



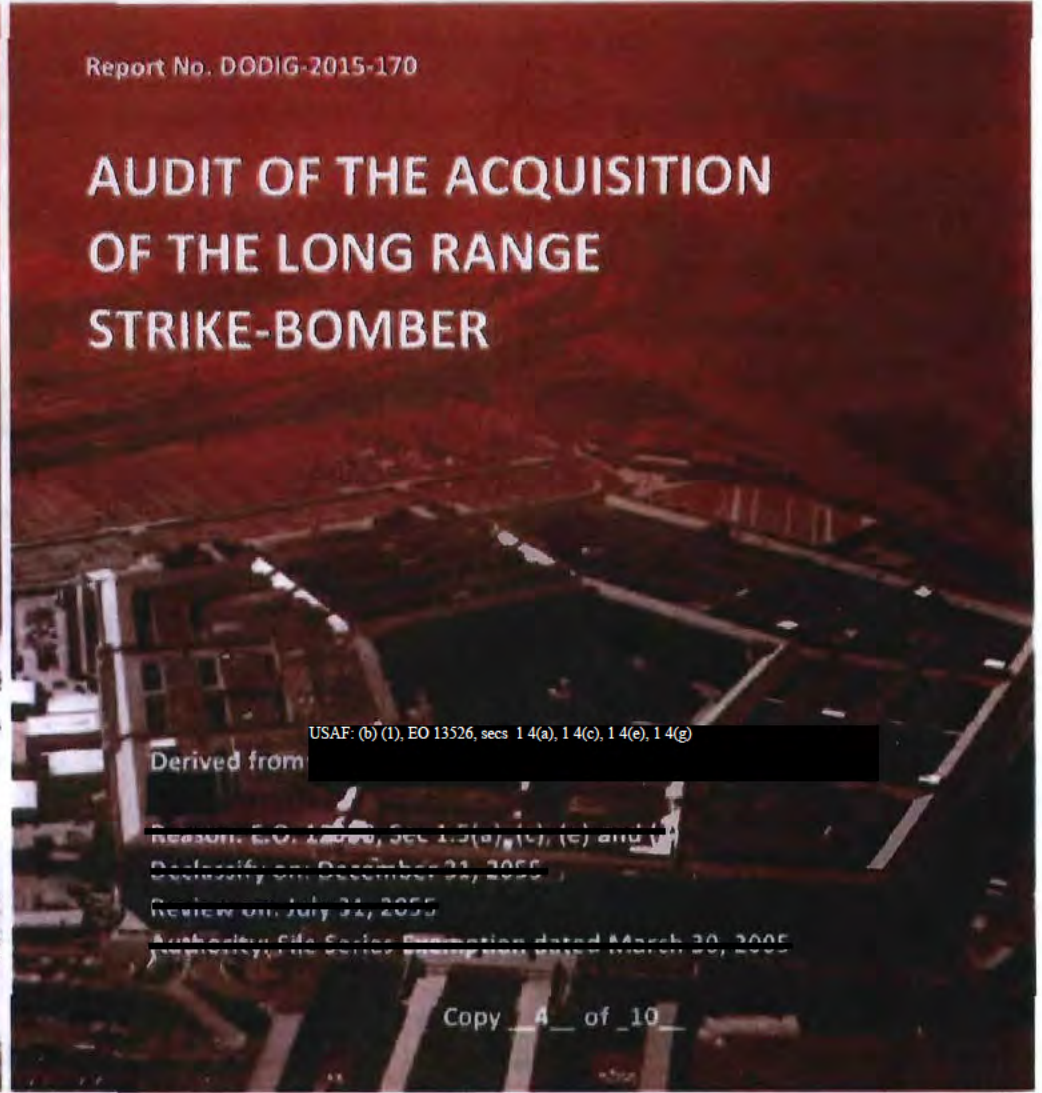
# INSPECTOR GENERAL

*Department of Defense*

September 8, 2015

Report No. DODIG-2015-170

## AUDIT OF THE ACQUISITION OF THE LONG RANGE STRIKE-BOMBER



USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

Derived from

Reason: E.O. 13526, Sec 1.5(a), (c), (e) and (f)  
Declassify on: December 31, 2055  
Review on: July 24, 2055  
Authority: E.O. Series Exemption dated March 30, 2005

