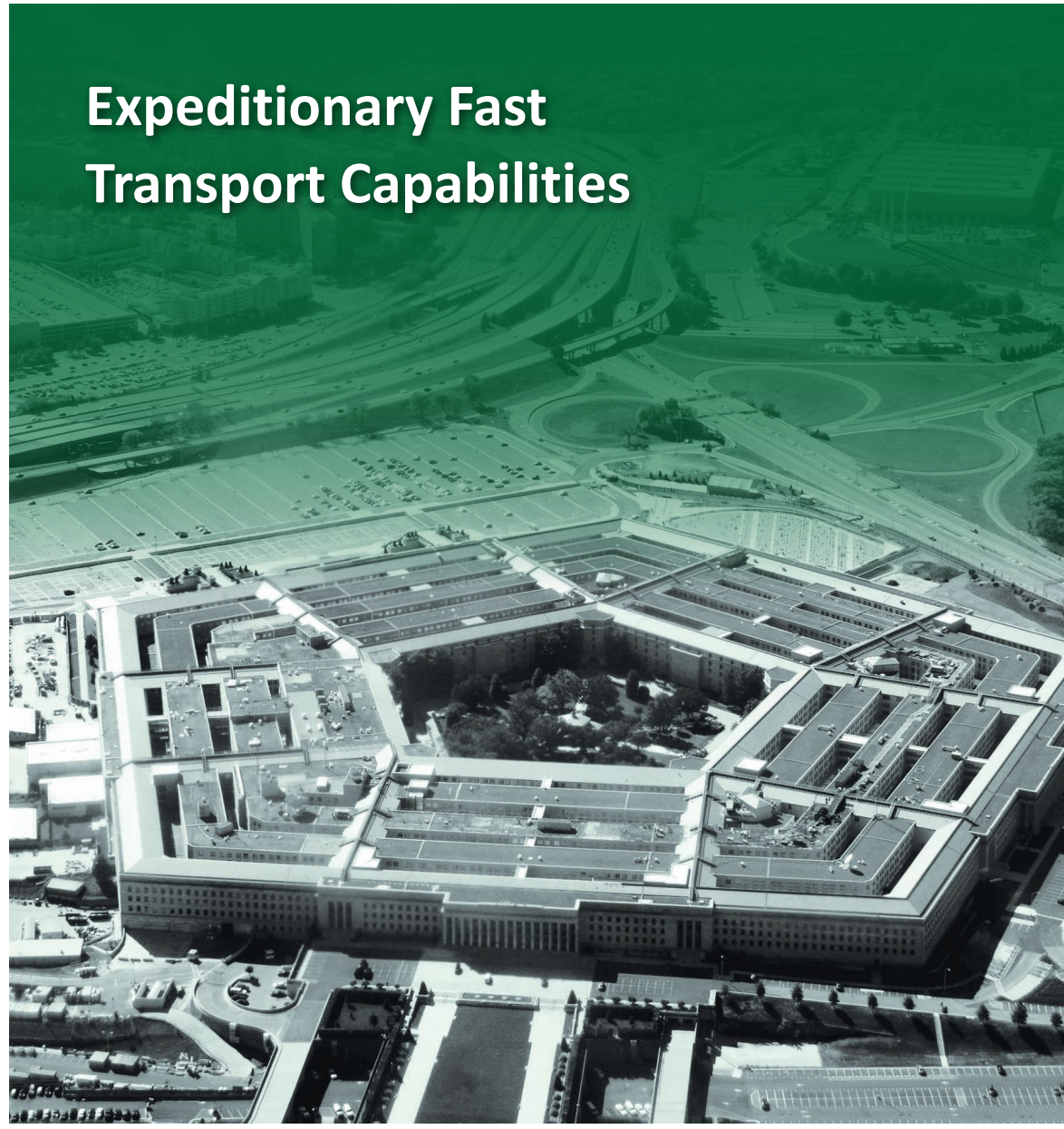


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INSPECTOR GENERAL

U.S. Department of Defense

APRIL 25, 2018



Expeditionary Fast Transport Capabilities

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Results in Brief

Expeditionary Fast Transport Capabilities

April 25, 2018

Objective

We determined whether the Department of the Navy (Navy) achieved the performance capabilities for the Expeditionary Fast Transport (EPF) program.

Background

The EPF vessel, formerly named the Joint High Speed Vessel, is an aluminum catamaran capable of transferring personnel and cargo. The EPF vessel will be used to transport personnel, supplies, and equipment in support of a wide range of military and civilian contingencies, evacuations, and disaster relief.

The Program Executive Office Ships (PEO Ships) manages the design and construction of destroyers, amphibious ships, special mission and support ships, and all Navy non-nuclear surface ships. The Strategic and Theater Sealift Program Office (Program Office) reports to PEO Ships and manages the \$2 billion EPF program through vessel delivery. Since 2008, the Navy has purchased 12 EPF vessels from Austal USA. Austal USA is a global defense prime contractor that designs and manufactures commercial and defense ships.

As of August 2017, the Navy accepted delivery of eight EPF vessels. Upon acceptance, the Navy transferred the EPF vessels to the Military Sealift Command (MSC). The MSC is responsible for the operation and sustainment of the EPF vessel, including any changes made to the EPF vessel after it is accepted. Austal USA is currently constructing four EPF vessels and expects to deliver the final EPF vessel in FY 2019.

Commander, Operational Test and Evaluation Force (COMOPTEVFOR) is the independent test agency that tests and evaluates the Navy's warfighting capabilities under realistic operational conditions to determine the systems' effectiveness, suitability, and impact on mission accomplishment.

COMOPTEVFOR completed the initial operational test and evaluation of the EPF program in January 2014. The initial operational test and evaluation is conducted to determine whether systems are operationally effective and suitable. In April 2015, COMOPTEVFOR completed the follow-on operational test and evaluation. The follow-on operational test and evaluation reviews system changes and verifies that the program continues to meet operational needs and retains its effectiveness in new environments or against new threats. During these tests, COMOPTEVFOR identified deficiencies. As part of the verification of deficiencies process, COMOPTEVFOR confirms that deficiencies were corrected.

Finding

Program Office officials did not achieve the performance capabilities for the EPF program. Specifically, Program Office officials obligated \$2 billion for the EPF program; however, the EPF vessel had deficiencies that prevented it from attaining its required performance capabilities, including two key performance parameters—Transport Capability and Net Ready.¹ This occurred because Program Office officials did not demonstrate that they corrected deficiencies identified during low-rate initial production (initial production). Initial production is when a minimum quantity is produced for testing.

As a result, Navy officials accepted eight EPF vessels with deficiencies that could prevent the MSC from accomplishing missions. The Navy may also have to spend additional money to achieve the required performance capabilities for EPF vessels that were already provided to the fleet and for future EPF vessels that are still in production.

¹ A key performance parameter is a primary requirement that is critical or essential to the development of an effective military capability.



Results in Brief

Expeditionary Fast Transport Capabilities

Recommendations

We recommend that the Program Executive Officer, PEO Ships, with assistance from the Program Office, review whether action was taken to correct deficiencies on EPF vessels. If action was taken, PEO Ships should require the Program Office to request COMOPTEVFOR to confirm the correction of deficiencies. If action was not taken, PEO Ships should require the Program Office to implement a plan to correct the deficiencies prior to delivery of the EPF vessels, as appropriate.

Additionally, we recommend that the Commander, MSC, identify whether deficiencies on delivered EPF vessels were corrected. If the deficiencies were not corrected, the Commander, MSC, should implement a plan to correct the deficiencies, as appropriate.

Management Comments and Our Response

The Assistant Secretary of the Navy (Research, Development and Acquisition) (ASN [RD&A]), responding for the Program Executive Officer, PEO Ships, and the Commander, MSC, addressed the specifics of the recommendations.

