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ACQUISITION OF THE COMBAT SURVIVOR EVADER LOCATOR

Report No. D-2001-036

January 25, 2001

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Department of Defense

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Abstract The Combat Survivor Evader Locator is a communication system that will allow search and rescue forces to locate, authenticate, and communicate with a downed or isolated soldier, airman, or sailor anywhere in the world via communication satellites. The Air Force is the lead Service for this joint Service program. The Combat Survivor Evader Locator consists of an over-the-horizon segment, a user segment, and a ground segment. The Combat Survivor Evader Locator is scheduled to meet full operational capability in FY 2003. As of September 15, 2000, the total estimated developmental cost of the Combat Survivor Evader Locator was \$90 million. The Military Services plan to purchase 45,740 hand-held radios for the user segment of the system (Army 18,531; Navy 10,648; and Air Force 16,561), at an estimated cost of \$247 million. The estimated procurement cost for all three segments of the Combat Survivor Evader Locator system is \$483 million.		
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Acronyms

CSEL	Combat Survivor Evader Locator
DAMA	Demand Assigned Multiple Access
DII COE	Defense Information Infrastructure Common Operating Environment
SAASM	Selective Availability Anti-Spoofing Module



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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January 25, 2001

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

SUBJECT: Audit Report on the Acquisition of the Combat Survivor Evader Locator
(Report No. D-2001-036)

We are providing this report for your information and use. Because this report contains no recommendations, no written comments were required, and none were received. Therefore, we are publishing this report in final form.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Charles M. Santoni at (703) 604-9051 (DSN 664-9051) (csantoni@dodig.osd.mil) or Ms. Rhonda L. Ragsdale (703) 604-9013 (DSN 664-9013) (rragsdale@dodig.osd.mil). See Appendix B for the report distribution. The audit team members are listed inside the back cover.

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Office of the Inspector General, DoD

Report No. D-2001-036

January 25, 2001

(Project No. D2000AL-0230)

Acquisition of the Combat Survivor Evader Locator

Executive Summary

Introduction. The Combat Survivor Evader Locator is a communication system that will allow search and rescue forces to locate, authenticate, and communicate with a downed or isolated soldier, airman, or sailor anywhere in the world via communication satellites. The Air Force is the lead Service for this joint Service program. The Combat Survivor Evader Locator consists of an over-the-horizon segment, a user segment, and a ground segment. The Combat Survivor Evader Locator is scheduled to meet full operational capability in FY 2003. As of September 15, 2000, the total estimated developmental cost of the Combat Survivor Evader Locator was \$90 million. The Military Services plan to purchase 45,740 hand-held radios for the user segment of the system (Army 18,531; Navy 10,648; and Air Force 16,561), at an estimated cost of \$247 million. The estimated procurement cost for all three segments of the Combat Survivor Evader Locator system is \$483 million.

Objectives. The overall objective was to evaluate the acquisition of the Combat Survivor Evader Locator. We also evaluated the adequacy of management controls related to the audit objective.

Results. The Combat Survivor Evader Locator Program Management Office had planned for and managed the design and development of the system well, despite funding shortfalls. The Air Force had been funding the system through internal Air Force reprogramming below the threshold that required congressional notification. During the audit, we had concerns regarding how the Program Management Office would fund additional interoperability and security requirements and associated technological challenges. Although the Program Management Office had requested the research, development, test and evaluation funds needed to address those requirements and challenges, the funds were not included in the Air Force's FY 2002 Program Objective Memorandum. We also were concerned that the Air Force plan to incrementally purchase its hand-held radio requirements through FY 2038 would not take advantage of economic order quantities and, more importantly, would not satisfy a critical mission need in a reasonable timeframe.

Our concerns were resolved when the Director, Program Analysis and Evaluation, issued a Program Decision Memorandum that directed the Air Force to reprogram \$107.5 million (\$9.4 million in research, development, test and evaluation funds and \$98.1 million in procurement funds) to complete the design and development of Block II Combat Survivor Evader Locator and procure an additional 13,477 hand-held

radios by FY 2005. In response to the Program Decision Memorandum, the Air Force included an additional \$8 million for the Combat Survivor Evader Locator system in the FY 2002 Budget Estimate Submission and will include the remaining \$99.5 million in the Air Force FY 2003 through FY 2007 Program Objective Memorandum. If Congress appropriates and authorizes these funds, it will reduce the funding instability experienced by the Combat Survivor Evader Locator system.

