

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

**DEPARTMENT OF DEFENSE HOTLINE
ALLEGATION REGARDING THE MARK V
SPECIAL OPERATIONS CRAFT**

Report No. 95-160

March 28, 1995

Department of Defense

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Acronyms

NAVFAC
NAVSPECWARCOM
USSOCOM

Naval Facilities Engineering Command
Naval Special Warfare Command
U.S. Special Operations Command

Office of the Inspector General, DoD

Report No. 95-160
(Project No. 4AG-8013)

March 28, 1995

DEPARTMENT OF DEFENSE HOTLINE ALLEGATION REGARDING THE MARK V SPECIAL OPERATIONS CRAFT

EXECUTIVE SUMMARY

Introduction. Integrated logistics support planning is an essential element of the acquisition process and is to be addressed at each milestone decision review. Since the Mark V Special Operations Craft (Mark V) Program Manager used an accelerated program schedule, certain aspects of Integrated Logistics Support, such as appropriate facilities, must be acquired concurrently with the system to reduce risks and ensure the fielded system can be supported.

Objective. The audit objective was to determine the validity of DoD Hotline allegations that acquisition officials did not adequately plan for the Mark V logistics support infrastructure and that the craft would have noise and environmental problems. We also reviewed applicable internal controls related to the logistics support planning process.

Audit Results. The allegations were partially substantiated. The U.S. Special Operations Command did not adequately plan for Mark V facilities during the acquisition process. Specifically, the Program Office did not fully identify the necessary facilities for the storage, training, and maintenance of the craft (Finding, Part II). The concerns related to operating the craft were unfounded.

Potential Benefits of Audit. Implementation of the agreed-upon corrective actions will ensure that adequate data on support requirements are available for future program decisions.

Summary of Recommendations. We recommended that the U.S. Special Operations Command's Deputy for Acquisition and Acquisition Executive require the Mark V Program Manager to complete a Facilities Requirements Plan as a condition for Milestone III approval. We also recommended that a Memorandum of Agreement be established with the Naval Facilities Engineering Command to provide facilities planning support for U.S. Special Operation Command-managed acquisition programs that may require Naval facilities.

Management Comments. The U.S. Special Operations Command's Deputy for Acquisition and Acquisition Executive partially concurred with the finding and concurred with the recommendation to require the Mark V Program Manager to complete the Facilities Requirements Plan as a condition for Milestone III approval. The Deputy for Acquisition nonconcurred with the recommendation to negotiate a Memorandum of Agreement with the Naval Facilities Engineering Command to provide facilities support for U.S. Special Operations Command-managed acquisition programs. The Deputy for Acquisition proposed instead that U.S. Special Operations Command task the Naval Special Warfare Command to modify its existing working

support agreement as necessary with the Naval Facilities Engineering Command to assist with identifying facilities or planning deficiencies. Part IV contains the complete text of management comments.

Audit Response. The alternative actions proposed by management satisfy the intent of our recommendation; however, the Deputy for Acquisition did not provide estimated dates for completion of the Facilities Requirements Plan and modification of the working support agreement with the Naval Facilities Engineering Command. We request that the Deputy for Acquisition provide estimated completion dates of planned actions by May 29, 1995.

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This report was prepared by Acquisition Management Directorate, Office of the Assistant Inspector General for Auditing, Department of Defense.

Part I - Introduction

Introduction

Background

The primary mission of the Mark V Special Operations Craft (Mark V) will be tactical maritime medium-range insertion and extraction of Special Operations Forces. The craft has a secondary mission of coastal patrol and drug interdiction operations to include intercept, board, search, and seizure. The Mark V is intended to replace existing U.S. Special Operations Command (USSOCOM) patrol boats. The Mark V can support a 5-member crew and one 16-member sea, air, and land commando team. In addition, it can be deployed from a C-5 aircraft. The Mark V will be homeported at U.S. Naval Special Boat Units in Coronado, California, and Little Creek, Virginia. A picture of the Mark V is shown in Appendix A.

Major support hardware planned for the craft consists of transporters, tractors, 5-ton and 1.25-ton trucks. In addition, S-280 and S-250 shelters will be integrated with the 5-ton and 1.25-ton trucks, respectively. Other items such as maintenance skids, deployment and depot support packages, and gear sets will be procured as part of the support hardware.