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EXEC ORDER 13526  
SECTION 1.5 (c), (e) & (f)  
PER SEC  
EXEMPTION (b) (1)



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## (U) Results in Brief

*(U) Audit of the Acquisition of the Long Range Strike-Bomber*

September 8, 2015

### Objective (U)

(U//~~FOUO~~) The overall objective was to evaluate how management was preparing the Long Range Strike-Bomber program for its next acquisition milestone (Milestone B). Specifically, we determined whether early planning for the system was adequate and if users' requirements were being met.

### Findings (U)

(U//~~FOUO~~) Early planning for the Long Range Strike-Bomber is adequate and the program management office is preparing for the Milestone B decision. Specifically, the program management office has:

- (U) A comprehensive acquisition strategy and risk management process to support a cost-effective program;
- (U) Clearly defined requirements to ensure users' needs are being met;
- (U) A detailed contracting strategy to develop the Long Range Strike-Bomber program; and

- (U) Adequately developed and incorporated a process to develop an accurate cost position, and program schedule.

(U) In addition, the program management office has integrated security early in the acquisition and is providing day-to-day security management for the program.

### Management Comments and Our Response (U)

(U) We provided a discussion draft report on July 31, 2015. No written response to this report was required, and none was received. Therefore, we are publishing this report in final form.



### **(U) Recommendations Table**

| (U) Management   | (U) Recommendations<br>Requiring Comment |
|--|--|
| (U) Under Secretary of Defense for Acquisition,<br>Technology, and Logistics                   | (U) None                                 |
| (U) Secretary of the Air Force, Security,<br>Counterintelligence and Special Program Oversight | (U) None                                 |
| (U) Assistant Secretary of the Air Force (Financial<br>Management and Comptroller)             | (U) None                                 |
| (U) Director, Department of Defense Special Access<br>Program Central Office                   | (U) None                                 |

~~EXEC ORDER 13526~~  
~~SECTION 1.6 (a), (b), (c), (d), (e), (f), (g)~~  
~~PER 800~~  
~~EXEMPTION (b) (1)~~

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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

EXEMPTION ORDER 13526  
SECTION 1.5 (a), (b), (c), (d), (e), (f), (g)  
PER 300  
EXEMPTION (b) (1)



**INSPECTOR GENERAL**  
DEPARTMENT OF DEFENSE  
4600 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22304-1500

September 8, 2015


MEMORANDUM FOR DISTRIBUTION FOR UNDER SECRETARY OF DEFENSE FOR  
ACQUISITION, TECHNOLOGY, AND LOGISTICS  
SECRETARY OF THE AIR FORCE, SECURITY COUNTERINTELLIGENCE, AND  
SPECIAL PROGRAM OVERSIGHT  
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL MANAGEMENT AND  
COMPTROLLER)  
DIRECTOR, DEPARTMENT OF DEFENSE SPECIAL ACCESS PROGRAM  
CENTRAL OFFICE

SUBJECT: (U) Audit of the Acquisition of the Long Range Strike-Bomber  
(Report No. DODIG-2015-170)

(U//~~FOUO~~) We are providing this report for your information and use. Early planning for the Long Range Strike-Bomber is adequate and the program management office is effectively preparing for the Milestone B decision. We conducted this audit in accordance with generally accepted government auditing standards

(U) We provided a discussion draft of this report on July 31, 2015. No written response to this report was required, and none was received. Therefore, we are publishing this report in final form.