The management controls that we reviewed were effective in that no material management control weakness was identified. See Appendix A for details on the management control program.

Management Comments. We provided a draft report on December 12, 2000. Because this report contains no recommendations, no written comments were required, and none were received. Therefore, we are publishing this report in final form.

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Background

Personnel Recovery Needs. Personnel recovery has been a critical element in the DoD attempt to fulfill its obligation to protect personnel, prevent exploitation of personnel by adversaries, and reduce the potential of captured personnel being used as leverage against the United States. In January 1992, the Joint Requirements Oversight Council validated a mission area need to address the lack of existing command, control, and communications systems capable of near real time secure data transmission and geopositioning in support of the isolated personnel recovery mission. Subsequently, on January 23, 1992, the Joint Requirements Oversight Council validated the mission need statement for the Combat Survivor Evader Locator (CSEL) system.

CSEL System. The CSEL system is a communications system that provides the survivor or evader with precision geopositioning and navigation data, two-way over-the-horizon secure data communications to search and rescue forces, over-the-horizon beacon operation, and line-of-sight voice communications. CSEL capabilities will allow rescue forces to receive a message from anywhere in the world via over-the-horizon communications satellites. Search and rescue forces would then be able to locate, authenticate, and communicate with a downed and isolated soldier. The CSEL system would replace PRC-112 and PRC-90 survival radios.

The CSEL system is composed of three segments:

- an over-the-horizon segment that consists of four worldwide-unattended ultrahigh frequency and very high frequency unmanned base stations that provide near real time secure messaging and geolocation;
- a user's segment that consists of a self-locating, multi-function, software reprogrammable hand-held radio incorporating the latest global positioning system technology; and
- a ground segment that consists of software used at the Joint Search and Rescue Centers to receive and transmit messages from and to the hand-held radio through unmanned base stations.

CSEL Acquisition Planning. The CSEL is a joint Services Acquisition Category III program with the Air Force as the executive agent. The CSEL Program Management Office manages the design and development of the CSEL. The Commander, Space and Missile Center, Los Angeles Air Force Base, El Segundo, California, is the milestone decision authority for the CSEL. The contractor for the design and development of the CSEL is the Boeing Company. In November 1998, the Chief of Staff for the Air Force restructured the CSEL program to address funding concerns and technical challenges.

Developmental Phases of CSEL. The restructure of the CSEL system introduced a phased approach to the fielding of CSEL. The CSEL system will be developed and fielded in two blocks. Block I will provide core capability to locate, authenticate, and establish communications with downed or isolated soldiers. Block I will meet the minimal interoperability requirement to achieve system initial operational capability. Block II will achieve full compliance with critical interoperability requirements and support full operational capability. The CSEL Program Management Office planned to field Block I in FY 2002 and Block II in FY 2003.

Contracting and Cost of CSEL. The initial estimate for the design and development of the CSEL was \$30 million. The current estimate to design and develop the CSEL is \$90 million. The CSEL Program Management Office attributed the increase to DoD interoperability and security requirements, technical challenges, and unstable funding. The Services plan to purchase 45,740 hand-held radios for the user segment of the system (Army 18,531; Navy 10,648; and Air Force 16,561), at an estimated cost of \$247 million. The total estimated procurement cost for all segments of the CSEL system is \$483 million.

Objectives

The overall objective was to evaluate the acquisition management of the CSEL. In addition, we evaluated the management control program related to the objective. See Appendix A for a discussion of the audit scope and methodology and a review of the management control program.

