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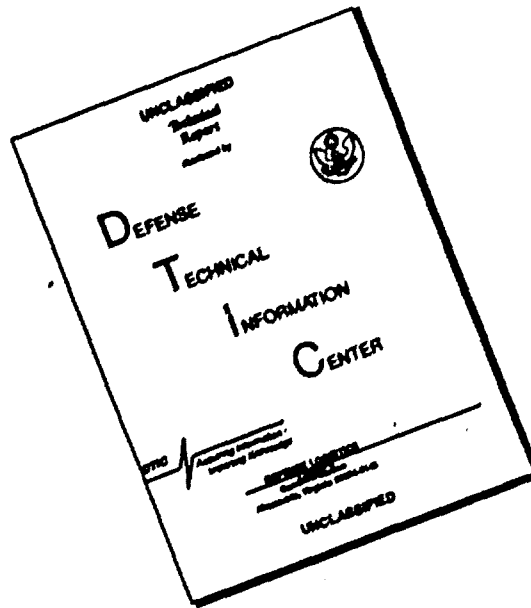
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
National Security and
International Affairs Division

B-234899

March 30, 1990

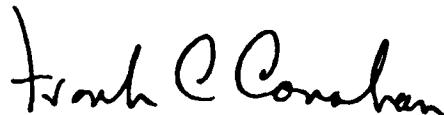
The Honorable Robert C. Byrd
Chairman, Committee on Appropriations
United States SenateThe Honorable Jamie L. Whitten
Chairman, Committee on Appropriations
House of RepresentativesDTIC
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As directed by the conference report on the Department of Defense (DOD) Appropriations Act for Fiscal Year 1989 (P.L. 100-463), we reviewed the jurisdiction and the mission of the Office of the Director, Operational Test and Evaluation, including legislative intent, to determine whether the Operational Test and Evaluation (OT&E) Capability Improvement Program is within the scope of that mission or would be more appropriately conducted by another DOD organization.

Although the Office of the Director, OT&E's statute does not prohibit it from conducting the OT&E Capability Improvement Program, we believe that the program does not fall within the Office of the Director, OT&E's mission. We therefore recommend that the Secretary of Defense direct and assure that the services plan, program, and budget for adequate test resources needed to conduct operational testing of weapon systems effectively. The Director, OT&E should continue to perform oversight and policy functions by reviewing and making recommendations to the Secretary of Defense to assure that adequate test resources are acquired. (K7) 

This executive summary is an unclassified version of a classified report on the same subject (GAO/C-NSIAD-90-02). We will send copies of this executive summary to the Chairmen, Senate and House Committees on Armed Services; the Secretaries of Defense, the Army, Air Force, and Navy; the Director, OT&E; and other interested parties.

This executive summary was prepared under the direction of Paul F. Math, Director, Research, Development, Acquisition, and Procurement Issues who may be reached on (202) 275-4587 if you or your staff have any questions.

Frank C. Conahan
Assistant Comptroller General

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Executive Summary

Purpose

The Director, Operational Test and Evaluation, established the Operational Test and Evaluation (OT&E) Capability Improvement Program to acquire test resources for improving the realism of OT&E conducted on major weapon systems. The Director, OT&E believed that the services' lack of funding for test resources could have a detrimental impact on OT&E results. These results are important in making key acquisition decisions, especially the decision to proceed from development to production.

As directed by the conference report on the Department of Defense (DOD) Appropriations Act for Fiscal Year 1989 (P.L. 100-463), GAO reviewed the jurisdiction and the mission of the Office of the Director, OT&E to determine whether the OT&E Capability Improvement Program was either within the scope of that mission or more appropriately would be conducted by another organization within DOD. GAO also (1) evaluated the Director, OT&E's coordination with the services and the intelligence community in acquiring test resources and (2) reviewed DOD's submission to the Congress supporting the fiscal year 1989 program to ensure, among other things, that duplicate test resources would not be acquired.

