
April 6, 2005



Acquisition

Acquisition of Targets at the Missile
Defense Agency
(D-2005-048)

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Acronyms

| | |
|------|----------------------------------|
| BMDS | Ballistic Missile Defense System |
| JPO | Joint Project Office |
| MDA | Missile Defense Agency |



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

April 6, 2005

MEMORANDUM FOR DIRECTOR, MISSILE DEFENSE AGENCY

SUBJECT: Report on Acquisition of Targets at the Missile Defense Agency
(Report No. D-2005-048)

We are providing this report for information and use. No written response to this report was required, and none was received. Therefore, we are publishing this report in final form.

We appreciate the courtesies extended to the staff. Questions should be directed to Mr. Harold C. James at (703) 604-9088 (DSN 664-9088) or Mr. John Meling at (703) 604-9091 (DSN 664-9091). The team members are listed inside the back cover. See Appendix B for the report distribution.

By direction of the Deputy Inspector General for Auditing:

A handwritten signature in black ink that reads "Mary L. Ugone".

Mary L. Ugone
Assistant Inspector General
Acquisition and Technology Management

Office of the Inspector General of the Department of Defense

Report No. D-2005-048

(Project No. D2004AE-0154)

April 6, 2005

Acquisition of Targets at the Missile Defense Agency

Executive Summary

Who Should Read This Report and Why? Missile Defense Agency program managers who are responsible for the acquisition and management of targets used to test the Ballistic Missile Defense System should be interested in this report. This report addresses allegations made to the Defense Hotline on the effectiveness of the process that the program managers use to acquire and manage the targets.

Background. This audit was performed in response to allegations made to the DoD Hotline in March 2003. This report addresses 10 allegations about the effectiveness of the process that the Missile Defense Agency used to manage and acquire targets. A separate report will address the allegations concerning the process that the Missile Defense Agency used to define Ballistic Missile Defense System capabilities.

The Missile Defense Agency Targets and Countermeasures Directorate designs, develops, and provides ballistic missile targets to test the Ballistic Missile Defense System. The Directorate's FY 2005 budget consists of an estimated \$305 million in research, development, test, and evaluation funds. This budget is supplemented by an estimated \$167 million in research, development, test, and evaluation funds from elements of the Ballistic Missile Defense System.

The 10 allegations concerning target acquisitions involved Missile Defense Agency management in 4 broad areas:

- duplicate management effort by two organizations within the Missile Defense Agency;
- use of a targets prime contractor increased target acquisition costs and threatened the job security for employees at the Missile Defense Targets Joint Program Office;
- reassignment of the Targets and Countermeasures Program to the Air Force resulted in less effective management of target acquisitions because the Air Force had less experience in acquiring targets and the Air Force Program Manager had competing responsibilities to the Air Force and the Missile Defense Agency; and
- inefficient use of targets.

Results. We substantiated one allegation and did not substantiate nine allegations. Although we substantiated the allegation that target funding significantly increased after the award of a targets prime contract, the cost increases were necessary initial expenses for developing common target product lines to reduce overall target acquisition costs for

multiple Ballistic Missile Defense System elements. Since the DoD Hotline received the allegations in March 2003, the Missile Defense Agency significantly revised its management practices for acquiring and using targets to test the elements of the Ballistic Missile Defense System. Additionally, the Missile Defense Agency reorganized to centrally manage the Targets Program and, as a result, was able to retain experienced managers. When fully implemented, the revised management practices and the reorganization should reduce target costs and acquisition cycle time.

Management Comments. We provided a draft of this report on March 4, 2005. No written response to this report was required, and none was received. Therefore, we are publishing this report in final form.

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Background

We performed this audit in response to allegations made to the DoD Hotline. The allegations concerned the processes that the Missile Defense Agency (MDA) used to define required Ballistic Missile Defense System (BMDS) capabilities and to manage and acquire targets. This report addresses the 10 allegations that were made concerning the process used to manage and acquire targets at MDA. A separate report will address the allegations made concerning the process that the MDA used to define BMDS capabilities.