Management of the Combat Survivor Evader Locator Program

The Combat Survivor Evader Locator Program Management Office had planned for and managed the design and development of the system well, despite funding shortfalls. The Air Force had been funding the system through internal Air Force reprogramming below the threshold that required congressional notification. During the audit, we had concerns regarding how the Program Management Office would fund interoperability and security requirements and associated technological challenges. Although the Program Management Office had requested the research, development, test and evaluation funds needed to address those requirements and challenges, the funds were not included in the Air Force's FY 2002 Program Objective Memorandum. We also were concerned that the Air Force plan to incrementally purchase its hand-held radio requirements through FY 2038 would not take advantage of economic order quantities and, more importantly, would not satisfy a critical mission need in a reasonable timeframe.

Our concerns were resolved when the Director, Program Analysis and Evaluation, issued a Program Decision Memorandum that directed the Air Force to reprogram \$107.5 million (\$9.4 million in research, development, test and evaluation funds and \$98.1 million in procurement funds) to complete the design and development of the Block II CSEL and procure an additional 13,477 hand-held radios by FY 2005. In response to the Program Decision Memorandum, the Air Force included an additional \$8 million for the CSEL system in the FY 2002 Budget Estimate Submission and will include the remaining \$99.5 million in the Air Force FY 2003 through FY 2007 Program Objective Memorandum. If Congress appropriates and authorizes these funds, it will reduce the funding instability experienced by the CSEL system.

Overall Management of the CSEL Program

The CSEL Program Management Office effectively managed the design and development of the CSEL system. The CSEL Program Management Office appropriately defined CSEL requirements, effectively planned for CSEL operational testing, implemented acquisition reform initiatives, and identified potentially hazardous materials related to the production and use of the CSEL system.

Initial CSEL Funding Method

Initial research, development, test and evaluation funding for the CSEL was obtained by congressional approval of a \$13.5 million reprogramming action in FY 1996. Subsequent research, development, test and evaluation funding for the CSEL system was obtained through internal Air Force reprogramming

below the threshold requiring congressional notification. Congressional notification is not required if the internal reprogramming is \$4 million or less. Because the Air Force continued to fund the CSEL through internal Air Force reprogramming, funding levels did not keep pace with increasing costs for design and development. The CSEL Program Management Office attributed the increased cost for the design and development to DoD and National Security Agency requirements and technical challenges experienced in development. In addition, the increased costs were attributable to the Air Force being unable to purchase the CSEL hand-held radios in economic order quantities.

Interoperability and Security Requirements and Associated Technical Challenges

The CSEL system will satisfy DoD and National Security Agency imposed requirements that relate to:

- DoD interoperability requirements to ensure that CSEL can communicate with other DoD systems and satellites, and
- National Security Agency encryption and software signature requirements to ensure CSEL is tamper resistant.

DoD Interoperability Requirements. DoD Directive 4630.5, “Compatibility Interoperability, and Integration of Command Control, Communications, and Intelligence Systems,” November 12, 1992, establishes policy for compatibility, interoperability, and integration of command, control, communications, and intelligence systems used in DoD. The DoD Joint Technical Architecture, established in August 1996 and updated in March 2000, mandates interoperability standards and guidelines for command, control, communications, computers, surveillance, and reconnaissance; combat support; modeling and simulation; and weapons systems being developed and acquired to facilitate joint operations.

The CSEL Operational Requirements Document, approved in November 1995, addressed the interoperability requirements contained in DoD Directive 4630.5. After the issuance of the November 1995 CSEL Operational Requirements Document, DoD established two additional interoperability requirements: the Demand Assigned Multiple Access (DAMA) and the Defense Information Infrastructure Common Operating Environment (DII COE). The March 2000 revision of the CSEL Operational Requirements Document incorporated these requirements.

Demand Assigned Multiple Access. In July 1996, the Joint Chiefs of Staff issued guidance that required all DoD and non-DoD organizations that use or planned to use nonprocessing ultrahigh frequency military satellite communications to implement the DAMA requirements. The use of DAMA optimized the use of satellite capacity by assigning communications links to users on a call-by-call basis. Once the CSEL Program Management Office received the direction to be DAMA compliant, it requested a waiver from the

Joint Chiefs of Staff, stating that DAMA compliance was not feasible for the CSEL. As an alternative, the Defense Information Systems Agency offered a DAMA-compatible compromise, which was accepted by the Joint Staff and passed down to the CSEL as a requirement. In May 1997, the Joint Chiefs of Staff granted a waiver allowing the CSEL system to be DAMA compatible.

