisition program from breaching baseline goals. In addition, the DHS officials stated that the Coast Guard's non-major breach policy is not consistent with DHS policy. These same officials also said that the Coast Guard's policy should be revised in accordance with DHS policy to prevent any confusion over when programs should declare breaches. As noted earlier, DHS acquisition policy requires that CAEs establish component-specific non-major acquisition policies and guidance that comply with the "spirit and intent" of department acquisition policies.²¹

As of February 2022, Coast Guard officials said that they were reviewing their breach policy and working with DHS to determine the extent to which it can continue excusing programs from schedule or performance breaches if dependent on another entity. In March 2022, Coast Guard officials told us they would update the policy to align with DHS's forthcoming updates to its acquisition management policy based on their discussion with officials from DHS's Office of Program Accountability and Risk Management. However, these officials did not provide a timeframe

²¹Department of Homeland Security, *Acquisition Management Instruction*, DHS Instruction 102-01-001 (Jan. 21, 2021).

for when these actions would be completed. According to DHS's Office of Program Accountability and Risk Management officials, they are in the process of determining what updates are needed to the acquisition management policy and do not anticipate finalizing any such updates until December 2022.

According to GAO's acquisition leading practices for product development, agencies should develop cost, schedule, and performance goals before allocating funding to the product.²² In addition, agencies should continuously evaluate cost, schedule, and performance goals to ensure that the product will meet these targets and to take corrective actions, if necessary, to avoid cost or schedule overruns.²³ While the Coast Guard identified cost, schedule, and performance goals for its non-major IT acquisition programs, it reduced opportunities for leadership to continuously monitor program performance against approved schedule and performance goals by excusing programs from declaring breaches even if they fail to meet one or more of these baseline goals. As previously stated, breaches make leadership aware of program challenges and allow programs to work with leadership on identifying options to address those specific baseline goals. Until the Coast Guard revises its policy to require programs to declare a breach when they fail to meet approved schedule or performance baseline goals, leadership may not have accurate and current information on schedule or performance; be aware of challenges programs are facing; and, have the opportunity to take corrective action.

Conclusions

Over the past 5 years, the Coast Guard has taken steps to improve how it identifies, designates, and oversees potential non-major IT acquisition programs. This is fitting given the millions of dollars invested in these programs. However, the lack of clarity on risk levels in the Coast Guard's non-major acquisition policy increases the likelihood of inconsistent evaluations when designating acquisition programs. Having guidance that defines and clarifies how risks should be evaluated as low, medium, or high will improve the Coast Guard's ability to effectively discern which IT systems should be managed as non-major acquisition programs and the

²²GAO, *Leading Practices: Agency Acquisition Policies Could Better Implement Key Product Development Principles*, [GAO-22-104513](#) (Washington: D.C., Mar. 10, 2022).

²³[GAO-22-104513](#).

level of oversight. This is especially important as the Coast Guard continues to designate acquisition programs as Level 3 Limited programs based on determinations of low risk.

Further, the Coast Guard has opportunities to strengthen its oversight of non-major IT acquisition programs. If the Coast Guard ensures baselines are accurate, consistent, and comparable, it could improve visibility into program performance, including significant cost and schedule changes. Finally, if the Coast Guard revises its non-major breach policy to ensure that programs declare a breach when they fail to meet one or more of their baseline goals, it could improve leadership's ability to have adequate knowledge about program performance.

Recommendations for Executive Action

We are making a total of three recommendations to the Coast Guard:

The Commandant of the Coast Guard should ensure the Coast Guard Component Acquisition Executive revises the Coast Guard's Non-Major Acquisition Program Manual or the Level 3 Non-Major Acquisition Program Governance Form to provide clarity on how to evaluate risk factors as low, medium, or high when designating non-major acquisition programs. (Recommendation 1)

The Commandant of the Coast Guard should ensure the Coast Guard Component Acquisition Executive takes action, such as clearly communicating how non-major acquisition programs should: (1) establish and revise baseline cost and schedule goals, including specifying the dollar type and required schedule events, pursuant to DHS policy, and (2) communicate accurate and consistent baseline information in annual briefings. (Recommendation 2)

The Commandant of the Coast Guard should ensure the Coast Guard Component Acquisition Executive, in coordination with DHS's Office of Program Accountability and Risk Management revises the Coast Guard's non-major breach policy to specify that programs that fail to meet their cost, schedule, or performance goals are considered to be in breach status. (Recommendation 3)

Agency Comments

We provided a draft of this report to DHS for comment. In its comments, reproduced in appendix II, DHS concurred with all three recommendations. In its response, DHS identified actions it plans to take to address these recommendations. DHS also provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Homeland Security, and the Commandant of the Coast Guard. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-4841 or makm@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to the report are listed in appendix III.

