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Acronyms

For a listing of Acronyms used in this report see Appendix F.

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

January 23, 2007

MEMORANDUM FOR ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)

SUBJECT: Report on Air Force Acquisition Executive's Management Oversight and
Procurement Authority for Acquisition Category I and II Programs
(Report No. D-2007-047)

We are providing this report for your information and use. This report is the
second of a series of reports and discusses the adequacy of Air Force milestone
authorities' management oversight of Acquisition Category IC and II programs. We
considered management comments on a draft of this report when preparing the final
report.

The Air Force comments conformed to the requirements of DoD
Directive 7650.3; therefore, no additional comments are required.

We appreciate the courtesies extended to the staff. Questions should be directed
to Susan J. Lippolis at (703) 604-9081 (DSN 664-9081) or Marc E. Avers at
(703) 604-9064 (DSN 664-9064). For the report distribution, see Appendix G. The team
members are listed inside the back cover.

By direction of the Deputy Inspector General for Auditing:

Richard B. Jolliffe
Assistant Inspector General
Acquisition and Contract Management

Air Force Acquisition Executive's Management Oversight and Procurement Authority for Acquisition Category I and II Programs

Executive Summary

Who Should Read This Report and Why? Personnel involved in managing, overseeing, and procuring Air Force acquisition programs should read this report. This report discusses issues in the area of program documentation that the Air Force must address to improve how the Air Force manages and acquires weapon systems.

Background. This report is the second in a series of audit reports that will discuss the Service Acquisition Executives' management oversight and procurement authority for Acquisition Category IC and II programs. This report discusses the management oversight and procurement authority within the Air Force. The two other reports will address the management oversight and procurement authority within the Army and Navy. We initiated this audit because of congressional and DoD interest in whether Service milestone decision authorities and procurement officials were complying with statutory and regulatory requirements for acquisitions.

The Air Force relies on its acquisition executives (the Air Force Acquisition Executive for Acquisition Category IC programs and Program Executive Officers in most cases for Acquisition Category II programs) to be program milestone decision authorities. Milestone decision authorities oversee the development and procurement of systems to meet Air Force mission requirements. In FY 2006, the Air Force acquisition officials were responsible for overseeing the expenditure of $22.6 billion in research, development, test, and evaluation funding and $32.5 billion in procurement funding.

To evaluate the adequacy of Air Force milestone decision authority management oversight and procurement authority, we selected for review 17 Acquisition Category IC and II programs with development and production costs totaling $73 billion.

Results. For the most part, the Air Force had effectively implemented management controls in the DoD 5000 series of guidance. We did not find management control problems like those identified in our previous reviews of the Boeing KC-767A tanker aircraft and the C-130J aircraft. Specifically, we found no evidence that Air Force milestone decision authorities used their positions to inappropriately influence the results of contractor selection and negotiations. Air Force milestone decision authorities fulfilled their management oversight responsibilities, except for the following instances.

- Program managers for 12 of the 17 programs reviewed had not prepared, updated, or obtained all required documentation before they scheduled program reviews with milestone decision authorities for entry into the system development and demonstration or production and deployment phases of the

acquisition process. Additionally, program managers did not provide milestone decision authorities with updated program documentation between milestone decision reviews when significant changes affected programs. As a result, milestone decision authorities did not have information needed to make fully informed milestone decisions. Accelerating the implementation of and establishing milestones for updating the System Metrics and Reporting Tool will provide milestone decision authorities with information on the status of program office documentation and the ability to hold program managers accountable for submitting required documentation, which should help officials make informed milestone decisions (finding A). (This is a repeat finding that was discussed in DoD Inspector General Report No. D-2004-108, "Implementation of the DoD Management Control Program For Air Force ACAT II and III Programs," August 16, 2004).

- The Large Aircraft Infrared Countermeasures program manager did not inform the Assistant Secretary of the Air Force (Acquisition) that the oversight of the program should be raised to the level of an Acquisition Category I program. As a result, acquisition management oversight was not provided at a level commensurate with that required for an Acquisition Category I program. Designating the Large Aircraft Infrared Countermeasures Program as an Acquisition Category I program will provide the program with the appropriate level of oversight (finding B).

(See the Findings section of the report for the detailed recommendations.)

Review of Internal Controls. The Air Force Acquisition Executive's internal controls over the management and procurement of ACAT I and II programs were adequate.

Management Comments. The Air Force concurred with the recommendations; therefore, no further comments are required. See the Findings section of the report for a discussion of management comments and the Management Comments section of the report for the complete text of the comments.

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Background

This report is the second in a series of audit reports that will discuss the Service Acquisition Executives' management oversight and procurement authority for Acquisition Category (ACAT) IC and II programs. This report discusses the management oversight and procurement authority provided within the Air Force. Two other reports will discuss the management oversight and procurement authority provided within the Army and Navy. We initiated this audit because of congressional and DoD interest in whether Service milestone decision authorities and procurement officials were complying with statutory and regulatory requirements in the acquisition process. The Air Force relies on its acquisition executives (the Air Force Acquisition Executive for ACAT IC programs and Program Executive Officers for most ACAT II programs) to be program milestone decision authorities. In FY 2006, the Air Force acquisition officials were responsible for overseeing the expenditure of $22.6 billion in research, development, test, and evaluation funding and $32.5 billion in procurement funding.

Air Force Instruction 63-101 "Operations of Capabilities Based Acquisition System," July 29, 2005, states the Assistant Secretary of the Air Force (Acquisition) is the senior corporate operating official for acquisition, the Air Force Acquisition Executive, who is responsible for overseeing Air Force acquisition activities.

DoD Directive 5000.1, "Defense Acquisition System," May 12, 2003, states that acquisition programs are directed, funded efforts that provide new and improved weapons in response to an approved need. The Directive also states that the Under Secretary of Defense (USD) for Acquisition, Technology, and Logistics (AT&L) is responsible for supervising the entire Defense Acquisition System. Within the Defense Acquisition System, the Milestone Decision Authority (MDA) has the overall responsibility for a program, including approving program entry and continuation in the acquisition process.

DoD Instruction 5000.2, "Operation of the Defense Acquisition System," May 12, 2003, defines acquisition programs by category. ACAT I programs are defined as any major Defense acquisition program with an estimated total expenditure for research, development, test, and evaluation of more than $365 million in FY 2000 constant dollars or, for procurement, of more than $2.19 billion in FY 2000 constant dollars. The USD(AT&L) is the MDA for ACAT I programs, but usually delegates MDA to the Service acquisition executives when programs are approved for low-rate initial production. Those major Defense acquisition programs delegated to Service acquisition executives for MDA responsibility are classified as ACAT IC programs. ACAT II programs are any major systems with an estimated total expenditure for research, development, test, and evaluation of less than $365 million but more than $140 million, or for procurement, of less than $2.19 billion but more than $660 million in FY 2000 constant dollars.

To evaluate management oversight of Air Force MDA, we selected 17 ACAT IC and II programs with an estimated development and procurement cost of $73 billion. Of the 17 programs, the Assistant Secretary of the Air Force

(Acquisition) was the MDA for 6 ACAT IC programs. For the remaining 11 ACAT II programs, the Assistant Secretary of the Air Force (Acquisition) delegated oversight and MDA to the Program Executive Officers. The process used to select the 17 acquisition programs for review is identified in Appendix A.

Six programs were in the production phase, nine programs were in the system development phase, and two programs were in the pre-acquisition phase of the acquisition process. In addition, 6 of the 17 programs were listed on the Director, Operational Test, and Evaluation Oversight list. See Appendix D for a description of the 17 Air Force weapon systems, including identification of acquisition phase and acquisition category.

Scope of Air Force Programs Reviewed. To perform the audit, we coordinated with the Air Force, Acquisition Management and Policy Division to identify ACAT I and II programs for our review. The ACAT I systems identified included the B-2 Extremely High Frequency (EHF), the B-2 Radar Modernization Program (RMP), the C-17, the Joint Air-To-Surface Standoff Missile - Extended Range (JASSM-ER), the Joint Direct Attack Munitions (JDAM), and the National Airspace System (NAS). The ACAT II systems identified included the B-1 Fully Integrated Data Link (FIDL), the F-16 Common Configuration Implementation Program (CCIP), the F-16 Operational Flight Program (OFP) M4, the F-16 OFP M5, the Integrated Broadcast Service (IBS), the Large Aircraft Infrared Countermeasures (LAIRCM), the Miniature Air Launched Decoy (MALD), the Wind Corrected Munitions Dispenser - Extended Range (WCMD-ER), Roll-on Beyond Line-of-Sight (ROBE), Joint Interface Control Officer (JICO) Support System (JSS), and Objective Gateway.[1]

Objectives

The overall audit objective was to determine whether the Air Force Acquisition Executive's management oversight and the procurement authority for ACAT I and II programs were adequate. Specifically, the audit evaluated the program management and procurement decision process used by the Air Force Acquisition Executive, the Program Executive Officers, and contracting officers. See Appendix A for a discussion of the scope and methodology and prior coverage related to the audit objectives. For terms used throughout the report, see Appendix B. See Appendix C for a discussion of conditions identified on audits of Boeing KC-767A and C-130J aircraft and whether the Air Force's implementation of certain management controls specified in the DoD 5000 series of guidance and the Federal Acquisition Regulation precluded similar occurrences. See Appendix E for an overview of the 17 Air Force acquisition programs.

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[1] The Tactical Data Link is an umbrella for several sub-programs from which we selected the ROBE, JICO JSS, and Objective Gateway to review.

Review of Internal Controls

The Air Force Acquisition Executive's internal controls over the management and procurement of ACAT I and II programs were adequate.

