



May 2014

DEFENSE ACQUISITIONS

Observations on Whether the Military Service Chiefs' Role in Managing and Overseeing Major Weapon Programs Should Be Expanded

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GAO Highlights

Highlights of [GAO-14-520](#), a report to the Committee on Armed Services, U.S. Senate

Why GAO Did This Study

Nearly three decades ago, Congress enacted the Goldwater-Nichols Department of Defense Reorganization Act. As GAO has found, the act sought to strengthen civilian control over the acquisition function in DOD and establish a more streamlined chain of command for developing and procuring weapon systems. The reporting chain, which remains in effect today, runs upward from a program manager, through a program executive officer, to a service acquisition executive, and to the defense acquisition executive.

Many acquisition reform studies have identified a need for increased accountability in DOD's acquisition management chain of command. The Senate Armed Services Committee Report accompanying the National Defense Authorization Act for Fiscal Year 2014 mandated that GAO review DOD's acquisition chain of command. This report examines (1) findings and recommendations made by studies that assessed the role of the military service chiefs; and (2) how current DOD and military department policies define the roles and responsibilities of the service chiefs in acquisition management.

To do this work, GAO analyzed the findings and recommendations of six studies that discuss DOD acquisition chain of command issues and interviewed authors from the three most recently published studies. GAO also analyzed DOD and military department acquisition and requirements policies and guidance, and interviewed DOD officials.

What GAO Recommends

GAO is not making recommendations.

View [GAO-14-520](#). For more information, contact Michael J. Sullivan at (202) 512-4841 or sullivanm@gao.gov.

May 2014

DEFENSE ACQUISITIONS

Observations on Whether the Military Service Chiefs' Role in Managing and Overseeing Major Weapon Programs Should Be Expanded

What GAO Found

Five of the six studies GAO reviewed recommended an expanded role for the military service chiefs in acquisition management, often citing this as a means to improve the integration of the requirements and acquisition processes that support a weapon system's development. Three studies expressed concerns that the services have gone too far in their implementation of the Goldwater-Nichols Act and removed the service chiefs from the acquisition process. However, the studies provided little evidence or support that such a change would in fact improve program outcomes. Studies varied on the degree to which and ways in which service chiefs should be involved in the acquisition process. While two studies advocated strengthening service chief's roles and responsibilities within the current structure, three studies called for changing the current chain of command structure by making adjustments such as inserting the service chiefs above program executive officers. Authors GAO interviewed were uncertain what effect incorporating the chiefs of staff into the acquisition chain of command would have on individual programs. These authors noted that service chief involvement does not guarantee success for a weapon system program and, in fact, pointed to examples of past programs that had significant service chief involvement, but poor outcomes. Finally, the authors we interviewed agreed that strong leadership is essential to acquisition success, but all six studies identified other factors that need to be addressed in acquisition programs such as unrealistic and changing requirements, optimistic cost and schedule estimates, and issues with the current budgeting process.

DOD and military department policies provide the service chiefs multiple opportunities to be involved in the management and oversight of major defense acquisition programs. Although responsibility and authority differ for the two distinct processes of requirements and acquisitions, multiple reviews, milestone decision points, and mechanisms are in place for these two processes to work together in planning and executing programs. Within each military department, the service chiefs and their staffs lead the development of operational requirements and are supported by acquisition officials to help ensure that requirements are feasible and affordable. Similarly, as acquisition programs progress through key phases of planning, development, and production, opportunities exist for continued chief of staff involvement beyond requirements development. For example, the offices of the service chiefs participate in senior-level acquisition review boards that assess proposed programs and advise the service acquisition executive at key milestone decision points. Once a program has been established and development has begun, additional opportunities remain for service chiefs to monitor progress and help resolve any issues that may occur. For example, military departments are required to hold annual configuration steering board meetings to discuss tradeoffs between requirements and cost and schedule delays.

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May 1, 2014

The Honorable Carl Levin
Chairman
The Honorable James Inhofe
Ranking Member
Committee on Armed Services
United States Senate

Poor acquisition outcomes in major weapon system programs have been a recurring problem for decades in the Department of Defense (DOD). Programs too often have not delivered required capabilities when needed at expected costs. We have found that many problems can be traced to a culture in which the military services begin programs with unrealistic requirements, immature technologies, overly optimistic cost and schedule estimates, and the absence of disciplined systems engineering. Congress and DOD have continually explored ways to improve acquisition outcomes, including actions like the Weapon Systems Acquisition Reform Act of 2009¹ and the department's own "Better Buying Power" initiatives.² These and other reforms have emphasized sound management practices, such as realistic cost estimating, prototyping, and systems engineering. Our work has shown that when these practices are properly implemented, they have a positive effect on individual acquisition programs. However, all too often we have found that there is a lack of discipline and accountability in planning and executing acquisition programs, which leads to poor outcomes.

Many acquisition reform studies in the past have identified the need for increased accountability in the DOD acquisition management chain of command. Citing a recommendation made by the independent panel review of the 2010 Quadrennial Defense Review to improve DOD's in-line management process for acquisition programs, the Senate Armed Services Committee Report to accompany the National Defense

¹ Pub. L. No. 111-23.