A handwritten signature in black ink, appearing to read 'Marie A. Mak', with a long horizontal flourish extending to the right.

Marie A. Mak
Director, Contracting and National Security Acquisitions

List of Congressional Requesters

The Honorable Peter A. DeFazio
Chair
The Honorable Sam Graves
Ranking Member
Committee on Transportation and Infrastructure
House of Representatives

The Honorable Salud Carbajal
Chair
The Honorable Bob Gibbs
Ranking Member
Subcommittee on Coast Guard and Maritime Transportation
Committee on Transportation and Infrastructure
House of Representatives

The Honorable John Garamendi
House of Representatives

Appendix I: Objectives, Scope, and Methodology

This report examines the extent to which the Coast Guard (1) developed and implemented a process to identify non-major IT acquisition programs, and (2) effectively oversees its non-major IT acquisition programs.

To determine the extent to which the Coast Guard developed and implemented a process to identify non-major (Level 3 or Level 3 Limited) IT acquisition programs, we reviewed and analyzed the Coast Guard's policies and guidance related to identifying and designating potential acquisition programs, including:

- Level 3 Non-Major Acquisition Program (NMAP) Manual;
- Level 3 Limited Non-Major Acquisition Program Interim Process; and,
- Charters for the Non-Major Acquisition Oversight Council (NMAOC) and the Executive Oversight Council.

We also reviewed the Coast Guard's policies for IT systems that were not designated as acquisition programs, including the Command, Control, Communications, Computers, Cyber, and Intelligence (C5I) Sustainment Management Policy and C5I Configuration and Change Management Policy. To identify the total number of IT systems, we reviewed and analyzed the information in the Coast Guard's Enterprise Systems Inventory. We corroborated this information with Coast Guard officials and determined that it was reliable for the purposes of our reporting objectives.

To determine the number of IT systems that the Coast Guard identified, screened, and designated as non-major IT acquisition programs since the process was established in 2017, we reviewed and analyzed the internal tracker that the Coast Guard uses to document each system's status in the process. We compared the IT systems on the tracker to the Coast Guard's list of current non-major IT acquisition programs and the Department of Homeland Security's (DHS) Master Acquisition Oversight List to identify the Coast Guard's active non-major IT acquisition programs.¹ In addition, we reviewed and analyzed the identification forms,

¹Active programs are between acquisition decision event 1 and the full operational capability in the acquisition life-cycle framework.

governance forms, and decision memorandums for all 44 IT systems that were submitted for review as potential non-major IT acquisition programs. We also reviewed NMAOC meeting minutes since January 2017 to obtain insights on the reasons that some IT systems were or were not designated as acquisition programs. We determined that the results of the identification, screening, and designation process maintained in the Coast Guard's internal tracker were reliable for the purposes of our reporting objectives. In addition, we reviewed the federal internal control standards and determined that the principle related to identifying, analyzing, and responding to risks was significant to this objective.² In addition, we reviewed the Coast Guard's *Framework for Strategic Mission Management, Enterprise Risk Stewardship and Internal Control* to determine that the internal controls we identified were significant.

To determine the extent to which the Coast Guard is effectively overseeing its non-major IT acquisition programs, we reviewed DHS's and the Coast Guard's acquisition management policies, including:

- DHS's Acquisition Management Directive 102-01,
- DHS's Acquisition Management Instruction 102-01-001, and
- Coast Guard's Level 3 NMAP Manual and accompanying guidance.

To assess the extent to which the Coast Guard was conducting oversight of the non-major IT acquisition programs in accordance with DHS and Coast Guard policy, we reviewed supporting acquisition documentation. Documentation included program plans (with acquisition program baselines), decision memorandums, annual review briefings, and acquisition decision event briefings for the Coast Guard's six active Level 3 IT acquisitions identified in our first objective. We used these documents to identify the programs' approved cost and schedule goals.

To verify our findings, we interviewed program management officials from the Coast Guard's six active Level 3 IT acquisition programs to confirm our understanding of each programs' status, including how programs established and revised their cost and schedule baseline goals. We did not include the Coast Guard's five active Level 3 Limited IT acquisition programs in our program review because these programs do not follow the acquisition life-cycle framework, nor are they required to have supporting acquisition program documentation, including program plans,

²GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

as required for Level 3 programs. To identify how the Coast Guard communicates the status of its Level 3 IT acquisition programs, we reviewed and analyzed the acquisition program baseline information contained in the Coast Guard's annual briefing materials. We compared the Coast Guard's annual briefing materials with federal internal control standards on information and communication and determined that the principles related to using and internally and externally communicating quality information were significant.³ In addition, we reviewed the Coast Guard's *Framework for Strategic Mission Management, Enterprise Risk Stewardship and Internal Control* to determine that the internal controls we identified were significant.

