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Report of Investigation G-14-0284-0: Unauthorized Disclosure of Draft Report GA0-14-778, September 24, 2015

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O I G

Office of the Inspector General

United States Government Accountability

February 24, 2017

This letter is in response to your January 24, 2017 access request for materials from 2 Government Accountability Office (GAO), Office of Inspector General investigative files. We acknowledged your access request with an interim response on February 13, 2017. The OIG received your request on January 25, 2017 from GAO's program office that received your January 24<sup>th</sup> request e-mail and is responsible for processing access requests for GAO records. In order to preserve the independence of GAO's Inspector General, the OIG, not GAO's program office, processes access requests seeking OIG documents. Accordingly, I am responding to your request directly (rather than submitting responsive OIG documents to the GAO program office that forwarded your January 24<sup>th</sup> request to me).

We have processed your request under the procedures set forth in 4 C.F.R. Part 81, Public Availability of Government Accountability Office Records. This GAO regulation governs the processing of all requests for GAO documents.

The documents specified in your access request are enclosed. Some material is exempt from disclosure under 4 C.F.R. 81.6(f). Accordingly, you will see redactions of material exempt from disclosure pursuant to GAO's access regulation.

Further consideration of your request may be obtained by an appeal letter to the Inspector General, Adam R. Trzeciak, setting forth the basis for your appeal.

Sincerely,

Cynthia A. Hogue  
Counsel to Inspector General

Enclosures

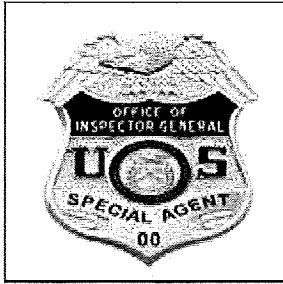


U.S. Government Accountability Office  
Office of Inspector General

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# REPORT OF INVESTIGATION

## G-14-0160-O Unauthorized Release of Littoral Combat Ship Report #2



Prepared by: [REDACTED]  
Approved by: [REDACTED]

### REPORT OF INVESTIGATION

<b>CASE#:</b> G-14-0160-O	<b>DATE OF REPORT:</b> September 29, 2015
<b>CASE TITLE:</b> UNAUTHORIZED RELEASE OF LITTORAL COMBAT SHIP REPORT #2	
<b>PERIOD OF INVESTIGATION:</b> April 4, 2014 TO September 29, 2015	
<b>CASE AGENT:</b> [REDACTED]	
<b>DISTRIBUTION:</b> GIMS / HARD COPY CASE FILE	

#### SUMMARY

Between April 7, 2014, and September 14, 2015, Special Agents (SAs) [REDACTED] and [REDACTED] the Reporting Agent (RA), Government Accountability Office (GAO), Office of the Inspector General (OIG), conducted an investigation of an unauthorized release of a GAO Defense Capabilities and Management (DCM) report.

In the National Defense Authorization Act for Fiscal Year 2014, Congress mandated GAO review and analyze the Navy's operational support and sustainment plans for its Littoral Combat Ship (LCS) program and provide a preliminary briefing to the congressional defense committees by March 3, 2014, and a written report by May 30, 2014.

The GAO's unfinished internal draft report for the LCS engagement, "Deployment of USS *Freedom* Revealed Risks and Implementing Operational Concepts and Uncertain Costs", was the subject of an unauthorized disclosure to an on-line magazine, "Breaking Defense.com" ("BD"). On April 4, 2014, BD published an article authored by Deputy Editor, Sydney J. Freedberg Jr., based in part on information contained in GAO's draft report. The title of BD's article is, "Sleepless in Singapore: LCS is Undermanned and Overworked, Says GAO" (**Attachment 1**).

After an extensive effort by OIG to identify the source of the unauthorized release this office was not able to develop a suspect and is closing the investigation.

#### BACKGROUND

For over ten years, the Navy has been refining the concept of operations for its newest class of surface warship - the LCS. In 2013, the Navy deployed its first LCS – USS *Freedom* – to Singapore to "prove its concept", demonstrate operational capabilities, and collect cost and other data on the ship's manning, training, maintenance, and logistics needs in the actual overseas environment in which it is expected to operate. The GAO study and subsequent report due May 30, 2014, was tasked to DCM's Norfolk Office with several other offices contributing manpower to this engagement.