The ASN (RD&A) stated that the Navy partially agreed with our recommendations. The Commander, Naval Sea Systems Command (NAVSEA) agreed to work with the resource manager and the MSC for concurrence on Transport Capability and unrefueled range limitations deficiencies. The Commander, NAVSEA also agreed to conduct further assessments on the rigid hull inflatable boat launch and recovery and the aft mission deck layout. This recommendation is resolved but will remain open. We will close this recommendation when the Program Office demonstrates that the resource sponsor and the MSC accepted the Transport

Management Comments (cont'd)

Capability and unrefueled range limitations, and when the Program Office conducts further assessments to resolve the rigid hull inflatable boat launch and recovery and the aft mission deck layout.

The ASN (RD&A) stated that the Navy agreed with our recommendation. The Commander, MSC, stated that the MSC will continue to work with PEO Ships and the Program Office to review and implement appropriate corrections in the delivered fleet. This recommendation is resolved but will remain open. We will close this recommendation when the MSC provides documentation to show reviews were conducted and appropriate corrections were implemented in the delivered fleet.

Please see the Recommendations Table on the next page for the status of the recommendations.

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Program Executive Officer, Program Executive Office Ships	None	1	None
Commander, Military Sealift Command	None	2	None

Note: The following categories are used to describe agency management’s comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – OIG verified that the agreed upon corrective actions were implemented.





INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

April 25, 2018

MEMORANDUM FOR NAVAL INSPECTOR GENERAL

SUBJECT: Expeditionary Fast Transport Capabilities
(Report No. DODIG-2018-107)

We are providing this report for your information and use. We conducted this audit in accordance with generally accepted government auditing standards.

We considered management comments on a draft of this report when preparing the final report. Comments from the Assistant Secretary of the Navy (Research, Development and Acquisition) addressed the specifics of the recommendations and conformed to the requirements of DoD Instruction 7650.03; therefore, we do not require additional comments.

We appreciate the courtesies extended to the staff. Please direct questions to Mr. Kenneth B. VanHove at (216) 535-3777 (DSN 499-9946).

A handwritten signature in black ink, appearing to read "Theresa S. Hull".

Theresa S. Hull
Assistant Inspector General
Acquisition, Contracting, and
Sustainment

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Introduction

Objective

We determined whether the Department of the Navy (Navy) achieved the performance capabilities for the Expeditionary Fast Transport (EPF) program. See Appendix A for a discussion of the scope and methodology and prior audit coverage related to the objective.

Background

The EPF vessel, formerly named the Joint High Speed Vessel, is an aluminum catamaran capable of transferring personnel and cargo. The EPF vessel will be used to transport personnel, supplies, and equipment in support of a wide range of military and civilian contingencies, evacuations, and disaster relief. Figure 1 shows pictures of the EPF vessel.



Expeditionary Fast Transport Organizations

The Assistant Secretary of the Navy for Research, Development and Acquisition (ASN [RD&A]) has authority, responsibility, and accountability for all Navy acquisition functions and programs. The ASN (RD&A) was identified as the Milestone Decision Authority (MDA) for the EPF program. The MDA has the overall responsibility for the program and has the sole authority to approve transitioning to the next phase of the acquisition process described in DoD Instruction 5000.02.² The Program Executive Office Ships (PEO Ships) reports to the ASN (RD&A). The PEO Ships manages the design and construction of destroyers, amphibious ships, special mission and support ships, and all Navy non-nuclear surface ships. The Strategic and Theater Sealift Program Office (Program Office) reports to PEO Ships and manages the \$2 billion EPF program through vessel delivery.

² DoD Instruction 5000.02, "Operation of the Defense Acquisition System," January 7, 2015.

Expeditionary Fast Transport Acquisition History

In November 2008, the Under Secretary of Defense for Acquisition, Technology and Logistics established the EPF program as an acquisition category (ACAT) I program. ACAT I programs have an estimated total procurement of over \$2.79 billion.³ The EPF program was approved for 18 EPF vessels. Specifically, the EPF program was approved for 10 EPF vessels during low-rate initial production (initial production). Initial production is when a minimum quantity is produced for testing. The Navy planned to purchase the remaining eight EPF vessels following the combined Milestone C and full rate production decision. Milestone C is a decision to transition into the production phase.

The FY 2013 President's Budget submission reduced the EPF program from 18 to 10 EPF vessels. The reduction brought the total cost of the EPF program below the ACAT I threshold, and the ASN (RD&A) recategorized the EPF program as an ACAT II program. ACAT II programs are major systems with estimated total procurement between \$835 million and \$2.79 billion. In April 2013, the ASN (RD&A) concluded that the combined Milestone C and full rate production decision was not warranted or required because the EPF program was considered stable enough to support all 10 initial production EPF vessels. In September 2015, the ASN (RD&A) approved an additional two initial production EPF vessels, for a total of 12 EPF vessels.

Expeditionary Fast Transport Contracts

The Naval Sea Systems Command (NAVSEA) provides contracting support for the EPF program. On January 31, 2008, NAVSEA awarded a fixed-price contract to Austal USA for the preliminary design of the EPF vessel.⁴ Austal USA is a global defense prime contractor that designs and manufactures commercial and defense ships. On November 13, 2008, NAVSEA issued a contract modification, valued at \$185.4 million, for the detailed design and construction of one EPF vessel. The contract modification included options for the construction of nine additional EPF vessels and spare parts. NAVSEA exercised all options for 10 EPF vessels and spare parts, valued at \$1.7 billion. On October 28, 2015, NAVSEA awarded an undefinitized contract to Austal USA for another EPF vessel and modified the contract on May 4, 2016, for an additional EPF vessel. On September 15, 2016, NAVSEA definitized the contract value for the two additional EPF vessels for \$327 million, for a total of 12 EPF vessels.⁵

³ All Defense acquisition programs are designated by an ACAT (ACAT I through IV) based on criteria specified in DoD Instruction 5000.02 and Secretary of the Navy Instruction 5000.2E. Dollars are in FY 2014 dollars.

⁴ Contract N00024-08-C-2217 is a fixed price contract, with fixed price incentive fee and firm-fixed price line items.

⁵ Contract N00024-16-C-2217 is a fixed price contract, with fixed price incentive fee and firm-fixed price line items.

As of August 2017, the Navy had accepted delivery of eight EPF vessels. Upon acceptance, the Navy transferred the EPF vessels to the Military Sealift Command (MSC). The MSC supports the joint warfighter across the full spectrum of military operations. The MSC provides on-time logistics, strategic sealift, and specialized missions anywhere in the world. According to MSC officials, the MSC operates and sustains the EPF vessel, including any changes made after acceptance. Austal USA is currently constructing four EPF vessels and expects to deliver the final EPF vessel in FY 2019. According to an MSC official, the first EPF vessel is scheduled to be deactivated in 2032. According to Program Office officials, the individual EPF vessel service life is dependent on the hours of operation, operational environments, and maintenance of the EPF vessel.

Expeditionary Fast Transport Required Capabilities

The Joint Requirements Oversight Council validates capability needs and reviews and approves the key performance parameters (KPPs) identified in the capabilities development document (CDD).⁶ A KPP is a primary requirement that is critical or essential to the development of an effective military capability. The CDD identified eight KPPs that the EPF vessel must meet:

1. Transport Capability—move medium-size tactical units across operational distances at high speeds.
2. Draft—maneuver in shallow waters and ports.
3. Ramp—handle the full range of vehicles, roll-on and roll-off equipment, and sufficiently interface with anticipated land access systems and seabase platforms.
4. Cargo Movement—cargo movement between mission deck and flight deck, and between pier and mission deck.
5. Net Ready—continuously provide survivable, interoperable, secure, and operationally effective information exchanges.
6. Force Protection—provide deterrence, detection, response, and mitigation of terrorist threats.
7. Survivability—meet commercial standards for ship survivability.
8. Mission Deck Loading—support the on and offload of large vehicles.

