



Report in Brief

November 12, 2019

Background

The National Oceanic and Atmospheric Administration (NOAA) Office of Marine and Aviation Operations (OMAO) currently operates 16 ships to conduct hydrographic, oceanographic, atmospheric, and fisheries research. According to OMAO, its fleet is expected to decrease from 16 to 8 active ships by fiscal year (FY) 2028, as ships are withdrawn from service because they have surpassed their usable life. As a result, NOAA plans to replace ships in its aging fleet. In 2013, NOAA finalized its *Fleet Composition Report*, which recommended that NOAA acquire multiple ship classes. In May 2014, OMAO entered into an interagency agreement valued at \$1.5 billion with the U.S. Navy to acquire multiple vessels.

In 2016, NOAA released *The NOAA Fleet Plan: Building NOAA's 21st Century Fleet*, which outlines NOAA's long-term fleet recapitalization strategy to replace vessels. The plan states that the design and construction of two Class A ships is the first step of the recapitalization strategy. From FY 2016 to FY 2019, OMAO received \$300.05 million for new ship construction. In addition, OMAO requested in its 2020 budget outyear funding of \$75 million each year through 2024 for new ship construction.

Why We Did This Review

The objective of this audit was to determine whether NOAA OMAO performed effective acquisition planning for its construction of new ships.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

NOAA's Office of Marine and Aviation Operations Needs to Improve the Planning and Governing of Its Ship Fleet Recapitalization Effort

OIG-20-006-A

WHAT WE FOUND

We found that the initial acquisition planning for these ships was not adequate. Specifically:

1. Schedule slippages have delayed ship construction and increased costs. As a result of the 39-month delay in completion and delivery—and based on a revised cost estimate from the Navy—the two Class A ships will cost at a minimum \$11.9 million more to complete than originally estimated.
2. NOAA's ship fleet acquisition planning was not effectively governed. OMAO (a) transferred funds to the Navy without obtaining proper approvals, (b) failed to notify proper approval authorities of its intent to deviate from the approved *2016 Fleet Plan*, (c) did not alert Congress to a major shift in its fleet acquisition strategy, (d) did not obtain proper authorization indicating that key metrics were met to satisfy Milestone I, and (e) did not properly execute and implement interagency agreement (IAA) actions with the Navy.
3. OMAO did not provide adequate oversight of fleet recapitalization funds. The agency performed inadequate payment reviews, and payments were made with expired funds.

WHAT WE RECOMMEND

We recommend that the Director of NOAA Corps and OMAO do the following:

1. Develop a detailed contingency plan to reduce the risks associated with delays. The plan should address (a) capability and capacity gaps and (b) the cost of maintaining aging ships and utilizing alternatives.
2. Establish a reporting mechanism to notify Congress and other key stakeholders proactively of significant updates or changes to the current fleet recapitalization plan.

We recommend that the Under Secretary of Commerce for Oceans and Atmosphere and Assistant Secretary of Commerce for Oceans and Atmosphere and Deputy NOAA Administrator do the following:

3. Develop a detailed plan of program governance, which (a) delineates how OMAO will comply with applicable acquisition requirements, (b) clearly defines roles and responsibilities, (c) identifies stakeholder communication needs, and (d) defines a formal evaluation, approval, and decision follow-up process.
4. Assign a qualified project officer and alternate who are both properly certified for the total program dollars and tasked with effectively monitoring all activities and deliverable progress (e.g., invoice review and approval) that are contained in each IAA order.
5. Reinforce proper certification and training for the project officer and alternate.
6. Provide a reconciliation report of the \$3,387,714 unsupported costs to OIG.

We recommend that the Director of NOAA Corps and OMAO do the following:

7. Create a centralized file maintaining all required documentation for all orders placed under the current IAA between NOAA and the Navy for recapitalization of NOAA's ship fleet.