Objectives

We performed the audit in response to Hotline allegations involving three U.S. Special Operations Command programs: the Mark V Special Operations Craft, the Patrol Coastal Ship, and the Rigid Inflatable Boat. This report addresses the allegations made against the Mark V regarding the program manager's inadequate planning for logistics support infrastructure, excessive craft noise, and environmental deficiencies. We also reviewed internal controls related to the logistics support planning process. The Patrol Coastal Ship and the Rigid Inflatable Boat are addressed in a separate report.

Scope and Methodology

We made this economy and efficiency audit from April through October 1994. The audit was made in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD, and accordingly included tests of internal controls as were considered necessary. We evaluated USSOCOM policies and procedures for planning weapon system logistics support. We reviewed program documentation dated from November 1992 through September 1994. Organizations visited or contacted during the audit are listed in Appendix C. We did not rely on computer-processed or statistical sampling procedures data during the audit.

Internal Controls

We assessed internal controls related to the acquisition of the Mark V Craft. We evaluated control techniques, such as management plans and reports, written policies and procedures, and other program documentation related to the Mark V Craft. The audit identified weaknesses in internal controls, in that there was incomplete support planning. We do not consider the weaknesses as material, as defined by DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987. Our recommendations, if implemented, will correct the weaknesses. No monetary benefits are attributed to correcting the internal management control weakness since the benefits were not quantifiable, as discussed in Appendix B. Also, we found the self-evaluation aspects of the Internal Management Control Program could be improved. Management rated support planning as low risk; however, the Mark V hardware support and facilities requirements are greater than the requirements for the existing craft. We concluded that risk for support planning should have been rated higher. Senior DoD officials responsible for the Internal Management Control Program in the areas identified will be provided a copy of this report.

Prior Audits and Other Reviews

No prior audits or reviews were made of the Mark V Special Operations Craft.

Other Matters of Interest

Allegations regarding the Mark V's excessive noise and environmental deficiencies were not substantiated. Discussions with U.S. Naval Special Warfare Command (NAVSPECWARCOM) Headquarters officials and Navy special boat units personnel disclosed that craft noise was not an operational concern and would not adversely impact mission effectiveness. Also, discussions with environmental experts within the Office of the Secretary of Defense revealed that the Mark V Program Office completed adequate environment analyses.

Part II - Finding and Recommendations

Facilities Support Planning

USSOCOM acquisition officials did not adequately plan essential elements of facilities support for the USSOCOM Mark V and related hardware. These officials did not fully utilize matrix organizational support within the Navy for facilities planning and did not require that facilities planning be fully assessed as part of the milestone approval process. Consequently, the Mark V could be deployed without the necessary logistics infrastructure in place that will effect the supportability and sustainability of the craft and impact the craft's operational readiness.

Background

DoD Policy. DoD Instruction 5000.2, "Defense Acquisition Management Policies and Procedures," Part 7, Section A, February 23, 1991, requires that integrated logistics support be acquired concurrently with the system to ensure the fielded system will be supportable. Facilities support is 1 of the 10 ILS elements defined in the Instruction. Planning for facilities should include essential elements required to support the system such as structures, deployment sites, space needs, utilities, and equipment.

Program Management. The USSOCOM Deputy for Acquisition and Acquisition Executive manages the Mark V Special Operations Craft Acquisition Program, a non-developmental item. Specific program management responsibilities have been delegated to the Program Executive Officer for Maritime and Rotary within the Special Operations Research, Development, and Acquisition Center. The program used an accelerated acquisition schedule with milestone dates approximately 1 year apart. The program advanced to the engineering and manufacturing phase (phase II) in July 1994 and a full-rate production review is scheduled in August 1995. Projected acquisition cost is estimated at \$230 million for 20 craft.

Facilities Planning

Our review of program summaries documenting the milestone II decision and discussions with cognizant Program Office personnel found that facilities planning was not part of the milestone II decision process. The Mark V Program Office did not fully complete all pertinent aspects of facilities planning:

- o Only a draft of the Basic Facilities Requirements Document, which is the initial step in the planning process, had been completed.

- o The Facilities Requirements Plan, a formal document that lists facility requirements, facilities acquisition and utilization strategies and recommends actions to enhance mission capability, had not been completed.
- o The Mark V Basing Plan, which identifies homeports and deployment sites and is a major input for the Facilities Requirements Plan, had not been finalized.