A. Audit Documentation for Air Force Acquisition Programs

Program managers for 12 of the 17 programs reviewed had not prepared, updated, or obtained all required documentation before they scheduled program reviews with milestone decision authorities for entry into the system development and demonstration or production and deployment phases of the acquisition process. Additionally, program managers did not provide milestone decision authorities with updated program documentation between milestone decision reviews when significant changes affected programs. These conditions occurred because Air Force procedures did not require program managers to advise milestone decision authorities on their progress towards completing, obtaining and updating key program documentation. As a result, the USD(AT&L) and the Air Force milestone decision authorities did not have current and complete information to make fully informed milestone decisions. This is a repeat finding from the DoD IG Report No. D-2004-108, "Implementation of the DoD Management Control Program for Air Force ACAT II and III Programs," August 16, 2004.

Policy

DoD Instruction 5000.2 and Air Force Instruction 63-101 establish program manager responsibilities for preparing, updating, and obtaining required program documentation.

DoD. DoD Instruction 5000.2 identifies documents that program managers must provide at program milestone reviews. Key program documentation includes, acquisition program baselines, information support plans, capabilities documents, and test and evaluation master plans. Program managers are not required to advise the MDA on their progress towards completing and obtaining those documents before program initiation, which is usually declared when a program enters the system development and demonstration (SDD) phase. However, program managers are required to provide those key program documents for the MDA to review before program initiation and before subsequent milestone reviews are approved.

Air Force. Air Force Instruction 63-101 states that the program manager is responsible for completing all program documentation required by statute and including sufficient detail in documentation to facilitate the decision of the MDA.

The Deputy Assistant Secretary of the Air Force (Acquisition Integration) policy memorandum, "Air Force Acquisition Processes," May 12, 2005, establishes and reiterates the Milestone Decision Approval Process and the Acquisition Strategy Panel Process. An Acquisition Strategy Panel assesses the viability of a proposed acquisition strategy.

Submitting Required Program Documentation at Milestone Decision Reviews

Program managers for 12 of the 17 programs reviewed had not prepared, updated, or obtained all required documentation before they scheduled program reviews with milestone decision authorities for entry into the SDD or production and deployment phases of the acquisition process.

Program documentation that was not available to MDAs included approved operational requirements documents (ORDs), approved information support plans (ISPs), and test and evaluation master plans (TEMPs). For example, the Commander, Aeronautical Systems Center approved the LAIRCM, Phase II, Increment II (Guardian Pointer Tracker Assembly) for entering the SDD phase at the January 4, 2005, milestone decision review although the program office did not have an approved ORD, ISP, or TEMP for the MDA to review as required by DoD Instruction 5000.2 and Air Force Instruction 63-101.

DoD acquisition policy requires an analysis of alternatives (AOA) to assess the advantages and disadvantages of alternatives being considered to satisfy system capabilities, including the sensitivity of each alternative to possible changes in key assumptions or variables. Acquisition policy also requires an approved requirements document that contains validated system performance requirements so that the program managers and their prime contractors can design a system that will meet warfighter needs. DoD policy states that a TEMP is needed for the test community to understand the test requirements needed to validate the system performance parameters. DoD policy further states an ISP is critical not only for system design, but also for test organizations to identify system integration problems that also need to be corrected during testing. The following table shows the documentation available at the milestone decision reviews for each of the 17 Air Force acquisition programs we selected.

Documentation Available for Milestone Decision Reviews

	AoA	APB	AS	C4ISP/ISP	ORD/CDD	TEMP
Component Advancement Development						
B-2 Extremely High Frequency	No[1]	-	-	-	Yes	-
Objective Gateway	-	-	-	-	Yes	-
Development Programs						
Joint Air-To-Surface Standoff Missile – Extended Range	Yes	Yes	No[2]	Yes	Yes	-
B-1 Fully Integrated Data Link	-	Yes	Yes	Yes	Yes	Yes
B-2 Radar Modernization Program	Yes	Yes	Yes	No[3]	Yes	Yes
Integrated Broadcast System	-	Yes	Yes	No	Yes	Yes
Miniature Air Launched Decoy	-	Yes	Yes	No[4]	No[5]	Yes
Wind Corrected Munitions Dispenser – Extended Range	-	Yes	Yes	No[6]	Yes	Yes
Large Aircraft Infrared Countermeasures	-	Yes	No[7]	No	No[8]	No[9]
Joint Interface Control Officer Support System	-	Yes	Yes	No	Yes	-
Roll-on Beyond Line-of-Sight	-	No	Yes	No[10]	Yes	-
Production Programs						
F-16 Common Configuration Implementation Program	-	Yes	Yes	No[10]	-	Yes
C-17	-	Yes	Yes	-	Yes	Yes
Joint Direct Attack Munitions	Yes	Yes	Yes	Yes	Yes	Yes
National Airspace System	Yes	Yes	Yes	Yes	Yes	Yes
F-16 Operational Flight Program M4	-	No	Yes	No[10]	Yes	Yes
F-16 Operational Flight Program M5	-	No	Yes	No[10]	Yes	Yes

[1] B-2 EHF was initially designated as an ACAT II, therefore an AOA was not required.
[2] The JASSM-ER acquisition strategy was not updated to reflect the updated ORD Annex.
[3] The B-2 RMP had an approved ISP waiver.
[4] J-6 did not certify the MALD C4ISP.
[5] The MALD Program Office prepared an ICD instead of an ORD or CDD to support SDD.
[6] WCMD-ER was cancelled on August 9, 2006.
[7] The appropriate authority did not validate the acquisition strategies for LAIRCM Phase II.
[8] LAIRCM did not have validated requirements for Phase II.
[9] LAIRCM did not have a validated TEMP for Phase II.
[10] The ROBE, F-16 CCIP, OFP M4, and OFP M5 had Interim Certificates to Operate.

Updated Program Documentation From Program Managers

Program managers did not provide milestone decision authorities with updated program documentation between milestone decision reviews when significant changes affected their programs. For example, the Program Executive Officer for Weapons issued a development contract for the JASSM-ER, an extended range variant of JASSM, on February 20, 2004. The contract decision was not vetted within the offices of the Secretary of Defense or the Joint Staff even though the changes included a new engine, new inlet, additional fuel capacity, and modifications to hardware and software affected by the extended range requirement. In addition, even though the Joint Requirements Oversight Council reviewed the JASSM Milestone III ORD, which included a reference to an extended range capability, it did not fully assess the JASSM-ER requirements before contract award. Program managers need to document significant changes to program direction in cost, schedule, and performance requirements so that all parties affected by the changes, including the intended user of the system and the test community, can plan and react accordingly. Updating formal program documentation is essential for the program manager to evaluate the effect of the changes on all aspects of the program.

Information Needed for Milestone Decision Reviews

Air Force procedures did not require program managers to advise MDAs on their progress towards completing and obtaining key program documentation. Recently released Air Force reporting guidance should improve the documentation process.

Reporting on Preparing and Completing Required Program Documentation. Prior to February 2006, Air Force guidance did not require program managers to advise MDAs on their progress towards completing and obtaining key program documentation before program initiation. That documentation is usually required when a program enters the SDD acquisition phase. DoD and Air Force policy requires program managers to provide those key documents for the MDA to review before program initiation and at subsequent program milestone reviews.

Management Action. In response to DoD IG Report D-2004AE-0025, "Implementation of the DoD Management Control Program for Air Force ACAT II and III Programs," August 16, 2004, the Deputy Assistant Secretary of the Air Force (Acquisition Integration) committed to the following two actions to improve the tracking and oversight of Air Force programs.

- Published a new policy on February 24, 2006, for the Monthly Acquisition Report emphasizing the ratings and comments within the Air Force's System Metrics and Reporting Tool and its Monthly Acquisition Reports.

- Implemented the March 17, 2006, modification to the System Metrics and Reporting Tool so that it tracks the completion of documentation to satisfy exit criteria for the next phase in the acquisition process.

Although it is premature to evaluate the effectiveness of Air Force actions, implementing and adhering to these actions should help complete all required documentation prior to each milestone decision and provide the Service Acquisition Executive with an assessment of the health and status of Air Force programs.

Conclusion

Without having all of the required program documentation, the milestone decision authorities may not be aware of potential or actual cost, schedule, and performance problems that may exist on the program at the time of and between the milestone decision reviews. In addition, because program managers were not providing MDAs with updated program documentation between milestone reviews when significant changes affected their programs, MDAs did not have information needed to determine whether a program was progressing in accordance with the acquisition program baseline agreement.

Recommendation and Management Comments

A. We recommend that the Air Force Acquisition Executive reemphasize the responsibility of the Air Force milestone decision authority to hold program managers accountable for submitting approved program documentation as required by DoD Instruction 5000.2, "Operation of the Defense Acquisition System," May 12, 2003, before conducting milestone reviews for approval to enter into the system development and demonstration and production and deployment phases of the acquisition process.

Management Comments. The Assistant Secretary of the Air Force (Acquisition) concurred with the recommendation, stating that the recommended action will be completed by January 31, 2007.

B. Acquisition Category Classification

The Large Infrared Countermeasures program officials did not inform the Assistant Secretary of the Air Force (Acquisition) that the program should be raised to the level of an ACAT I program. This condition occurred because program officials did not believe the funding level for research, development, test, and evaluation exceeded the threshold for ACAT II programs. As a result, appropriate oversight was not commensurate with that required for an ACAT I program.

Policy

DoD defines an acquisition category as an attribute of an acquisition program that determines the program's level of review, decision authority, and applicable procedures. ACAT I programs include two subcategories: ACAT ID programs where the MDA is the USD(AT&L), and ACAT IC programs where the MDA is the Component Acquisition Executive.

DoD Instruction 5000.2 requires that programs for which estimated expenditures for research, development, test, and evaluation are more than $365 million in FY 2000 constant dollars or for which procurement expenditures are more than $2.19 billion in FY 2000 constant dollars be classified as ACAT I major programs. The Instruction requires the DoD Component to notify the USD(AT&L) when cost growth or a change in the acquisition strategy results in reclassifying a formerly lower ACAT program as an ACAT I program. Changes in the ACAT level should be reported as soon as the DoD Component anticipates that the program is within a 10-percent threshold of the next ACAT level. The USD(AT&L) is responsible for reclassifying an ACAT designation.