(U) We appreciate the courtesies extended to the staff. Please direct questions to DoD OIG: (b) (6) at DoD OIG: (b) (6) (DSN DoD OIG: (b) (6) or DoD OIG: (b) (6) at DoD OIG: (b) (6) (DSN DoD OIG: (b) (6).

  
Anthony C. Thomas  
Deputy Inspector General  
For Intelligence and Special  
Program Assessments

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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

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EXEMPT ORDER 10920  
EXEMPT FROM (b) (7) (D)  
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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

~~EXEC ORDER 12636~~

~~SECTION 1.5 (a), (b), (c)~~

~~PER 000~~

~~EXEMPTION (b) (1)~~

## (U) Introduction

### (U) Objective

(U) The overall objective was to evaluate how management was readying the Long Range Strike-Bomber (LRS-B) program for its next acquisition milestone (Milestone B). Specifically, we determined whether the early planning for the system was adequate and if users' requirements were being met. See Appendix A for the scope and methodology used to meet the audit objective.

### (U) Background

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

~~(S)~~

(U//~~FOUO~~) The LRS-B will be managed as an Acquisition Category ID equivalent program. However, due to the classification of the program, it is not covered by the statutory definition of a Major Defense Acquisition Program.

(U//~~FOUO~~) USAF: (b) (3), 10 USC § 128

To execute those responsibilities, the PMO is split into two major locations at Wright-Patterson Air Force Base (WPAFB) Dayton, Ohio and Joint Base Anacostia Bolling, Washington, D.C.

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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)



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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

~~EXEC ORDER 10000~~  
~~SECTION 1.5 (a), (b), (c) & (g)~~  
~~PER 000~~  
~~EXEMPTION (b) (1)~~

(U//~~FOUO~~) Secretary of Defense Requirements.

USAF: (b) (3), 10 USC § 130

Additionally, in the FY 2013 National Defense Authorization Act, Congress mandated that the LRS-B be:

- (U) Capable of carrying nuclear weapons at initial operating capability; and
- (U) Certified to employ nuclear weapons two years after initial operating capability. Nuclear certification activities will occur in a follow-on increment.

**(U) LRS-B Users.** The Air Combat Command and the Air Force Global Strike Command are the major LRS-B stakeholders.

**(U) Air Combat Command.** The Air Combat Command is the primary force provider of combat airpower to America's warfighting commands. To support global implementation of national security strategy, the Air Combat Command operates fighter, bomber, reconnaissance, battle-management, and electronic-combat aircraft. The Eighth Air Force, headquartered at Barksdale Air Force Base, supported the Air Combat Command by providing nuclear capable bombers and it controls these assets throughout the United States and overseas locations.

**(U) Air Force Global Strike Command.** The Air Force Global Strike Command is responsible for developing and providing combat ready forces for nuclear deterrence and global strike operations to support the President of the United States and Combatant Commanders. On April 1, 2015, the management of the LRS-B program was officially transferred from the Air Combat Command to the Air Force Global Strike Command.

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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)



## (U) Finding

### (U) Acquisition Management of the LRS-B

(U//~~FOUO~~) Early planning for the LRS-B is adequate and the PMO is effectively preparing for the Milestone B Decision. Specifically, the PMO has: a comprehensive acquisition strategy and risk management process to support a cost-effective program; clearly defined requirements to ensure users' needs are being met; a detailed contracting strategy to develop the LRS-B program; and adequately developed and incorporated a process to develop an accurate cost position, and program schedule. USAF: (b) (3), 10 USC § 128

[REDACTED]

[REDACTED]

(U//~~FOUO~~) Program Status. The PMO is preparing documentation for the next acquisition phase. Specifically, the LRS-B acquisition program is in the Technical Development phase and is scheduled to enter Engineering and Manufacturing Development (EMD) in fall 2015. In July 2014, senior management approved the release of the Request for Proposal (RFP) for EMD and Production.

### (U) Program Management and Execution

(U) Early planning for the LRS-B is adequate. PMO officials are taking steps to develop a cost-effective and efficient acquisition program. The PMO has developed a comprehensive acquisition strategy, which has adequate measures to develop a cost-effective and efficient program.