To supplement our work and verify our findings for both objectives, we interviewed officials from offices within the Assistant Commandant for Command, Control, Communications, Computers, and Information Technology and Assistant Commandant for Acquisition, which included representatives from the NMAOC. We also interviewed officials from DHS's Office of the Chief Information Officer and DHS's Office of Program Accountability and Risk Management. During these interviews, we obtained information on the Coast Guard's process for identifying and designating non-major IT acquisitions, DHS's and Coast Guard's non-major IT acquisition oversight policies and processes, and programs' statuses, including cost and schedule goals.

We conducted this performance audit from January 2021 to May 2022 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.

³[GAO-14-704G](#).

Appendix II: Comments from the Department of Homeland Security

**Appendix II: Comments from the Department
of Homeland Security**

U.S. Department of Homeland Security
Washington, DC 20528



May 12, 2022

Marie Mak
Director, Contracting and National Security Acquisitions
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: Management Response to Draft Report GAO-22-104707, "COAST GUARD IT:
Actions Needed to Improve Processes for Overseeing Non-Major Acquisition
Programs"

Dear Ms. Mak:

Thank you for the opportunity to comment on this draft report. The U.S. Department of Homeland Security (DHS or the Department) appreciates the U.S. Government Accountability Office's (GAO) work in planning and conducting its review and issuing this report.

The Department is pleased to note GAO's recognition that, during the past 5 years, the Coast Guard has taken steps to improve how it identifies, designates, and oversees potential non-major IT acquisition programs. The Coast Guard remains committed to ensuring consistent and thorough evaluations when designating acquisition programs that define and clarify risks, as well as ensuring that all other processes for reviewing and identifying non-major IT acquisition programs align with DHS policy, as appropriate.

The draft report contained three recommendations with which the Department concurs. Enclosed, please find our detailed response to each recommendation. DHS previously submitted technical comments addressing several accuracy, contextual, and other issues under a separate cover for GAO's consideration.

**Appendix II: Comments from the Department
of Homeland Security**

Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions. We look forward to working with you again in the future.

Sincerely,

DAVID E
SCHMITT

 Digitally signed by DAVID E
SCHMITT
Date: 2022.05.12 09:43:53
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(on behalf of)
JIM H. CRUMPACKER, CIA, CFE
Director
Departmental GAO-OIG Liaison Office

Enclosure

**Enclosure: Management Response to Recommendations
Contained in GAO-22-104707**

GAO recommended that the Commandant of the Coast Guard ensure the Coast Guard Component Acquisition Executive:

Recommendation 1: Revises its Non-Major Acquisition Program Manual or the Level 3 Non-Major Acquisition Program Governance Form to provide clarity on how to evaluate risk factors as low, medium, or high when designating non-major acquisition programs.

Response: Concur. The Coast Guard Office of Acquisition Support and Systems Engineering Policy and Processes (CG-924) will update and improve the Level 3 Non-Major Acquisition Program Identification and Governance Forms. Specifically, the Identification Form will be improved by adding clearer definitions and instructions to help the submitting organization better understand the context and information needed to complete the form, and the Governance Level Form will be improved by adding definitions for the risk elements and definitions for other impacts and concerns that are used to determine the governing body (i.e. Non-Major Acquisition Oversight Council or Executive Oversight Council). Estimated Completion Date (ECD): September 30, 2022.

Recommendation 2: Takes action, such as clearly communicating how non-major acquisition programs should: (1) establish and revise baseline cost and schedule goals, including specifying the dollar type and required schedule events, pursuant to DHS policy, and (2) communicate accurate and consistent baseline information in annual briefings.

Response: Concur. CG-924 will update: the (1) Non-Major Acquisition Program (NMAP) manual policy; (2) Acquisition Program Baseline section of the Level 3 Program Plan template; and (3) briefing templates, as appropriate, to provide better guidance. Once these updates are complete, the NMAP policy and instructions for the briefing templates will specify the dollar type and minimum required schedule events that program managers will include in the program plan and in all briefs, including annual reviews once the baseline has been established. The program plan and briefing templates will be updated in the fourth quarter of Fiscal Year (FY) 2022, while the NMAP manual update will follow finalization of a currently-planned update to DHS Instruction, 102-01-001, Acquisition Management Instruction, dated May 03 2019, which should be completed by the first quarter (Q1) of FY 2023. ECD: February 28, 2023.