In addition, the CDD listed 25 additional performance attributes (APAs) for the EPF vessel. An APA is a performance attribute that is important enough to be included in the CDD but not important enough to be considered a KPP or a key system attribute, which is a secondary requirement. The EPF vessel did not have any key system attributes. See Appendix B for a list of the 25 APAs.

⁶ A CDD identifies operational performance attributes of the proposed system.

Expeditionary Fast Transport Testing Process

Navy Instruction 5000.2E states that the Commander, Operational Test and Evaluation Force (COMOPTEVFOR), shall conduct operational tests and evaluations on Navy ACAT II programs.⁷ COMOPTEVFOR is the independent test agency responsible for conducting operational test and evaluation for Navy, Marine Corps, and joint acquisition programs. COMOPTEVFOR tests and evaluates warfighting capabilities under realistic operational conditions to determine the systems' effectiveness, suitability, and impact on the mission accomplishment.

COMOPTEVFOR, with assistance from the Marine Corps Operational Test and Evaluation Activity, completed the initial operational test and evaluation (IOT&E) of the EPF program in January 2014. The IOT&E is used to determine whether systems are operationally effective and operationally suitable. Operational effectiveness is the measurement of the overall ability of a system to accomplish a mission when used by representative personnel in the environment planned or expected for operational employment of the system. Operational effectiveness takes into consideration organization, doctrine, tactics, supportability, survivability, vulnerability, and threat. Operational suitability is the degree to which a system can be satisfactorily placed in field use with consideration to reliability, availability, safety, and other requirements. Following the IOT&E, COMOPTEVFOR determined that the EPF vessel was operationally effective and suitable for Fleet introduction. COMOPTEVFOR identified 28 deficiencies that limited the capabilities of EPF vessels. See Appendix C for a complete list of the 28 deficiencies with technical descriptions.

In April 2015, COMOPTEVFOR, with assistance from the Marine Corps Operational Test and Evaluation Activity, completed the follow-on operational test and evaluation (FOT&E). The FOT&E is designed to test system changes and verify whether the program continues to meet operational needs and retains its effectiveness in new environments or against new threats. COMOPTEVFOR updated its operational evaluation during the FOT&E. In November 2015, COMOPTEVFOR reported to Navy officials that the EPF vessel was operationally suitable but not operationally effective for conducting at-sea transfers.

The Director, Operational Test and Evaluation (DOT&E) provided oversight of the IOT&E and FOT&E for the EPF program. The DOT&E is the principal staff assistant and senior advisor to the Secretary of Defense for operational test and evaluation; the DOT&E also oversees major DoD acquisition programs to ensure

⁷ Secretary of the Navy Instruction 5000.2E, "Department of the Navy Implementation and Operation of the Defense Acquisition System and the Joint Capabilities Integration and Development System," September 1, 2011.

operational testing is adequate to confirm operational effectiveness and suitability. In January 2015, the DOT&E stated in its FY 2014 Annual Report that the EPF vessels were operationally suitable and effective with limitations.

Review of Internal Controls

DoD Instruction 5010.40 requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls.⁸

We identified an internal control weakness with regard to achieving the performance capabilities for the EPF program. Specifically, Program Office officials did not demonstrate that they corrected deficiencies identified during initial production. We will provide a copy of the report to the senior officials responsible for internal controls in the Navy.

⁸ DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

Finding

Expeditionary Fast Transport Performance Capabilities Not Achieved

Program Office officials did not achieve the performance capabilities for the EPF program. Specifically, Program Office officials obligated \$2 billion for the EPF program, which had deficiencies that prevented it from attaining the required performance capabilities, including two KPPs—Transport Capability and Net Ready. This occurred because Program Office officials did not demonstrate that they corrected deficiencies identified during initial production. As a result, Navy officials accepted eight EPF vessels with deficiencies that could prevent the MSC from accomplishing missions. The Navy may also spend additional money to achieve the required performance capabilities for EPF vessels that were already provided to the fleet and for future EPF vessels that are still in production.

Expeditionary Fast Transport Vessels Had Deficiencies

Program Office officials did not achieve the performance capabilities for the EPF program. Specifically, Program Office officials obligated \$2 billion for the EPF program, which had deficiencies that prevented it from attaining the required performance capabilities, including two KPPs—Transport Capability and Net Ready. Following the IOT&E and FOT&E, COMOPTEVFOR created operational evaluation reports and identified 28 deficiencies, which ranged from severe to minor. COMOPTEVFOR officials identified a major 2 deficiency during the IOT&E that related to the Transport Capability KPP. Major 2 deficiencies have a serious impact on mission accomplishment. Additionally, COMOPTEVFOR officials identified deficiencies related to the Net Ready KPP during the IOT&E, ranging from major 1 to minor. Major 1 deficiencies have a critical impact on mission accomplishment. Table 1 shows the deficiency level, descriptions, and number of deficiencies identified during the IOT&E and FOT&E.

Table 1. Deficiency Level, Description, and Number of Deficiencies Identified During the IOT&E and FOT&E.

Level	Description	Number of Deficiencies
Severe	Precludes mission accomplishment	1
Major 1	Critical impact on mission accomplishment	2
Major 2	Serious impact on mission accomplishment	5
Major 3	Moderate impact on mission accomplishment	11
Minor	No significant impact on mission accomplishment	9
Total		28


Source: COMOPTEVFOR.

Response Reports

The Navy’s Acquisition and Capabilities Guidebook states that programs should review operational evaluation reports and formally respond with plans for addressing or deferring the correction of deficiencies.⁹ Program Office officials evaluated the deficiencies identified in COMOPTEVFOR’s operational evaluation reports and developed response reports, which described the actions taken or planned to resolve the deficiencies. Program Office officials assigned a resolution status to each of the 28 deficiencies, which related to KPPs, APAs, and other deficiencies in the response reports.¹⁰ Program Office officials identified 26 deficiencies as open and 2 deficiencies as corrected. Program Office officials planned no action for 22 of the 26 uncorrected deficiencies. Program Office officials stated that the 20 IOT&E deficiencies identified by COMOPTEVFOR were not deficiencies and that the EPF vessel met the CDD and contract requirements. Additionally, Program Office officials stated that actions have been taken to resolve the 2 FOT&E deficiencies. However, COMOPTEVFOR officials determined that the 20 IOT&E deficiencies did not meet the CDD requirements and that the Program Office did not take any additional action to correct the remaining two deficiencies identified during the FOT&E.

Key Performance Parameters Deficiencies

Program Office officials determined that 15 of the 26 open deficiencies were related to two KPPs—Transport Capability and Net Ready. COMOPTEVFOR officials identified a deficiency related to the Transport Capability KPP. The EPF vessel was required to transport 1.2 million pounds of cargo for 1,200 nautical miles at an average speed of 35 knots.¹¹ During the IOT&E, COMOPTEVFOR officials reported that the EPF vessel was only able to achieve weight capacity of 1.2 million pounds of cargo for 769 nautical miles at an average speed of 31 knots. Additionally, the DOT&E determined that the EPF vessel did not achieve the Transport Capability KPP because the EPF vessel was only able to achieve a weight capacity of 1.2 million pounds of cargo for 858 nautical miles at an average speed of 31 knots. DOT&E and COMOPTEVFOR officials recommended that the Program Office correct this deficiency. Program Office officials assigned the deficiency a status of open without resolution and did not correct the deficiency.



Program Office officials determined that 15 of the 26 open deficiencies were related to two KPPs—Transport Capability and Net Ready.

⁹ Secretary of the Navy Manual 5000.2, “Acquisition and Capabilities Guidebook,” May 9, 2012.

¹⁰ The other deficiencies relate to reliability and safety and are not categorized as KPP, Key System Attribute, or APA capabilities. These capabilities are included within the CDD and the test and evaluation master plan.

¹¹ A nautical mile is 1,852 meters and knot is equal to 1.15 miles per hour.

