

# GAO Highlights

Highlights of [GAO-18-454](#), a report to congressional requesters

## Why GAO Did This Study

The Coast Guard spends billions of dollars on its major acquisition programs to meet its missions. GAO's prior work has identified the Coast Guard's reliance on its annual budget process to manage its acquisition portfolio as a challenge.

GAO was asked to review the recapitalization of the Coast Guard's acquisition portfolio. This report assesses, among other topics, the extent to which the Coast Guard has made changes to how it manages its acquisition portfolio.

GAO assessed Coast Guard's major acquisition programs to determine changes since GAO's 2014 portfolio review. GAO analyzed program baselines and interviewed Coast Guard officials. GAO analyzed the CIP for fiscal years 2014 through 2018, and reviewed the EOC's documentation.

## What GAO Recommends

GAO recommends that the annual CIPs reflect acquisition trade-off decisions and their effects, and that the EOC review the overall acquisition portfolio and its affordability annually. DHS concurred with the CIP recommendation. DHS did not concur with the EOC recommendation. It noted that other existing Coast Guard bodies are responsible for evaluating and prioritizing funding. However, DHS stated that the EOC charter will be updated to require it to review the overall acquisition portfolio, including long-term planning. If this long-term planning accounts for budget realities for the acquisition portfolio, GAO believes the intent of the recommendation will be met.

View [GAO-18-454](#). For more information, contact Marie A. Mak at (202) 512-4841 or [makm@gao.gov](mailto:makm@gao.gov).

July 2018

## COAST GUARD ACQUISITIONS

### Actions Needed to Address Longstanding Portfolio Management Challenges

## What GAO Found

The Coast Guard, a component within the Department of Homeland Security (DHS), continues to manage its acquisitions through its annual budget process and the 5-year Capital Investment Plan (CIP)—congressionally mandated and used for oversight. This management approach creates constant churn as program baselines must continually re-align with budget realities instead of budgets being formulated to support program baselines. Further, Coast Guard officials said the CIP reflects the highest priorities of the department—such as the Offshore Patrol Cutter, which is the Coast Guard's highest priority—and that trade-off decisions are made as part of the annual budget process. However, the effects of these decisions, such as which acquisitions would take on more risk so others can be prioritized and adequately funded, are not communicated in the CIP to key decision makers, because including such information is not statutorily required. Over the years, this approach has left the Coast Guard with a build up—or bow wave—of near-term unfunded acquisitions, negatively affecting recapitalization efforts and limiting the effectiveness of long-term planning. Including the effects of these trade-offs in the CIP would align with GAO's cost estimating best practices. Until it does so, the Coast Guard limits its ability to manage its acquisition portfolio in the long-term, beyond the time covered in the 5-year CIP.

### The Coast Guard's Offshore Patrol Cutter



Source: © 2016 Eastern Shipbuilding Group, Panama City, FL. | GAO-18-454

In response to a September 2012 GAO recommendation, the Coast Guard updated the Executive Oversight Council's (EOC)—a cross-directorate group that oversees major acquisition programs—charter in 2014 to require annual reviews of the acquisition portfolio collectively. However, EOC officials said that these annual reviews never occurred, and GAO found that the annual review requirement was removed from the charter in 2017. Thus, the Coast Guard is without a senior-level group charged to collectively review and ensure affordability of its acquisition portfolio. The Office of Management and Budget's *Capital Programming Guide* states that a senior-level executive committee should be responsible for reviewing the agency's entire asset portfolio and for making decisions on the proper composition of assets needed to achieve strategic goals within budget constraints.