<b>RESTRICTED INFORMATION GAO OIG</b>	The attached Office of Inspector General (OIG) report is intended solely for the official use of the U.S. Government Accountability Office (GAO), or component thereof, receiving a copy directly from the OIG. No secondary distribution of this report, in whole or in part, may be made outside GAO without prior authorization by the Inspector General. Public availability of the document will be determined under the U.S. Code, 5 U.S.C. 552.
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It is important to note that on May 7, 2013, BD published another article, based at least in part, on a Norfolk DCM "message agreement" for a previous engagement related to the LCS program. This article was authored by Sydney Freedberg Jr. SA Van Norstrand investigated the unauthorized release but was unable to develop a suspect and closed the investigation on July 22, 2013 (See G-13-0283 for further details).

On April 4, 2014, BD published an article, based at least in part, on a subsequent Norfolk DCM draft report related to the LCS program. This article was also authored by Sydney Freedberg, Jr. The OIG investigation was unable to identify the source and method of the unauthorized disclosure.

While both LCS unpublished internal drafts were not shared with any outside entities prior to both unauthorized releases, the draft documents were distributed to multiple internal GAO stakeholders who were involved with writing the report and reviewing it prior to publication. For this reason it is considered more likely the unauthorized release of both reports were perpetrated by a GAO employee.

## DETAILS

On Friday, April 4, 2014, DCM Analyst [REDACTED] a member of the DCM team working on the LCS engagement, was notified of the unauthorized release by an email alert that [REDACTED] had put in place to monitor the internet and notify him when a story regarding the LCS program was published. [REDACTED] realized the BD article represented an unauthorized release and notified Norfolk Field Office's DCM [REDACTED] of the LCS project, [REDACTED] immediately made notifications that the unpublished internal draft LCS report had been compromised.

On April 4, 2014, Inspector General (IG) Adam Trzeciak was notified by GAO's [REDACTED] that an unpublished internal draft LCS report had again been released to the public by BD and authored by Freedberg Jr. Due to similarities with the previous LCS unauthorized disclosure, [REDACTED] asked to discuss with the IG the possibility of re-opening the first LCS unauthorized disclosure investigation. The RA reviewed SA [REDACTED] case file and conducted interviews with key participants assigned to the first LCS engagement.

On April 7, 2014, SA [REDACTED] initiated a review of the first LCS loss and his investigation of the second LCS unauthorized release.

On April 8, 2014, SA [REDACTED] requested to review incoming and outgoing emails, for the week before and several days after the unauthorized release of key individuals who participated in both LCS engagement efforts. The review of these emails did not identify a suspect.

SA [REDACTED] reviewed GAO's Document Management ("DM") system where the draft LCS reports were managed internally. DM assigns a unique number to each document saved into the system. DM provides an audit trail for access to each document stored therein. DM records each user's access to a DM document and captures, among other data: 1) the date/time of the activity; 2) the activity type (i.e. "mail copy," "mail reference," etc.); 3) identifies the version of the document that was accessed; and 4) recipients for anything that is mailed. A review of DM's draft report log for both unauthorized releases did not identify anyone, outside the engagement team, had accessed the reports.

SA [REDACTED] obtained a “WebSense” report from GAO Information Systems and Technology Services (ISTS). The WebSense report identified the names of GAO network users who accessed BD’s website on the days before and just after the unauthorized releases. This review provided additional subjects of interest. However, further investigation did not identify a suspect for either unauthorized release.

On August 20, 2014, SA [REDACTED] arranged for the seizure and forensic examination of a GAO employee’s computer. The review of the computer found no evidence of participation in the unauthorized release.

On March 17, 2015, the RA conducted a telephonic interview with DCM [REDACTED]. [REDACTED] is assigned to the Norfolk Field Office and was [REDACTED] for the second LCS engagement subject to an unauthorized release but is also familiar with the loss of the 2013 LCS unauthorized release. While [REDACTED] provided no definitive information regarding the unauthorized releases, [REDACTED] did share that it was possible an individual outside the engagement team could have had access to the team’s report. [REDACTED] explained the office had a communal copier that had a security feature that would identify who copied a document and only allow that person, using a personalized security code, to download it from the copier. [REDACTED] advised that Norfolk personnel did not use this security feature. Consequently, [REDACTED] explained because copies of the report were often printed and not immediately retrieved, someone in the office with bad intentions could have made a copy of the reports left on the copier without anyone’s knowledge.

