

GAO Highlights

Highlights of [GAO-16-314T](#), a testimony before the Subcommittee on Coast Guard and Maritime Transportation, Committee on Transportation and Infrastructure, House of Representatives

Why GAO Did This Study

The Coast Guard's flagship, 418-foot NSC was first commissioned in 2008. It completed initial testing, an event designed to test all critical systems that are necessary for successful operations, in the spring of 2014, after 7 of the 8 planned cutters were already under contract and 3 ships were operational. GAO has been reviewing the NSC as part of its broader Coast Guard acquisition reviews since 2001.

This statement is primarily based on GAO's January 2016 report on the NSC's initial testing event ([GAO-16-148](#)), and addresses issues related to (1) the results of the NSC's initial test event, (2) the Coast Guard's plans for follow-on testing, and (3) the performance of the NSC during operations. The statement also includes GAO's observations on the Coast Guard's acquisition approach for its Fast Response Cutter and Offshore Patrol Cutter programs. GAO reviewed these two programs in June 2014 ([GAO-14-450](#)) and April 2015 ([GAO-15-171SP](#)) and also conducted selected updates on their acquisition status in January 2016. The statement also draws on GAO's prior work on commercial shipbuilding best practices.

What GAO Recommends

In January 2016 ([GAO-16-148](#)), GAO recommended that DHS take several actions to strengthen oversight of test and evaluation of major assets. GAO also recommended that the Coast Guard direct the NSC program to clarify the key performance parameters for cutter boat operations. DHS and the Coast Guard concurred with all of these recommendations.

View [GAO-16-314T](#). For more information, contact Michele Mackin at (202) 512-4841 or mackinm@gao.gov.

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COAST GUARD ACQUISITIONS

Enhanced Oversight of Testing Could Benefit National Security Cutter Program and Future DHS Acquisitions

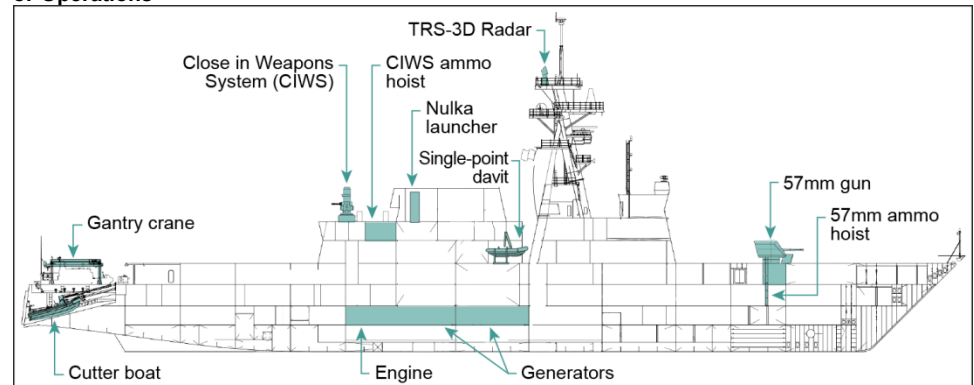
What GAO Found

In January 2016, GAO reported that the Navy's Commander, Operational Test and Evaluation Force conducted the initial testing on the National Security Cutter (NSC) in spring 2014, when three of the cutters were already operational. The Navy deemed the NSC operationally effective and suitable. At the same time however, the testing revealed some major deficiencies. Two metrics used to assess an asset in testing are key performance parameters (KPP) and critical operational issues (COI). The NSC met 18 of 19 COIs and 12 of its 19 KPPs. Navy testers found 10 major deficiencies that varied in terms of their effect on the NSC program, including 4 deficiencies related to the NSC's weapon systems and 1 for its cutter boats. The Coast Guard plans to correct most of the NSC's major deficiencies.

Also, as GAO reported, following initial testing, a Department of Homeland Security (DHS) acquisition review board approved the NSC program for full rate production in October 2014. The Coast Guard plans to begin follow-on testing in fall 2016. DHS acquisition guidance does not specify the timing of follow-on testing for its programs or any actions program offices should take in response to the findings of follow-on testing. As a result, future DHS acquisitions risk fielding assets without knowing the full capabilities, as was the case with the NSC.

GAO also found that problems discovered outside of testing are preventing the Coast Guard from operating fully capable NSCs. By the time of initial testing, the Coast Guard had nearly 4 years' experience operating NSCs and has encountered issues that require retrofits. In order to minimize cost increases for some changes, the Coast Guard plans to maintain the original equipment for the production of the remaining NSCs and conduct retrofits after accepting delivery. In some instances, replacement equipment is still in the prototype phase. The identified problems will continue to affect the NSC until retrofits are implemented.

Examples of National Security Cutter Equipment That Have Encountered Problems in Testing or Operations



Source: GAO presentation and analysis of U.S. Coast Guard data. | [GAO-16-314T](#)

GAO has observed, based on prior work reviewing the Coast Guard's ongoing Fast Response Cutter program and plans for its upcoming Offshore Patrol Cutter program, that the Coast Guard has matured its acquisition process. The process to date reflects some lessons learned from the NSC acquisition, for example in the

areas of competition and the schedule for initial testing. Furthermore, as the \$12 billion Offshore Patrol Cutter program moves forward, it may have opportunities to further incorporate some best practices that GAO has highlighted in May 2009 ([GAO-09-322](#)) and March 2013 ([GAO-13-325](#)) on other shipbuilding work. For example, before a contract is signed, best practices call for a full understanding of the effort needed to design and construct the ship to be reached, enabling commercial buyers and shipbuilders to sign a contract that fixes the price, delivery date, and ship performance parameters.