In addition, Program Office officials determined that 14 information assurance control deficiencies identified during the IOT&E were related to the Net Ready KPP. Information assurance controls include the availability, integrity, authenticity, and confidentiality of information exchanges. Additionally, the DOT&E determined that the EPF vessel included significant information assurance vulnerabilities. DOT&E and COMOPTEVFOR officials recommended that the Program Office correct these deficiencies. However, Program Office officials assigned the 14 information assurance control deficiencies a status of open without resolution and did not demonstrate that the deficiencies were corrected.

Additional Performance Deficiencies

COMOPTEVFOR officials identified that the remaining 11 of 26 deficiencies, ranging from severe to minor, were related to the APAs and other reliability and safety problems. For example, COMOPTEVFOR officials identified a severe deficiency during the FOT&E relating to the at-sea transfer capability. Program Office officials set an objective to transfer equipment between ships in waves over 1.25 meters, with a minimum requirement to make the transfer in 0.1 meter waves. The EPF vessel uses the stern ramp and mobile landing platform for at-sea transfers (Figure 2). The EPF vessel was able to complete a vehicle transfer in a protected harbor with 0.3 meter waves. However, the EPF vessel was not capable of making an open ocean equipment transfer in 0.5 meter waves. Additionally, the DOT&E determined that the EPF vessel was not capable of completing an at-sea transfer. DOT&E and COMOPTEVFOR recommended that the Program Office correct this deficiency. Program Office officials assigned the deficiency a status of open without resolution and did not correct the deficiency.



Figure 2. EPF Stern Ramp and Mobile Landing Platform Used for At-Sea Transfers.
Source: COMOPTEVFOR FOT&E Report.

Deficiencies Were Not Demonstrated as Corrected

Program Office officials did not demonstrate that they corrected deficiencies identified during initial production. DoD Instruction 5000.02 requires that deficiencies identified in testing be resolved prior to proceeding beyond initial production or limited deployment.¹² The EPF program is in the initial production phase and, as determined by the MDA, is not scheduled to move beyond initial production. As a result, the Program Office should correct the deficiencies identified during the IOT&E and FOT&E.

The Navy's Acquisition and Capabilities Guidebook states that intent of the verification of the correction of deficiencies (VCD) process is to confirm that deficiencies identified during testing were corrected.¹³ A VCD can occur through COMOPTEVFOR's review and endorsement of corrective actions or, in some cases, through an end-to-end test of the complete system, depending on the complexity of the system and the extent of the corrections. According to the COMOPTEVFOR's Operational Test Director's Manual, the initial step for a VCD is a VCD request, submitted to COMOPTEVFOR in writing by the developing agency, identifying the specific corrected deficiencies.¹⁴

According to a Program Office official, the Program Office did provide the response reports to COMOPTEVFOR, but did not request a VCD for any corrected deficiencies. A COMOPTEVFOR official confirmed that Program Office officials did not submit any VCD requests to determine and confirm if the deficiencies were corrected. We requested that Program Office officials provide us documentation to demonstrate the correction of the 28 deficiencies identified during the IOT&E and FOT&E. Program Office officials only provided support to show that the Program Office corrected four of the 28 deficiencies. For example, COMOPTEVFOR officials identified a major 2 deficiency during the FOT&E that the weld on the ramp's hydraulic arm broke during an at-sea vehicle transfer (Figure 3). The Navy repaired the hydraulic arm and returned it to service. A Program Office official provided documentation from the American Bureau of Shipping that listed the status of the repair as complete.

¹² DoD Instruction 5000.02, "Operation of the Defense Acquisition System," December 8, 2008, required the correction of deficiencies before moving beyond initial production. The instruction was updated on January 7, 2015. The updated instruction requires the correction of critical deficiencies before moving beyond initial production or limited deployment.

¹³ Secretary of the Navy Manual 5000.2, "Acquisition and Capabilities Guidebook," May 9, 2012.

¹⁴ COMOPTEVFOR Instruction 3980.2H, "Operational Test Director's Manual," July 18, 2017.

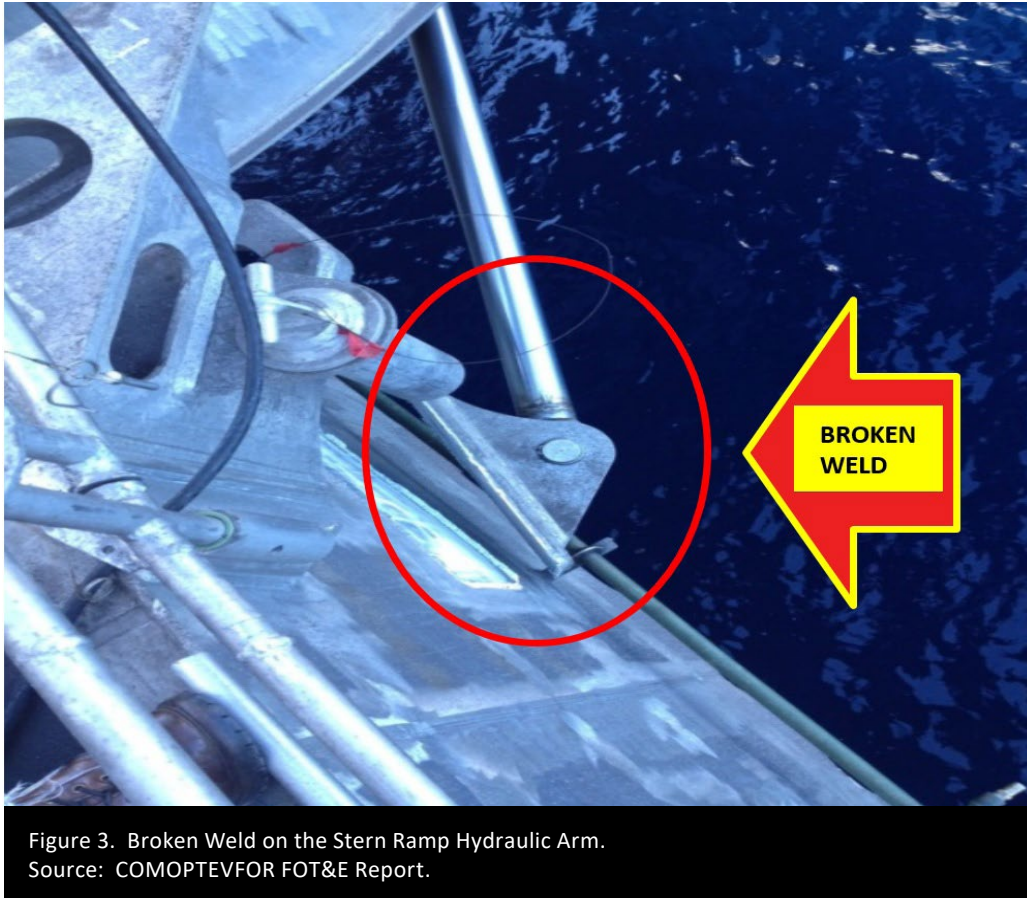


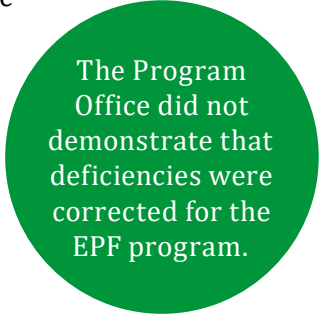
Figure 3. Broken Weld on the Stern Ramp Hydraulic Arm.
Source: COMOPTEVFOR FOT&E Report.