Background

The Congress, concerned that OT&E was not receiving the needed emphasis and independent oversight, established the Office of the Director, OT&E. (P.L. 98-94, Sept. 24, 1983). The statute designated the Director, OT&E as the principal OT&E official within senior DOD management to ensure that systems are ready for production.

In 1986, the Director, OT&E established the OT&E Capability Improvement Program as assigned by the Secretary of Defense. The program was appropriated \$59 million in both fiscal years 1988 and 1989. As stated in the conference report on the DOD Appropriations Act for Fiscal Year 1989, DOD was not to obligate or spend the fiscal year 1989 funds until it submitted to the Congress a list of items to be acquired with the funds and GAO issued this report. The Office of the Director, OT&E plans show needs for the program totaling about \$700 million over the next 5 years (1990-94).

During GAO's review, the program was restructured. The current program requires the services to identify short-term test resource requirements, which are reviewed and prioritized by a tri-service committee consisting of representatives from the intelligence and testing communities. DOD told GAO that a list of the test assets to be acquired is formally submitted to a Test and Evaluation Committee for coordination and

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approval. The Committee is a forum that addresses test and evaluation issues at the Office of the Secretary of Defense (OSD) level. Once approved, the items are to be acquired, operated, and maintained by the services.

Results in Brief

Although the Office of the Director, OT&E's statute does not prohibit it from conducting the OT&E Capability Improvement Program, GAO believes this program is not within the scope of the Director, OT&E's mission as envisioned by the Congress. Since the services have primary responsibility for providing the necessary test resources to ensure proper testing of their weapon systems, it is essential that the services plan, program, and budget test resources to support these weapon systems.

Even though the services are responsible for identifying test resource requirements, the Director, OT&E did not adequately coordinate test resource requirements for fiscal year 1988 with the services because the Director, OT&E believed the services would not participate in the program. Also, the Director, OT&E did not adequately coordinate the acquisition of test resources with the intelligence community because the Director, OT&E did not believe he was required to do so. As a result, DOD acquired or planned to acquire about \$26 million in test resources that exceeded service requirements or whose use was questionable.

DOD's submission to the Congress supporting the fiscal year 1989 program contained only a general description with few specifics of items to be acquired. If funds had been spent at the time of DOD's submission, DOD would have purchased unneeded items. In addition, the services did not fully endorse the program, and coordination procedures proposed by DOD at the time were not followed.

Principal Findings

The OT&E Capability Improvement Program Is Not Within the Director, OT&E's Mission

The Congress envisioned that the Director, OT&E would oversee OT&E, not provide resources. For example, the Office of the Director, OT&E's statute specifies six categories of functions the office is to perform, all of which are oversight rather than direct management functions. The law states

that the Director, OT&E shall "review and make recommendations to the Secretary of Defense on all budgetary and financial matters relating to operational test and evaluation, including operational test facilities and equipment" in DOD.

DOD stated that the program was restructured and is now described in a program plan dated November 9, 1989. However, GAO's review of the plan shows that the Director, OT&E will continue to manage and direct the program because the Director, OT&E is still responsible for the program's funding and resource management, including scheduling tests based on plans coordinated by a tri-service committee and various day-to-day functions supporting the program. Therefore, the Director, OT&E is still performing a management rather than an oversight function.

The best way to improve operational test and evaluation in DOD is through the military services because they are responsible for acquiring the weapon systems. The services should work to devote sufficient resources to accomplish realistic testing of these weapon systems. The Director, OT&E should continue to play an important role in oversight and monitoring of the services, but testing, including the planning, programming, and budgeting for adequate test resources, should be managed by the services themselves. In this manner, independent oversight can be more effectively maintained.

Director, OT&E Did Not Adequately Coordinate the Program With the Services or the Intelligence Community

Coordination with the services and the intelligence community is critical because test resources may be acquired that exceed service requirements. Although the services are responsible for identifying test resource requirements, the Director, OT&E established test resource requirements during fiscal year 1988 consisting of threat equipment that would replicate two regiments. The Director, OT&E, however, did not adequately coordinate requirements with the services because the Director, OT&E believed the services would not participate in the program. In addition, the Director, OT&E did not adequately coordinate the actual acquisitions within other OSD organizations, although required by a DOD directive, because the Director, OT&E did not believe he was required to do so.