National Missile Defense Policy. On July 22, 1999, the President signed the National Missile Defense Act of 1999 (Public Law 106-38), which requires that the United States deploy an effective national missile defense system capable of defending the territory of the United States against limited ballistic missile attacks. The President provided further direction in National Security Presidential Directive 23, “National Policy on Ballistic Missile Defense,” December 16, 2002. Presidential Directive 23 requires that the Secretary of Defense initially deploy a set of missile defense capabilities in 2004. Presidential Directive 23 also states that the Secretary of Defense is to develop and deploy a BMDS with the best technologies available.

Missile Defense Agency. On January 2, 2002, the Secretary of Defense directed MDA (formerly the Ballistic Missile Defense Organization) to develop and field a single integrated BMDS to protect the United States, its deployed forces, friends, and allies against ballistic missiles of all ranges in all phases of flight. Additionally, the Secretary of Defense emphasized the need to field elements, or key components of the BMDS, such as the Patriot Advanced Capability-3, the Ground-Based Midcourse Defense, and the Terminal High Altitude Area Defense as soon as practicable and to improve the BMDS with incremental upgrades over time.

To accomplish those directions, MDA implemented a capabilities-based acquisition strategy using a series of biennial developmental blocks. Each block permits the insertion of newly developed component capabilities. The first biennial development block, Block 2004, occurs during 2004 and 2005. As of January 2005, MDA had defined developmental capabilities planned for biennial development out to Block 2012, which will occur during 2012 and 2013. MDA will build upon the capabilities developed during previous blocks, and each successive block will provide increasing levels of capability to counter ballistic missiles of all ranges and complexity.

Ballistic Missile Targets. In developing the incremental blocks, MDA uses flight tests of key BMDS components against targets representing ballistic missiles to verify component design performance and assess missile defense capabilities. The MDA Targets and Countermeasures Directorate designs, develops, and provides ballistic missile targets (targets) to test the BMDS. Targets consist of the launch systems, payloads, reentry vehicles, and avionics systems that MDA designs to simulate characteristics of real world ballistic missile threats. The Targets and Countermeasures Directorate budget for

FY 2005 consists of an estimated \$305 million in research, development, test, and evaluation funds. The Directorate's budget is supplemented by an estimated \$167 million in research, development, test, and evaluation funds from the elements of the BMDS.

Targets and Countermeasures Prime Contract. On December 9, 2003, MDA awarded a prime contract to Lockheed Martin Space Systems to provide systems engineering and integration; development, acquisition, range, and launch services; and program management for the Targets and Countermeasures Program (the Targets Program). The initial 4-year contract was valued at \$210 million, with potential contract growth to \$4.6 billion over 10 years.

Objectives

The overall audit objective was to evaluate the adequacy of the process that MDA uses to manage and acquire targets. Specifically, we evaluated whether MDA effectively and economically acquired targets to support testing of the BMDS elements. See Appendix A for a discussion of the audit scope and methodology.

Results of Review of Allegations Concerning the Missile Defense Agency's Target Acquisition Program

We substantiated one allegation and did not substantiate nine allegations. Although we substantiated the allegation that the annual target budget had significantly increased after the award of a prime contract for targets, the cost increases were necessary initial expenses for developing common target product lines to support testing that should reduce overall target acquisition costs of the various BMDS elements. Since the DoD Hotline received the allegations in March 2003, MDA significantly revised its practices for acquiring and managing targets to test the BMDS elements. Additionally, the MDA reorganized to centrally manage the Targets Program and, as a result, was able to retain experienced managers. When fully implemented, the revised management practices and the reorganizations should reduce target costs and acquisition cycle time.

Management Areas of Allegations

The complainant's 10 allegations concerning target acquisitions involved MDA management in the following 4 broad areas:

- duplicate management effort by two organizations within MDA;
- use of a targets prime contractor increased target acquisition costs and threatened the job security for employees at the Missile Defense Targets Joint Project Office (JPO);
- reassignment of the Targets Program to the Air Force resulted in less effective management of target acquisitions because the Air Force had less experience in acquiring targets and the Air Force Program Manager had competing responsibilities to the Air Force and the MDA; and
- inefficient use of targets

Discussion of the individual allegations and the audit results follow.

