



COAST GUARD

Deepwater Program Acquisition Schedule Update Needed

Highlights of [GAO-04-695](#), a report to the Chairmen, Subcommittees on Homeland Security, Committees on Appropriations, House of Representatives and U.S. Senate

Why GAO Did This Study

In 2002, the Coast Guard began its \$17 billion, 20-year Integrated Deepwater System acquisition program to replace or modernize its cutters, aircraft, and communications equipment for missions generally beyond 50 miles from shore. During fiscal years 2002-03, Deepwater received about \$125 million less than the Coast Guard had planned. In fiscal year 2004, Congress appropriated \$668 million, \$168 million more than the President's request.

GAO has raised concern recently about the Coast Guard's initial management of Deepwater and the potential for escalating costs. GAO was asked to review the status of the program against the initial acquisition schedule and determine the impact of the additional \$168 million in fiscal year 2004 funding on this schedule.

What GAO Recommends

GAO recommends the Coast Guard update the original 2002 Deepwater acquisition schedule in time to support the fiscal year 2006 Deepwater budget submission to the Department of Homeland Security and Congress and at least once a year thereafter to support each budget submission. The updated schedule should include the current status of asset acquisition phases, interim phase milestones, and the critical paths linking assets. In written comments, the Coast Guard generally concurred with GAO's findings and recommendation.

www.gao.gov/cgi-bin/getrpt?GAO-04-695.

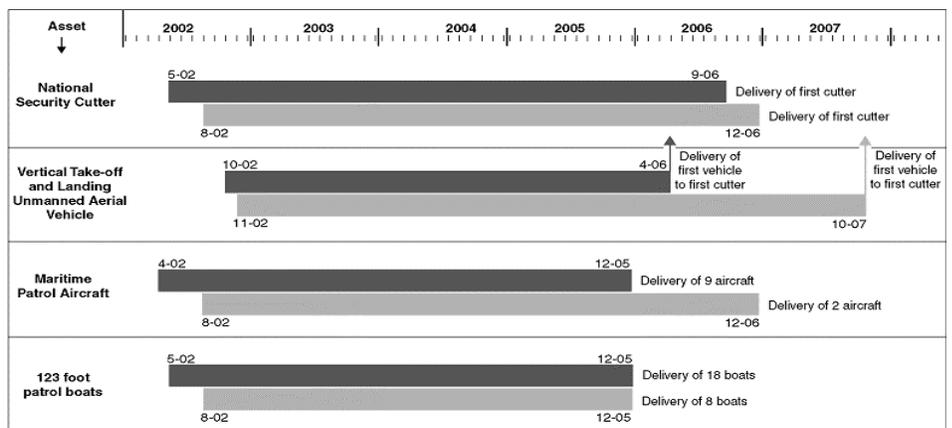
To view the full product, including the scope and methodology, click on the link above. For more information, contact Margaret Wrightson at (415) 904-2200 or wrightsonm@gao.gov.

What GAO Found

The degree to which the Deepwater program is on track with its original 2002 integrated acquisition schedule is difficult to determine because the Coast Guard has not updated the schedule. Coast Guard officials said they have not updated it because of the numerous changes Deepwater experiences every year and the cost, personnel, and time involved. However, in similar acquisitions—those of the Department of Defense (DOD)—cost, schedule, and performance updates are fundamental to congressional oversight. DOD is required to update the schedule at least annually and whenever cost and schedule thresholds are breached. In practice, DOD continually monitors and reports schedules for management on a quarterly basis. Updating the acquisition schedule—including phases such as design and fabrication, interim phase milestones, and critical paths linking assets—on a more timely basis is imperative so that annual Coast Guard budget submissions can allow Congress to base decisions on accurate information.

GAO used available data to develop the current acquisition status for a number of selected Deepwater assets and found that they have experienced delays and are at risk of being delivered later than anticipated.

GAO analysis of current acquisition of selected Deepwater assets



Source: GAO analysis of Coast Guard data.

Legend:
 ■ Planned schedule
 ■ Current acquisition status

The additional \$168 million in fiscal year 2004, while allowing the Coast Guard to conduct a number of Deepwater projects that had been delayed or would not have been funded in fiscal year 2004, will not fully return the program to its original 2002 acquisition schedule. Reasons include: all work originally planned for fiscal year 2004 was not funded and some will have to be delayed to fiscal year 2005; delivery of some assets has fallen so far behind schedule that ensuring their original delivery dates is impossible; and nonfunding reasons have caused delays, such as greater than expected hull corrosion of patrol boats delaying length extension upgrades.