Large Aircraft Infrared Countermeasures Research, Development, Test, and Evaluation

Prior to program review, the LAIRCM program officials did not notify the Assistant Secretary of the Air Force (Acquisition) that oversight of the program should be raised to an ACAT I. The LAIRCM program exceeded the research, development, test, and evaluation thresholds for an ACAT II program after it obtained approval to enter the low-rate initial production phase in August 2002.

Program Growth. Since the Air Force established LAIRCM, the estimated program costs grew from $187.6 to $402 million. At the low-rate initial production review on August 22, 2002, the program office estimated that the program would require $187.6 million for research, development, test and evaluation. On January 23, 2004, the NexGen phase was added and on January 21, 2005, the Guardian phase was added to LAIRCM. As of November 2005, the

estimated cost for research, development, test, and evaluation totaled
$402 million.

Funding Status Notification. As of January 2006, program officials had not
notified the Assistant Secretary of the Air Force (Acquisition) of a potential
change in LAIRCM from an ACAT II to an ACAT I. Program office officials
responded they did not notify the Assistant Secretary of the Air Force
(Acquisition) because expenditures for research, development, test, and
evaluation did not exceed $365 million in FY 2000 constant dollars. Program
officials believed that the documented cost information did not accurately depict
research, development, test, and evaluation costs because FY 2001 funding
belonged to another program office.

Air Force Actions. In response to our inquiry regarding the LAIRCM ACAT
level, the program office recalculated the research, development, test, and
evaluation costs from $402 million to $354 million and notified the Assistant
Secretary of the Air Force (Acquisition) that LAIRCM was within the 10 percent
threshold of an ACAT I program. Officials in the Office of the Assistant
Secretary of the Air Force (Acquisition) stated they would notify USD(AT&L).
As of August 2006, personnel from the Office of the Assistant Secretary of the
Air Force (Acquisition) had not notified USD(AT&L) that LAIRCM was within
the 10-percent threshold of the next ACAT level as required by DoD
Instruction 5000.2.

Acquisition Category I Oversight

Acquisition management oversight of LAIRCM is not commensurate with that
required for an ACAT I program. By not recommending classifying LAIRCM as
an ACAT I program in December 2004, the program office avoided additional
requirements designed to provide decision makers and Congress greater
knowledge of program cost, schedule, and performance for programs of this
magnitude. DoD Regulation 5000.2 requires that program managers for ACAT I
programs prepare selected acquisition reports, unit cost reports, contractor cost
data reports, and manpower estimates and obtain an independent life-cycle cost
estimate. ACAT I programs are also required to produce quarterly Defense
Acquisition Executive Summary reports on current cost and funding data as well
as to present best estimates for costs beyond the Future Years Defense Plan. The
LAIRCM Program will benefit from the additional oversight resulting from those
reporting requirements.

Recommendation and Management Comments

B. We recommend that the Assistant Secretary of the Air Force (Acquisition) request that the Under Secretary of Defense for Acquisition, Technology, and Logistics designate the Large Aircraft Infrared Countermeasures Program as an Acquisition Category I program.

Management Comments. The Assistant Secretary of the Air Force (Acquisition) concurred with the recommendation, stating that the recommended action will be completed by January 31, 2007.

Appendix A. Scope and Methodology

We evaluated whether the Air Force Acquisition Executive's management oversight and procurement authority for ACAT I and II programs were adequate. Consequently, we focused on the effectiveness of the milestone decision authorities' decision-making processes based on credible, accurate, and timely information on deviations in cost, schedule, performance, development status, and testing for ACAT IC and II programs reviewed by the Assistant Secretary of the Air Force (Acquisition) and three of six Program Executive Offices. We did not include the Program Executive Offices for the FA-22, Joint Strike Fighter, and Combat and Mission Support in the review because they did not oversee any ACAT IC or II programs. In addition, we focused on the effectiveness of the Air Force process to solicit, negotiate, and award contracts for the 17 Air Force programs selected for review.

We performed this audit from July 2005 through August 2006 in accordance with generally accepted government auditing standards. We reviewed documentation dated from June 1981 through December 2005, which we obtained from the Assistant Secretary of the Air Force (Acquisition), Program Executive Office, Weapons, Eglin Air Force Base, Florida; Program Executive Office, Aircraft Systems, Wright-Patterson Air Force Base, Ohio; Program Executive Office, Command and Control and Combat Support Systems, Hanscom Air Force Base, Massachusetts; and program offices and contracting officers for the 17 Air Force programs.

To accomplish the audit objectives, we took the following steps:

- We reviewed DoD Directive 5000.1, "Defense Acquisition System," May 12, 2003, to determine DoD policy applicable to all acquisition programs.

- We reviewed DoD Instruction 5000.2, "Operations of the Defense Acquisition System," May 12, 2003, to determine whether acquisition programs are classified in the proper ACAT.

- We reviewed Air Force Instruction 63-101 "Operations Capability-Based Acquisition System," July 29, 2005, to determine whether Air Force acquisition programs were assigned the appropriate ACAT and whether program managers were complying with mandatory DoD acquisition requirements.

- We reviewed Federal Acquisition Regulation Part 15, "Negotiating Contracts," to determine contracting officers' requirements for supporting determinations of reasonable contract prices in their price negotiation memorandums.

- We determined whether the conditions identified in audits of the Boeing 767A Tanker Aircraft (DoD IG Report No. D-2003-29, "Assessment of DoD Leasing Actions, August 29, 2003, and DoD IG Report No. D-2004-064, "Acquisition of the Boeing KC-767A Tanker Aircraft," March 29, 2004) and the C-130J Aircraft (DoD IG Report No. D-2004-102, "Contracting for and Performance of the C-130J aircraft," July 23, 2004) were also occurring in the Air Force programs selected for review.

Limitations. We excluded from this review an evaluation of the MDA oversight provided by the Assistant Secretary of the Air Force (Acquisition), and the Program Executive Officer for Aircraft Systems for the Joint Primary Aircraft Training System, C-130J, Distributed Mission Operations, Predator Unmanned Aerial Vehicle, and KC-135 Global Air Traffic Management programs because of other DoD IG and GAO ongoing and completed audits of the programs. Due to limited resources, we did not visit Defense Contract Management Agency offices at the contractor locations to review documentation for acceptance and delivery of the systems from the contractors.

Use of Computer-Processed Data. We did not use computer-processed data to perform this audit.

Use of Technical Assistance. A representative from the Quantitative Methods Division, Office of the DoD Deputy Inspector General for Policy and Oversight developed the criteria for selecting the appropriate sample size of Air Force ACAT I and II programs. The representative stated that based on the number of Air Force milestone decision authorities, fifty percent of ACAT I programs and 50 percent of the ACAT II programs within each Program Executive Office should be reviewed. Applying the recommended criteria, we selected 6 ACAT IC and 11 ACAT II programs for review. The table shows the results of the program selection process.

Program Selection Process

Milestone Decision Authority	ACAT IC		ACAT II	
	Programs	**Reviewed**	**Programs**	**Reviewed**
Air Force Acquisition Executive[1]	10	6	0	0
Program Executive Offices:				
Aircraft	0	0	10	5
Command and Control & Combat Support[2]	0	0	3	4
Weapons	0	0	3	2
F/A-22[3]	0	0	0	0
Joint Strike Fighter[3]	0	0	0	0
Combat and Mission Support[3]	0	0	0	0
Total	**10**	**6**	**16**	**11**

[1] DoD Instruction 5000.2 requires the Air Force Acquisition Executive to be the MDA for ACAT IC programs.

[2] Command and Control & Combat Support had three ACAT II programs. We selected two programs, IBS and Tactical Data Link. Tactical Data Link is an umbrella program with 25 sub-programs, of which we reviewed three. The three sub-programs reviewed were the ROBE, JICO JSS, and Objective Gateway.

[3] Program Executive Officers for F/A-22, Joint Strike Fighter, and Combat and Mission Support did not oversee any ACAT IC or II programs. The program executive officer is the MDA for ACAT II programs.

Government Accountability Office High-Risk Area. The Government Accountability Office (GAO) has identified several high-risk areas in DoD. This report provides coverage of the DoD Weapons System Acquisition high-risk area.

Prior Coverage

During the last 5 years, the GAO, the DoD Office of Inspector General (DoD IG), and the Air Force Audit Agency have issued reports that discussed material management control weaknesses in ACAT IC and II programs selected for this audit. Unrestricted GAO reports can be accessed over the Internet at http://www.gao.gov/. Unrestricted DoD IG reports can be accessed at http://www.dodig.osd.mil/audit/reports. Unrestricted Air Force Audit Agency reports can be accessed at https://www.afaa.hq.af.mil/afck/plansreports/reports.shtml.

GAO

GAO Report No. GAO-06-368, "Defense Acquisitions: Major Weapon Systems Continue to Experience Cost and Schedule Problems under DoD's Revised Policy," April 14, 2006

DoD IG

DoD IG Report No. D-2004-108, "Implementation of the DoD Management Control Program for Air Force ACAT II and III Programs," August 16, 2004

DoD IG Report No. D-2004-102, "Contracting for and Performance of the C-130J Aircraft," July 23, 2004

DoD IG Report No. D-2004-064, "Acquisition of the Boeing KC-767A Tanker Aircraft," March 29, 2004

DoD IG Report No. D-2003-129, "Assessment of DoD Leasing Actions," August 29, 2003

Air Force Audit Agency

Air Force Audit Agency Report No. F2005-0008-FC3000, "Acquisition Management of the C-130J Program," September 28, 2005

Appendix B. Glossary

Acquisition Category. An ACAT is established to facilitate decentralized decision making and execution and compliance with statutorily imposed requirements. The categories determine the level of review, decision authority, and applicable procedures.