Defense Information Infrastructure Common Operating Environment. In May 1997, The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) directed that all new command, control, communication, computer, and intelligence systems achieve DII COE interoperability compliance. DII COE is a series of specifications and standards that provide the common foundation for building interoperable DoD systems. Because the CSEL system was using the DoD Global Command and Control System, it needed to meet DII COE interoperability compliance requirements.

Revised National Security Agency Encryption and Software Signature Requirements. In June 1996, the National Security Agency reviewed the security requirements for CSEL and determined that the proposed commercial encryption approach was not acceptable. The National Security Agency recommended that CSEL use the Selective Availability Anti-Spoofing Module (SAASM), the next generation security application for global positioning system users. SAASM provides a layered approach to the protection of information, including tamper-resistant coating to prevent access to classified data.

Technical Challenges in Implementing Requirements. The CSEL Program Management Office encountered technical challenges in implementing the DoD and National Security Agency requirements. However, the CSEL Program Management Office identified the technical challenges and developed a plan of action to resolve them.

Implementation of DAMA and DII COE. Significant design and development efforts were required to incorporate DAMA and DII COE interoperability requirements into the CSEL system. Because the CSEL requires interoperability with various DoD global command and control systems, Boeing had to develop software and conduct testing to ensure interoperability with the various workstations associated with the DoD global command and control systems. Specifically, the Block II CSEL will incorporate both DAMA and DII COE into the design of the CSEL system. The Block II CSEL should meet interoperability capability for full operational capability in FY 2003. The incorporation of DAMA and DII COE into the CSEL system not only required significant design and development efforts, but could also increase the cost of CSEL by about \$12 million.

Implementation of SAASM. The CSEL Program Management Office also encountered difficulties implementing the SAASM requirement. The contractor for the SAASM had problems with the coating process, which damaged components of the CSEL hand-held radio. The CSEL Program Management Office is working with the contractor to determine the effectiveness of the process for coating the CSEL components.

Air Force Hand-Held Radio Procurement Schedule

Importance of CSEL System Capabilities. The CSEL system will help ensure that downed and isolated personnel are quickly and efficiently rescued. The need for the CSEL system became more apparent in May 1995, when Air Force Captain Scott O'Grady was downed in Bosnia and isolated for several days. Various senior-level DoD officials commented on the importance and priority of having the CSEL as soon as possible.

Air Force Procurement Schedule of CSEL Hand-Held Radios. Due to funding constraints, the Air Force planned to purchase its hand-held radio requirement for 16,561 hand-held radios, incrementally through FY 2038. The Air Force planned to purchase only 1,992 hand-held radios from FY 2001 to FY 2007, approximately 285 hand-held radios per year. The Air Force planned to purchase the remaining 14,569 hand-held radios over 20 years, from FY 2008 through FY 2038. The Air Force continued this purchase plan even though senior-level DoD officials had expressed the need and desire to have CSEL as soon as possible. The Air Force procurement plan did not take advantage of economic order quantities.

To take advantage of economic order quantities, the Military Services would have to purchase 7,000 hand-held radios each year to achieve a unit cost of \$5,400 (FY 2000 dollars). The Army and Navy planned to have their full requirement purchased by FY 2010 and FY 2007, respectively. Based on the number that the Army and Navy planned to purchase from FY 2001 to FY 2007, the Air Force would have to purchase 11,014 during that period, an average of 1,588 per year, to take advantage of the most favorable economic order quantity. Had the Air Force continued to plan to purchase its requirements through FY 2038, the unit price of the radios to the Military Services would have been \$9,713, rather than \$5,400.

CSEL Funding

In 1998, the Air Force realized that the design and development cost of the CSEL system could no longer be funded by internal Air Force reprogramming and submitted a supplemental budget request for \$27 million through DoD to Congress. Congress subsequently denied the \$27 million funding request. The Air Force continued to fund the CSEL through internal Air Force reprogramming. This funding covered only the Block I design and development, which did not include the additional DoD interoperability requirements.