Specific Requirements

Storage. Specific requirements for storage have not been identified. This area constitutes a major concern due to the large volume of support equipment required for each craft. For example, each craft will have heavy duty trucks and transporters along with various other support items needed to operate and maintain the craft. Since current plans recommend forward deployment of an undetermined number of craft to sea-based locations, early determination of facilities required, such as pier and support equipment storage space and identification of specific locations, is essential.

Training. NAVSPECWARCOM has indicated that Mark V training for operators and maintainers may continue at contractor facilities rather than transitioning to USSOCOM. Also, special facilities may be required because NAVSPECWARCOM has determined that the Mark V is unique to existing USSOCOM patrol boats. The Program Office has not done a complete assessment of this requirement.

Maintenance. Although the Program Office identified maintenance levels and tasks required to support the Mark V, no plan to transition the Mark V from contractor to organic maintenance support has been finalized. Also, organic depot facilities needed to support the Mark V have not been identified.

Support From Matrix Organizations

USSOCOM did not fully utilize available matrix support from the Navy. USSOCOM had a Memorandum of Agreement with the Navy for acquisition management support of Navy-managed USSOCOM-peculiar weapon systems including operational testing support for the Mark V; however, this Memorandum of Agreement did not cover USSOCOM-managed programs as shown in the following examples.

Naval Facilities Engineering Command. Although the Mark V Program Office used Naval Facilities Engineering Command (NAVFAC) policies and procedures as guidance during facilities planning, NAVFAC personnel were not used in the planning process. NAVFAC is the organization within the Navy that provides matrix support to program managers for planning, designing,

Facilities Support Planning

constructing, and operationally managing Navy facilities for newly acquired or upgraded weapon systems. For example, NAVFAC reviews the reasonableness of the program offices' facilities plans and certifies that the programs are logistically ready to proceed to the next phase.

Naval Special Warfare Command. The Mark V Program Office informally requested NAVSPECWARCOM to identify required facilities for Mark V storage, training, and maintenance. The Program Office provided facilities requirement data to NAVSPECWARCOM to use as a basis for developing the Mark V Basing Plan. Although NAVSPECWARCOM has determined that existing facilities at the special boat units are not adequate for storage and maintenance of the Mark V and its related hardware, NAVSPECWARCOM failed to complete the basing plan in a timely manner.

The Mark V Program Office obtains logistics planning support from the U.S. Army Logistics and Analysis Center, U.S. Army Materiel Command, on a reimbursable basis. Under the arrangement, the Army provided critical data to the Program Office in the form of "footprint" information related to various components of Mark V support equipment, including tractors, trucks, and shelters. This data has been provided to NAVSPECWARCOM to assist in its identification of facilities.

Conclusion

The goal of the facilities planning process is to enhance mission readiness. The support infrastructure should be properly planned and adequately implemented before a weapon system is fielded to ensure system supportability and sustainability. Additionally, a Memorandum of Agreement or other reimbursable arrangements between USSOCOM and NAVFAC would assist in identifying facilities planning deficiencies in a timely manner. Although the program manager acknowledged the need to identify adequate support facilities for storage, training, and maintenance, this issue may not be fully resolved before the full-rate production decision.

Recommendations, Management Comments and Audit Response

We recommend that the U.S. Special Operations Command Deputy for Acquisition and Acquisition Executive:

- 1. Require the Mark V Program Manager to complete the Facilities Requirements Plan as a condition for Milestone III approval.**

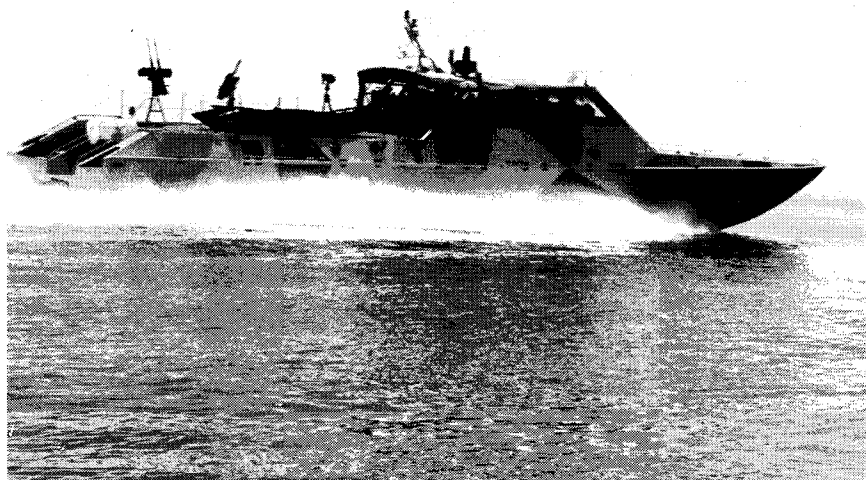
2. Negotiate a Memorandum of Agreement with the Naval Facilities Engineering Command to provide facilities planning support for U.S. Special Operation Command-managed acquisition programs that may require Naval facilities.