(U//~~FOUO~~) Acquisition Strategy. USAF: (b) (3), 10 USC § 130

[REDACTED]

EXEC ORDER 13526  
SECTION 1.5 (a) (1) - (2)  
REF: 000  
EXEMPTION (b) (1)

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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

[REDACTED]

approach prior to the start of EMD.

USAF: (b) (3), 10 USC § 130

**(U//~~FOUO~~) Acquisition Approach.** The PMO will use an evolutionary acquisition approach as a way to improve on baseline capabilities over the life of the LRS-B program.

USAF: (b) (3), 10 USC § 130

**(U//~~FOUO~~) Data Rights.**

USAF: (b) (3), 41 USC § 2102(a)(1)

**(U//~~FOUO~~) Nuclear Capability.** According to the acquisition strategy, the baseline capability will include all hardware and software necessary to make the LRS-B capable of carrying (i.e. loading, carrying, releasing, initializing, authorizing, and pre-arming) the B61-12 nuclear weapon.

USAF: (b) (3), 10 USC § 128, 10 USC § 130

~~(S)~~ The baseline LRS-B weapons system will

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

**(U//~~FOUO~~) Risk Management.** The PMO has implemented a formal risk management process. Specifically, the PMO uses the Risk Management Guide for DoD Acquisition, Sixth Edition (August 2006), to identify, report, and manage risks. The Federal Government is responsible for risk management.

USAF: (b) (3), 10 USC § 128, 10 USC § 130

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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)



USAF: (b) (3), 10 USC § 128; 10 USC § 130

Upon entrance into the EMD phase at Milestone B, the PMO asserts that they will have stable requirements in place. The Federal Government will then focus on early identification and active mitigation risks.

USAF: (b) (3), 10 USC § 130

(U//~~FOUO~~) Requirements. The PMO has clearly defined requirements to ensure users' needs are being met.

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

Subsequently, the Secretary of the Air Force decided that

Additionally, through the FY 2013 National Defense Authorization Act, Congress mandated specific nuclear requirements for the LRS-B.

~~(S//~~ <sup>USAF:</sup> <sup>(b) (1),</sup> <sup>EO</sup> The Secretary of Defense directed the Secretary of the Air Force along with the Under Secretary of Defense for Acquisition, Technology, and Logistics to

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

EXEC ORDER 13602  
SECTION 1.5 (a, b, c, d, e)  
PER 800  
EXEMPTION (b) (1)

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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

~~EXEMPT ORDER 18520~~  
~~SECTION 1.5 (a), (c) & (g)~~  
~~REF 806~~  
~~EXEMPTION (b)(1)~~

- (U) Average Procurement Unit Cost of approximately \$550 million (Base year 2010, based on a fleet of 80-100 aircraft) to balance capability with affordability.

USAF: (b) (1), EO 13526, secs 1 4(a), 1 4(c), 1 4(e), 1 4(g)

USAF: (b) (1), EO 13526, secs 1 4(a), 1 4(c), 1 4(e), 1 4(g)

USAF: (b) (1), EO 13526, secs 1 4(a), 1 4(c), 1 4(e), 1 4(g)

- (U) Capable of manned and unmanned operations.

USAF: (b) (1), EO 13526, secs 1 4(a), 1 4(c), 1 4(e), 1 4(g)

- (U//~~FOUO~~) USAF: (b) (3), 10 USC § 130

- (U//~~FOUO~~) USAF: (b) (3), 10 USC § 130

USAF: (b) (1), EO 13526, secs 1 4(a), 1 4(c), 1 4(e), 1 4(g)

(U//~~FOUO~~) Requirements Documents. The PMO has completed the Initial Capabilities Document, the Capability Development Document, the System Requirements Document, and the Capability Verification Plan (in advance of the source selection) that adequately define user requirements. All of the Federal Government and contractor specifications are under formal configuration control.

