



Highlights of [GAO-10-790](#), a report to congressional committees

Why GAO Did This Study

The Deepwater Program includes efforts to build or modernize ships and aircraft and to procure other capabilities. After a series of project failures, the Coast Guard announced in 2007 that it was taking over the systems integrator role from Integrated Coast Guard Systems (ICGS). At the same time, a \$24.2 billion program baseline was established which included schedule and performance parameters at an overall system level. GAO has previously reported on the Coast Guard's progress in establishing individual baselines for Deepwater assets and has made a number of recommendations, which have largely been addressed. In response to the conference report accompanying the Department of Homeland Security (DHS) Appropriations Act, 2010, GAO assessed (1) DHS and Coast Guard acquisition policies and approach to managing the program, (2) whether the program is meeting the 2007 baseline, and (3) Coast Guard efforts to manage and build its acquisition workforce. GAO reviewed Coast Guard and DHS policies and program documents, and interviewed officials.

What GAO Recommends

GAO recommends that the Coast Guard complete an overall assessment that clarifies the quantities, mix, and cost of assets needed to meet requirements, given that the current Deepwater baseline is no longer feasible, and that the results be reported to Congress. DHS concurred with the recommendation.

[View GAO-10-790 or key components.](#)
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COAST GUARD

Deepwater Requirements, Quantities, and Cost Require Revalidation to Reflect Knowledge Gained

What GAO Found

DHS has revised its approach to managing and overseeing Deepwater by making the program subject to its recently finalized acquisition directive, which establishes a number of review points to provide insight into such key documents as baselines and test reports. DHS has also increased the number of its reviews of individual Deepwater assets. The Coast Guard's own management policies are generally aligned with DHS directives, although operational testing policies are still being revised, and it has developed additional guidance on completion of key requirements documents. In taking on the systems integrator role, the Coast Guard is also decreasing its dependence on ICGS by planning for alternate vendors on some of the assets already in production, as well as awarding and managing work outside of the ICGS contract for other assets.

Currently, the Deepwater Program exceeds the 2007 cost and schedule baselines, and given revisions to performance parameters for certain assets, it is unlikely to meet system-level performance baselines. The asset-specific baselines that have been approved to date, while providing greater insight into asset-level capabilities, place the total cost of Deepwater at roughly \$28 billion, or \$3.8 billion over the \$24.2 billion 2007 baseline. The revised baselines also present life-cycle costs, which encompass the acquisition cost as well as costs for operations and maintenance. While the revised baselines show a significant decrease in life-cycle costs, due to changes to assumptions like shorter service lives for assets, the Coast Guard's understanding of them continues to evolve as the agency revisits its assumptions and produces new cost estimates. Costs could continue to grow as four assets currently lack revised cost baselines; among them is the largest cost driver in the Deepwater Program, the Offshore Patrol Cutter. The asset-level baselines also indicate that schedules for some assets are expected to be delayed by several years. Regarding system-level performance, the 2007 baseline may not be achievable, as the Coast Guard has redefined or eliminated key performance indicators for many individual assets, while significant uncertainties surround other assets. Further, a planned analysis to reassess the overall fleet mix for Deepwater was not completed as planned, and a new analysis will include surface assets only. In the meantime, the Coast Guard and DHS are proceeding with acquisition decisions on individual assets.

The Coast Guard continues to take steps to address its acquisition workforce needs as it assumes the role of system integrator. For example, it is using a workforce planning model to estimate current and future needs for key acquisition personnel. The Coast Guard has also begun to implement initiatives such as promoting career growth for acquisition professionals. External limitations on the availability of acquisition personnel, coupled with 100 new positions authorized in fiscal year 2010, place the Coast Guard's acquisition directorate vacancy rate at about 20 percent. While it is using contractors in support roles, the Coast Guard has released guidance regarding the roles of government staff in overseeing contractors.