Managements Comments. The U.S. Special Operations Command Deputy for Acquisition and Acquisition Executive partially concurred with the finding and concurred with Recommendation 1 and nonconcurred with Recommendation 2. However, the Deputy for Acquisition proposed an alternative to Recommendation 2 to task the Commander, Naval Special Warfare Center, to modify the existing working support agreement as required with the Naval Facilities Engineering Command to assist with identifying facilities or planning deficiencies. The full text of the U.S. Special Operations Command's comments is in Part IV of this report.

Audit Response. We consider management's comments to be responsive to the intent of the recommendations. In response to the final report, we ask that management provide estimated timeframes for implementation of a satisfactory Facilities Requirements Plan and a modified working support agreement with the Naval Facilities Engineering Command.

Part III - Additional Information

Appendix A. Mark V Special Operations Craft



Craft Characteristics:

Length:	81 feet
Hull:	Aluminum Mongol
Propulsion:	Waterjets
Speed:	50 Knots
Range:	500 Nautical Miles

Appendix B. Summary of Potential Benefits

Recommendation Reference	Description of Benefits	Amount and/or Type of Benefits
1.	Economy and Efficiency and Internal Control. Will ensure adequate data for future program decisions.	Monetary Benefits not quantifiable. Unable to project future use.
2.	Economy and Efficiency and Internal Control. Will allow use of expertise for future program decisions.	Monetary Benefits not quantifiable. Unable to project future use.

Appendix C. Organizations Visited or Contacted

Office of the Secretary of Defense

Assistant Secretary of Defense (Special Operations and Low-Intensity Conflict),
Washington, DC

Deputy Under Secretary of Defense (Environmental Security), Washington, DC

Department of the Navy

Chief of Naval Operations (Naval Special Warfare Branch), Washington, DC

Naval Facilities Engineering Command, Alexandria, VA

Commander, Operational Test and Evaluation Force, Norfolk, VA

Naval Surface Warfare Center, Suffolk, VA

U. S. Special Operations Command

Special Operations Research, Development, and Acquisition Center, MacDill Air Force
Base, FL

Commander, Naval Special Warfare Command, Coronado, CA

Naval Special Warfare Center, Coronado, CA

Special Boat Unit 12, Coronado, CA

Special Boat Unit 20, Little Creek, VA

Appendix D. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
Under Secretary of Defense (Comptroller)
Assistant Secretary of Defense (Economic Security)
Assistant Secretary of Defense (Special Operations and Low-Intensity Conflict)
Assistant to the Secretary of Defense (Public Affairs)

Department of the Navy

Secretary of the Navy
Auditor General, Department of the Navy

U. S. Special Operations Command

Commander, U.S. Special Operations Command
Commander, Naval Special Warfare Command

Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, National Security Agency
Inspector General, Central Imagery Office
Inspector General, National Security Agency
Director, Defense Logistics Studies Information Exchange

Non-DoD Organizations

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division,
General Accounting Office

Chairman and Ranking Minority Member of Each of the Following Congressional
Committees and Subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services

Non-DoD Organizations (Cont'd)

Senate Committee on Governmental Affairs

House Committee on Appropriations

House Subcommittee on National Security, Committee on Appropriations

House Committee on Government Reform and Oversight

House Subcommittee on National Security, International Affairs, and Criminal

Justice, Committee on Government Reform and Oversight

House Committee on National Security

Part IV - Management Comments

U.S. Special Operations Command Comments



UNITED STATES SPECIAL OPERATIONS COMMAND
OFFICE OF THE DEPUTY FOR ACQUISITION
7701 TAMPA POINT BLVD
MACDILL AIR FORCE BASE, FLORIDA 33621-5323

22 February 1995

MEMORANDUM FOR: Inspector General, Department of Defense, 400
Army Navy Drive, Arlington, VA 22202-2884

SUBJECT: Draft Audit Report on Department of Defense Hotline
Allegation Regarding the Mark V Special Operations Craft (Project
No. 4A-8013.00)