Acquisition Category I. ACAT I programs are major Defense acquisition programs. A major Defense acquisition program is defined as a program estimated by the USD(AT&L) to require eventual expenditure for Research, Development, Test and Evaluation of more than $365 million (FY 2000 constant dollars) or procurement of more than $2.19 billion (FY 2000 constant dollars), or those designated by the USD(AT&L) to be ACAT I.

Acquisition Category IC. ACAT IC programs are major Defense acquisition programs that the Defense Acquisition Executive had delegated MDA to the DoD component Head or the DoD Component Acquisition Executive.

Acquisition Category II. ACAT II programs are defined as those acquisition programs that do not meet the criteria for an ACAT I program, but do meet the criteria for a major system. A major system is defined as a program estimated by the DoD Component Head to require eventual expenditure for Research, Development, Test and Evaluation of more than $140 million in FY 2000 constant dollars, or for procurement of more than $660 million in FY 2000 constant dollars or those designated by the DoD Component Head to be ACAT II. The MDA is the DoD Component Acquisition Executive.

Acquisition Program Baseline. The acquisition program baseline prescribes the key cost, schedule, and performance constraints that must be achieved by the program before the next milestone decision review in the acquisition process.

Acquisition Strategy. An acquisition strategy is a business and technical management approach designed to achieve program objectives within the resource constraints imposed. It is the framework for planning, directing, contracting for, and managing a program. It provides a master schedule for research, development, test, production, fielding, modification, post production management, and other activities essential for program success. The acquisition strategy is the basis for formulating functional plans and strategies (for example, test and evaluation master plan and acquisition plan).

Acquisition Executive. An acquisition executive is the individual, within the Department and Components, charged with overall acquisition management responsibilities within his or her respective organization.

Analysis of Alternatives. An AOA is the evaluation of the operational effectiveness, operational suitability and estimated costs of alternative systems to meet a mission capability. The analysis assesses the advantages and disadvantages of alternatives being considered to satisfy capabilities, including

the sensitivity of each alternative to possible changes in key assumptions or variables. AOAs are not mandatory for ACAT II programs.

Baseline. Baseline is a quantity or quality used as the starting point for subsequent efforts and progress measurement that can be described in technical, cost, or schedule terms.

Command, Control, Communications, Computers, and Intelligence Support Plan. The plan is a required document for all acquisition programs that connect in any way to the communications and information infrastructure, and includes both information technology systems and national security system programs. The plan identifies command, control, communications, computers, intelligence, surveillance, and reconnaissance needs, dependencies, and interfaces focusing attention on interoperability, supportability, and sufficiency concerns throughout a program's life cycle.

Capability Development Document. A CDD captures the information necessary to develop a proposed program, normally using an evolutionary acquisition strategy. The CDD outlines an affordable increment of militarily useful, logistically supportable and technically mature capability. The CDD supports a SDD program decision review.

Capability Production Document. A capability production document addresses the production elements specific to a single increment of an acquisition program. The Joint Requirements Oversight Council validates and approves the capability production document before a production and deployment decision review. The capability production document has key performance attributes that are more refined than those in a CDD.

Contracting Officer. A contracting officer has the authority to enter into, administer, and terminate contracts and make related determinations and findings for the United States Government.

Cost Analysis. A cost analysis is an analysis and evaluation of each element of cost in a contractor's proposal to determine reasonableness.

Defense Contract Management Agency. This agency performs the contract administration function.

Developmental Test and Evaluation. Developmental test and evaluation is any engineering-type test used to verify status of technical progress, verify that design risks are minimized, substantiate achievement of contract technical performance, and certify readiness for initial operational testing. Development tests generally require instrumentation and measurements and are accomplished by engineers, technicians, or soldier operator-maintainer test personnel in a controlled environment to facilitate failure analysis.

Future Years Defense Plan. The Future Years Defense Plan is a DoD database and internal accounting system that summarizes forces and resources associated with programs approved by the Secretary of Defense.

Independent Cost Estimate. Independent cost estimate is a Life Cycle Cost Estimate for ACAT I programs prepared by an office or other entity that is not under the supervision, direction, or control of the Military Department, Defense Agency, or other Component of the DoD that is directly responsible for carrying out the development or acquisition of the program, or if the decision authority has been delegated to a Component, prepared by an office or other entity that is not directly responsible for carrying on the development or acquisition of the program.

Independent Government Cost Estimate. An independent government cost estimate is the cost for goods and/or estimate of services to be procured by contract.

Initial Capabilities Document. An initial capabilities document, documents the need for a materiel approach to a specific capability gap derived from an initial analysis of materiel approaches executed by the operational user and, as required, an independent analysis of materiel alternatives. The initial capabilities document defines the gap in terms of the functional area, the relevant range of military operations, desired effects and time. It also summarizes the results of doctrine, organization, training, materiel, leadership, personnel, and facilities analysis and describes why nonmaterial changes alone have been judged inadequate in fully providing the capability.

Initial Operational Test and Evaluation. An initial operational test and evaluation is a dedicated operational test and evaluation conducted on production, or production representative articles to determine whether systems are operationally effective and suitable and to support a decision to proceed beyond low rate initial production.

Interoperability. Interoperability is the ability of systems, units, or forces to provide data, information, materiel, and services to (and accept the same from) other systems, units, or forces and to use the data, information, materiel, and services so exchanged to enable them to operate effectively together. National security system and information technology system interoperability includes the technical exchange of information and the end-to-end operational effectiveness of that exchanged information as required for mission accomplishment.

Key Performance Parameters. Key performance parameters (KPPs) are those minimum attributes or characteristics considered most essential for an effective military capability. For capabilities documents KPPs are validated by the Joint Requirements Oversight Council for joint requirements documents, by the Functional Capabilities Board for requirements documents that jointly affect Services, and by the DoD component for requirements documents that are prepared independently by a Service. The CDD and the capability production document KPPs are included verbatim in the acquisition program baseline.

Life Cycle Cost. Life-cycle cost is the total cost to the government of acquisition and ownership of a system over its useful life. It includes the cost of development, acquisition, operations, and support (to include manpower), and where applicable, disposal.

Live Fire Test and Evaluation. A live fire test and evaluation is a test process that evaluates the vulnerability and/or lethality aspects of a conventional weapon or conventional weapon system. Live fire test and evaluation is a statutory requirement for covered systems, major munitions programs, missile programs, or product improvements to covered systems, major munitions programs, or missile programs before they can proceed beyond low rate initial production. By law, a covered system is any vehicle, weapon platform, or conventional weapon system that includes features designed to provide some degree of protection to users in combat and that is an ACAT I or II program.

Low Rate Initial Production. Low-rate initial production is the first effort of the production and deployment phase whose purpose is to establish an initial production base for the system, permit an orderly ramp-up sufficient to lead to a smooth transition to full-rate production, and to provide production representative articles for initial operational test and evaluation and full-up live fire testing. For major Defense acquisition programs, low rate initial production quantities in excess of 10 percent of the acquisition objective must be reported in the Selected Acquisition Report.

Milestone Decision Authority. The MDA is the designated individual with overall responsibility for a program. The MDA approves program initiation and entry of an acquisition program into the next phase of the acquisition process. The MDA is accountable for cost, schedule, and performance reporting to higher authority, including congressional reporting.

Net-Ready Key Performance Parameters. A net-ready KPP assesses information needs, information timeliness, information assurance, and network functions required for information exchange and use. A net-ready KPP consists of measurable and testable characteristics, performance metrics, or both, required for the timely, accurate, and complete exchange and use of information to satisfy information needs for a given capability. The net-ready KPP is documented in the CDD, the capabilities production document, and the capstone requirements document.

Operational Assessment. An operational assessment is an evaluation of operational effectiveness and operational suitability by an independent operational test activity, with user support as required, on other than production systems. The focus of an operational assessment is on significant trends noted in development efforts, programmatic voids, risk areas, adequacy of requirements, and the ability of the program to support adequate operational testing. An operational assessment may be conducted at any time using technology demonstrators, prototypes, mock-ups, engineering development models, or simulations, but will not substitute for the initial operational test and evaluation necessary to support full rate production decisions. Normally conducted prior to, or in support of, milestone C.

Operational Requirements Document. ORD is a legacy document that is a formatted statement containing performance and related operational performance parameters for the proposed concept or system. CDDs and Capability Production Documents developed in accordance with Chairman of the Joint Chiefs of Staff Instruction 3170.01C replaced the ORD. The instruction allowed a validated and

approved ORD, to be used to support program initiation and low-rate initial production until late June 2005.

Operational Test and Evaluation. Operational test and evaluation is the field test, under realistic conditions, of any item (or key component) of weapons, equipment, or munitions for the purpose of determining the effectiveness and suitability of the weapons, equipment, or munitions for use in combat by typical military users.

Research, Development, Test and Evaluation. Research, development, test and evaluation are activities for developing a new system or to expand the performance of fielded systems.

System Development and Demonstration. The SDD phase (milestone B) is the third phase of the DoD system acquisition process and consists of system integration and system demonstration. This phase also contains a design readiness review at the conclusion of the system integration.

Test and Evaluation Master Plan. The TEMP documents the overall structure and objectives of the test and evaluation program. It provides a framework within which to generate detailed test and evaluation plans and to document schedule and resource implications associated with the test and evaluation program. The TEMP identifies the necessary developmental test and evaluation, operational test and evaluation, and live-fire test and evaluation activities.