² Memorandum for Defense Acquisition Workforce, Subject: Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending, September 14, 2010 and Memorandum for Acquisition Professionals, Subject: Better Buying Power 2.0: Continuing the Pursuit for Greater Efficiency and Productivity in Defense Spending, November 13, 2012.

Authorization Act for Fiscal Year 2014 mandated GAO to review the department's acquisition chain of command.³ This report examines: (1) the findings and recommendations made by studies that assessed the role of military service chiefs in the DOD acquisition chain of command; and (2) how current DOD and military department policies define the roles and responsibilities of the military service chiefs in the management and oversight of major defense acquisition programs.

In order to examine the findings and recommendations made by studies that assessed the role of the military service chiefs in the DOD acquisition chain of command, we first reviewed available literature on acquisition reform and identified six studies published in the last decade that discussed acquisition chain of command issues in DOD. We reviewed the following six studies:

- Business Executives for National Security: *Getting to Best: Reforming the Defense Acquisition Enterprise* (2009)
- Center for Strategic and International Studies: *Beyond Goldwater-Nichols: U.S. Government and Defense Reform for a New Strategic Era Phase II* (2005)
- Defense Business Board: *Linking and Streamlining the Defense Requirements, Acquisition, and Budget Processes* (2012)
- Panel of the Defense Acquisition Performance Assessment Project: *Defense Acquisition Performance Assessment Report* (2006)
- RAND: *The Perfect Storm: The Goldwater-Nichols Act and Its Effect on Navy Acquisition* (2010)
- United States Institute of Peace: *The Final Report of the Quadrennial Defense Review Independent Panel* (2010)

We summarized and analyzed the studies' findings and recommendations to determine common themes and variations among the studies. We also interviewed authors from the three most recently published studies—the Defense Business Board, RAND, and Quadrennial Defense Review Independent Panel studies—to gain further insight into the basis of findings and recommendations.

³ S. Rep. No. 113-44, at 143 (2013).

To examine how current DOD and military department policies define the roles and responsibilities of the military service chiefs in acquisition management, we reviewed DOD and military department acquisition and requirements policies, guidance, and other relevant documents. In addition, we interviewed DOD and service level acquisition officials as well as officials from the service chief offices within the military departments to gain further insight into how these policies are carried out. Further, we submitted questions to each of the service's chiefs to obtain their views on the current acquisition chain of command. As our focus for this work was on the content of DOD policy, we did not assess the extent to which the service chiefs are involved and able to influence individual programs.

We conducted this performance audit from March 2014 through May 2014 in accordance with generally accepted government auditing standards. Those standards required that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The Packard Commission, tasked by President Reagan to review defense management and organization, made a number of recommendations to improve the way DOD acquires weapon systems, including the need to establish “unambiguous authority for overall acquisition policy, clear accountability for acquisition execution, and plain lines of command for those with program management responsibilities.”⁴ Following the commission’s recommendations, the Goldwater-Nichols Department of Defense Reorganization Act of 1986 was enacted.⁵ Among other things, the Act created the position of the Under Secretary of Defense for Acquisition, now known as Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)); established the military departments as the force providers to the combatant commanders; and mandated responsibility for acquisition to each respective military department. In addition, the Goldwater-Nichols Act directed each

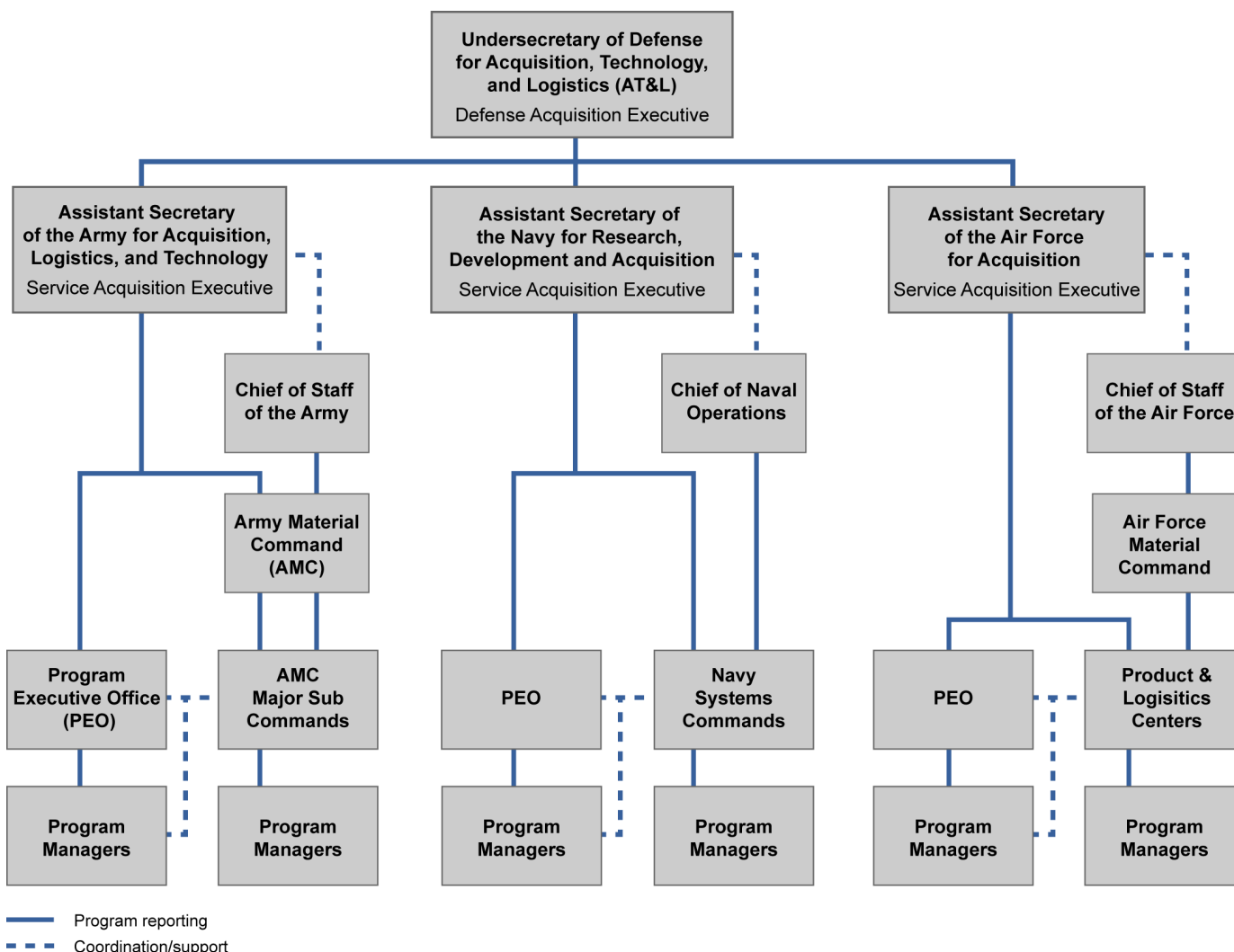
⁴ *Final Report to the President by the President’s Blue Ribbon Commission on Defense Management* (June 1986).