On March 25-27, 2015, the RA traveled to GAO’s DCM Norfolk Field Office. While in Norfolk, the RA conducted six interviews of personnel closely associated with the writing of the two LCS reports. These interviews failed to identify a suspect.

Further, interviews of individuals on both LCS engagement teams were conducted on April 1, 2, 7 and 10, 2015, without developing a suspect.

Following a last review of emails, the RA undertook an effort to ensure all possible leads had been followed. This effort included interviews with individuals who supplied the emails for the RA’s review to be certain the RA’s requests for IT support were exhaustive and to inquire if there were any other IT systems that existed and used for the production of DCM engagements. These interviews yielded one additional avenue of investigation: GAO’s “U” Drive was identified as the place DCM reports were “housed” when they were in the final review stage and would provide an opportunity for compromise prior to a report being released. The RA was told all DCM employees had access to the U Drive. With this information the RA reviewed the file access logs for both LCS reports saved to the U Drive. This review did not identify a suspect.

OIG’s investigation included, but was not limited to: 1) searching tens of thousands of emails; 2) numerous interviews; 3) digital forensics; 4) data analysis/review of DM and time and attendance records; and 5) analysis of internet usage data. However, the investigation was unable to identify the source and/or method of the unauthorized disclosure.

With no pending criminal, civil or administrative issues, this investigation is closed.

**SUBJECT – None**

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**JUDICIAL/ADMINISTRATIVE ACTIONS** – None

**DISPOSITION OF EVIDENCE** – No original evidence was obtained in the course of this investigation. However, a GAO-issued laptop was obtained for forensic examination. The property has been returned to GAO's ISTS.

**STATUS** – Closed.

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## EXHIBITS

Exhibit #	Description
1	BD article "Sleepless in Singapore: LCS is Undermanned and Overworked, Says GAO"

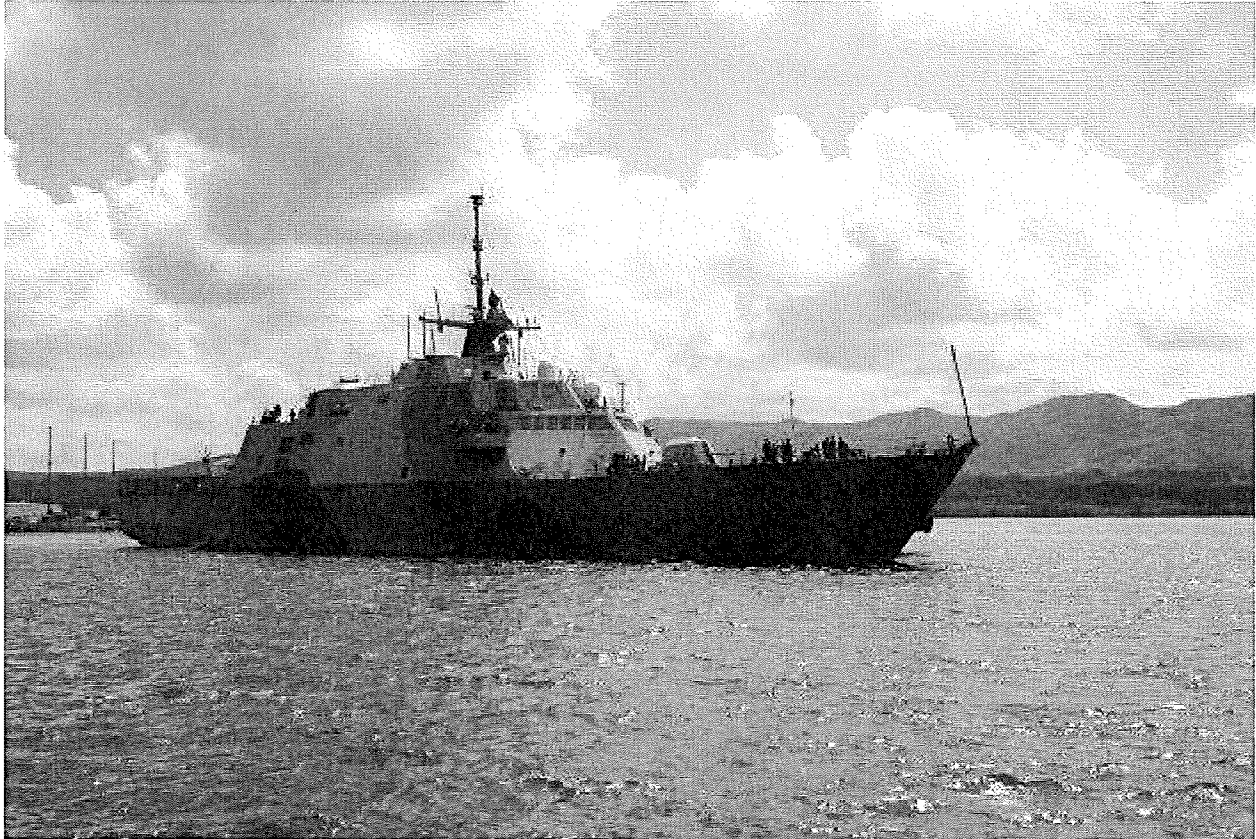
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- Sea

