



Highlights of GAO-06-623, a report to congressional committees

UNITED STATES COAST GUARD

Improvements Needed in Management and Oversight of Rescue System Acquisition

Why GAO Did This Study

Search and rescue—one of the United States Coast Guard’s (USCG) oldest missions and highest priorities—involves minimizing loss of life, injury, and property damage by aiding people and boats in distress. In September 2002, USCG contracted to replace its search and rescue communications system—installed in the 1970s—with a new system known as Rescue 21. However, the acquisition and initial implementation of Rescue 21 has resulted in significant cost overruns and schedule delays.

GAO’s objectives in reviewing the Rescue 21 program were to (1) assess the reasons for the significant cost overruns and implementation delays; (2) evaluate the viability of the revised cost and schedule estimates; and (3) evaluate the impact of the implementation delays.

What GAO Recommends

GAO recommends that the Commandant of USCG ensure that executive-level management oversees Rescue 21’s progress toward cost and schedule milestones and manages risks; establishes milestones to complete an integrated baseline review; and develops revised cost and schedule estimates. The Department of Homeland Security agreed with the recommendations and has begun to implement them; however, the department expressed concerns with selected aspects of the report.

www.gao.gov/cgi-bin/getrpt?GAO-06-623. To view the full product, including the scope and methodology, click on the link above. For more information, contact David A. Powner at (202) 512-9286 or pownerd@gao.gov or Stephen L. Caldwell at (202) 512-9610 or caldwells@gao.gov.

What GAO Found

Key factors that contributed to Rescue 21 cost overruns and schedule delays were inadequacies in requirements management, project monitoring, risk management, contractor cost and schedule estimation and delivery, and executive-level oversight (see table). Accordingly, the estimated total acquisition cost for Rescue 21 has increased from \$250 million in 1999 to \$710.5 million in 2005, and the timeline for achieving full operating capability has been delayed from 2006 until 2011. USCG officials agreed that improvements need to be made to the management of the Rescue 21 project, and they are taking steps to address some of these issues.

USCG’s current acquisition cost estimate of \$710.5 million is not viable. Our analysis of contractor performance trends indicates that additional overruns will likely bring the total acquisition cost to \$872 million, unless critical changes are made. Additionally, USCG’s schedule is uncertain due to on-going contract item renegotiations and pending decisions regarding vessel asset tracking functionality. Finally, further cost increases may result from the variability of costs for tower preparation and construction. To improve its current cost and schedule estimates, USCG plans to complete an integrated baseline review after contract items are renegotiated; however, a date for completing this review has not been established.

The delays in deploying Rescue 21 could affect sites awaiting modernization. For example, key functionality, such as improved direction finding and improved coverage, will not be available for a significant period of time, and legacy equipment may fail, requiring costly repairs and upgrades to address coverage gaps and other operational issues.

Key Factors in Rescue 21 Cost Overruns and Schedule Delays

Requirements management	USCG did not follow a rigorous requirements management process and testing revealed incomplete and poorly defined requirements.
Project monitoring	USCG did not effectively use earned value management data to measure performance and take corrective action on negative trends.
Risk management	USCG did not always effectively mitigate and communicate risks.
Contractor cost and schedule estimation and delivery	The contractor created a schedule that underestimated the time required to complete key tasks, and development took longer than planned, which led to delays in testing.
Executive-level oversight	USCG stated that it had an executive-level oversight process that included semiannual and key decision point reviews. However, there is no evidence that these reviews of Rescue 21 occurred before 2005.

Source: GAO.