⁵ Pub. L. No. 99-433.

secretary to establish or designate a single office or other entity within each department to conduct the acquisition function. Prior to the act, the military departments often had offices in both the secretariat and the service chief organizations that had responsibilities for the management of the acquisition function. As we previously found, the act sought to eliminate parallel or duplicate organizations that might have existed, and strengthen civilian control by placing the single acquisition office in the secretariats.⁶ Also, the President issued a directive that directed implementation of another Packard Commission recommendation, to establish a more streamlined acquisition chain of command in DOD. The reporting chain, which remains in place today, runs upward from a program manager, through a program executive officer (PEO), to the service acquisition executive (SAE), and to the defense acquisition executive (DAE), which is USD (AT&L). Figure 1 provides an overview of the current acquisition chain of command in DOD and the military departments.

⁶ GAO, Acquisition Reform: Military Departments' Response to the Reorganization Act. [GAO/NSIAD-89-70](#) (Washington, D.C.: June 1, 1989).

Figure 1: Current DOD Acquisition Chain of Command and Military Department Involvement



Source: GAO presentation of DOD data.

Within DOD, three key acquisition decision-support processes influence the planning and execution of weapon system programs—requirements determination, resource allocation, and the acquisition management system. Each process is managed and overseen by different organizations and leaders within DOD and the military departments. At the DOD level, USD(AT&L) is responsible for the acquisition function and is the milestone decision authority (MDA) for major defense acquisition

programs,⁷ whereas the Joint Chiefs of Staff are responsible for implementing the requirements process, and the Under Secretary of Defense (Comptroller) is responsible for the resource process. Within the military departments, where programs are largely planned and executed, the service acquisition executive is responsible for the acquisition process, while the service chief offices have primary responsibility for the requirements and resourcing processes.

Interim DOD Instruction 5000.02—the department’s primary acquisition policy instruction that guides the acquisition process—states that the acquisition, requirements, and resource processes are closely related and “must operate simultaneously with full cooperation and in close coordination.”⁸ Further, this instruction states that adjustments may have to be made to keep these three processes aligned throughout the course of a program lifecycle. Similarly, the Chairman of the Joint Chiefs of Staff Instruction 3170.01H, the department’s primary policy guiding capability requirements development, emphasizes that the three processes “must work in concert to ensure consistent decisionmaking while delivering timely and cost effective capability solutions to the warfighters.”⁹ In recent years, Congress and DOD have taken steps to strengthen the integration of the acquisition and requirements processes. For example, the department has added new decision points and reviews for weapon programs as they progress through the acquisition process. Additionally, USD (AT&L) now serves as an advisor to the council that reviews requirements for major weapon programs.

⁷ This authority to act as the MDA may be delegated in accordance with Interim DOD 5000.02, “Operation of the Defense Acquisition System,” (Nov. 26, 2013), §4(a). Major defense acquisition programs are those identified by DOD with a dollar value for all increments estimated to require eventual total expenditure for research, development, test, and evaluation of more than \$480 million, or for procurement of more than \$2.79 billion, in fiscal year 2014 constant dollars.

⁸ Interim DOD Instruction 5000.02, *Operation of the Defense Acquisition System* (November 26, 2013).

⁹ Chairman of the Joint Chiefs of Staff Instruction 3170.01H, *Joint Capabilities Integration and Development System* (January 10, 2012).