(U) Initial Capabilities Document. The Initial Capabilities Document adequately identifies the validated threat and identifies the LRS-B weapons system as a long range survivable conventional and nuclear strike platform. The LRS-B weapon system will provide a deep penetration capability with precise

USAF: (b) (1), EO 13526, secs 1 4(a), 1 4(c), 1 4(e), 1 4(g)

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~~EXEC ORDER 13526~~  
~~SECTION 1.5 (a), (b) & (c)~~  
~~PERSONS~~  
~~EXEMPTION (b) (1)~~

targeting and quick reaction engagement timelines to ensure access to the threat environments.

**(U//~~FOUO~~) Capability Requirements Document.** The Capability Requirements Document (developed as the draft Capability Development Document) adequately addresses user needs and performance thresholds are adequate for fielding the LRS-B.

USAF: (b) (3), 10 USC § 130

**(U//~~FOUO~~) Capabilities Verification Plan.** The Capability Verification Plan verifies that the Key Performance Parameters were written to the user requirements and are verifiable.

USAF: (b) (3), 10 USC § 130

**(U//~~FOUO~~) LRS-B Contract Types.** The PMO has a detailed contracting strategy to develop the LRS-B.

USAF: (b) (3), 41 USC § 2102(a)(1)

Under this approach, the Federal Government assumes some of the research and development risk.

USAF: (b) (3), 41 USC § 2102(a)(1)

The PMO's objective is to provide a strong incentive for industry to accomplish the work required in EMD to mature the aircraft design and the manufacturing processes. According to the PMO, this method will reduce the level of risk in the follow-on production options.

USAF: (b) (3), 41 USC § 2102(a)(1)

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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

~~EXEC ORDER 13526~~  
~~SECTION 1.3 (a)~~  
~~PER 000~~  
~~EXEMPTION (b) (1)~~

USAF: (b) (3), 41 USC § 2102(a)(1)

(U//~~FOUO~~)

USAF: (b) (3), 41 USC § 2102(a)(1)

(U//~~FOUO~~) Request For Proposal. PMO officials have issued an RFP with detailed specifications for the acquisition of the LRS-B. The RFP lists the specifications that are related to the Key Performance Parameters.

USAF: (b) (3), 41 USC § 2102(a)(1)

USAF: (b) (1), EO 13526, sec s 1.4(a), 1.4(c), 1.4(e), 1.4(g)

~~(U//~~FOUO~~)~~ Source Selection Criteria

USAF: (b) (1), EO 13526, sec 1.7(e)

## (U) Program Affordability

(U) The PMO incorporated adequate processes to develop accurate cost positions and funding requirements for the acquisition program.

(U//~~FOUO~~) Development of Program Cost Position. The Air Force Cost Analysis Agency (AFCAA)/Systems Program Office team developed the funding profile, which was endorsed by the Deputy Assistant Secretary for Cost and Economics and documented in a Non Advocate Cost Assessment Memorandum. Based on early

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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