Appendix C. Comparison With Conditions Identified on Audits of Boeing KC-767A and C-130J Aircraft

As a result of audits of Boeing 767A Tanker Aircraft (Report Nos. D-2003-129, "Assessment of DoD Leasing Actions," August 29, 2003, and D-2004-064, "Acquisition of the Boeing KC-767A Tanker Aircraft," March 29, 2004) and the C-130J Aircraft (Report No. D-2004-102, "Contracting for and Performance of the C-130J Aircraft," July 23, 2004), the Office of the Inspector General Department of Defense initiated the series of audits of the Service acquisition executives to determine whether management oversight problems identified in those reports were more widely occurring across the Military Departments. At the April 14, 2005, hearing on management and oversight of Air Force acquisition programs, the Senate Armed Services Subcommittee also expressed interest in the results of the Inspector General audits concerning whether similar conditions were occurring within the other Services. The results of the review of 17 Air Force ACAT IC and II programs as they relate to the 15 conditions identified in the earlier audits of the two Air Force acquisition programs follow.

1. Condition. The Deputy Assistant Secretary of the Air Force (Acquisition) used her position as the MDA and head of Air Force contracting to conduct and inappropriately influence the results of the contract negotiations with Boeing to acquire Boeing KC-767 tanker aircraft.

Question. Did acquisition executives within the Air Force use their positions as MDA to conduct and inappropriately influence the results of contractor selection and negotiations for the 17 programs selected for review?

Results. For the 17 programs reviewed, we did not find evidence that acquisition executives within the Air Force inappropriately used their position to influence the results of contractor selection and negotiations.

2. Condition. On both the Boeing KC-767A tanker aircraft and the C-130J programs, the Air Force contracting officers did not properly justify the use of a commercial item acquisition strategy. The Federal Acquisition Regulation states that commercial items are any item, other than real property, that is used customarily by the public or by non-governmental entities for other than governmental purposes. Further, commercial items are those that have been sold, leased, or licensed to the general public; or have been offered for sale, lease, or license to the general public.

Question. Did Air Force contracting officers use and properly justify the use of a commercial item acquisition strategy on the 17 Air Force programs selected for review?

Results. For the 17 programs reviewed, Air Force contracting officers did not use a commercial item acquisition strategy. Rather, Air Force contracting officers used Federal Acquisition Regulation Subpart 15, "Contracting by Negotiation."

Report No. D-2006-115 "Commercial Contracting for the Acquisition of Defense Systems," September 29, 2006, a concurrent audit, reviewed 17 Air Force contracts with 31 contract actions valued at $1.9 billion. Of the 17 contracts reviewed, 15 had inadequate documentation in the contract file to support contracting officials' decisions.

3. Condition. On the C-130J program, the Air Force conditionally accepted the delivery of C-130J aircraft that did not meet commercial contract specifications or operational requirements.

Question. Did the Air Force acquisition officials conditionally accept delivery of items before the items met contract specifications and operational requirements for the 17 Air Force programs selected for review?

Results. As discussed in Appendix A, we did not visit the Defense Contract Management Agency offices at the contractor locations to determine whether the systems for the 17 programs reviewed had been accepted before meeting contract specifications. However, for 6 of the 17 programs, the MALD, B-2 EHF, B-2 RMP, C-17, LAIRCM, and the JICO JSS, contract terms allow the program offices to conditionally accept the delivery of items before items met contract specifications or operational requirements.

4. Condition. On the C-130J program, the Air Force contracting officer did not adequately manage the financing of the contract. This inadequacy resulted in the Air Force paying the contractor 85 percent of the price of the aircraft before the aircraft acceptance inspection and 99 percent of the price of the aircraft on conditional acceptance and delivery of noncompliant aircraft.

Question. Did Air Force contracting officers properly manage the financing of end items deliverable on contracts included in the sample of 17 Air Force programs selected for review?

Results. We did not visit the Defense Contract Management Agency offices at the contractor locations to determine whether the Air Force contracting officers properly managed the financing of the end items deliverable on contracts included in our sample of 17 Air Force programs selected for review. We considered the review of the Defense Contract Management Agency outside the scope of the audit.

5. Condition. On the Boeing KC-767A tanker aircraft program, the Air Force contracting officer negotiated a prohibited cost-plus-a-percentage-of-cost contract. Cost-plus-a-percentage-of-cost contracts are prohibited by section 2306 (a), title 10, United States Code, "Kinds of Contracts." The Federal Acquisition Regulation states that a cost-plus-a-percentage-of-cost contract is a cost reimbursement contract that provides a contractor a fee based as a specified percentage of the contractor's actual cost of accomplishing the work to be performed.

According to the Government Accountability Office, a cost-plus-a-percentage-of-cost contract occurs on either a fixed price or cost type contract when contracting officers decide to award a contract where:

- Payment for profit is based on a predetermined percentage rate;

- A predetermined percentage rate applies to the actual cost of work performed;

- Contractor entitlement is uncertain at the time of contracting;

- Contractor entitlement increases commensurately with increased performance costs; and

- Government audit rights are excluded.

Question. Did Air Force contracting officers use a prohibited cost-plus-a-percentage-of-cost system of contracting on the 17 Air Force acquisition programs selected for review?

Results. For the 17 acquisition programs selected for review, we did not find any instances where the contracting officers structured and awarded a cost-plus-a-percentage of cost contract.

6. Condition. On the Boeing KC-767A tanker aircraft program, the proposed lease did not meet all of the criteria requirements for an operating lease. Further, the proposed lease would have cost the Air Force more than purchasing the aircraft. Office of Management and Budget Circular A-11 states that an operating lease must meet the following six requirements:

- the asset is a general-purpose asset rather than being for a special purpose of the Government and is not built to a unique specification of the Government as a lessee;

- there is a private-sector market for the asset;

- the present value of the minimum lease payments over the life of the lease does not exceed 90 percent of the fair market value of the asset at the beginning of the lease term;

- the lease does not contain a bargain-price purchase option;

- ownership of the asset remains with the lessor during the term of the lease and is not transferred to the Government at or shortly after the end of the lease term; and

- the lease term does not exceed 75 percent of the estimated economic life of the asset.

Question. Did Air Force contracting officers use and properly justify the use of leases in accordance with Office of Management and Budget Circular A-11 on the 17 acquisition programs selected for review?

Results. For the 17 programs reviewed, Air Force contracting officers did not award a lease before awarding contracts.

7. Condition. On the Boeing KC-767A tanker aircraft program, the Air Force contracting officer did not require Boeing to submit cost and pricing data related to prior commercial sales to enable the Air Force contracting officer to determine price reasonableness.

Question. Did Air Force contracting officers require contractors to submit cost or pricing data to enable the contracting officers to determine price reasonableness for the 17 acquisition programs selected for review?

Results. For 10 of the 17 programs reviewed, Air Force contracting officers relied on cost or pricing data to negotiate the contract price and support a price reasonableness determination. The MALD, LAIRCM, JICO JSS, and ROBE did not require certified cost or pricing data because contracting officers based contract awards on adequate price competition. The JDAM Program Office did not have to obtain certified cost or pricing data because the contractor proposed prices within the range of the competitively based Production Price Commitment Curve. The C-17 Program Office obtained a waiver for the requirement to obtain certified cost or pricing data. The Air Force had not awarded a contract on the remaining program, Objective Gateway, because it is a pre-acquisition program.

8. Condition. The Assessment of Leasing Actions report stated that the Air Force took full advantage of section 8159 of the Department of Defense Appropriations Act for FY 2002 that authorized the Air Force to lease not more than 100 general purpose Boeing 767 aircraft. With this authority, the Air Force did not prepare a formal AOA to determine the best possible system solution to fulfill its need for a tanker aircraft replacement. DoD Instruction 5000.2 requires that an AOA be completed before program initiation and approved by the Director, Program Analysis & Evaluation for major Defense acquisition programs. The AOA is an evaluation of the system's operational effectiveness and operational suitability and the estimated costs of alternative systems to meet a mission capability. The analysis assesses the advantages and disadvantages of alternatives being considered to satisfy capabilities, including the sensitivity of each alternative to possible changes in key assumptions or variables.

Question. Did the Air Force prepare an AOA to support the acquisition of the 17 acquisition programs selected for review?

Results. Of the 17 acquisition programs reviewed, six are ACAT IC programs requiring an AOA. Program managers for four ACAT IC programs prepared an AOA to support program acquisition. The B-2 EHF was originally designated an ACAT II program and therefore would not have been required to prepare an AOA. The C-17 went through a Milestone II decision in 1985, the review of this program focused on the program evolution of the more current events of the C-17 modification and upgrade program. Therefore, the audit team did not determine if

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the C-17 program manager prepared an AOA. The remaining eleven acquisition programs reviewed are ACAT II programs. DoD Instruction 5000.2 does not require ACAT II programs to prepare an AOA.

9. Condition. On the Boeing KC-767A tanker aircraft program, the Office of the Assistant Secretary of the Air Force (Acquisition) did not establish a disciplined acquisition strategy to satisfy the warfighter's operational requirements. Office of Management and Budget Circular A-109, "Major System Acquisitions," states that Federal agencies should tailor an acquisition strategy for each major system so that each major system fulfills a mission need and operates effectively in its intended environment. DoD Instruction 5000.2 requires the program manager to prepare and the MDA to approve an acquisition strategy before entering the SDD phase of the acquisition process.

Question. Did the Air Force program managers for the 17 acquisition programs selected for review prepare acquisition strategies in accordance with Office of Management and Budget Circular A-109 and DoD Instruction 5000.2?

Results. Of the 17 Air Force programs sampled, 13 programs had an approved acquisition strategy. The B-2 EHF and the Objective Gateway program offices did not prepare an acquisition strategy. Because the B-2 EHF and Objective Gateway are pre-acquisition programs, acquisition strategies are not yet required. The JASSM-ER acquisition strategy was completed on June 18, 2003. The ORD Annex was not validated until January 31, 2005. The program office did not provide an updated acquisition strategy that included the updated ORD Annex. The LAIRCM Program Office prepared acquisition strategies for the LAIRCM Phase II efforts; however, those strategies were approved at the wing level without a current delegation letter delegating approval authority to the wing level. DoD guidance assigns signature approval for ACAT IC and II programs in the Air Force to the Assistant Secretary of the Air Force (Acquisition) unless otherwise delegated. The LAIRCM Program Office could not provide documentation delegating approval authority from the MDA (PEO/AC)to the wing level.