Studies Recommended Expanding Service Chiefs Role in Acquisition to Varying Degrees, but Potential Effect on Improving Acquisition Outcomes Is Unclear

Five of the six studies we reviewed recommended an expanded role for the service chiefs in acquisitions, often citing this as a means to improve the integration of the acquisition, requirements, and resourcing processes, as well as improve authority and accountability for DOD acquisition programs. Three of the studies noted that increased involvement of the service chiefs would help facilitate cost, schedule, and requirements trade-off decisions during program planning, and may result in more affordable and executable acquisition programs. Also, three of the studies expressed concerns that the service chiefs are not sufficiently involved because the services had gone too far in their implementation of the Goldwater-Nichols Act and removed the service chiefs from the acquisition decision process. Although the Goldwater-Nichols Act directed each military department secretary to establish a single office within their department, now known as the service acquisition executive, to conduct the acquisition function, the act did not preclude the service chiefs from actively participating in acquisitions. The same three studies stated that implementation of the act may have contributed to fragmentation among the requirements, resources, and acquisition processes. GAO has previously found that these processes are fragmented, making it difficult for the department to achieve a balanced mix of weapon systems that are affordable and feasible and provide the best military value to the warfighter.¹⁰ Furthermore, we found that because the processes are led by different organizations, it is difficult to hold any one person or organization accountable for saying “no” to a proposed program or for ensuring that the department’s portfolio of programs is balanced. The following table summarizes the findings and recommendations of the studies included in our review that are related to acquisition management and oversight.

¹⁰ GAO, *Best Practices: An Integrated Portfolio Management Approach to Weapon System Investment Could Improve DOD’s Acquisition Outcomes*. [GAO-07-388](#) (Washington, DC: March 30, 2007).

Table 1: Summary of Six Studies Related to Acquisition Management and Oversight

Report	Findings and Observations	Recommendations
United States Institute of Peace: The Final Report of the Quadrennial Defense Review Independent Panel (2010)	- The current acquisition process is complex and fragments accountability and authority at all levels. - Correcting deficiencies in the acquisition process – e.g., bolstering cost analysis and improving program execution – will be effective only if implemented through individuals in line management vested with authority and accountability. - Requirements trade-offs require operational knowledge and domain credibility.	- Clearly establish lead roles for identifying capability gaps, defining executable solutions, resourcing solutions, and delivering the capability within defined cost and schedule ceilings. - Delegate authority and accountability for defining and executing programs to an unbroken chain of line management within the force provider community. - The force provider, to include the service component serving the Combatant Commander, is the proper source of credible operational experience and judgment to generate recommendations to USD (AT&L) for performance tradeoffs.
Defense Business Board: Linking and Streamlining the Defense Requirements, Acquisition, and Budget Processes (2012)	- The defense acquisition process is divided into three stovepipes: budget, acquisition, and requirements and is too complex. - There is inadequate coordination between requirements and acquisition communities. - The service chief, who is a key decision-maker in the requirements and budget processes, is not involved in the acquisition process which has contributed to program failures.	- Zero-base the system and realign the system with common documentation across all three areas. - Create a partnership among the requirements, acquisition, and budget leaders to create a linked and streamlined process. - Military service chiefs need to be more engaged and accountable in the acquisition process.
RAND: The Perfect Storm: The Goldwater-Nichols Act and Its Effect on Navy Acquisition (2010)	- An unintended consequence of the Goldwater-Nichols Act reforms is an impenetrable wall between a military-controlled requirements process and a civilian-driven acquisition process. - The position of Chief of Naval Operations has become divorced from the acquisition process which has been detrimental to the effective and efficient acquisition of materiel for the Navy.	- Navy should include the service chief throughout the acquisition process. - Navy should create an acquisition oversight body that includes the service chief.
Center for Strategic and International Studies: Beyond Goldwater-Nichols: U.S. Government and Defense Reform for a New Strategic Era Phase II (2005)	- The current acquisition process is not integrated with the resource allocation process. The service chiefs are responsible for requirements and funding but not acquisition. - Goldwater-Nichols Act removed the service chiefs from a direct role in acquisition management which has muddled accountability.	- Service chiefs should have primary responsibility for managing and executing acquisitions. - Reorganize USD(AT&L) to raise the stature and span of control of research and engineering.