Duplication of Effort

Allegation 1. The complainant alleged that the MDA Targets and Countermeasures Directorate performed the same functions as the Missile Defense Targets JPO and used textbook approaches to acquisition that did not allow for meeting required test schedules for BMDS elements. Further, the

complainant alleged that acquisition personnel from the Targets and Countermeasures Directorate did not understand Army doctrine and operational requirements documents, lacked target testing experience, and did not listen to the advice of personnel having target testing experience.

Audit Results. We did not substantiate the allegation. The transition from Missile Defense Targets JPO to the Targets and Countermeasures Directorate did not result in a duplication of effort, use of “text book” approaches to target acquisition, delays in schedule, or use of inexperienced personnel.

Reassignment of Target Management Responsibilities. Before October 26, 2001, the Ballistic Missile Targets Joint Project Office (Army Targets JPO), an organization reporting to the Army Space and Missile Defense Command, was responsible for managing and acquiring targets used to test ballistic missile defense systems in development. Effective October 26, 2001, the Deputy Commander of the Army Space and Missile Defense Command transferred those responsibilities for targets from the Army to the Ballistic Missile Defense Organization, the predecessor to MDA. MDA designated the Army Targets JPO as the Missile Defense Targets JPO. Also, in October 2001, MDA reorganized and assigned the Missile Defense Targets JPO as part of the Targets and Countermeasures Directorate. Accordingly, at any point in time, only one organization was responsible for managing and acquiring targets to support testing of BMDS elements.

MDA Targets and Countermeasures Directorate Approach to Target Acquisition. Since the Targets and Countermeasures Directorate was established in October 2001, it revised its strategy for acquiring targets. Previously, the Missile Defense Targets JPO acquired targets through multiple contracts administered through the Army Space and Missile Defense Command and the Air Force Space and Missile Systems Center in which it specified the development of individual target designs to satisfy program office requests to be used in testing. In its revised acquisition strategy, the Targets and Countermeasures Directorate specifies the use of a prime contractor to provide common programmatic, engineering, and material procurement processes that will provide a standardized set of target components and product lines for use in testing multiple BMDS elements. When developed, the standardized set of target components and product lines will allow the Targets and Countermeasures Directorate to reduce the time needed for acquiring targets and overall target costs for BMDS element testing.

Timely and Successful Targets. MDA conducted 10 flight tests using targets between February 2003 and August 2004. Targets acquired by the Targets and Countermeasures Directorate for the 10 flight tests satisfied the test objectives 90 percent of the time and partially satisfied the objectives 10 percent of the time. Four of those flight tests directly supported BMDS elements and the remaining six flight tests supported experiments that the Targets and Countermeasures and the Test and Assessment Directorates conducted to gather data. Targets acquired for the four BMDS element flight tests were available to support BMDS element testing and performed as required. Although two of the four tests did involve 1-month schedule delays, staff at the Arrow Program Office, the BMDS element that was conducting the tests, reported that staff at the

Targets and Countermeasures Directorate discussed the delays 1 year before the tests and that the delays did not affect the Arrow Program development effort.

Understanding Army Doctrine and Operational Requirements Documents. In January 2002, the Secretary of Defense canceled the operational requirements documents for the BMDS elements that had been prepared by the Army and directed MDA to establish a new process to set capability performance standards. The MDA worked with the MDA Liaison Team within the Army Program Executive Office for Missiles and Space to ensure that the MDA understood the Army doctrine that was used to prepare the canceled Army operational requirements documents. The MDA Liaison Team stated that the MDA adequately considered Army doctrine and requirements presented in the canceled Army operational requirements documents when MDA established the new capabilities documents for the BMDS elements. An example of the MDA consideration of Army doctrine and requirements is that the MDA, in the “Terminal High Altitude Area Defense System Specification,” April 25, 2003, specified the same types of warheads for the system to engage, the area to defend, and the range to detect and track that the Army had previously included in the “Operational Requirements Document for the Theater High Altitude Area Defense,” March 13, 2000.