10. Condition. On the Boeing KC-767A tanker aircraft program, the program manager did not plan to complete an ISP (formally referred to as a command, control, communications, computers and intelligence support plan) before the milestone decision to acquire the first 100 tanker aircraft. An ISP is needed to identify, plan, and manage command, control, communication, computers, and intelligence supportability needs, dependencies between systems, and interface and interoperability requirements. DoD Instruction 5000.2 requires program managers to prepare an ISP before the decision reviews for entering into the SDD and the production and deployment phases of the acquisition process.

Question. Did the Air Force milestone decision authorities require program managers for the 17 acquisition programs to prepare and obtain approval for ISPs before the systems development and demonstration and production and deployment phases of the acquisition process?

Results. Of the 17 Air Force programs sampled, nine were in the SDD phase of the acquisition process, and the Air Force milestone decision authorities had an

approved ISP for two programs. The seven remaining programs in the SDD phase without an approved ISP were the B-2 RMP, IBS, MALD, WCMD-ER, LAIRCM, JICO JSS, and ROBE.

Program managers for the MALD, WCMD-ER, and LAIRCM programs did not obtain C4ISP J-6 approval before entering the SDD phase. The program manager for the B-2 RMP obtained a waiver for the ISP from the Air Force Chief Information Officer. Due to the urgent and compelling need for the ROBE system, the program manager did not develop an ISP. However, the ROBE program office obtained approval from the Office of the Assistant Secretary of Defense for Networks and Information Integration to seek a waiver for the ISP from the MDA. The ROBE Program Office was staffing a waiver package to obtain waiver approval from the MDA. The JICO JSS Program Office drafted a C4ISP that did not receive approval from any decision authority. Similarly, the IBS Program Office did not submit a C4ISP or ISP before entering the SDD phase. IBS Program Office prepared two C4ISP drafts that did not complete the coordination cycle. In addition, the IBS Program Office drafted an ISP because of the change in format from C4ISP to ISP. Program managers for the JICO JSS and the IBS programs did not obtain a waiver that would preclude the program office from having a C4ISP at entry into SDD.

For the six programs in the production and deployment phase, two had an approved ISP. The four remaining programs in the production phase without an approved ISP were the F-16 CCIP, OFP M4, OFP M5, and the C-17. Program managers for the F-16 CCIP, OFP M4, and OFP M5 obtained an Interim Certificate to Operate until J-6 grants Interoperability Certification. However, the C-17 program surpassed the milestone C decision before the policy requiring an ISP or C4ISP was implemented.

The B-2 EHF and the Objective Gateway Program had not reached the SDD phase; therefore, the program manager was not required to prepare an ISP.

11. Condition. The ORD developed by the Air Force did not require that the first 100 Boeing KC-767 tanker aircraft acquired meet warfighter requirements for interoperability. As a result, the aircraft acquired would not have fully met the KPP for interoperability.

Question. Did the Air Force include and require program managers to meet a net-ready (formerly interoperability) KPP in the CDDs and capability production documents?

Results. The Air Force identified interoperability or net readiness as a KPP in their CDDs for seven of the nine acquisition programs that were in the SDD phase. LAIRCM did not document requirements to guide the second phase of development. The MALD Program Office had not determined whether the responsibility to document the net ready KPP was with the platform or the program. The Air Force requirements community identified interoperability or net readiness as a KPP for two of the six acquisition programs in production. The F-16 CCIP program is a modification that integrates six systems into the F-16. Each system being integrated into the F-16 has a program office, which is responsible for documenting the net-ready KPPs in an ORD or CDD. Due to time

restrictions, the audit team was not able to assess each cornerstone ORD. The C-17 Program Office was not required to incorporate interoperability KPPs or net ready KPPs into the ORD Revision 1 and ORD Annex from 1998 and 1999 respectively. However, the C-17 Program Office was required to incorporate an interoperability requirement into the ORDs. The Joint Requirements Oversight Council did not validate the updated ORDs, therefore, J-6 was unable to review or certify C4I requirements. The C-17 Program Office could not provide a waiver of interoperability certification. Therefore, the C-17 program never received J-6 interoperability requirements certification as required by policy. The OFP M4 and OFP M5 program offices have been granted Interim Certificates to Operate from the Joint Interoperability Test Command. The B-2 EHF and Objective Gateway, pre-acquisition programs, are not required to develop net ready KPPs until the SDD phase.

12. Condition. The Air Force did not ensure that warfighter operational requirements were adequately established in the contract specifications for Boeing KC-767A tanker aircraft program. The Air Force also accepted C-130J aircraft that did not meet contract specifications and therefore could not perform its operation mission.

Question. Did Air Force program managers ensure that contracting officers included the requirements identified in the operational requirements or CDDs in contract specifications before awarding development contracts for the nine Air Force weapon systems sampled in the SDD phase of the acquisition process?

Results. For the nine Air Force acquisition programs that were in the SDD phase of the acquisition process, program managers verified that contracting officers included requirements identified in ORD or CDDs in system contract specifications.

13. Condition. The Air Force did not comply with statutory provisions for determining the operational effectiveness, suitability, and survivability of the Boeing KC-767A tanker aircraft before proceeding beyond low-rate initial production and committing to the subsequent production of all 100 KC-767A Tanker Aircraft. Section 2399, title 10, United States Code, "Operational Test and Evaluation of Defense Acquisition Programs," states that a major Defense acquisition program may not proceed beyond low-rate initial production until initial operational test and evaluation of the program is completed. Further, section 2366, title 10, United States Code states that a covered system, a system under the oversight of the Director, Operational Test and Evaluation, may not proceed beyond low-rate initial production until realistic survivability testing of the system has been completed.

Question. Did the Air Force MDAs ensure that initial operational test and evaluation was completed before approving the Air Force acquisition programs for full-rate production? Also, did the Air Force MDAs ensure that survivability testing was planned and conducted for covered acquisition programs?

Results. Of the 17 Air Force programs sampled, six were in the production phase of the acquisition process. The Air Force MDA ensured that program managers for three of the six acquisition programs in production completed initial

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operational test and evaluation before approving the programs for full-rate production. The other programs in production are the CCIP, OFP M4, and OFP M5. These programs do not follow formal milestone decision processes and therefore, did not go through a full rate production decision. Nonetheless, the Air Force Operational Test and Evaluation Center, as the responsible test organization, conducted other operational testing instead of initial operational test and evaluation for these programs.

Of the 17 Air Force programs sampled, five were covered acquisition programs for survivability testing. The Air Force MDAs determined that survivability testing was conducted for two of the five covered acquisition programs. The remaining three covered Air Force programs sampled are the B-2 RMP, JASSM-ER Program, and the B-2 EHF Program. The B-2 RMP Program Office had planned survivability testing. However, testing was not assessed for the JASSM-ER Program or the B-2 EHF Program because both programs were in the early stages of the acquisition process, and survivability testing would not occur until future milestones.

14. Condition. Costly contract modifications to convert the commercial aircraft to the KC-767A military configuration will occur because the KC-767A system Program Office did not fully develop systems engineering requirements.

Question. Did Air Force program managers prepare comprehensive systems engineering plans for the acquisition programs sampled that were in the SDD phase of the acquisition process?

Results. Of the 17 Air Force programs sampled, nine were in the SDD phase of the acquisition process. For two of the nine Air Force acquisition programs sampled in the SDD phase, Air Force program managers prepared systems engineering plans to verify that system operational requirements would be met. Additionally, Air Force program managers prepared draft systems engineering plans for four of the nine Air Force acquisition programs sampled in the SDD phase. The program managers will submit the draft systems engineering plans for MDA approval in conjunction with the next milestone review.

The remaining three Air Force programs sampled in the SDD phase are the IBS, WCMD-ER, and the ROBE. The IBS and WCMD-ER entered SDD prior to issuance of the systems engineering policy. The IBS Program Office did not develop a systems engineering plan because no further milestone decisions are planned for the program. Conversely, the WCMD-ER does not follow the formal milestone decision processes; therefore, a systems engineering plan submitted for MDA approval in conjunction with each milestone review as required by policy does not apply to the WCMD-ER. However, the WCMD Program Office developed a systems engineering management plan for the WCMD-ER, which meets the intent of the systems engineering policy. In addition, the Tactical Data Link Program Office is developing a systems engineering plan that will cover all programs under the Tactical Data Link program including ROBE.

15. Condition. On the Boeing KC-767A tanker aircraft and the C-130J programs, the Assistant Secretary of the Air Force (Acquisition) did not hold program managers accountable for completing statutory and regulatory

requirements. The Boeing Tanker report cited requirements in the areas of commercial items; two statutory testing requirements; cost-plus-a-percentage-of-cost system of contracting; leases; and acquisition documentation, such as the acquisition strategy and requirements documents. The C-130J report cited requirements in the areas of commercial items, multi-year contract awards, and testing.

Question. Are the Air Force MDAs holding program managers accountable for completing statutory and regulatory document requirements before milestone decisions and program reviews?

Results. Air Force MDAs approved 12 of the 17 programs reviewed for entry into the SDD or production and deployment phases of the acquisition process before program managers prepared, updated, or obtained all required documentation to support the decision to proceed into the next phase of the acquisition process. Finding A discusses the adequacy of program documentation supporting program milestone decision reviews.

Appendix D. Description of the 17 Air Force Weapon Systems Reviewed

Acquisition Category IC Programs

B-2 Extremely High Frequency Satellite Communication. The B-2 EHF Satellite Communication is under the Air Force Program Executive Office for Aircraft Systems (AFPEO/AC) with the Air Force Acquisition Executive assigned as the MDA. The B-2 EHF has been in the component advancement development phase of the acquisition process since its last milestone review on March 1, 2002. The B-2 EHF Satellite Communication System is one element of a system of systems that includes the Advanced EHF satellites and the Family of Advanced Beyond-Line-of-Site Terminals. In addition, the B-2 EHF Satellite Communication System will maintain strategic connectivity for nuclear operations and will establish Global Information Grid connectivity.