## **Sleepless In Singapore: LCS Is Undermanned & Overworked, Says GAO**

By Sydney J. Freedberg Jr. on April 04, 2014 at 12:18 PM



The first Littoral Combat Ship, USS Freedom, on its way to Singapore last year.

### **UPDATED with US Navy response**

WASHINGTON: Some spectacular glitches marred the first overseas deployment of the Navy's Littoral Combat Ship, including an electrical failure that left the USS *Freedom* "briefly" dead in the water. Now *Breaking Defense* has obtained an unpublished Government Accountability Office study of *Freedom's* Singapore deployment that raises more serious questions about a long-standing worry: whether the small and highly automated LCS has enough sailors aboard to do up all the work needed, from routine maintenance to remedial training.

By now, the Navy brass have surely gotten tired of GAO taking shots at LCS. But according to GAO, LCS sailors are getting literally tired of the ship: They averaged about six hours of sleep

per day, 25 percent below the Navy's eight-hour standard, and key personnel such as engineers got even less. That's in spite of

- extensive reliance on contractors both aboard and ashore, with a “rigid” schedule of monthly returns to Singapore that restricted how far from port the LCS could sail;
- the decision to increase *Freedom*'s core crew by 25 percent, from 40 to 50 — the maximum the ship can accommodate without a “significant” redesign; and
- the 19-sailor “mission module” crew, who are supposed to operate LCS's weapons, helicopters, and small boats, pitching in daily to help the core crew run the ship's basic systems.

The core crew's engineering department in particular told GAO they had no idea how they'd keep the ship going without help from the mission module's engineers. But the module the *Freedom* took to Singapore, the “anti-surface warfare” module that includes several small boats, has many more engineers than the forthcoming mine-countermeasures and anti-submarine warfare modules. In fact, while the entire 19-sailor anti-surface module crew has skills useful in running the ship itself, the MCM crew has only four sailors who could help, and the ASW module only one. That means an LCS outfitted to hunt mines or subs would effectively be 15 to 18 sailors short — about 20 to 25 percent.

GAO admits at least some of the problems are first-time-out glitches that affect any new ship. The Navy upped the *Freedom* core crew from 40 to 50 at the last minute, for example, so the 10 new sailors came in unprepared and required as much training time during the deployment as the other 40 put together. The service is also improving the LCS training program, which the entire crew found wanting, though a complete reform will take two to three years.

The Navy is also revising the LCS maintenance program for greater flexibility, less reliance on contractors, and more use of diagnostic sensors — already being installed on the USS *Fort Worth*, which will head to Singapore later this year — to allow “conditions-based maintenance” when parts show signs of potential failures, instead of having to manually check (for example) each of the ship's 350 valves once a month. The new maintenance program should also fix simple mistakes like not having enough Internet connectivity for maintenance operations at the pier in Singapore.

Finally, *Freedom*'s frequent mechanical failures stem in large part from glitchy equipment that has been replaced with more reliable models on other LCS ships. Not all these fixes can be retrofitted to the troubled *Freedom*, so the first-born LCS may remain the class's problem child and a maintenance headache throughout its service life, more suited to training and/or hazing new LCS sailors than for overseas operations. But the rest of the *Freedom* class should function better — though GAO warns the fixes aren't yet proven.

Even more worrying is that the Lockheed Martin-built *Freedom* represents only one of the two LCS designs: General Dynamics' *Independence* class is entirely different — and that design has never been deployed abroad. Indeed, the *Independence* itself has spent much of its time testing prototype mission modules, so GAO feels there's far too little data on how the ship itself holds up when it spends weeks on end at sea.