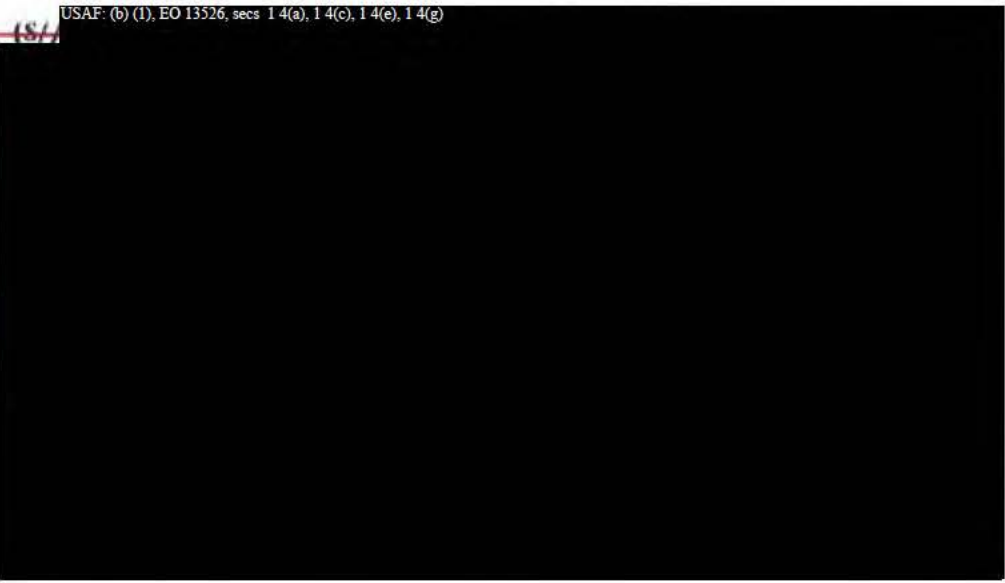
~~EXEC ORDER 13526~~  
~~SECTION 1.3 (a), (c) & g)~~  
~~PER 000~~  
~~EXEMPTION (b) (1)~~



~~EXEC ORDER 10500~~  
~~SECTION 1.5 (b)(1) & (g)~~  
~~PER 500~~  
~~EXEMPTION (b)(1)~~

analysis, the Cost Assessment Program Evaluation (CAPE) concurred with the PMO's preliminary Milestone B cost estimate. According to PMO officials, the CAPE will certify the program as affordable after the source selection decision and government estimate is completed in August 2015. The continuous review of the funding profile ensures appropriate oversight, accurate development, and effective approach for funds management.

(S) ~~USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)~~

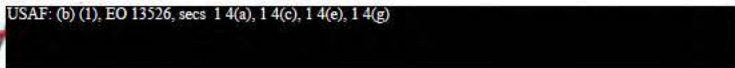


(U) The PMO annually reviews the government cost estimate, requirements, and resources to ensure the accuracy of this information. Changes to the program's requirements and resource components are reviewed by the Configuration Control Board (CCB). The Configuration Control Board is an advisory board composed of technical and management representatives whose primary function is to vet and determine approval authority for all program, engineering, and contracting changes. The CCB consists of ~~USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)~~ program office functional leaders to include Contracts, Engineering, Finance, Integration, Logistics and Sustainment, Program Management, *Security, and Testing.*

<sup>1</sup> (U) The 2366b certification ensures that the program is utilizing resources sufficiently.

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~~USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)~~



EXEC ORDER 13526  
SECTION 1.4(a), 1.4(c), 1.4(e), 1.4(g)  
PER EO 13526  
EXEMPTION (U//FOUO)

**(U) Program Schedule Milestones.** The LRS-B program milestones are evaluated annually in conjunction with the funding profile and when program changes occur. The PMO performs the assessment in coordination with the Air Force Cost Analysis Improvement Group. Table 1 below provides the major LRS-B Acquisition Decision Points:

(S) USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

(U//FOUO) USAF: (b) (3), 41 USC § 2102(a)(1)

Consequently, the Independent Government Estimate and Life Cycle Cost Estimate will not be available until after the CAPE review. The expected completion date of the CAPE review is the summer of 2015.

**(U) Program Change Process.** The PMO has operated with minimal changes; however, they do not have a dedicated program change document listing all changes to the program. Currently, the PMO determines changes in requirements, resources, and technology development through the Configuration Control Board review process. Additionally, the PMO Air Force Rapid Configuration Office leadership, and the Rapid Capabilities Office determine changes to the government cost estimate through their annual update. The PMO's program change process is determined by decision from the Business Management Review which evaluates proposed modifications to the program requirements and resources.