Using Experienced Target Acquisition Personnel. MDA did use experienced personnel to acquire targets. Specifically, MDA used the same experienced personnel who had worked at the Army Targets JPO to support the Targets and Countermeasures Directorate.¹ Additionally, MDA revised its process for defining target requirements to include input from the MDA Systems Engineering and Test and Assessment Directorates on target engineering and testing requirements. Further, MDA solicits the BMDS elements who request the targets for their input on target requirements.

Use of a Prime Contractor to Acquire Targets

Allegation 2. The complainant alleged that the use of a prime contractor to acquire targets cost the MDA from \$400 to \$500 million per year, which is double the annual amount that MDA incurred before it started to use a prime contractor.

Audit Results. We substantiated the allegation. MDA awarded a prime contract for the Targets Program to Lockheed Martin Space Systems on December 9, 2003. The contract cost was for \$210 million over a 4-year period, with a potential contract value of \$4.6 billion over 10 years. The average contract cost, if all options were exercised, would be \$464 million per year, more than double the FY 2003 Targets and Countermeasures Directorate budget of \$197 million. The prime contract reflects the MDA movement away from developing individual targets for each BMDS element to developing common target product lines to

¹ Experienced personnel were Army military and civilian personnel from the Space and Missile Defense Command who previously supported the Army Targets JPO and who now support the MDA Targets and Countermeasures Directorate.

support multiple BMDS elements, which will reduce acquisition cycle time, support the MDA capability-based acquisition program, and respond to the anticipated increase in flight tests using targets to support the test requirements for BMDS elements. As a result, the Targets and Countermeasures Directorate target budget did increase because of systems engineering work needed by the prime contractor to develop the common target product lines and the costs to acquire an initial target inventory. MDA stated that overall target costs should decrease once the initial product lines are developed and the inventory is established.

Allegation 3. The complainant alleged that the use of the prime contractor to acquire targets threatened the job security of Missile Defense Targets JPO personnel.

Audit Results. We did not substantiate the allegation. We did not find evidence that the MDA award of the prime contract resulted in the involuntary loss of jobs for personnel in the Missile Defense Targets JPO. After the award of the prime contract, personnel in the Missile Defense Targets JPO continued to play a significant role in the Targets Program through an MDA matrix agreement with the Army Space and Missile Defense Command.

The Army Space and Missile Defense Command Civilian Personnel Office identified 11 former personnel in the Missile Defense Targets JPO who had left the Targets and Countermeasures Directorate after the reorganization of the targets office and at the time MDA awarded the prime contract for targets. Based on discussion with staff at the Army Space and Missile Defense Command Civilian Personnel Office and review of official personnel files, we determined that five of the former personnel in the Missile Defense Targets JPO retired voluntarily and one voluntarily left DoD for a position at another Government agency. We determined from the remaining five DoD personnel that their decision to find other employment was also voluntary. The five former personnel from the Missile Defense Targets JPO stated that while they had felt some concerns for job security when MDA was reorganizing the targets office and awarding the prime contract, job security was not the primary factor in their decisions to leave Missile Defense Targets JPO. Primary factors for their decisions to leave Missile Defense Targets JPO were promotion opportunities, decreased job satisfaction, and marriage.

Reassignment of the Targets Program to the Air Force

Allegation 4. The complainant alleged that the reassignment of the Targets Program to the Air Force Space and Missile Systems Center was a poor decision because personnel at the Space and Missile Systems Center had little or no experience in acquiring targets that were representative of short-range and medium-range missiles.