For fiscal year 1989, to ensure service participation, the Director, OT&E created a formal tri-service committee to identify test resource shortfalls and develop plans needed to acquire test resources. However, the Director, OT&E continued to experience coordination problems

because the tri-service committee was not used to identify some test resource shortfalls.

DOD's Congressional Submission

The conference committee on the fiscal year 1989 appropriations directed that DOD not obligate or expend the fiscal year 1989 program funds until DOD provided a detailed description of items to be bought with those funds. But DOD's January 9, 1989, submission to the Congress contained only a general description with few specifics of items to be obtained with these funds. In some cases, no detailed description of the items was provided. In others, if detail was provided, the item was not required or lacked the capability required by the service. DOD's submission stated that the services fully supported the program's concept and that the Test and Evaluation Committee was to preclude unnecessary duplication. However, the services expressed reservations concerning the Director, OT&E's involvement in owning, operating, and maintaining test resources. GAO also found that the Committee had little involvement with the program. As a result, the Director's priorities for test resources were not confirmed as DOD's priorities.

Recommendations

Although the Office of the Director, OT&E is not prohibited by statute from conducting the OT&E Capability Improvement Program, GAO believes that the program does not fall within the Office of the Director, OT&E's mission. Therefore, GAO recommends that the Secretary of Defense direct and assure that the services plan, program, and budget for adequate test resources needed to conduct operational testing of weapon systems effectively. The Director, OT&E should continue to perform oversight and policy functions by reviewing and making recommendations to the Secretary of Defense to assure that adequate test resources are acquired.

Other recommendations are included in the classified report (GAO/C-NSIAD-90-02).

Agency Comments

DOD believes that the Director, OT&E should sponsor the OT&E Capability Improvement Program. Although DOD reaffirmed the services' responsibility for acquiring operational test resources and examined proposed alternatives to the program, DOD believed that centralized funding of test investments is essential and that the Director, OT&E has the operational test insight to ensure that a fully coordinated program is developed.

DOD stated that the Secretary of Defense has the prerogative to assign the Director, OT&E additional responsibilities and that the Office of the Director, OT&E's legislation does not prohibit the Director, OT&E from sponsoring such a program. GAO agrees that the Secretary of Defense can assign the Director, OT&E additional responsibilities. Further, as stated in the GAO report, GAO realizes that the Office of the Director, OT&E's statute does not prohibit it from executing the program. However, based on GAO's review of the Office of the Director, OT&E's legislation and the current program approach that allows the Director, OT&E to control the program's funding, GAO continues to believe that the office's mission is oversight as opposed to resource sponsorship. Therefore, in order for the office to maintain its independent oversight responsibilities, the Director, OT&E should not be involved in the management role of controlling program funds and directing the acquisition of test resources.

By giving the Director, OT&E a management role through the OT&E Capability Improvement Program, DOD detracts from the emphasis it should be putting on having the services play the key role in acquiring test resources. Moreover, putting the Director, OT&E in the role of controlling the program dilutes the Director, OT&E's oversight function because it gives the office a direct stake in the types of testing and test assets used by the services. This could make it more difficult for the office later to provide objective and critical oversight. For example, the Director, OT&E may be reluctant to criticize a testing plan that contains inadequate testing resources when the Director was responsible for or was part of the process of directing the acquisition of such resources.

Matters for Consideration by the Congress

Since GAO believes that the OT&E Capability Improvement Program does not fall within the Office of the Director, OT&E's mission and should be implemented by the services, the Congress may wish to consider legislatively withdrawing the \$59 million appropriated for the program in fiscal year 1989 and making it available for use by the services to acquire essential operational test resources. The Congress may also wish to require a report from DOD specifying how the funds will be spent.