1. FINDING. "USSOCOM acquisition official did not adequately
plan essential elements of facilities support for the USSOCOM Mark
V and related hardware."

a. We partially concur with this finding. Although the
facilities planning has not been fully completed on all pertinent
aspects of the Facilities Requirements Plan, the Program Manager
(PM) has provided preliminary and follow-up Mark V footprint data
to Commander, Naval Special Warfare Command (CNSWC). CNSWC
currently has this information for review and input for the Naval
Special Warfare Shore Facilities Planning Board.

b. The PM has provided CNSWC N4 with a memorandum titled Mark
V Special Operations Craft Inventory Footprint Data, dated 16 Mar
94. This memorandum is the Mark V facilities information
supporting the CNSWC Instruction 11010.2 for the Naval Special
Warfare Shore Facilities Planning Board. This information is
being incorporated into the Facilities Requirements Plan that will
be updated during the next Mark V In-Progress Review, to be hosted
by CNSWC on 28 Feb 95.

c. The Facilities Requirements Plan and the Mark V Basin
Plan are in development. CNSWC is studying these issues, to
include the total number of craft to be positioned at Special Boat
Squadron ONE and TWO and the civil engineering support that will
be required. A Systems Training Plan has been developed by the
Mark V program office and submitted to CNSWC for review.

2. We concur with the DODIG Recommendation 1, and nonconcur with
Recommendation 2 contained in the attached report. We agree that
the support infrastructure should be properly planned and
adequately implemented before a weapon system is fielded to ensure
system supportability and sustainability. The following shows the
recommendations, as stated by DODIG, followed by our responses:

a. RECOMMENDATION 1. "Require the Mark V Program Manager
(PM) to complete the Facilities Requirements Plan as a condition
for Milestone III approval."

SUBJECT: Working Draft Audit Report on Department of Defense
Hotline Allegation Regarding the Mark V Special Operations Craft
(Project No. 4A-8013.00)

The Facilities Requirements Plan is continually being updated and revised. The U.S. Special Operations Command (USSOCOM) Acquisition Executive is the Milestone Decision Authority and will ensure that the facilities plan is satisfactory prior to Milestone III decision approval.

b. RECOMMENDATION 2. "Negotiate a Memorandum of Agreement with the Naval Facilities Engineering Command to provide facilities planning support for U.S. Special Operation Command-managed acquisition programs that may require Naval facilities."

(1) We nonconcur with this DODIG Recommendation. A memorandum of agreement (MOA) between USSOCOM, a unified command, and the Naval Facilities Engineering Command (NAVFAC), a Naval support activity, is not needed in this process.

(2) USSOCOM tasks CNSWC to manage facilities for fielded systems. We are tasking CNSWC to modify its existing active working support agreement as necessary with NAVFAC to assist with identifying facilities or planning deficiencies as required. The Mark V PM would then have a formal Navy-to-Navy link to coordinate the facilities support requirements, easing the resolution for adequate support for storage, training, and maintenance.



GARY L. SMITH
Deputy for Acquisition
and Acquisition Executive

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INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884



March 28, 1995

MEMORANDUM FOR ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT)
COMMANDER IN CHIEF, U.S. SPECIAL OPERATIONS
COMMAND

SUBJECT: Audit Report on the Department of Defense Hotline Allegation Regarding
the Mark V Special Operations Craft (Report No. 95-160)

We are providing this final report for your review and comment. This report is the first of two reports on a Defense Hotline allegation regarding three U.S. Special Operations Command Programs. The report discusses facilities support planning for the acquisition of the Mark V Special Operations Craft.

In response to the draft report, management partially concurred with the finding and concurred with the recommendation that the Mark V Program Manager complete the Facilities Requirements Plan before the Milestone III approval. Management nonconcurred with the recommendation to negotiate a Memorandum of Agreement with the Naval Facilities Engineering Command, but provided an alternative action that meets the intent of the recommendation. We ask that management provide dates for implementation of corrective actions for both recommendations by May 29, 1995.

We appreciate the courtesies extended to our audit staff. If you have questions on this audit, please contact Mr. James L. Koloshey, Program Director, at (703) 604-8961 (DSN 664-8961) or Mr. Eddie J. Ward, Project Manager, at (703) 604-8967 (DSN 664-8967). Audit team members are listed inside the back cover. Appendix D lists the distribution of this report.

Robert J. Lieberman
Assistant Inspector General
for Auditing