Report	Findings and Observations	Recommendations
Business Executives for National Security: Getting to Best: Reforming the Defense Acquisition Enterprise (2009)	- Goldwater-Nichols Act removed the service chiefs from the acquisition chain-of-responsibility. - There is a lack of coordination between requirements determination, budgeting, and the acquisition process. - The acquisition workforce has atrophied and is understaffed and organizationally misaligned.	- Reconstitute a strong systems engineering capability within each of the military departments; i.e., within the service chiefs' chain of responsibility. - Establish an authority to conduct tradeoffs and, where appropriate, modify requirements as additional information is gained on cost, technical risk, schedule and external factors (e.g., threat changes) during the identification of a material solution. - Assign to the service chiefs responsibility for establishing, managing and maintaining a highly competent acquisition workforce. - Amend the Goldwater–Nichols legislation to reinstate the service chiefs in the chain-of-responsibility over the program executive officers and program managers.
Panel of the Defense Acquisition Performance Assessment Project: Defense Acquisition Performance Assessment Report(2006)	- The acquisition system, which is supposed to integrate budget, requirements, and acquisition processes, is highly complex and fragmented. - An effective acquisition system requires stability and continuity that can only be developed through improving all of the major elements upon which it depends. - Effective oversight has been diluted in a system where the quantity of reviews has replaced quality and the tortuous review processes have obliterated clean lines of responsibility, authority, and accountability.	- Create a streamlined acquisition organization with accountability assigned and enforced at each level. - Direct the Army and Air Force Chiefs of Staff, and the Chief of Naval Operations to establish Systems Commands for acquisition that report to the service chiefs and the service acquisition executives. - Assign oversight of day-to-day execution and integration of programs to the service acquisition executives and through them to the Four-Star Acquisition Systems Commands, program executive officers and program managers. - Designate USD(ATL) a full member of the Joint Requirements Oversight Council and delegate authority to the USD(ATL) to budget and program for a newly created stable program funding account. - Disestablish the Acquisition Integrated Product Teams in the USD(ATL) office, and replace the current oversight process with a small staff, focused on decision-making to support joint programs. - Set service acquisition executives as a renewable five-year fixed presidential appointment to promote stability and continuity.

Source: GAO summary and analysis of selected studies

The studies we reviewed agree that chain of command adjustments are needed, but their views on the specific role for the service chiefs varied. For example, one study identified the need for more service chief involvement throughout the Navy's acquisition process, but it did not

specify how this should occur.¹¹ When we talked to the authors of this study, they stated that the current framework for the acquisition chain of command does not need to be changed but that the service chief's involvement and authority should be enhanced throughout. One way they suggested doing this was to make the service chief a co-chair with the service acquisition executive during major program reviews. Similarly, another study recommended that service chiefs be more engaged and accountable within the current acquisition process through the strengthening of partnerships between requirements, acquisition, and resource leaders.¹² Another study recommended the need for more authority in an unbroken chain of line management, but provided no indication as to how the service chief would fit into the new line management.¹³ The other three studies called for changing the current chain of command structure by making adjustments such as inserting the service chief over program managers and program executive officers.¹⁴ Furthermore, GAO assessed a number of acquisition reform proposals several years ago, including one to modify the service chief's role in acquisitions, and found in interviewing multiple experts that there was no consensus on whether the service chiefs should be added into the direct line of command for acquisitions.¹⁵

While studies have advocated for a stronger role for the service chiefs in the acquisition chain of command, they provide little evidence or support that this would in fact improve program outcomes. Study authors we interviewed were unsure of the effects on the acquisition process of more involvement from the service chiefs. Authors pointed out that the service

¹¹ RAND National Defense Research Institute, *The Perfect Storm: Goldwater-Nichols and Its Effect on Navy Acquisition*. (Santa Monica, CA: 2010).

¹² Defense Business Board, *Linking and Streamlining Defense Requirements, Acquisition, and Budgeting Processes*. (Washington, DC: 2012).

¹³ United States Institute of Peace, *The Final Report of the Quadrennial Defense Review Independent Panel*. (Washington, DC: 2010).

¹⁴ Business Executives for National Security, *Getting to Best: Reforming the Defense Acquisition Enterprise*. (July 2009); Center for Strategic and International Studies, *Beyond Goldwater-Nichols U.S. Government and Defense Reform for a New Strategic Era: Phase 2 Report*. (Washington, DC: July 2005); Defense Acquisition Performance Assessment Project, *Defense Acquisition Performance Assessment Report*. (January 2006).

¹⁵ GAO, *Defense Acquisitions: Perspectives on Potential Changes to Department of Defense Acquisition Management Framework*, [GAO-09-295R](#) (Washington, D.C.: February 27, 2009).

chiefs had significant influence on certain programs in the past, but their involvement did not always result in successful cost, schedule, or performance outcomes. For example, authors noted significant involvement of service chiefs in programs such as the Navy's Littoral Combat Ship and the Army's Future Combat System, but these programs suffered poor outcomes. In both cases, the service chiefs of these services viewed the programs as vital to their operational capabilities and needed to be fielded quickly. These programs pursued aggressive acquisition strategies that pushed the programs through development with ill-defined requirements and unstable designs, which contributed to significant cost and schedule increases and, in the case of the Future Combat System, a cancellation. Further, the authors of one study believed that including the service chief in the acquisition process may actually exacerbate current acquisition challenges by creating a break in the chain of command. Instead, they believe that authority of the current chain of command needs to be reinforced through appointing knowledgeable, strong leaders into management positions and limiting the number of people who can directly influence program managers. Lastly, although some studies point to acquisition problems resulting from a lack of service chief involvement following the implementation of the Goldwater-Nichols Act in the 1980s, DOD experienced acquisition delays and cost overruns for many years prior to the Goldwater-Nichols Act.¹⁶ We have reported on poor acquisition outcomes as far back as 1970.¹⁷

Authors we interviewed all agreed that despite uncertainty about the effects of an expanded service chief role in management of acquisitions, strong leadership is key to ensuring programs achieve positive outcomes. One study identified the F-15 program as an example where leadership helped bring about positive outcomes.¹⁸ In this case, there was heavy involvement from senior leadership, including the Secretary of Defense, which resulted in delivering the aircraft to the warfighter on time and under cost. Leadership directed an incremental approach for the development of the aircraft based on reasonable requirements and using relatively mature technologies versus a revolutionary approach using unrealistic requirements and immature technologies. GAO previously

¹⁶ *Getting to Best* (2009), *Beyond Goldwater-Nichols* (2005). *The Perfect Storm* (2010).