Audit Results. We did not substantiate the allegation. MDA did not reassign management of the Targets Program to the Air Force Space and Missile Systems Center. Under the provisions of the draft memorandum of agreement, "Target

Support for Ballistic Missile Defense Program,” between the MDA, the Air Force Space and Missile Systems Center, and the Army Space and Missile Defense Command, the Targets and Countermeasures Directorate retained overall responsibility for the management and execution of the Targets Program, and the Air Force and Army provided support. The Air Force Space and Missile Systems Center, in its support role, assisted the Targets and Countermeasures Directorate in developing the targets acquisition strategy and requirements, executing the Targets Program, and serving as lead for target integration and launch vehicles. Although the memorandum of agreement was not signed as of March 2005, the MDA and the Air Force stated that their organizations had implemented provisions in the draft memorandum.

Further, the Air Force Space and Missile Systems Center did have experience in acquiring targets that were representative of short-range and medium-range missiles. Before awarding the prime contract, MDA procured targets through contracts administered by the Air Force Space and Missile Systems Center’s Rocket Systems Launch Program. The Rocket Systems Launch Program managed deactivated ballistic missiles and provided launch services, including targets, to support research and development within DoD and other Government agencies.

Allegation 5. The complainant alleged that the Air Force Rocket Systems Launch Program Manager was unable to effectively manage the MDA Targets Program because of his retaining responsibility as the Air Force Rocket Systems Launch Program Manager.

Audit Results. We did not substantiate the allegation. Although the Air Force Rocket Systems Launch Program Manager did have responsibility for both the Air Force Rocket Systems Launch Program and support for the MDA Targets Program, we did not find evidence that the program manager was ineffective in managing his Target Program responsibilities. To ensure that the program manager effectively performed his Target Program responsibilities, the Targets and Countermeasures Directorate and the Space and Missile Systems Center shared supervisory and rating responsibilities for the Program Manager; and the Director of the Targets and Countermeasures Directorate was the first-level rating official for the Rocket Systems Launch Program Manager.

Use of Targets

Allegation 6. The complainant alleged that since the Test and Assessment Directorate was given responsibility to coordinate target requirements between BMDS elements and the Targets and Countermeasures Directorate, it had approached each test mission² as a separate event and did not consider that the

² Test missions are integrated flight tests or risk reduction tests used to test the performance of the BMDS elements. Integrated flight tests are conducted with missile interceptors to test BMDS element capabilities (including the ability to hit a target missile). Risk reduction tests are conducted without an interceptor to gather data for BMDS element sensors.

same basic target, with minor adjustments, could be acquired to meet test objectives for different test scenarios.

Audit Results. We did not substantiate the allegation. While the Test and Assessment Directorate had the responsibility to coordinate target requirements between BMDS elements and the Targets and Countermeasures Directorate at the time of the allegation in March 2003, the Director, MDA transferred those responsibilities to the Systems Engineering Directorate in December 2003. The Director, MDA also tasked the Systems Engineering Directorate to develop a plan to raise the target requirements definition process to the overall BMDS level, rather than to define target requirements for individual BMDS elements.

The Targets and Countermeasures Directorate had already awarded a prime contract to develop a standardized set of target components with capabilities to satisfy target requirements for the various BMDS elements to conduct future test scenarios. Specifically, the prime contract statement of work required the contractor to minimize the number of available targets by developing flexible or common components that would meet test objectives for different test scenarios.

Allegation 7. The complainant alleged that the Test and Assessment Directorate did not coordinate target requirements with Missile Defense Targets JPO, the organization that acquires the targets.

Audit Results. We did not substantiate the allegation. The Test and Assessment Directorate and Missile Defense Targets JPO, now the MDA Targets and Countermeasures Directorate, are members of the MDA targets working group that develops capability requirements for BMDS targets.

As discussed in the audit results for Allegation 6, the Director, MDA tasked the Systems Engineering Directorate to develop a plan to define target requirements. The new target requirements and certification process included input from the Systems Engineering Directorate, the Test and Assessment Directorate, the Targets and Countermeasures Directorate, and the BMDS elements through a targets working group. The targets working group provides oversight for target requirements requested by the various BMDS elements. Specifically:

- the Systems Engineering Directorate has the lead in providing BMDS-level target requirements,
- the Test and Assessment Directorate provides input on test resource requirements,
- the Targets and Countermeasures Directorate provides input on potential target configurations, and
- the BMDS elements provide element-level target requirements.