B-2 Radar Modernization Program. The B-2 RMP is under the AFPEO/AC with the Air Force Acquisition Executive assigned as the MDA. The B-2 RMP has been in the SDD phase of the acquisition process since its last milestone review on August 17, 2004. B-2 RMP is required to fill a capability gap resulting from the Department of Commerce directed redesignation of the current B-2 radar operating frequency band. The B-2 RMP modifies the radar system to operate in a new, approved radar frequency band. In addition, the B-2 RMP solution enables continued B-2 availability by replacing the existing antenna array as well as modifying other components of the current system.

C-17. C-17 is under the AFPEO/AC with the Air Force Acquisition Executive assigned as the MDA. The C-17 program has been in the production and deployment phase of the acquisition process since its last milestone review on November 1, 1995. The mission of the C-17 weapon system is worldwide, direct-delivery airlift of U.S. and allied combat forces, equipment, and supplies. The C-17 delivers passengers and outsize/oversize/bulk cargo over intercontinental distances, provides theater and strategic airlift in both the air/land and airdrop modes, and augments aero medical evacuation and special operations missions. It provides the flexibility to easily transition among these mission modes by allowing rapid in-flight reconfiguration.

Joint Air to Surface Standoff Missile. JASSM is under the Air Force Program Executive Office for Weapons (AFPEO/WP) with the Air Force Acquisition Executive assigned as the MDA. JASSM is an autonomous, precision strike missile capable of destroying the enemy's war-sustaining capabilities from outside the ranges of their area air defenses. JASSM target types range from re-locatable, non-hardened, above ground targets, to fixed, hardened, shallow-buried, point

targets. In order to improve the range for the baseline JASSM, the Secretary of the Air Force directed program funding for the JASSM-ER in February 2002. The JASSM-ER program is currently in the SDD phase of the acquisition process.

Joint Direct Attack Munition. JDAM is under the AFPEO/WP with the Air Force Acquisition Executive assigned as the MDA. JDAM has been in the production and deployment phase of the acquisition process since its last milestone review on March 23, 2001. The JDAM program provides the Air Force and the Navy with an improved aerial delivery guidance capability for existing warheads. The Air Force is the Executive Service for JDAM. The improved capability is gained through a strap-on inertial guidance kit with the capability to receive guidance updates from the Global Positioning System. In addition to improving delivery accuracy, JDAM provides the warfighter with a 24-hour, autonomous, adverse weather attack capability.

National Airspace System. NAS is under the Air Force Program Executive Office for Command and Control & Combat Support (AFPEO/C2&CS) with the Air Force Acquisition Executive assigned as the MDA. The NAS program has been in the production and deployment phase of the acquisition process since its last milestone review on June 7, 2005. The DoD NAS Modernization Program will replace and modernize over 185 existing domestic and overseas DoD Air Traffic Control sites and two training sites. This joint DoD and Federal Aviation Administration program procures radar and control tower automation systems, operator consoles, airport surveillance radars, and communication switches.

Acquisition Category II Programs

B-1 Fully Integrated Data Link. The B-1 FIDL is under the AFPEO/AC with the Program Executive Officer assigned as the MDA. The B-1 FIDL has been in the SDD phase of the acquisition process since its last milestone decision review on May 16, 2005. This program will provide the B-1 combat forces with integrated data links for both line-of-sight and beyond line-of-sight communication capability for enhanced situational awareness, command and control connectivity, and weapons management. In addition, Fully Integrated Data Link will provide the capability to receive and transmit J-series messages applicable to B-1 missions/roles by way of Link-16 and Joint Range Extension. The B-1 FIDL program will also expand on the existing B-1 common avionics architecture.

F-16 Common Configuration Implementation Program. F-16 CCIP is under the AFPEO/AC with the program executive officer assigned as the MDA. The F-16 multirole fighter is a single engine, lightweight, high performance air vehicle. Its role is twofold: (1) air-to-air and (2) air-to-ground including close air support, suppression of enemy air defenses, and interdiction. The hardware and software subsystems integrated into the F-16 through CCIP will improve the combat capability of the United States Air Force Blocks 40/42 and Blocks 50/52 F-16s and permit the U.S. to maintain a qualitative advantage over the enemy. CCIP consists of the following: Link 16, Modular Mission Computer, Color Multifunction Display Set, Joint Helmet Mounted Cueing System, Air-to-Air

Interrogator (Block 50/52 only), OFP M3/M3+ Tapes, and Minor Group A changes for HARM Targeting System Revision 7 compatibility.

F-16 Operational Flight Program M4. The F-16 OFP M4 is under the AFPEO/AC with the program executive officer assigned as the MDA. This program is a joint effort between the United States Air Force and European Participating Air Forces. The F-16 OFP M4 program provides updates to F-16 avionics software/hardware accommodating new and legacy weapon system and subsystem capabilities. The update incorporates pilot-vehicle interface and other improvements to keep the F-16 current with evolving tactics, operational requirements, and threat systems. The F-16 OFP M4 program is a key component of the F-16 CCIP.

F-16 Operational Flight Program M5. The F-16 OFP M5 is under the AFPEO/AC with the program executive officer assigned as the MDA. The F-16 OFP M5 program update will provide all-weather target detection and weapon employment for the suppression of or destruction of enemy air defenses. This program will support Air Expeditionary Forces deployments to perform multiple missions directed by command authorities.

Integrated Broadcast Service. IBS is under the AFPEO/C2&CS with the Air Force Acquisition Executive assigned as the MDA. The IBS program has been in the SDD phase of the acquisition process since its last milestone review on May 2, 2001. IBS is an integrated, interactive joint dissemination system, which provides intelligence producers and information sources the means to disseminate strategic, operational, and tactical intelligence and information to the warfighter via multiple transmission paths in accordance with dynamic, user generated dissemination priorities. IBS migrates the existing tactical data dissemination systems to a robust and interactive dissemination architecture to enhance near real time delivery of tactically significant data to commanders to support decision making processes and to provide vital situational awareness and rapid threat warning. IBS will provide tailored near real time intelligence such as threat warning and avoidance, situational awareness, and targeting data to combatant commands and other warfighters. The primary focus of IBS is on satisfying the tactical user's information exchange requirements with secondary focus on strategic decision makers.

Large Aircraft Infrared Countermeasures. LAIRCM is under the AFPEO/AC with the program executive officer assigned as the MDA. The LAIRCM system is an evolutionary acquisition program comprising three phases. Our review focused on LAIRCM Phase II. Phase II consists of two spiral developments, NexGen Missile Warning System and Guardian Point Tracker Assembly. On January 4, 2005, the LAIRCM Phase II- Guardian Point Tracker Assembly was granted approval for entry into SDD. The Guardian Point Tracker Assembly spiral builds on the Miniature Pointer Tracker program and adapts it to the Directional Infrared Countermeasures System Processor for increased supportability and effectiveness compared to the currently used Small Laser Transmitter Assembly. The LAIRCM Guardian Point Tracker Assembly with the Viper laser will be a replacement for the Small Laser Transmitter Assembly, and is compatible with the current Missile Warning System and the Next Generation Missile Warning System.

Miniature Air Launched Decoy. MALD is under the AFPEO/WP with the program executive officer assigned as the MDA. The MALD program has been in the SDD phase of the acquisition process since its last milestone review on January 6, 2003. The MALD is a low-cost, expendable, air-launched vehicle that will present the radar signature and operational flight profile of a fighter, bomber or attack aircraft with sufficient fidelity to stimulate, deceive, decoy or saturate an integrated air defense system. If MALD is tracked, engaged, or confuses the command, control, and communications system, it has successfully completed its mission. It can be used in either a preemptive (before a strike) or reactive (in conjunction with a strike) suppression of enemy air defense role. In the preemptive suppression of enemy air defense role, MALD will be launched against the Integrated Air Defense System to force a reaction/response of the associated radio frequency systems that can then be monitored by friendly intelligence, surveillance, and reconnaissance assets and characterize the threat electronic order of battle.

Tactical Data Links. The Tactical Data Links is under the AFPEO/C2&CS with the Air Force Acquisition Executive assigned as the MDA. Tactical data links are used in a combat environment to exchange information such as messages, data, radar tracks, target information, platform status, imagery, and command assignments. Tactical data links provide interoperability, local and global connectivity, and situational awareness to the user when operating under rapidly changing operational conditions. Tactical data links are used by the Air Force, Army, Navy, and Marine Corps theater command and control elements, weapons platforms, and sensors. The Tactical Data Links program is an umbrella system that consists of 25 sub-programs. Identified below are the three sub-programs, which were randomly selected for review.

- **Roll-On Beyond Line-of-Sight Enhancement.** ROBE is equivalent to an ACAT III due to funding. ROBE did not receive an ACAT designation due to its Urgent and Compelling status. ROBE is currently in the SDD phase of the acquisition process. In support of the Global Strike Task Force, ROBE was developed to dramatically increase the reach of tactical communications to global proportions. ROBE is a rapidly installable, non-integrated airborne tactical data link node that can be rolled onto a tanker aircraft prior to participating in an operation to relay command decision-making information anywhere in the world.

- **Joint Interface Control Officer Support System.** The JICO JSS, an ACAT III, has been in the SDD phase of the acquisition process since its last milestone review on August 13, 2004. JICO JSS will provide an automated toolset and information repository to facilitate the Joint Interface Control Officer's ability to overcome Joint and combined interface deficiencies related to planning, executing, and managing the Joint Multi-Tactical Data Link Network. JSS is a common suite of hardware and software that includes input/output devices, data link and voice communications systems, computer operating systems, embedded training and simulations, and local and remote JICO data repositories.