¹⁷ GAO, *Status of the Acquisition of Selected Major Weapon Systems*. B-163058. (Washington, D.C. February 6, 1970).

¹⁸ *Quadrennial Defense Review Independent Panel* (2010).

found that strong leadership is key to stable and successful acquisition programs. GAO found that stable programs, such as the Air Force's Small Diameter Bomb and Navy's P-8A Poseidon Multi-Maritime Aircraft, were supported by strong, disciplined leaders who helped foster the planning and execution of a solid business case for these programs.¹⁹

Finally, all six of the studies we reviewed suggested that changes to the chain of command alone will not be sufficient to address all of the challenges faced by major acquisitions. All of the studies presented additional recommendations to improve acquisition policy and processes at the program level to include ensuring: (1) a well trained and experienced acquisition workforce; (2) sufficient tenure in program management assignments to allow for continuity in the oversight of acquisitions; and (3) incentives for attracting and retaining knowledgeable individuals, including systems engineers. Other studies discussed the need to fix unrealistic and changing requirements, optimistic cost and schedule estimates, and issues with the current budgeting process.²⁰ GAO has also made similar conclusions and recommendations in all of these same areas.²¹ Together, these issues and others contribute to poor acquisition outcomes.

¹⁹ GAO, *Defense Acquisitions: Strong Leadership is Key to Planning and Executing Stable Weapon Programs*. [GAO-10-522](#). (Washington, D.C.: May 6, 2010).

²⁰ *Quadrennial Defense Review Independent Panel* (2010); *Getting to Best* (2009); *Defense Acquisition Performance Assessment Report* (2006).

²¹ GAO, *Best Practices: Increased Focus on Requirements and Oversight Needed to Improve DOD's Acquisition Environment and Weapon System Quality*. [GAO-08-294](#). (Washington, D.C.: February 1, 2008); GAO, *Defense Acquisitions: A Knowledge-Based Funding Approach Could Improve Major Weapon System Program Outcomes*. [GAO-08-619](#). (Washington, D.C.: July 2, 2008).

DOD and Military Department Policies Provide Service Chiefs Multiple Opportunities for Involvement in Oversight and Management of Acquisitions

DOD and military department requirements and acquisition policies define several decision points, reviews, and mechanisms in which the service chiefs or their supporting staff offices can participate in the management and oversight of acquisition programs. Generally, major defense acquisition programs go through a series of phases as they progress from the determination of the need for a new system, through initial planning of a solution, to system development, and finally production and deployment of a fielded system. An initial capability requirements document, which is intended to identify a capability need, drives the early phase of an acquisition program where potential weapon system solutions are assessed and then the technologies associated with the specific solution to be pursued are matured. These activities are intended to lead to a more refined set of capability requirements, which along with several other acquisition-related analyses and documents (e.g., acquisition strategy, cost estimates, and test and evaluation plan), allow for the formal start of system development and entrance into the engineering and manufacturing phase of an acquisition. When the system has completed development and testing, the requirements may be updated and the system moves into production and eventually to deployment in the field.