Efforts to Stabilize CSEL Funding. In an effort to stabilize the funding for the CSEL, the CSEL Program Management Office requested that the Air Force include CSEL funding in the Air Force FY 2000 through FY 2005 Program Objective Memorandum submission; however, the request was denied.

The CSEL Program Management Office again requested the Air Force include CSEL in the Program Objective Memorandum submission for FY 2002 through

FY 2007. The Air Force included \$32.3 million in procurement funds for the CSEL in the Program Objective Memorandum for the purchase of hand-held radios over the next 6 years. However, the Air Force did not include any research, development, test, and evaluation funding for Block II CSEL. The CSEL Program Management Office needed an additional \$9.4 million in research, development, test, and evaluation funds to complete the design and development of Block II CSEL system, which included the interoperability requirements for the system.

Deputy Under Secretary of Defense, Advance Systems and Concepts, Involvement. In response to the Air Force FY 2002 through FY 2007 Program Objective Memorandum submission, the Deputy Under Secretary of Defense, Advanced Systems and Concepts, prepared an issue paper justifying the need for an additional \$9.4 million in research, development, test, and evaluation funds to complete the design and development of the Block II CSEL (which includes the implementation of DAMA and DII COE requirements) and an additional \$98.1 million in procurement funds to support the economic order quantity production rates for the hand-held radios.

Director, Program Analysis and Evaluation, Involvement. In August 2000, the Director, Program Analysis and Evaluation, issued a Program Decision Memorandum that directed the Air Force to reprogram \$107.5 million (\$9.4 million in research, development, test, and evaluation funds and \$98.1 million in procurement funds) to complete the design and development of Block II CSEL and procure an additional 13,477 hand-held radios by FY 2005. The table below provides a breakdown of the original Program Objective Memorandum submission for FY 2002 through FY 2007 for CSEL and the additional funds requested for CSEL.

FY 2002 through FY 2007 Air Force CSEL Funding

<u>Funding Type</u>	<u>Program Objective Memorandum</u>	<u>Program Decision Memorandum Increase</u>	<u>Total</u>
Research, Development, Test, and Evaluation	\$ 3.4	\$ 9.4	\$ 12.8
Procurement	<u>32.3</u>	<u>98.1</u>	<u>130.4</u>
Total	\$35.7	\$107.5	\$143.2

In response to the Program Decision Memorandum, the Air Force included an additional \$8 million in research, development, test and evaluation funds for the CSEL system in the FY 2002 Budget Estimate Submission. The Air Force will include the remaining \$99.5 million of the \$107.5 million in its FY 2003 through FY 2007 Program Objective Memorandum. The inclusion of the additional funds:

- corrected the funding shortfall,
- improved the CSEL Program Management Office's ability to complete the design and development of Block II CSEL,
- ensured the design of the CSEL system will include interoperability capabilities, and
- allowed procurement of the radios in economic order quantities.

We commend the Deputy Under Secretary of Defense, Advance Systems and Concepts; the Director, Program Analysis and Evaluation; and the CSEL Program Management Office's continued pursuit to obtain the funding levels needed to fully and successfully design and develop a CSEL system that meets the needs of the DoD search and rescue mission. The additional funding will ensure that users will receive a system that fully meets their needs, is interoperable with the other DoD systems, and is economically purchased.

Conclusion

The CSEL Program Management Office planned for and managed the design and development of the CSEL well, considering the funding instabilities, added interoperability and security requirements, and technological challenges throughout the program. Although CSEL was not fully developed, it demonstrated capabilities not available in the survival radios currently used by the Military Services. The CSEL Program Management Office plans to incorporate all interoperability requirements into CSEL, is addressing the technological challenges, and plans to test all Operational Requirements Document requirements. The CSEL Program Management Office actions should ensure that the Military Services purchase a state-of-the-art communication, location, and navigation system that will meet the users' needs and provide for efficient and effective joint combat search and rescue operations. In addition, the actions taken by the Director, Program Analysis and Evaluation, to have the Air Force fund the CSEL system in the FY 2002 Budget Estimate Submission and FY 2003 through FY 2007 Program Objective Memorandum will reduce the funding instability experienced by the CSEL system and allow the CSEL Program Management Office to complete development of the Block II CSEL and purchase the hand-held radios in economic order quantities at an affordable unit price.