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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)



~~EXEC ORDER 12508~~  
~~SECTION 4.5 (LRS-B)~~  
~~LR 000~~  
~~EXEMPTION (S) (U)~~


(U) The PMO records the program's changes in an archived shared drive separated by each oversight entity. However, there is no consolidated listing of program changes in the shared drive. Although not required, we suggest the establishment of a Project Modifications Tracking Sheet, which could be used as a best practice for the program, future projects, timeline efficiency, and government savings. This document would capture the following information: modifications to the project; date modification was performed and approved; approval authority signature for the action; and effects of the modification (Monetary Savings and Procedural Efficiency).

### **(U) Program Security**

(U) The PMO is integrating security early in the acquisition and providing timely security management for the program.

**(U//~~FOUO~~) LRS-B Program Protection Plan.**

USAF: (b) (3), 10 USC § 128




**(U) Classification Guides and Policy Guidance.** The PMO completed security classification guides and policy guidance for the LRS-B program. In addition, the PMO developed media engagement guidance and visit certification procedures. This direction will help PMO employees protect information and material associated with the SAP.

**(U) Facility Accreditation.** The PMO provided current facility documentation, including accreditation letters, for selected PMO government site facilities. The accreditation of the SAP facilities ensures that the PMO has accepted the risks of the facilities it operates.

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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)



EXEC ORDER 13526  
SECTION 1.5 (b)  
PER 000  
EXEMPTION (b) (1)

(U//~~FOUO~~) Program Access. USAF: (b) (3), 10 USC § 128

(U//~~FOUO~~) SAP Security Standard Operating Procedures and Standard Forms.

USAF: (b) (3), 10 USC § 128

(U//~~FOUO~~) Security Authorization. USAF: (b) (1), EO 13526, sec 1.7(e)

(U) The PMO recently issued an RFP which requires the contractor to categorize its system security controls in accordance with the most recent federal information assurance guidance. Specifically, the RFP requires compliance with National Institute of Standards and Technology Special Publication 800-53, Revision 4 "Security and Privacy Controls for Federal Information Systems and Organizations," January 22, 2015 (April 2013).<sup>2</sup> This is a proactive decision by the PMO since the DoD Special Access Program

<sup>2</sup> The National Institute of Standards and Technology Special Publication 800-53, Revision 4, provides guidelines for selecting and specifying security controls for organizations and information systems supporting the executive branch agencies of the federal government.

EXEC ORDER 13526  
SECTION 1.5 (b), (3) & (g)  
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EXEMPTION (b) (1)

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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

Central Office policy governing SAP automated information systems only includes National Institute of Standards and Technology Special Publication 800-53, Revision 3 guidance.

**(U) Training.** The PMO conducts adequate annual security awareness and information assurance training for its employees. We selected a judgmental sample of PMO employees and confirmed their completion of mandatory annual security awareness and information assurance training requirements. The completion of annual security awareness and information assurance training ensures that PMO employees are aware of their security responsibilities.

## **(U) Summary**

**(U//~~FOUO~~)** Early planning for the LRS-B is adequate and the PMO is effectively preparing for the Milestone B decision. PMO officials are taking steps to develop a cost-effective and efficient acquisition program. The PMO has developed a comprehensive acquisition strategy and well-defined requirements. The PMO has also incorporated adequate processes to develop accurate cost positions and funding requirements for the acquisition program. In addition, the PMO is integrating security early in the acquisition and providing timely security management for the program.

EXES ORDER 10928  
SECTION 1.5 (a), (b), (c), (d), (e), (f), (g)  
PER 800  
EXEMPTION (b) (1)

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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)



## (U) Appendixes

### (U) Appendix A. Scope and Methodology

(U) We conducted this performance audit from September 2014 through August 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusion based on our audit objectives. Our scope was limited in that we did not perform tests of the management controls.

(U) We performed site visits and interviewed personnel at the following locations:

- (U) PMO WPAFB, Dayton, Ohio
- (U) PMO Joint Base Anacostia Bolling, Washington, D.C.
- (U) The Pentagon, Arlington, Virginia

~~EXEMPT ORDER 18506~~  
~~SECTION 1.3 (b)(3) & (g)~~  
~~PER 800~~  
~~EXEMPTION (b)(1)~~

(U) We did not visit all government and contractor locations.