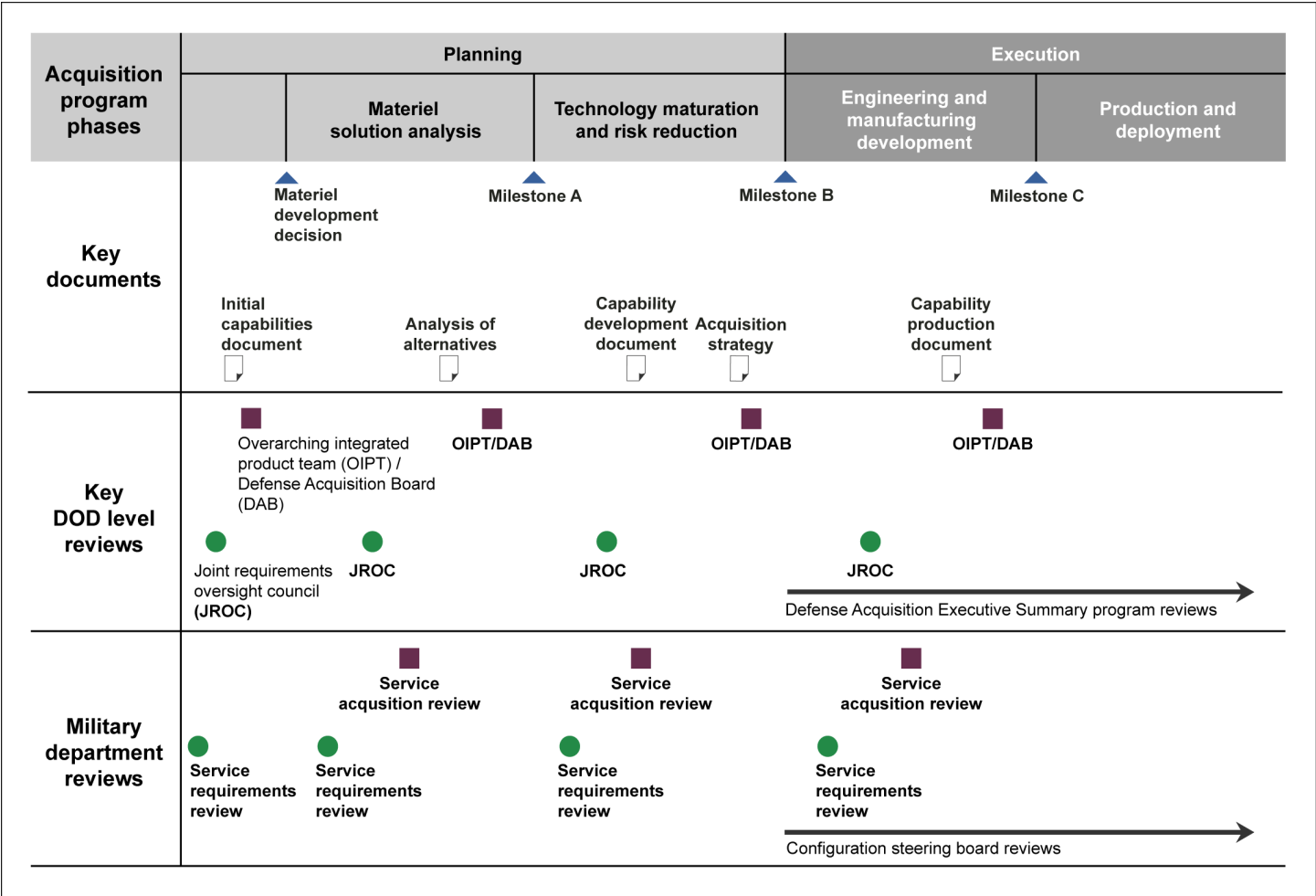
As major defense acquisitions programs progress through the requirements and acquisition processes, there are several key stages where DOD-level reviews and approvals are required. Capability requirements documents for these programs are assessed and validated by the Chairman of the Joint Chiefs of Staff with the advice of the Joint Requirements Oversight Council (JROC),²² which is chaired by the Vice Chairman of the Joint Chiefs of Staff and is comprised of the Vice Chiefs of Staff of each military service.²³ As major defense acquisition programs go through the iterative phases of the acquisition process, they are reviewed by the Defense Acquisition Board, which is chaired by USD(AT&L) and includes the secretaries of the military departments and other senior leaders. However, prior to these DOD-level reviews, programs have requisite reviews and approvals starting at the military service level where the service acquisition executives and service chiefs

²² The Chairman of the Joint Chiefs of Staff with the advice of the JROC assesses and validates joint military requirements for MDAPs and less-than-MDAP designated either as "JROC Interest" or "Joint Capabilities Board Interest." Interim DODI 5000.02, (Nov. 25, 2013), Sec. 5(b)(2).

²³ 10 U.S.C. § 181(c). Military services in this context are the Army, Navy, Air Force and Marine Corps.

are involved. Military service processes for approving requirements and acquisitions essentially mirror the DOD process. Figure 2 below provides a notional depiction of the major phases, milestone decision points, and reviews involved at both the DOD and military department levels.

Figure 2: Major Program Milestones Supporting Requirements Development and Acquisition



Source: GAO analysis of DOD and military department policy.

Note: Acquisition milestones are points at which a recommendation is made and approval is sought for a program to proceed into the next acquisition phase.

Requirements Development within the Military Departments

DOD policy states that requirements must be validated before an acquisition program can start system development. The service chiefs and their supporting staff offices lead operational requirements development within each military department and approve associated documentation prior to JROC reviews at the DOD-level. Each military department uses a tiered requirements development and approval process supported by acquisition and other functional offices. Requirements that are developed for major defense acquisition programs are reviewed and validated by a senior-level requirement review board usually chaired by the service or vice chief of staff.²⁴ Each military department uses somewhat different approaches and mechanisms within this tiered process to facilitate stakeholder involvement. For instance, according to Air Force policy, a high performance team is established at the outset of an identified capability need and used to develop and refine requirements during program development and production. The team is intended to provide a forum for functional stakeholders to develop and assess program requirements prior to validation. Similarly, Army policy requires a team approach to developing requirements—integrated capabilities development teams—which are comprised of personnel from different functional areas. The Navy revised its requirements and acquisition processes several years ago into a two-pass, six-gate review framework, which is intended to strengthen integration between the two processes. Under the framework, the service chief chairs the first “pass” of gates which cover the requirements development and materiel solution analysis phases of a program, and the Navy’s acquisition executive chairs the second “pass” of gates which comprise system development, production, and sustainment. According to Navy officials we spoke with, the service chief and the acquisition executive are both actively involved in all the gate reviews for major acquisition programs.