Program Office officials did not provide sufficient documentation to show that the remaining 24 deficiencies were corrected. For example, Program Office and MSC officials could not demonstrate that the Transport Capability KPP deficiency was corrected. During the IOT&E, COMOPTEVFOR determined that the EPF vessel only met the payload requirement, not the required range and speed requirements. Program Office officials disagreed with COMOPTEVFOR's analysis and presented a study from NAVSEA that was conducted after the IOT&E. This study used models to predict the EPF vessel could achieve the KPP for payload, range, and speed if the ship minimized weight, held no fuel reserve, encountered minimal head winds, used full power, had a clean bottom, and ran a straight-line course. NAVSEA recommended that Program Office officials continue to collect in-service payload, range, and speed data to facilitate better predictive tools for mission planning because the EPF vessel is a new ship class. However, Program Office and MSC officials did not collect this data to show the EPF vessel met the required KPP capability.

Program Office and MSC officials did not demonstrate the 14 information assurance control deficiencies related to the Net Ready KPP were corrected. Program Office officials reported that the Space and Naval Warfare Systems Command corrected 11 information assurance control deficiencies identified during the IOT&E and FOT&E, which were confirmed as corrected by the MSC.¹⁵ In addition, on July 31, 2014, Program Office officials reported that two additional deficiencies were resolved because the equipment was operating properly. According to Program Office officials, the remaining deficiency was corrected through a process improvement. However, Program Office and MSC officials could not provide documentation to support that the 14 information assurance control deficiencies were corrected and that the EPF vessel met the required KPP capability.

Finally, Program Office officials could not demonstrate that the nine remaining deficiencies were corrected. For example, COMOPTEVFOR reported that the EPF vessel met the minimum requirement of at-sea transfers in 0.1 meter waves. Program Office officials responded that the COMOPTEVFOR deficiency is beyond the CDD requirement. However, COMOPTEVFOR stated the minimum requirement was too low to enable at-sea transfers in the projected operating environment, which is 1.25 to 2.5 meters.

According to Program Office officials, the 28 deficiencies were resolved; therefore, no further actions were required. However, the Program Office did not demonstrate that deficiencies were corrected for the EPF program. COMOPTEVFOR's Operational Test Director's Manual states that the VCD process provides the MDA with the independent assurance that the program office corrected testing deficiencies.¹⁶ Therefore, PEO Ships, with assistance from the Program Office, should review whether action was taken to correct deficiencies on EPF vessels. If action was taken, PEO Ships should require the Program Office to request COMOPTEVFOR to confirm the correction of deficiencies. If action was not taken, PEO Ships should require the Program Office to implement a plan to correct the deficiencies prior to delivery of the EPF vessels, as appropriate. Additionally, MSC should assist PEO Ships with reviews to identify if the deficiencies on delivered EPF vessels were corrected. If the deficiencies were not corrected, implement a plan to correct the deficiencies on delivered EPF vessels, where appropriate.



The Program Office did not demonstrate that deficiencies were corrected for the EPF program.

¹⁵ The Space and Naval Warfare Systems Command is responsible for developing, delivering, and sustaining advanced cyber capabilities. According to the Program Office, Space and Naval Warfare Systems Command is responsible for information assurance control deficiencies.

¹⁶ COMOPTEVFOR Instruction 3980.2G, "Operational Test Director's Manual," July 26, 2016. This was updated on July 18, 2017 as COMOPTEVFOR Instruction 3980.2H.

Expeditionary Fast Transport Lacks Capability

Navy officials accepted eight EPF vessels with deficiencies that could prevent the MSC from accomplishing missions. COMOPTEVFOR identified that the EPF vessel could only accomplish portions of its mission. Specifically, the DOT&E and COMOPTEVFOR reported that the EPF vessel was not operationally effective when conducting at-sea transfers. The EPF vessel could only conduct vehicle transfers when waves were 0.3 meters or less, a condition normally only found in protected harbors. The DOT&E reported that conducting vehicle transfers exclusively in protected harbors is not operationally realistic. This limitation precludes the EPF vessels from accomplishing the mission requirement of at-sea transfers.

Additionally, the EPF vessel is not capable of performing all KPPs. Specifically, the EPF vessel did not demonstrate that it met the Transport Capability and Net Ready KPPs. The EPF vessel did not demonstrate during testing that it met the payload, range, and speed capabilities required for the Transport Capability KPP. According to an MSC official, the EPF vessel has not demonstrated that it can meet the Transport Capability KPP, which has a serious impact on mission accomplishment. Furthermore, the EPF vessel did not achieve the Net Ready KPP. COMOPTEVFOR identified two information assurance deficiencies that had a critical impact on mission accomplishment. Cybersecurity vulnerabilities could potentially lead to hackers disabling or taking control of systems, preventing the EPF vessel from accomplishing its missions. According to a DoD Cybersecurity Instruction, if cybersecurity risk management is not adequately addressed during the initiation, development, and acquisition phases of the system development life cycle, these tasks will be undertaken later in the life cycle and will be more costly and time consuming to implement.¹⁷

Navy May Spend Additional Money

Navy officials may have to spend additional money to achieve the required performance capabilities for EPF vessels that were already provided to the fleet and for future EPF vessels that are still in production. The Navy obligated \$2 billion to produce 12 EPF vessels that do not meet the required performance capabilities. According to NAVSEA, Austal USA billed NAVSEA a total of \$1.3 billion for the eight delivered EPF vessels, \$77.2 million over the contract target price.



Navy officials may have to spend additional money to achieve the required performance capabilities for EPF vessels that were already provided to the fleet and for future EPF vessels that are still in production.

¹⁷ DoD Instruction 8500.01, "Cybersecurity," March 14, 2014.

The Navy paid \$77.2 million over the contract target price, but according to a Program Office official, the funds needed to go through the VCD process for additional testing are not available. However, in comparison to the overall EPF program, the cost to conduct the VCD process may be minimal because it could be limited to COMOPTEVFOR reviewing corrective actions already taken, although further testing could be required. A COMOPTEVFOR official could not provide a cost to complete the VCD process but identified the IOT&E cost was \$530,000 and the FOT&E cost was \$194,500.

The MSC may need to spend additional money to implement corrections on the eight delivered EPF vessels if the deficiencies discussed in this report remain uncorrected. However, the MSC should only implement corrections on the eight delivered EPF vessels where it determines the performance capability is necessary to meet mission requirements. The Program Office should not have to spend any additional money to achieve the required performance capabilities on the four undelivered EPF vessels because the performance capabilities are original contract requirements; therefore, the contractor should deliver EPF vessels that meet all performance capabilities. The Navy may need to spend additional money to verify that deficiencies were corrected and that the EPF vessels are fully capable of meeting its mission requirements.

Recommendations, Management Comments, and Our Response

Recommendation 1

We recommend that the Program Executive Officer, Program Executive Office Ships, with assistance from the Strategic and Theater Sealift Program Office, review whether action was taken to correct deficiencies on the Expeditionary Fast Transport vessels. If action was taken, the Program Executive Office Ships should require the Strategic and Theater Sealift Program Office to request the Commander, Operational Test and Evaluation Force, to confirm the correction of deficiencies. If action was not taken, the Program Executive Office Ships should require the Strategic Theater Sealift Program Office to implement a plan to correct the deficiencies prior to delivery of the Expeditionary Fast Transport vessels, as appropriate.

Assistant Secretary of the Navy (Research, Development and Acquisition) Comments

The ASN (RD&A), responding for the Program Executive Officer, PEO Ships, stated the Navy partially agreed with our recommendation. The Commander, NAVSEA, stated that the Program Office has met Navy requirements for documenting and reporting CDD deficiencies, and all statutory and CDD requirements, as verified by PEO Ships. The Program Office will continue to work with the resource sponsor and the MSC on gaining concurrences on the Transport Capability and unrefueled range. The Commander, NAVSEA also agreed to conduct further assessments on the rigid hull inflatable boat launch and recovery and the aft mission deck layout. The Commander, NAVSEA, stated that he did not agree that the EPF program is required to go through the VCD process because the EPF program is not required to go to Milestone C and has no ships beyond initial production.