Appendix A. Audit Process

Scope and Methodology

We performed this program audit from June 2000 through November 2000, in accordance with standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD, and included such test of management controls as deemed necessary.

We reviewed program documentation dated from February 1992 through October 2000. We used criteria in the DoD Regulation 5000.2-R to perform the audit. To accomplish the audit objectives, we took the following steps:

- Determined that the users had adequately defined the system's requirements.
- Determined that the CSEL program adequately defined and planned for the meeting of the CSEL interoperability requirements.
- Determined that the Air Force had not fully funded the development of the Block II phase of the CSEL system, the procurement of the required radios, or the logistics support required for the CSEL.
- Determined that the operational test of the CSEL system and evaluation included all of the system's operational requirements, as defined in the Operational Requirements Document.
- Determined that deficiencies identified in the CSEL during the initial operational assessment will be tested during the operational test and evaluation.
- Determined that the CSEL Program Management Office had successfully implemented acquisition reform initiatives.
- Determined whether the CSEL Program Management Office had identified any potentially hazardous material and identified workarounds for the material.
- Reviewed the management controls related to the audit objectives.

We did not use computer-processed data to perform this audit. We visited or contacted individuals and organizations within DoD. Further details are available on request.

DoD-wide Corporate Level Government Performance and Results Act Goals. In response to the Government Performance and Results Act, the Secretary of the Defense annually establishes DoD-wide corporate level goals,

subordinate performance goals, and performance measures. This report pertains to achievement of the following goals, subordinate performance goals, and performance measures:

- **FY 2001 DoD Corporate Level Goal 2:** Prepare now for an uncertain future by pursuing a focused modernization effort that maintains U.S. qualitative superiority in key warfighting capabilities. Transform the force by exploiting the Revolution in Military Affairs, and reengineering the Department to achieve a 21st century infrastructure. **(01-DoD-2)**
- **FY 2001 Subordinate Performance Goal 2.4.** Meet combat forces' needs smarter and faster, with products and services that work better and cost less, by improving the efficiency of DoD acquisition processes. **(01-DoD-2.4)**
- **FY 2001 Performance Measure 2.4.3:** Successful completion of system operational test and evaluation events. **(01-DoD-2.4.3)**

General Accounting Office High-Risk Area. The General Accounting Office has identified several high-risk areas in the DoD. This report provides coverage of the Defense Weapons System Acquisition high-risk area.

Management Control Program Review

DoD Directive 5010.38, "Management Control (MC) Program," August 26, 1996, and DoD Instruction 5010.40, "Management Control (MC) Program Procedures," August 28, 1996, require DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and to evaluate the adequacy of the controls.

Scope of the Review of the Management Control Program. In accordance with DoD Directive 5000.1, "Defense Acquisition," March 15, 1996, and DoD Regulation 5000.2, Mandatory Procedures for Major Defense Acquisition Programs (MDAPs) and Major Automated Information System Acquisition Programs (MAIS)," May 11, 1999, acquisition managers are to use program cost, schedule, and performance parameters as control objectives to implement the requirements of DoD Directive 5010.38. Accordingly, we limited our review to management controls directly related to the acquisition management of the CSEL.

In evaluating the management control process, we reviewed the risk-management program to determine the level of risk that the officials assigned to aspects of the system. We reviewed the FY 1999 Annual Statement of Assurance for the Air Force; the FYs 1999 and 2000 Annual Statements of Assurance for the Space and Missile Center, and the FYs 1999 and 2000 CSEL Program Management Office's annual management controls self-assessments to

determine whether any weaknesses had been reported relating to the CSEL program. The Air Force, the Space and Missile Center, and the CSEL Program Management Office did not identify any material weaknesses.

Adequacy of Management Controls. Management controls relating to the overall acquisition management of the CSEL were adequate in that we identified no material management control weaknesses.

Prior Coverage

Air Force Audit Agency Installation Audit Report No. DL099004,
“Management of Acquisition Logistics Planning, Combat Survivor Evader
Locator System,” November 19, 1998

Appendix B. Report Distribution

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