Allegation 8. The complainant alleged that MDA added the Test and Assessment Directorate as another layer of approval for the Target System Requirements Document that resulted in MDA not meeting its element test schedules.

Audit Results. We did not substantiate the allegation. Although the Test and Assessment Directorate once was responsible for coordinating the review of the Target System Requirements Document, it no longer had that responsibility. As discussed earlier, the Director, MDA tasked the Systems Engineering Directorate to develop a new process to define target system requirements. The Systems Engineering Directorate, in the draft documentation for the new process, did not add another layer of approval; it changed the emphasis from defining target requirements for individual BMDS elements to defining target system requirements at the BMDS level. Additionally, the Systems Engineering Directorate assumed responsibility for coordinating preparation of the Target System Requirements Document from the Test and Assessment Directorate. Under the previous process, the BMDS element developed the Target System Requirements Document. Then, after gaining concurrence from a working group led by the Test and Assessment Directorate and consisting of BMDS elements and directorates, the working group issued the requirements document. In the new process, the Systems Engineering Directorate leads the targets working group and issues the Target Systems Requirement Document, after gaining concurrence from the other elements and directorates.

To meet test schedules, the targets acquired by the Targets and Countermeasures Directorate for the four BMDS element flight tests conducted between February 2003 and August 2004 were available to support scheduled testing of BMDS elements and performed as required.

Allegation 9. The complainant alleged that since the Test and Assessment Directorate assumed Missile Defense Targets JPO responsibilities for range facilities and environmental analysis, those costs³ increased from \$2 million to \$15 million because MDA had inexperienced personnel performing the environmental analyses.

Audit Results. We did not substantiate the allegation. The Test and Assessment Directorate's assumption of range coordination responsibilities did not lead to a significant increase in costs at the range facilities. Additionally, the Test and Assessment Directorate's assumption of environmental coordination responsibilities at the range facilities did not lead to the environmental analyses being performed by inexperienced personnel.

Range Facilities. In April 2004, the Deputy Director, MDA established the Pacific Range Support Team,⁴ chaired by the Test and Assessment Directorate, to act as the lead organization for range coordination. A comparison of range facility costs for two similar tests conducted at the White Sands Missile Range before and after the Test and Assessment Directorate's assumption of range coordination responsibilities showed only a minimal increase in costs.

³ Staff from the Targets and Countermeasures Directorate stated that the costs referred to in the allegation were range costs associated with targets.

⁴ The Pacific Range Support Team consists of personnel from MDA, Vandenberg Air Force Base, Naval Air Warfare Center Weapons Division Point Mugu, Ronald Reagan Ballistic Missile Defense Test Site, Pacific Missile Range Facility, and White Sands Missile Range. The Team provided integrated planning, coordination, and management of range test resources and test infrastructure for MDA testing.

Range facility costs in October 2000 were \$0.7 million while the costs in November 2004 were \$0.8 million, an increase of \$0.1 million.

Personnel at the Targets and Countermeasures Directorate and the Test and Assessment Directorate stated that costs vary at each range facility. In support, the personnel showed us test range costs for seven MDA tests that occurred between January 2000 and December 2004 at four test ranges. For five tests that occurred at three test ranges, average range facility costs ranged from \$0.7 million to \$2 million. The Kodiak Launch Complex was the only range facility with costs similar to those cited in the allegation. The range facility costs for two tests that were conducted at the Kodiak Launch Complex in November 2001 and December 2004 for the Ground-Based Midcourse Defense Element were significantly higher, \$9 million and \$29 million, than at the other test range facilities. Personnel at the Targets and Countermeasures Directorate stated that use of the Kodiak Launch Complex was necessary for the two tests because of its location and advanced technology that was not available at the other range facilities. Although the test range costs at the Kodiak Launch Complex were higher than at other test range facilities, those costs occurred before and after the Test and Assessment Directorate assumed responsibility for range facilities.