Our Response

DoD Instruction 5000.02 requires that deficiencies identified in testing be resolved prior to proceeding beyond initial production or limited deployment. As a result, the Program Office should correct the deficiencies identified during the IOT&E and FOT&E. Program Office officials did not demonstrate that they corrected deficiencies identified during initial production. Program Office officials could only demonstrate that four of the 28 deficiencies were corrected. The VCD process is a way to formally document and confirm that deficiencies identified during testing were corrected. The VCD process also provides the MDA with the independent assurance that the Program Office corrected testing deficiencies.

Additionally, the Commander, NAVSEA, stated that the Program Office met all statutory and CDD requirements as verified by PEO Ships. However, according to COMOPTEVFOR officials, the EPF vessel did not meet all CDD requirements. For example, the EPF vessel was required to transport 1.2 million pounds of cargo for 1,200 nautical miles at an average speed of 35 knots to meet the Transport Capability KPP. During the IOT&E, COMOPTEVFOR officials reported that the EPF vessel was only able to achieve weight capacity of 1.2 million pounds of cargo for 769 nautical miles at an average speed of 31 knots, which did not meet the Transport Capability KPP. The DOT&E also determined that the EPF vessel did not meet the Transport Capability KPP because the EPF vessel was only able to achieve weight capacity of 1.2 million pounds of cargo for 858 nautical miles at an average speed of 31 knots. However, the Commander, NAVSEA, agreed to work with the resource manager and MSC for concurrence on the limitations and conduct further assessments on other deficiencies. As a result, Recommendation 1 is resolved, but will remain open. We will close Recommendation 1 when the Program Office demonstrates that the resource sponsor and MSC have accepted the Transport

Capability and unrefueled range limitations, and when the Program Office conducts further assessments to resolve the rigid hull inflatable boat launch and recovery and aft mission deck layout.

Recommendation 2

We recommend that Commander, Military Sealift Command, assist the Program Executive Office Ships with reviews to identify if the deficiencies on delivered Expeditionary Fast Transport vessels were corrected. If the deficiencies were not corrected, implement a plan to correct the deficiencies on delivered Expeditionary Fast Transports, where appropriate.

Assistant Secretary of the Navy (Research, Development and Acquisition) Comments

The ASN (RD&A), responding for the Commander, MSC, stated the Navy agreed with our recommendation. The Commander stated that the MSC will continue to work with PEO Ships and the Program Office to review and implement appropriate corrections in the delivered fleet. The Commander stated that the MSC is developing and implementing solutions, in partnership with the Program Office, in the areas of the high expansion foam fire-fighting system reliability, main fire pump variable speed drive and motor bearings; strengthening of the bow structure to mitigate bow slamming events, and addressing the aluminum sensitization and resultant cracking of the hull structure obstructing the main propulsion diesel engine exhaust ports.

Our Response

Recommendation 2 is resolved but will remain open. We will close Recommendation 2 when MSC provides documentation to show reviews were conducted and appropriate corrections were implemented in the delivered fleet.

Appendix A

Scope and Methodology

We conducted this performance audit from April through December 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusion based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusion based on our audit objective.

To determine whether the Navy achieved the performance capabilities for the EPF vessel, we met with officials from the following organizations to identify roles and responsibilities and obtain EPF acquisition and contract documentation from 2005 through 2017:

- Office of the Under Secretary of Defense for Acquisition, Technology and Logistics;
- Director, Operational Test and Evaluation;
- ASN (RD&A);
- PEO Ships;
- Program Office;
- NAVSEA;
- MSC;
- COMOPTEVFOR;
- Marine Corps Operational Test and Evaluation Activity; and
- Austal USA.

Specifically, we reviewed the initial capabilities document, CDD, test and evaluation master plan, operational test plan, IOT&E and FOT&E results, response reports, acquisition strategy, the acquisition program baseline, integrated baseline review documentation, statements of work, base contract and modifications, billed amounts, and DoD Form 250s “Material Inspection and Receiving Reports.” We compared capabilities with the IOT&E and FOT&E tests and results to identify testing deficiencies. We requested that the Program Office and the MSC provide documentation to demonstrate the corrections of testing deficiencies. Additionally, we reviewed contract documentation to identify the total cost per EPF vessel, cost overruns, and delays in schedule.

We reviewed the following DoD and Navy guidance:

- DoD Instruction 5000.02, “Operation of the Defense Acquisition System,” January 7, 2015;
- DoD Instruction 8500.01, “Cybersecurity,” March 14, 2014;
- Secretary of the Navy Instruction 5000.2E, “Department of the Navy Implementation and Operation of the Defense Acquisition System and the Joint Capabilities Integration and Development System,” September 1, 2011;
- Secretary of the Navy Manual 5000.2, “Acquisition and Capabilities Guidebook,” May 9, 2012; and
- COMOPTEVFOR Instruction 3980.2H, “Operational Test Director’s Manual,” July 18, 2017.

Use of Computer-Processed Data

We did not use computer-processed data to perform this audit.

Use of Technical Assistance

An engineer from the Technical Assessment Division, DoD Office of Inspector General, assisted with the audit. The engineer helped the team review the test results and response reports.

Prior Coverage

During the last 5 years, the Government Accountability Office (GAO) issued two reports discussing the EPF. Unrestricted GAO reports can be accessed at <http://www.gao.gov>.

GAO

GAO-14-122, “Navy Shipbuilding: Opportunities Exist To Improve Practices Affecting Quality,” November 19, 2013

This report showed that the total deficiencies had declined for several ship classes including the Joint High Speed Vessel/EPF. The first Joint High Speed Vessel, was delivered with 54 uncorrected deficiencies, of which 6 were categorized as part I. Part I deficiencies are very significant in that they are likely to cause the ship to be unseaworthy or to substantially reduce the ship’s ability to carry out its assigned mission.

GAO-13-294SP, "Assessment of Selected Major Weapon Programs," March 28, 2013

This report explained that the Joint High Speed Vessel program began lead-ship fabrication in December 2009 with all 18 of its critical technologies mature and demonstrated in a realistic environment, but without a stable three-dimensional design. The shipyard did not have all drawings approved by American Bureau of Shipping prior to the start of fabrication. This led to out of-sequence work and additional rework to account for design changes, all of which contributed to cost overruns, schedule delays, and a significant increase in the weight of the ship that could impact ship performance. The American Bureau of Shipping did not approve the design until May 2012.

Appendix B

Additional Performance Attributes

The CDD included 25 APAs. An APA is a performance attribute that is important enough to include in the CDD but not important enough to be considered a KPP. Table 2 details the APAs and definitions.

Table 2. APAs and Definitions.

Count	Attribute	Definition
1	Manpower	The optimal number of crewmembers.
2	Mission Deck Size	The optimal deck size with minimal obstructions.
3	Mission Deck Layout	Laid out to accommodate the turn radius of vehicles.
4	Cargo Handling in Mission Bay	Capable of handling the largest anticipated cargo loads (40,000 pounds).
5	Vessel Maneuverability	Cargo movement: Capable of unassisted mooring in degraded ports.
6	Unrefueled Range	4,700 nautical miles at 23 knots.
7	Panama Canal Transit	Capable of transiting the Panama Canal.
8	Underway Refueling	Capable of using standard North Atlantic Treaty Organization underway refueling system.
9	Embarked Force Seating Capacity	312 seats and 46 temporary berths.
10	Embarked Force Berthing	Sufficient beds for 1/3rd of the embarked force at a given time.
11	Embarked Unit Personal Gear Stowage	1,500 cubic feet of storage space for personal gear.
12	Launch and Recover Watercraft	Capability to launch 2 boats.
13	Sustainment for Embarked Force	Capability to support passengers for a fixed amount of time.
14	Vertical Replenishment	Capability to receive replenishment on the flight deck via helicopter.
15	Mission Deck Module Stations	Provide various power, network, water, and compressed air modules.
16	Crew Accommodations	Sufficient accommodations for crew.
17	Operating Temperatures	The ship and machinery designed to operate between 10 degrees and 105 degrees Fahrenheit.
18	Aviation Capability – Flight Deck	Flight deck capable of launching and recovering H-60 class helicopter.
19	Aviation Capability – Stowage and Maintenance	Sufficient shelter for helicopters and their associated equipment.