The Navy moved so fast on LCS that it has already contracted for 24 ships, 12 of each version, but Defense Secretary Chuck Hagel has cut the program at 32 ships pending an extensive review of alternative vessels, from a modified LCS to a new and tougher type of ship. While Hagel's guidance emphasizes the LCS's shortcomings in high-intensity combat, you can bet basic maintenance will get major attention too.

**This afternoon, Navy spokesman Lt. Robert Myers provided us the service's official response to our story:**

*"While I won't speak to an unreleased, FOUO [for official use only] report what I can say is the Navy is continuously refining and testing the LCS program as we learn the full extent of possibilities for these first of a kind ships. Each successive LCS commissioning is a testament to the hard work and experience gained from Freedom's deployment to Singapore. We have incorporated engineering modifications which improve performance and we continue to look at the concept of employment, as exemplified by the recent war game in Newport."*

Navy surface warfare director and LCS enthusiast Rear Adm. Thomas Rowden spoke to reporters recently about that wargame, in which 125 participants from all the services convened at the Naval War College specifically to test out new concepts for how to use the LCS in both peace and war. Some of the ideas Rowden mentioned were intriguing, such as pairing an LCS and an Aegis destroyer to hunt submarines in a team that looks to be more than the sum of its parts. But the Navy's been able to provide very little detail because the in-depth analysis is just beginning.

One thing I was able to find out is that the wargame doesn't seem to have any computer models or simulations of the LCS performance, with the outcome of combats between the "Blue" (US) and "Red" (enemy) teams being determined by human umpires known as the "White Cell." So while the wargame was a great venue for exploring concepts, as Lt. Myers said, it doesn't prove anything about the Littoral Combat Ship's real-world performance.

*Updated 6:00 pm*

- Topics: adm. thomas rowden, GAO, General Dynamics, Government Accountability Office, lcs, lcs-1 freedom, lcs-2, littoral combat ship, lockheed martin, military personnel, military readiness, navy, operations and maintenance, shipbuilding, singapore, USS Fort Worth, USS Freedom, USS Independence

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# REPORT OF INVESTIGATION

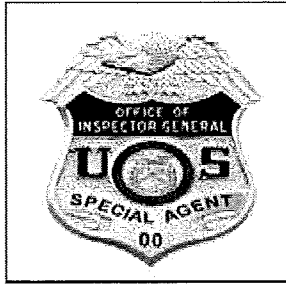
## G-14-0284-O

# Unauthorized Disclosure of Draft Report GAO-14-778

1 of 5

**RESTRICTED  
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GAO OIG**

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Prepared by:	[REDACTED]
Approved by:	[REDACTED]

**REPORT OF INVESTIGATION**

<b>CASE#:</b> G-14-0284-O	<b>DATE OF REPORT:</b> SEPTEMBER 24, 2015
<b>CASE TITLE:</b> UNAUTHORIZED DISCLOSURE OF DRAFT REPORT GAO-14-778	
<b>PERIOD OF INVESTIGATION:</b> SEPTEMBER 25, 2014 TO SEPTEMBER 24, 2015	
<b>CASE AGENT:</b> [REDACTED]	
<b>DISTRIBUTION:</b> GIMS / HARD COPY CASE FILE	

**SUMMARY**

Between September 25, 2014, and September 24, 2015, Assistant Inspector General Investigations (AIGI) J. Howard Arp and Special Agent (SA) [REDACTED] the Reporting Agent (RA), Government Accountability Office (GAO), Office of the Inspector General (OIG), conducted an investigation of an unauthorized release of a GAO Defense Capabilities and Management (DCM) report.

In the National Defense Authorization Act for Fiscal Year 2014, Congress mandated GAO to review Department of Defense’s (DoD) sustainment planning efforts for the F-35 program. GAO Draft Report, GAO-14-778, addressed the extent to which DoD has (1) developed a sustainment strategy for the F-35 program and addressed potential risks to affordability and operational readiness and (2) developed a reliable operating and support (O&S) cost estimate for the life cycle of the program.

The mandated engagement was assigned to DCM’s Norfolk Field Office under the supervision of [REDACTED] with additional manpower supplied by other DCM offices, with work beginning in or around August 2013. On August 1, 2014, Document Manager (DM) documents were provided to GAO’s Audit Policy and Quality Assurance (APQA) for review. On August 11, 2014, a copy of the draft report “F-35 Sustainment: Need for Affordable Strategy, Greater Attention to Risks, and Improved Cost Estimates” (**Attachment 1**) was provided via email to Congressional staffers and employees at the Department of Defense (DoD).