- **Objective Gateway.** Objective Gateway is a pre-acquisition program that facilitates information exchange (forwarding/translation) between

disparate communication systems that include tactical data networks and various line of sight and beyond line of sight capabilities (future and current technology). There are six Objective Gateways: tactical air, ground mobile, strategic objective airborne, ground fixed, maritime, and training/test. The Objective Gateway program is currently in the risk reduction phase of the acquisition phase.

Wind Corrected Munitions Dispenser. WCMD is under the AFPEO/WP with the program executive officer assigned as the MDA. The WCMD is an autonomously guided weapon, born from Desert Storm experience, where adverse weather and poor visibility significantly limited precision air strikes from medium to high altitudes. Desert Storm revealed the need for a low cost weapon that could accurately attack a ground target in any flyable weather, without the aircraft having to remain in the target area after release. WCMD provides this capability through use of a guidance tail kit. The replacement tail kit contains an electronics package, fin actuator system, movable fins, and an electrical interface to the aircraft. The WCMD has a modification kit known as the WCMD-ER which allows cluster munitions to be accurately employed at extended standoff ranges. The WCMD-ER program was cancelled August 9, 2006.

Appendix E. Program Overview for the 17 Air Force Acquisition Programs

Program Name	Phase	Last Program Milestone Date	RDT&E[1] (in millions)	Procurement (in millions)	Total Cost (in millions)	GWOT Funding[2] (in millions)	DOT&E Oversight[3]	Urgent Need	Milestone Decision Authority
ACAT IC Programs									
B-2 Extremely High Frequency	CAD[4]	March 1, 2002	$ 205.4	$ 109.0	$ 314.4	No	Yes	No	Air Force Acquisition Executive
B-2 Radar Modernization Program	SDD[6]	August 17, 2004	739.1	602.9	1,342.0	No	Yes	No	Air Force Acquisition Executive
C-17	PD[5]	November 1, 1995	8,081.4	50,512.5	58,593.9	227.5	No	No	Air Force Acquisition Executive
Joint Air-To-Surface Standoff Missile - Extended Range	SDD[6]	-	1,200.0	3,756.2	4,956.0	No	Yes	No	Air Force Acquisition Executive
Joint Direct Attack Munitions	PD[5]	March 23, 2001	425.9	307.8	733.7	No	Yes	No	Air Force Acquisition Executive
National Airspace System	PD[5]	June 7, 2005	147.4	1,363.1	1,510.5	No	Yes	No	Air Force Acquisition Executive
ACAT II Programs									
B-1 Fully Integrated Data Link	SDD[6]	May 16, 2005	250.0	239.0	489.0	No	No	No	PEO/AC
F-16 Common Configuration Implementation Program	PD[5]	-	137.2	1,599.6	1,736.8	No	No	No	PEO/AC
F-16 Operational Flight Program M4	PD[5]	-	176.9	0.0	176.9	No	No	No	PEO/AC
F-16 Operational Flight Program M5	PD[5]	-	153.9	0.0	153.9	No	No	No	PEO/AC
Integrated Broadcast Service	SDD[6]	May 2, 2001	117.4	0.0	117.4	No	No	No	PEO/C2&CS
Large Aircraft Infrared Countermeasures	SDD[6]	January 4, 2005	402.3	1,150.4	1,552.7	No	Yes	Yes	PEO/AC
Miniature Air Launched Decoy	SDD[6]	January 6, 2003	153.7	151.1	304.8	No	No	No	PEO/Weapons
Tactical Data Links									
Objective Gateway	*PACQ[7]*	-	*263.0*	*____*	*263.0*	No	No	No	PEO/C2&CS
Roll-on Beyond Line-of-Sight	*SDD[6]*	-	*9.0*	*11.8*	*20.9*	No	No	Yes	PEO/C2&CS
Joint Interface Control Officer Support System	*SDD[6]*	August 13, 2004	*115.2*	*69.7*	*184.9*	No	No	No	PEO/C2&CS
Wind Corrected Munitions Dispenser - Extended Range	SDD[6]	-	65.9	555.6	621.5	No	No	No	PEO/Weapons
			$12,643.56	**$60,428.71**	**$73,072.27**				

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[1] Research, Development, Technology, and Evaluation Funding
[2] Global War on Terrorism Funding for Air Force Programs in FY 2004 and FY 2005
[3] Director, Operational Test and Evaluation Oversight List
[4] Component Advanced Development
[5] Production and Deployment
[6] System Development and Demonstration
[7] Pre-Acquisition Program

Appendix F. Acronyms

ACAT	Acquisition Category
AFPEO	Air Force Program Executive Office
AOA	Analysis of Alternatives
AT&L	Acquisition, Technology, and Logistics
CCIP	Common Configuration Implementation Program
CDD	Capability Development Document
C4I	Command, Control, Communications, Computers, and Intelligence
EHF	Extremely High Frequency
FIDL	Fully Integrated Data Link
IBS	Integrated Broadcast Service
ISP	Information Support Plan
JASSM-ER	Joint Air-to-Surface Standoff Missile - Extended Range
JDAM	Joint Direct Attack Munitions
JICO JSS	Joint Interface Control Officer Support System
KPP	Key Performance Parameter
LAIRCM	Large Aircraft Infrared Countermeasures
MALD	Miniature Air Launched Decoy
MDA	Milestone Decision Authority
NAS	National Airspace System
OFP	Operational Flight Program
ORD	Operational Requirements Document
RMP	Radar Modernization Program
ROBE	Roll-on Beyond Line-of Sight
SDD	System Development and Demonstration
TEMP	Test and Evaluation Master Plan
USD	Under Secretary of Defense
WCMD-ER	Wind Corrected Munitions Dispenser - Extended Range

Appendix G. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition, Technology, and Logistics
    Director, Acquisition Resources and Analysis
Under Secretary of Defense (Comptroller)/Chief Financial Officer
    Deputy Chief Financial Officer
    Deputy Comptroller (Program/Budget)
Director, Program Analysis and Evaluation
Director, Defense Procurement and Acquisition Policy

Joint Staff

Director, Joint Staff

Department of the Army

Assistant Secretary of the Army (Financial Management and Comptroller)
Auditor General, Department of the Army

Department of the Air Force

Assistant Secretary of the Air Force (Acquisition)
    Assistant Secretary of the Air Force (Acquisition Integration)
Assistant Secretary of the Air Force (Financial Management and Comptroller)
    Program Executive Office for Aircraft Systems
        Program Manager, B-1 Fully Integrated Data Link
        Program Manager, B-2 Extremely High Frequency
        Program Manager, B-2 Radar Modernization Program
        Program Manager, C-17
        Program Manager, F-16 Common Configuration Implementation Program
        Program Manager, F-16 Operational Flight Program M4
        Program Manager, F-16 Operational Flight Program M5
        Program Manager, Large Aircraft Infrared Countermeasures
    Program Executive Office for Command and Control & Combat Support
        Program Manager, Integrated Broadcast Service
        Program Manager, National Airspace System
        Program Manager, Tactical Data Link
        Program Manager, Roll On Beyond-Line-of Sight Enhancement
        Program Manager, Joint Interface Control Officer Support System
        Program Manager, Objective Gateway

Program Executive Office for Weapons
    Program Manager, Joint Air to Surface Standoff Missile
    Program Manager, Joint Direct Attack Munitions
    Program Manager, Miniature Air Launched Decoy
    Program Manager, Wind Corrected Munitions Dispenser
Auditor General, Department of the Air Force

Non-Defense Federal Organization

Office of Management and Budget

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Homeland Security and Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Reform
House Subcommittee on Government Efficiency and Financial Management, Committee on Government Reform
House Subcommittee on National Security, Emerging Threats, and International Relations, Committee on Government Reform
House Subcommittee on Technology, Information Policy, Intergovernmental Relations, and the Census, Committee on Government Reform

Department of the Air Force Comments

DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

ASSISTANT SECRETARY OF THE AIR FORCE

DEC 1 9 2006

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL
ATTN: DEPUTY INSPECTOR GENERAL FOR AUDITING

FROM: SAF/AQ

SUBJECT: Draft Audit Report, Air Force Acquisition Executive's Management Oversight and Procurement Authority for Acquisition Category I and II Programs (Project No. D2005-D000AB-0215), 20 September 2006

The Air Force appreciates the opportunity to review and comment on this draft DoD IG report. While we do not fully agree with all of the details in the report, we concur with your two recommendations:

a. Recommendation A. The Air Force Acquisition Executive will reemphasize the responsibility of the Air Force milestone decision authority to hold program managers accountable for submitting approved program documentation as required by DoD Instruction 5000.2, "Operation of the Defense Acquisition System," May 12, 2003, before conducting milestone reviews for approval to enter into the system development and demonstration and production and deployment phases of the acquisition process. Estimated completion date is 31 Jan 07.

b. Recommendation B. The Air Force Acquisition Executive will request that the Under Secretary of Defense for Acquisition, Technology, and Logistics designate the Large Aircraft Infrared Countermeasures (LAIRCM) Program an ACAT I program. Estimated completion date is 31 Jan 07.

If you have any further questions, please call the SAF/AQ point of contact, Ms. Marcia Muse at 703-696-5226.

SUE C. PAYTON
Assistant Secretary of the Air Force
(Acquisition)

Team Members

The department of Defense Office of the Deputy Inspector General for Auditing, Acquisition and Contract Management prepared this report. Personnel of the Department of Defense Office of Inspector General who contributed to the report are listed below.

Richard B. Jolliffe
Bruce A. Burton
Benjamin A. Mehlman
Susan J. Lippolis
Marc E. Avers
Suellen R. Brittingham
Shaun B. Jeffery
Melinda M. Oleksa
Bernard M. Vennemann
Jeanette A. Owens
Joyce Tseng
Zorayma Torres-Alvarez
Christopher S. Groubert
Jacqueline N. Pugh

Inspector General
Department of Defense