Count	Attribute	Definition
20	Aviation Capability – Arming/Dearming	Arm and rearm weapons on helicopter.
21	Ammunition Handling and Storage	Sufficient stowage and handling for all necessary ammunition.
22	Medical Facilities	Facilities for routine medical support.
23	Chemical and Biological Contamination Survivability	The ship must have a water wash down system.
24	Embarked Force Equipment Refueling	Capability to refuel the embarked forces' equipment.
25	Interface	Capability to interface with mobile landing platforms and roll-on, roll-off discharge facilities at sea.

Appendix C

Testing Deficiencies and Program Office Resolution Status

COMOPTEVFOR officials identified 28 deficiencies during the IOT&E and FOT&E. These deficiencies ranged from severe to minor. Program Office officials evaluated the deficiencies identified in COMOPTEVFOR’s operational evaluation reports and developed response reports, which described the actions taken or planned to resolve the deficiencies. Program Office officials assigned a resolution status to each of the 28 deficiencies, which related to KPP, APA, and other deficiencies in the response reports. Program Office officials identified 26 deficiencies as open and 2 deficiencies as corrected. Table 3 details the IOT&E and FOT&E testing deficiencies and the Program Office’s Response Report Status.

(FOUO) Table 3. IOT&E and FOT&E Testing Deficiencies and the Program Office Response Report Status.

(FOUO) Count	Level	Deficiency	Event	Attribute	Program Office Assigned Resolution Status
1	Severe	Interface: Did not support the seabasing component of the strategic theater sealift mission, due to the stern ramp’s 0.1-meter significant wave height threshold requirement being incompatible with the sea conditions encountered during seabasing missions.	FOT&E	APA	Open Without Resolution
2	Major 1	(FOUO) Information Assurance: [REDACTED]	IOT&E	KPP	Open Without Resolution
3	Major 1	(FOUO) Information Assurance: [REDACTED]	IOT&E	KPP	Open Without Resolution
4	Major 2	Transport Capability: The EPF did not meet the requirement to carry 600 short tons over 1,200 nautical miles at 35 knots.	IOT&E	KPP	Open Without Resolution
5	Major 2	Cargo movement: The 10k forklift truck provided at delivery does not meet the requirements.	IOT&E	APA	Open Without Resolution
6	Major 2	(FOUO) Information Assurance: [REDACTED]	IOT&E	KPP	Open Without Resolution
7	Major 2	Reliability: Stern ramp hydraulic slewing ram attachment broke off the ship’s transom during at-sea vehicle transfer.	FOT&E	Other	Corrected

(FOUO) Count	Level	Deficiency	Event	Attribute	Program Office Assigned Resolution Status
8	Major 2	Reliability: During tactical Sea, Air, and Land Delivery Vehicle launches and recoveries, a low-pressure condition in the hydraulic system repeatedly tripped hydraulic pump motor controllers offline.	FOT&E	Other	Open Until Resolution
9	Major 3	Navigation: Details classified.	IOT&E	Other	Open Without Resolution
10	Major 3	Safety: The embarked security team was not outfitted with safety harnesses and lanyards to protect embarked security team gunners from falling overboard.	IOT&E	Other	Open Without Resolution
11	Major 3	(FOUO) Information Assurance: [REDACTED]	IOT&E	KPP	Open Without Resolution
12	Major 3	(FOUO) Information Assurance: [REDACTED]	IOT&E	KPP	Open Without Resolution
13	Major 3	(FOUO) Information Assurance: [REDACTED]	IOT&E	KPP	Open Without Resolution
14	Major 3	(FOUO) Information Assurance: [REDACTED]	IOT&E	KPP	Open Without Resolution
15	Major 3	(FOUO) Information Assurance: [REDACTED]	IOT&E	KPP	Open Without Resolution
16	Major 3	(FOUO) Information Assurance: [REDACTED]	IOT&E	KPP	Open Without Resolution
17	Major 3	(FOUO) Information Assurance: [REDACTED]	IOT&E	KPP	Open Without Resolution
18	Major 3	Reliability: Ride Control System port and starboard cantilever foil pedestal bearing housings cracked, limiting vessel operations to less than 15 knots.	FOT&E	Other	Open Until Resolution
19	Major 3	Safety: The layout of aft mission deck did not provide sufficient space and tie down points for line handlers to control the pendular motion of a Sea, Air, and Land Delivery Vehicle when lifted by the ship's crane during tactical launch and recovery in significant wave height greater than 0.5 meters.	FOT&E	Other	Open Without Resolution
20	Minor	Unrefueled Range: The EPF did not meet the 4,700 nautical miles at 23 knots threshold.	IOT&E	APA	Open Without Resolution
21	Minor	Rigid Hull Inflatable Boat: The rigid inflatable boat deployment was not demonstrated during IOT&E.*	IOT&E	APA	Complete Until VCD

(FOUO) Count	Level	Deficiency	Event	Attribute	Program Office Assigned Resolution Status
22	Minor	Force Protection: Water intrusion in the security lighting increases the risk of visibility.	IOT&E	APA	Open Without Resolution
23	Minor	(FOUO) Information Assurance: [REDACTED]	IOT&E	KPP	Open Without Resolution
24	Minor	(FOUO) Information Assurance: [REDACTED]	IOT&E	KPP	Open Without Resolution
25	Minor	(FOUO) Information Assurance: [REDACTED]	IOT&E	KPP	Open Without Resolution
26	Minor	(FOUO) Information Assurance: [REDACTED]	IOT&E	KPP	Open Without Resolution
27	Minor	Reliability: The number of Service Side Diesel Generators failures had a significant impact on mission accomplishment.	IOT&E & FOT&E	Other	Open Until Resolution
28	Minor	Reliability: Waterjet propulsor system's reversing plates cracked and prevented operating astern propulsion.	FOT&E	Other	Corrected

* COMOPTEVFOR verified that this deficiency was corrected during FOT&E.

Management Comments

Assistant Secretary of the Navy (Research, Development and Acquisition)



THE ASSISTANT SECRETARY OF THE NAVY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

MAR 27 2018

MEMORANDUM FOR DEPARTMENT OF DEFENSE OFFICE OF INSPECTOR
GENERAL

SUBJECT: Navy's Response to Department of Defense Office of Inspector General
Discussion Draft of a Proposed Report, Project No. D2017-D000AT-
0127.000, "Expeditionary Fast Transport Capabilities"

Attached is the Navy's response to the draft proposed report from the Department of Defense, Office of Inspector General (DODIG), on the Expeditionary Fast Transport (EPF) performance capabilities.

The Navy partially concurs with DODIG's recommendation 1 and concurs with DODIG's recommendation 2. The Navy concurs that action must be taken to correct deficiencies as defined by the Capabilities Development Document, however these do not require that Commander, Operational Test and Evaluation Force confirm correction of deficiencies as recommended by DODIG.

Attachment 1 includes the response to recommendation 1 and associated memorandum from Commander, Naval Sea Systems Command. Attachment 2 includes the response to recommendation 2 and associated memorandum from Commander, Military Sealift Command. Attachment 3 includes the security marking review along with a redacted copy of the proposed report with Freedom of Information Act markings.