The draft report forwarded to these entities was Adobe.pdf files and password protected with the password communicated via landline. The report was marked “For Official Use Only” (FOUO) and considered “Sensitive but Unclassified” (SBU). The cover page contained the appropriate disclaimers related to improper disclosures. The draft report was provided to Congress and DoD to conduct a security review and to allow for DoD comments. On September 9, 2014, DoD returned the draft report to GAO stating the document was “Unclassified” and “cleared for open publication”.

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On September 22, 2014, the GAO draft report created by DCM for Congress and DoD was the subject of an unauthorized disclosure to an on-line magazine, "Breaking Defense.com" ("BD"). BD published an article, based in part on information contained in GAO's draft report, called "GAO Draft Slams F-35 On 'Unaffordable' Costs: \$8.8B Over Legacy Fighters", (**Attachment 2**), authored by BD Editor, Colin Clark.

It is important to note that because this report was not leaked until weeks after it was shared with Congress and DoD, it is impossible to directly attribute this unauthorized release to a GAO employee.

After an extensive effort by OIG to identify the source of the unauthorized release this office was not able to develop a suspect and is closing the investigation.

## BACKGROUND

While there was a significant difference in this unauthorized release (the unclassified draft report was distributed to departments within GAO, Congress and DoD weeks before the unauthorized disclosure) and the two Littoral unauthorized releases (see OIG investigations G-13-0283-O and G-14-0160-O), the fact that three GAO reports assigned to the Norfolk Field Office were subject to unauthorized disclosures and published by BD, led the RA to investigate the F-35 sustainment program unauthorized disclosure in parallel with the two Littoral investigations.

## DETAILS

On September 25, 2014, the Inspector General (IG), Adam Trzeciak, GAO, OIG, received a voicemail from DCM [REDACTED] notifying him that an article had been published by BD that contained information from a congressionally mandated GAO report on the sustainment of the F-35.

On September 26, 2014, AIGI Arp spoke telephonically with [REDACTED] [REDACTED] provided AIGI Arp the following information: the article that contained information from the GAO F-35 Sustainment report was published by BD; the article was published prior to dissemination of GAO's final report; the draft that was used in part for the BD article was marked FOUO and no one had authorized the release of the report. However, at the time the article was published, GAO had provided a copy of the draft report to DoD and DoD had cleared the material for public dissemination. Finally, [REDACTED] stated GAO staff located in the Norfolk Field Office worked on this engagement and the effort was supervised by: DCM [REDACTED] GAO Headquarters, DCM [REDACTED] GAO Headquarters, and DCM [REDACTED] [REDACTED] GAO Norfolk Field Office.

On November 4, 2014, AIGI Arp interviewed [REDACTED] at GAO Headquarters. This interview failed to identify a suspect.

On November 5, AIGI Arp submitted a request to review incoming and outgoing emails of key individuals who participated in the F-35 engagement effort.

On November 17, 2014, AIGI Arp received the requested email information. A review of these documents did not identify a suspect.

On November 21, 2014, AIGI Arp conducted a comparative analysis of quotes from the BD publication to corresponding statements in the final GAO report and draft report submitted to DoD.

On March 17, 2015, the RA interviewed [REDACTED] in her GAO Headquarters' office. This interview failed to identify a suspect.

On March 27, 2015, the RA interviewed [REDACTED] in the Norfolk Field Office. This interview failed to identify a suspect.

On April 7 and 10, 2015, two additional interviews with F-35 team members were conducted at GAO Headquarters. These interviews failed to identify a suspect.

This investigation also included obtaining emails from GAO F-35 team members not already reviewed by AIGI Arp, and other DCM employees not associated with the engagement but identified as subjects of interest through the Littoral investigations. The time period for these reviews encompassed a month before and several days following the unauthorized disclosure. A review of these documents failed to identify a suspect.

Following a last review of emails, the RA undertook an effort to ensure all possible leads had been followed. This effort included interviews with individuals who supplied the emails for the RA's review to be certain the RA's requests were exhaustive and to inquire if there were any other IT systems that existed and used for the production of DCM engagements. These interviews yielded one additional avenue of investigation: GAO's U Drive was identified as the place DCM reports were "housed" when reports were in the final review stage and could provide a potential opportunity for compromise prior to the report being released. The RA was told all DCM employees had access to the U Drive. With this information the RA reviewed file access logs of the F-35 report that was saved to the U Drive. This review did not identify a suspect.