Acquisition Planning and Execution within the Military Departments

Although responsibility and authority for major defense acquisition programs generally resides with the service or defense acquisition executives, DOD and military department acquisition policies provide opportunities for continued service chief involvement beyond requirements definition, throughout the life cycle of a program. As programs progress through key phases of the acquisition process,

²⁴ For MDAP programs, the Air Force uses the Air Force Requirements Oversight Council, while the Navy uses the Resources and Requirements Review Board, and the Army has the Army Requirements Oversight Council.

program managers are often supported by integrated product teams comprised of stakeholders from several functional areas across the acquisition, requirements, and resource communities. The teams are intended to help the program manager plan and execute an acquisition, as well as identify and resolve issues that may come up along the way. According to service officials we met with, representatives from the offices of the service chiefs are usually members of these teams. At milestone decision points, programs are subject to higher level reviews and approvals by service level panels and acquisition boards that also include representatives from the different functional areas. For example, each of the services has an acquisition review board comprised of senior leaders that assess programs and advise the service acquisition executive on milestone decisions. Generally, the service vice chiefs are members of these boards.

The military departments have all modified their acquisition processes in recent years, in part to improve integration of requirements and acquisitions, and plan more affordable and feasible programs. As described above, the Navy's two-pass, six-gate framework is intended to facilitate greater coordination between the requirements and acquisition communities. Although the Navy acquisition executive chairs a series of gates that support program technology development and production, the service chief, or designee, is required to participate in these gate reviews. In addition, the Air Force recently revised its acquisition policy to incorporate an integrated life cycle management approach that, according to officials, has streamlined roles and responsibilities within the acquisition and systems commands and increased opportunities for collaboration between the requirements and acquisition communities as a weapon system is developed. Also, according to officials, the Army is instituting customized sets of "knowledge point" meetings for certain acquisition programs, which are to occur before key milestones and provide a forum to discuss, among other things, tradespace within the program. Officials believe these meetings will support better integration and insight needed for making milestone decisions.

Once an acquisition program has been established and enters into systems development, the military services conduct regular reviews to monitor the program's progress in achieving cost, schedule, and performance targets and to resolve any issues that may occur. These reviews provide opportunities for stakeholders, such as the offices of the service chiefs, to gain visibility into programs and weigh in on changes that may be needed. Major defense acquisition programs, for example, are required by DOD policy to undergo a defense acquisition executive

summary process, which includes a quarterly assessment.²⁵ There are service level reviews that either coincide or supplement these DOD reviews. In addition, in 2008, Congress required DOD to conduct configuration steering board reviews of major defense acquisition programs, to assess requirements and configuration changes that could adversely affect program cost and schedule. Statute requires that the boards, which are chaired by the service acquisition executive and include senior service chief representatives and others, conduct program reviews at least annually.²⁶ Should these reviews support a reduction to formal requirements, then the change would go through the service and DOD-level requirements process for approval.²⁷ Further, when a program is ready to move into production, requirements are generally reviewed again and reaffirmed by the service chiefs and the JROC through the requirements process.

Concluding Observations

Poor acquisition outcomes have been a long-term problem in DOD and many inter-related factors contribute to this condition. As GAO and other acquisition experts have previously found, the array of factors include unrealistic requirements, lack of disciplined systems engineering, overly optimistic cost and schedule estimates, insufficient acquisition workforce, and frequent program manager turnover. Changing the culture and incentives in DOD that cause these factors to be prevalent has been difficult. The studies we reviewed provide limited evidence that acquisition problems in DOD are caused by the military service chiefs having too small a role in managing and overseeing acquisition programs, or that the problems would be solved by expanding the service chiefs' role. Existing policies and processes for planning and executing acquisition programs provide multiple opportunities for the service chiefs to be involved in managing acquisition programs and to help ensure programs meet cost, schedule, and performance targets. Whether the service chiefs are actively involved and choose to influence programs is not clear. However, we agree with acquisition studies that the current acquisition process

²⁵ DODI 5000.02, Encl. 1, Table 5 at 63.; Defense Acquisition Guidebook, Chapter 10

²⁶ The National Defense Authorization Act for Fiscal Year 2009, Pub. L. No. 110-417, § 814 (2008).

²⁷ GAO conducted a review of DOD's implementation of configuration steering boards and the extent to which they have been effective in controlling requirements of weapons system programs in development that will result in a report in May 2014.

does not function efficiently or as planned, and that greater discipline and accountability is needed. While organizational changes can be an important part of the solution, at this point they should not take precedence over efforts to improve the acquisition process itself, build a more robust acquisition workforce, and foster a culture in which incentives are better aligned with good acquisition practices.

Agency Comments

We are not making recommendations in this report. We provided a draft of this product to DOD for comment. The department responded that it did not have any formal comments on the report. However, DOD provided a few technical comments which we incorporated into the report, as appropriate.

We are sending copies of this report to the appropriate congressional committees and the Secretary of Defense. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>

If you or your staff have any questions about this report, please contact me at (202) 512-4841 or sullivanm@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix I.

A handwritten signature in black ink, appearing to read 'Michael J. Sullivan', with a stylized, flowing script.

Michael J. Sullivan
Director
Acquisition and Sourcing Management

Appendix I: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the contact name above, individuals making key contributions to this statement include John Oppenheim, Assistant Director; Tom Twambly, Megan Porter, Claire Li, Peter Anderson, and Marie Ahearn.

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