My point of contact for this matter is [REDACTED] DASN Ships, who can be reached at [REDACTED]


James F. Geurts

Attachments:
As stated

Management Comments

Naval Sea Systems Command



DEPARTMENT OF THE NAVY
NAVAL SEA SYSTEMS COMMAND
1333 ISAAC HULL AVE SE
WASHINGTON NAVY YARD DC 20376-0001

IN REPLY REFER TO
7502
Ser 00N-001/054
5 Feb 18

From: Commander, Naval Sea Systems Command
To: Department of Defense Inspector General

Subj: EXPEDITIONARY FAST TRANSPORT CAPABILITIES

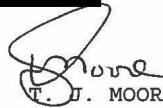
Ref: (a) DODIG Audit Report D2017-D0000AT-0127.000

Encl: (1) DODIG Draft Report Dated December 21, 2017 Project
No. D2017-D000AT-0127.000

1. Reference (a) contains one recommendation by the Department of Defense Inspector General (DODIG) directed to Naval Sea Systems Command (NAVSEA). The audit objective was to determine whether the Expeditionary Fast Transport (EPF) Program was achieving its performance capabilities. As a result, the DODIG recommended that Program Executive Office Ships review whether action is needed to correct deficiencies on the EPF vessels.

2. NAVSEA partially concurs with recommendation 1 of the draft report for the reasons stated in enclosure (1).

3. For additional information contact [redacted] at [redacted]


T. J. MOORE

Copy to:
CNO WASHINGTON DC (N3)
NAVINGEN WASHINGTON DC (N15)

Naval Sea Systems Command (cont'd)

**DODIG DRAFT REPORT DATED DECEMBER 21, 2017
PROJECT NO. D2017-D000AT-0127.000**

“EXPEDITIONARY FAST TRANSPORT CAPABILITIES”

**DEPARTMENT OF NAVY RESPONSE
TO THE DOD IG RECOMMENDATION**

18 JANUARY 2018

RECOMMENDATION 1: We recommend that the Program Executive Officer, PEO Ships, with assistance from the Program Office, review whether action was taken to correct deficiencies on EPF vessels. If action was taken, PEO Ships should require the Program Office to request COMOPTEVFOR to confirm the correction of deficiencies. If action was not taken, PEO Ships should require the Program Office to implement a plan to correct the deficiencies prior to delivery of the Expeditionary Fast Transport (EPF) vessels, as appropriate.

NAVY RESPONSE: PARTIAL CONCUR based on the following:

DODIG Recommendation

We recommend that the Program Executive Officer, PEO Ships, with assistance from the Program Office, review whether action was taken to correct deficiencies on EPF vessels.

Navy Response: Concur – Action completed 8 January 2018, the program office is seeking concurrence from the resource sponsor on Transport Capability (J1735-001) and Unrefueled range (J1735-005) and conducting further assessment on Rigid Hull Inflatable Boat (RHIB) Launch and Recovery (J1735-007) and Aft Mission Deck Layout (J1735-027).

DODIG Recommendation

If action was taken, PEO Ships should require the Program Office to request COMOPTEVFOR to confirm the correction of deficiencies.

Navy Response: Non-Concur – Per DoD 5000.2 Verification of Correction of Deficiencies (VCD), except as specifically approved by the Milestone Decision Authority, Critical Deficiencies identified in testing will be resolved prior to proceeding to Beyond Low Rate Initial Production. The EPF Program is not required to go to Milestone C and has no ships Beyond Low Rate Initial Production, therefore VCD is not required.

DODIG Recommendation

If action was not taken, PEO Ships should require the Program Office to implement a plan to correct the deficiencies prior to delivery of the EPF vessels, as appropriate.

Enclosure (1)

Naval Sea Systems Command (cont'd)

**DODIG DRAFT REPORT DATED DECEMBER 21, 2017
PROJECT NO. D2017-D000AT-0127.000**

“EXPEDITIONARY FAST TRANSPORT CAPABILITIES”

**DEPARTMENT OF NAVY COMMENTS
TO THE DOD IG RECOMMENDATIONS**

18 JANUARY 2018

Navy Response: Concur – The program office has met Navy requirements for documenting/reporting correction of Capability Development Document (CDD) deficiencies. The program office has met all statutory/ CDD threshold requirements as verified by PEO Ships. The program Office will continue to work with the resource sponsor and Military Sealift Command on gaining concurrence on Transport Capability (J1735-001) and Unrefueled range (J1735-005) and conducting further assessment on RHIB Launch and Recovery (J1735-007) and Aft Mission Deck Layout (J1735-027).

Management Comments

Military Sealift Command



DEPARTMENT OF THE NAVY
COMMANDER MILITARY SEALIFT COMMAND
471 EAST C STREET
NORFOLK VA 23511-2419

5000
Ser N00/031
30 Jan 18

From: Commander, Military Sealift Command
To: Gloria L. Valdez, Deputy Assistant Secretary of the Navy (Ships)
Via: Commander, U. S. Fleet Forces Command

Subj: RESPONSE TO DEPARTMENT OF DEFENSE INSPECTOR GENERAL DRAFT
AUDIT REPORT – EXPEDITIONARY FAST TRANSPORT CAPABILITIES
(PROJECT NO. D2017-D000AT-0127.000)

Ref: (a) DODIG Draft Report, Project No. D2017-D000AT-0127.000 of 21 Dec 17

Encl: (1) Military Sealift Command (MSC) Response to the Findings and Recommendations
contained in the subject report.

1. In response to reference (a), enclosure (1) provides Military Sealift Command's (MSC) response to the recommendations included in the subject report.
2. Freedom Of Information Act (FOIA) and Information Security reviews will be forwarded via separate correspondence.
3. We appreciate the opportunity to review and comment on the findings and recommendations. My point of contact for this document is [REDACTED] MSC Audit Liaison, who can be contacted at [REDACTED].

DEE L. MEWBOURNE

Copy to:
N02IG
DSM

Military Sealift Command (cont'd)

**Military Sealift Command Response to
DoDIG Draft Report of 21 December 2017
On
Expeditionary Fast Transport Capabilities
(Project No. D2017-D000AT-0127.000)**

Recommendation 2:

We recommend that Commander, Military Sealift Command, assist the Program Executive Office Ships with reviews to identify if the deficiencies on delivered Expeditionary Fast Transport vessels were corrected. If the deficiencies were not corrected, implement a plan to correct the deficiencies on delivered Expeditionary Fast Transports, where appropriate.

MSC Response: Concur.

MSC will continue to work with PEO Ships and Program Office (PMS-385) to review and implement appropriate corrections in the delivered fleet.

As examples of such efforts, MSC has been developing and implementing solutions in partnership with the Program Office in the areas of High Expansion Foam (HEF) fire-fighting system reliability, Main Fire Pump Variable Speed Drive (VSD) and motor bearings, strengthening of the bow structure to mitigate bow slamming events, and addressing the aluminum sensitization and resultant cracking of the hull structure in way of the Main Propulsion Diesel Engine exhaust ports.

Enclosure (1)

Acronyms and Abbreviations

ACAT	Acquisition Category
APA	Additional Performance Attribute
ASN (RD&A)	Assistant Secretary of the Navy for Acquisition, Development and Acquisition
CDD	Capabilities Development Document
COMOPTEVFOR	Commander, Operational Test and Evaluation Force
DOT&E	Director, Operational Test and Evaluation
EPF	Expeditionary Fast Transport
FOT&E	Follow-on Operational Test and Evaluation
IOT&E	Initial Operational Test and Evaluation
KPP	Key Performance Parameter
MDA	Milestone Decision Authority
MSC	Military Sealift Command
NAVSEA	Naval Sea Systems Command
PEO Ships	Program Executive Office Ships
Program Office	Strategic and Theater Sealift Program Office
VCD	Verification of the Correction of Deficiencies

Whistleblower Protection

U.S. DEPARTMENT OF DEFENSE

The Whistleblower Protection Ombudsman's role is to educate agency employees about prohibitions on retaliation and employees' rights and remedies available for reprisal. The DoD Hotline Director is the designated ombudsman. For more information, please visit the Whistleblower webpage at www.dodig.mil/Components/Administrative-Investigations/DoD-Hotline/.

For more information about DoD OIG reports or activities, please contact us:

Congressional Liaison

703.604.8324

Media Contact

public.affairs@dodig.mil; 703.604.8324

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