Environmental Analysis. In March 2001, the Director, MDA designated the Test and Assessment Directorate as the MDA Environmental Executive, responsible for ensuring environmental compliance at the range facilities. The Test and Assessment Directorate and the Targets and Countermeasures Directorate indicated that environmental analysis at the range facilities could be completed by military environmental organizations at the discretion of the program manager for each BMDS element. For the program managers that chose the Test and Assessment Directorate to perform the environmental compliance work, the Test and Assessment Directorate awarded a contract to ICF Consulting for environmental analysis work. ICF Consulting has 34 years of experience in performing environmental analyses for numerous DoD and Federal Government programs.

Allegation 10. The complainant alleged that the Test and Assessment Directorate did not understand current target capabilities or the time and resources necessary to acquire targets needed to satisfy test objectives planned for BMDS elements.

Audit Results. We did not substantiate the allegation. The Test and Assessment Directorate was no longer the primary MDA organization responsible for formulating target capabilities and acquiring targets. The targets working group, consisting of the Systems Engineering Directorate, the Test and Assessment Directorate, the Targets and Countermeasures Directorate, and the BMDS elements, now develops target requirements for the various BMDS elements.

For the 10 BMDS tests performed from February 2003 through August 2004, the targets acquired by MDA satisfied the test objectives 90 percent of the time and partially satisfied test objectives 10 percent of the time.

Conclusion

Since March 2003, when the allegations were made to the DoD Hotline, MDA restructured the organizations that manage the Targets Program and significantly changed the acquisition strategy for targets to test the BMDS elements. MDA also was revising its target requirement and certification process to define target capabilities at the BMDS level, using the knowledge and experience of multiple organizations that participate in conducting BMDS element tests. Further, MDA awarded a prime contract to obtain a standardized set of target components and product lines, which should reduce target acquisition cycle time and target costs and respond to increased BMDS testing requirements. Additionally, MDA reorganized to centrally manage the Targets Program and, as a result, was able to retain experienced personnel.

In summary, MDA took actions to improve the target acquisition and management process and addressed concerns cited in the allegations. Because MDA will not fully implement all actions until Block 2006, we could not determine the full success of those actions on the target acquisition process.

Appendix A. Scope and Methodology

We evaluated whether the MDA was effectively and economically acquiring and managing targets to test the BMDS. We reviewed documents dated from October 2000 through December 2004. We reviewed MDA organization, program, budget, source selection, and contracting documents. We interviewed personnel from the Systems Engineering Directorate, the Test and Assessment Directorate, the Targets and Countermeasures Directorate and two BMDS elements: the Aegis Ballistic Missile Defense and the Arrow Program. We also interviewed personnel from the Army Space and Missile Command and the Air Force Rocket Systems Launch Program. Lastly, we interviewed former personnel in the Missile Defense Targets JPO who had resigned from Targets and Countermeasures Directorate between January 2001 and November 2004.

We performed this audit from June 2004 through March 2005 in accordance with generally accepted government auditing standards. The scope was limited to the management control processes related to the specific allegations.

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

Use of Technical Assistance. Two electrical engineers from the Electronics Engineering Branch, Technical Assessment Division of the Audit Follow-up and Technical Support Directorate, Department of Defense Office of Inspector General assisted in the audit. The electrical engineers assisted the audit team by analyzing the systems engineering requirements supporting the target requirements and certification process.

Government Accountability Office High-Risk Area. The Government Accountability Office has identified several high-risk areas in DoD. This report provides coverage of the DoD weapon systems acquisition high-risk area.

Prior Coverage

No prior coverage has been conducted on the acquisition and management of targets at MDA during the last 5 years.

Appendix B. Report Distribution

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House Subcommittee on Government Efficiency and Financial Management, Committee on Government Reform

House Subcommittee on National Security, Emerging Threats, and International Relations, Committee on Government Reform

House Subcommittee on Technology, Information Policy, Intergovernmental Relations, and the Census, Committee on Government Reform

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