This investigation included, but was not limited to: 1) searching tens of thousands of emails; 2) interviews of key employees in the development of the report and 3) analysis of internet usage data. However, the investigation was unable to identify the source and/or method of the unauthorized disclosure.

With no pending criminal, civil or administrative issues, this investigation is closed.

**SUBJECT** – None

**JUDICIAL/ADMINISTRATIVE ACTIONS** – None

**DISPOSITION OF EVIDENCE** – No original evidence was developed during this investigation

**STATUS** – Closed



## EXHIBITS

Exhibit #	Description
1	GAO report "F-35 Sustainment: Need for Affordable Strategy, Greater Attention to Risks, and Improved Cost Estimates"
2	BD article "GAO Draft Slams F-35 On 'Unaffordable' Costs: \$8.8B Over Legacy Fighters"

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United States Government Accountability Office

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Report to the Committee on Armed  
Services, House of Representatives

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September 2014

# F-35 SUSTAINMENT

Need for Affordable  
Strategy, Greater  
Attention to Risks,  
and Improved Cost  
Estimates

## Breaking Defense

Home

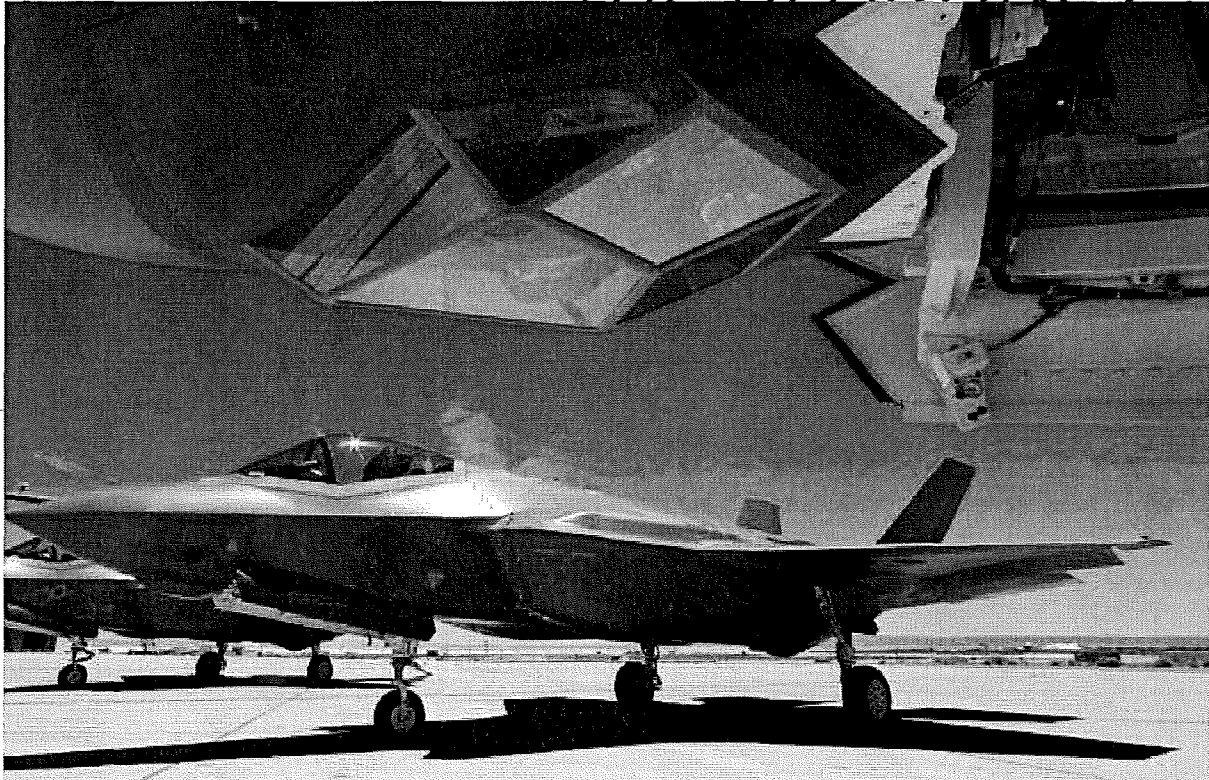
AN/TPY-2 RADAR  
BALLISTIC MISSILE DEFENSE

AIR, CONGRESS

GAO Draft Slams F-35 On 'Unaffordable' Costs: \$8.8B Over Legacy Fighters

By COLIN CLARK  
on September 22, 2014 at 3:00 PM

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WASHINGTON: The F-35's long-term costs may "not be affordable" and appear to be substantially higher than those of the existing combat aircraft fleets that the Joint Strike Fighter will replace, the Government Accountability Office says in a draft report.

