

Highlights of [GAO-07-874](#), a report to Subcommittees on Homeland Security, House and Senate Committees on Appropriations

Why GAO Did This Study

The U.S. Coast Guard’s Deepwater program was designed to replace aging vessels and aircraft and information capabilities with new and upgraded assets and equipment. GAO’s prior work raised concerns about the Coast Guard’s efforts to upgrade or acquire assets on schedule and manage the Deepwater prime contractor.

This report responds to congressional direction contained in a conference report accompanying the Department of Homeland Security (DHS) fiscal year 2007 appropriations bill. GAO addressed two objectives: (1) What is the status of key Deepwater assets and how is the Coast Guard addressing any asset-related challenges that have been encountered? (2) What is the status of the Coast Guard’s overall management of the Deepwater contract?

GAO’s work is based on reports, memorandums, and data on the plans and management of the Deepwater program and interviews with key officials. GAO is not making any new recommendations. DHS and the Coast Guard reviewed a draft of this report and concurred with our findings. Their formal comments appear in appendix IV.

www.gao.gov/cgi-bin/getrpt?GAO-07-874.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Stephen L. Caldwell at (202) 512-9610 or caldwells@gao.gov; or John P. Hutton at (202) 512-7773 or huttonj@gao.gov.

COAST GUARD

Challenges Affecting Deepwater Asset Deployment and Management and Efforts to Address Them

What GAO Found

Five years into the Deepwater contract, some assets have been delivered and are undergoing planned improvements or initial testing, but several other assets have encountered significant problems. For example, engine upgrades to the HH-65 helicopters are well under way; and the first two Maritime Patrol Aircraft and the first eight Short Range Prosecutor cutter-based small patrol boats have been delivered according to schedule. In contrast, other Deepwater assets have experienced problems, which have created a number of challenges for the Coast Guard in terms of delivery delays and loss of operational capabilities. For example, the Vertical Takeoff and Landing Unmanned Aerial Vehicle has experienced delays as the Coast Guard assesses alternatives; the Fast Response Cutter, which was to replace the Coast Guard’s legacy patrol boat fleet, experienced design problems and the Coast Guard suspended all work, and the first two hulls of the National Security Cutter have structural design issues that, if not corrected, will reduce the fatigue lives of these vessels. To address these and other challenges, the Coast Guard is taking a variety of actions, such as relying more heavily on legacy assets to help address patrol hour shortages, making plans to purchase off-the-shelf assets to expedite delivery, and planning corrective structural modifications.

Over the past several years, GAO has expressed concerns about the Coast Guard’s ability to manage and oversee the Deepwater program. Specifically, the program has faced challenges in terms of management, contractor accountability, and cost control. While the Coast Guard has taken actions since 2004 in response to these concerns, challenges remain. As a result, the Coast Guard recently decided to become more directly involved in program management and has chosen to (1) take over the leadership of the integrated product teams—a key program management tool; (2) acquire certain Deepwater assets outside of the existing Deepwater contract; (3) use independent, third-party reviews for asset development; and (4) reorganize the Deepwater acquisition functions within the Coast Guard organization. Given the Coast Guard’s increased role, having sufficient staff with the requisite skills and abilities to execute new and expanding responsibilities will be important to getting what is needed, on time, and at a fair price.

Deepwater Vessel and Aircraft Classes

National Security Cutter (NSC)	Offshore Patrol Cutter (OPC)	Fast Response Cutter (FRC)	Short-Range Prosecutor (SRP)	Long-Range Interceptor (LRI)
HH-65 Multi-Mission Cutter Helicopter (MCH)	HH-60 Medium-Range Recovery Helicopter (MRR)	Maritime Patrol Aircraft (MPA)	Vertical Takeoff and Landing Unmanned Aerial Vehicle (VUAV)	Long-Range Surveillance Aircraft (LRS)

Source: Photos used by permission of the U.S. Coast Guard.