Recommendation 3: In coordination with DHS's Office of Program Accountability and Risk Management [PARM] revises its non-major breach policy to specify that programs that fail to meet their cost, schedule, or performance goals are considered to be in breach status.

3

**Appendix II: Comments from the Department
of Homeland Security**

Response: Concur. CG-924 will work closely with DHS PARM to revise the NMAP manual for breach and re-baseline language to ensure alignment with DHS-wide policy. This update will be completed within 2 months of the Q1 FY 2023 update to DHS Instruction 102-01-001. ECD: February 28, 2023.

Accessible Text for Appendix II: Comments from the Department of Homeland Security

May 12, 2022

Marie Mak
Director, Contracting and National Security Acquisitions
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: Management Response to Draft Report GAO-22-104707, "COAST GUARD IT:
Actions Needed to Improve Processes for Overseeing Non-Major Acquisition
Programs"

Dear Ms. Mak:

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The draft report contained three recommendations with which the Department concurs. Enclosed, please find our detailed response to each recommendation. DHS previously submitted technical comments addressing several accuracy, contextual, and other issues under a separate cover for GAO's consideration.

Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions. We look forward to working with you again in the future.

Sincerely,

DAVID E SCHMITT

(on behalf of)

JIM H. CRUMPACKER, CIA, CFE

Director

Departmental GAO-OIG Liaison Office

Enclosure

Enclosure: Management Response to Recommendations Contained in GAO-22-104707

GAO recommended that the Commandant of the Coast Guard ensure the Coast Guard Component Acquisition Executive:

Recommendation 1: Revises its Non-Major Acquisition Program Manual or the Level 3 Non-Major Acquisition Program Governance Form to provide clarity on how to evaluate risk factors as low, medium, or high when designating non-major acquisition programs.

Response: Concur. The Coast Guard Office of Acquisition Support and Systems Engineering Policy and Processes (CG-924) will update and improve the Level 3 Non-Major Acquisition Program Identification and Governance Forms. Specifically, the Identification Form will be improved by adding clearer definitions and instructions to help the submitting organization better understand the context and information needed to complete the form, and the Governance Level Form will be improved by adding definitions for the risk elements and definitions for other impacts and concerns that are used to determine the governing body (i.e. Non-Major Acquisition Oversight Council or Executive Oversight Council). Estimated Completion Date (ECD): September 30, 2022.

Recommendation 2: Takes action, such as clearly communicating how non-major acquisition programs should: (1) establish and revise baseline cost and schedule goals, including specifying the dollar type and required schedule events, pursuant to DHS policy, and (2) communicate accurate and consistent baseline information in annual briefings.

Response: Concur. CG-924 will update: the (1) Non-Major Acquisition Program (NMAP) manual policy; (2) Acquisition Program Baseline section of the Level 3 Program Plan template; and (3) briefing templates, as appropriate, to provide better guidance. Once these updates are complete, the NMAP policy and instructions for

the briefing templates will specify the dollar type and minimum required schedule events that program managers will include in the program plan and in all briefs, including annual reviews once the baseline has been established. The program plan and briefing templates will be updated in the fourth quarter of Fiscal Year (FY) 2022, while the NMAP manual update will follow finalization of a currently-planned update to DHS Instruction, 102-01- 001, Acquisition Management Instruction, dated May 03 2019, which should be completed by the first quarter (Q1) of FY 2023. ECD: February 28, 2023.

Recommendation 3: In coordination with DHS's Office of Program Accountability and Risk Management [PARM] revises its non-major breach policy to specify that programs that fail to meet their cost, schedule, or performance goals are considered to be in breach status.

Response: Concur. CG-924 will work closely with DHS PARM to revise the NMAP manual for breach and re-baseline language to ensure alignment with DHS-wide policy. This update will be completed within 2 months of the Q1 FY 2023 update to DHS Instruction 102-01-001. ECD: February 28, 2023.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Marie A. Mak, (202) 512-4841 or MakM@gao.gov

Staff Acknowledgments

In addition the contact named above, the following staff members made key contributions to this report: Penny Berrier (Assistant Director), Alexandra Gebhard (Analyst-in-Charge), Jay Berman, Rose Brister, Jenny Chanley, Alyssa Duany, Leigh Ann Haydon, Nicole Jarvis, Michelle Kim, Jennifer Leotta, Miranda Wickham, and Robin Wilson.

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