"The annual F-35 operating and support costs are estimated to be considerably higher than the combined annual costs of several legacy aircraft," the draft says. This issue is likely to be a topic of debate at the JSF Executive Steering Board meetings to begin Thursday in Oslo,

Norway. The nine countries that invested in the F-35's development will hold bilateral meetings on Wednesday. Then they gather in the shadow of the Norwegian parliament as a group the next day.

The estimated gap between the F-35 sustainment costs and those of the F/A-18, F-15, F-16 and the Harrier fleets as measured in 2010 is impressive, about \$8.8 billion, an increase of 79 percent. That estimate comes from the Pentagon's authoritative Cost Assessment and Program Evaluation (CAPE) office, the GAO draft report says. The draft says that costs for the legacy fleet were about \$11 billion a year in 2010. Based on CAPE's estimate, the F-35's annual costs will be \$19.9 billion in 2012 dollars.

A source close to the program pointed to this comparison as one example of how GAO was "comparing apples and oranges."

Part of the reasons behind those higher costs can be found in these numbers cited by GAO. First, **mean flight hours between critical failures**: "As of March 2014, this metric was averaging well below its requirements at maturity, meeting an average of 42 percent of those requirements across all three variants," the GAO says. And **mean time to repair the aircraft** "is worsening," though the report does not offer a specific figure.

The GAO report points out throughout the draft report that CAPE estimates are substantially higher than those of the Joint Program Office, which manages the program, for almost everything to do with sustainment. The official CAPE estimate is \$23 billion higher than the JPO's. But the report says that the CAPE estimate for parts costs would be \$120 billion higher than the JPO's if "they used actual replacement rates being observed at F-35 sites."

Also, the GAO says that DoD "has not fully addressed" aircraft reliability and technical data rights, which may affect sustainment.

The good news for the program is that the Defense Department *does* appear to have done a "comprehensive" job of building its cost estimates, GAO says.

Spokesman Joe DellaVedova said the Joint Program Office would not comment "on an unfinished, draft report that has not been publicly released."

However, he defended the program's efforts, noting it has created "a government-funded reliability and maintainability program," and did it "while the fleet is young with about 100 aircraft, so any improvements we make now will reap significant benefits over the next 50

years with thousands of F-35s in the fleet.”

So far, he says they've come up with about “200 initiatives to improve the reliability and the maintainability of the airplane.”

In addition, DellaVedova said they are “reviewing how the F-35 uses support equipment and studying ways where existing items could be modified or a maintenance procedure could be changed that would enable the fleet to use that piece of equipment. We are investigating how we can flatten the supply chain to get parts to the field faster. We are also working with the services and partners to optimize flight hour programs to ensure pilot readiness and reduce sustainment costs.”

In conversations with several sources close to the F-35 program who have seen this draft, they mentioned that GAO's methods mean their estimates are inherently out of date. Questions were also raised about the GAO's methodologies for analyzing fuel costs. The program office and Lockheed Martin have long chafed at the analyses done by OSD and the GAO on long-term program costs, so much of this isn't surprising. But the program has clearly turned a corner in the last two years and Lt. Gen. Chris Bogdan, head of the JPO, has recently and repeatedly urged reporters and others to “get over” the program's early years, wracked as they were by mismanagement, huge cost increases and schedule delays.

The GAO does say that the military “has begun some cost savings efforts and established sustainment affordability targets for the F-35 program, but DoD did not use the military service budgets to establish these targets,” so they “do not provide a clear benchmark...” As one example of that disconnect, the auditors say that the program “arbitrarily lowered” the estimate for F-35 fuel costs by 10 percent.

It will be very interesting to see if the GAO sticks to these conclusions when the report gets approved for release.

Topics: f-35 joint strike fighter, GAO, Gen. Chris Bogdan, Gen. Christopher Bogdan, Government Accountability Office, JPO, JSF Executive Steering Board