(U//~~FOUO~~)

USAF: (b) (3), 10 USC § 128, 10 USC § 130

(U//~~FOUO~~) We reviewed the AFCAA LRS-B FY 2015 through FY 2020 Preliminary Cost position and Cost Estimate Review. We reviewed the 2366b Certification Memo. We analyzed LRS-B Program Cost Estimate Review briefing charts. We also reviewed the FY 2015 and FY 2016 Research, Development, Technology, and Engineering Budget Item Justification documentation.

(S//~~FOUO~~)

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

~~EXEC ORDER 13526~~  
~~SECTION 1.5 (para 1-2)~~  
~~PER 000~~  
~~EXEMPTION (b)(1)~~

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

## **(U) Use of Computer-Processed Data**

(U) We did not use computer-processed data to perform this audit.

## **(U) Prior Coverage**

(U) During the last five years, the General Accountability Office (GAO) issued one report related to the LRS-B. Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov>.

## **(U) GAO**

(U) GAO Report N. GAO-14-373, "Nuclear Weapons: Ten-Year Budget Estimates for Modernization Omit Key Efforts, and Assumptions and Limitations Are Not Fully Transparent," June 10, 2014

~~SECRET~~

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

~~SECRET~~

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

~~EXEC ORDER 10520~~  
~~SECTION 1.5 (a), (b), (c), (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), (s), (t), (u), (v), (w), (x), (y), (z)~~  
~~PER 500~~  
~~EXEMPTION (b) (1), (b) (7)(C)~~

## (U) Appendix B. Secretary of Defense Memo



THE SECRETARY OF DEFENSE  
1000 DEFENSE BUILDING  
WASHINGTON, DC 20301-1000

10 10 2011

MEMORANDUM FOR SECRETARY OF THE AIR FORCE  
CHAIRMAN JOINT CHIEFS OF STAFF  
UNDER SECRETARY OF DEFENSE (AT&I)

SUBJECT: Long Range Strike and Penetrating Bomber Capabilities (U)

Reference: AF Recommendations for FY12 Decisions on Long Range Strike, dated 15 Oct 10

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

(U) I direct the Air Force to develop an acquisition program that delivers a survivable long range penetrating bomber capable of manned and unmanned operations where range, payload, and survivability are balanced with production cost to provide an

Classified By: DoD OIG: (b) (6)

Reason: E.O. 13526, sec. 1.4(a), 1.4(c), 1.4(e), 1.4(g)  
Exemption: 1.4(a), 1.4(c), 1.4(e), 1.4(g)  
Authority: The Secret Rumsfeld dated 10 March 2001

~~SECRET~~

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

~~EXEC ORDER 10520~~  
~~SECTION 1.5 (a), (b), (c), (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), (s), (t), (u), (v), (w), (x), (y), (z)~~  
~~PER 500~~  
~~EXEMPTION (b) (1), (b) (7)(C)~~

~~SECRET~~

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)



~~SECRET~~

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

EXEC ORDER 10520  
SECTION 1.5 (e), (f), (g)  
PER 800  
EXEMPTION (b) (1)

## (U) Appendix B. Secretary of Defense Memo (cont'd)

~~SECRET~~

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

(U) I direct the following top-level baseline attributes and capabilities for this system. I expect the program and board of directors to make informed trades in these areas as the program progresses to ensure an affordable capability.

a. (U) Average Procurement Unit Cost (APUC) of approximately \$550 million (Base Year 2010, based on a fleet of 80 - 100 aircraft) to balance capability with affordability. Size the production program to allow future DoD leaders to have affordable procurement options to scale increased future production quantities.

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

~~SECRET~~

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

~~SECRET~~

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

~~SECRET~~

USAF: (b) (1), EO 13526, secs 1 4(a), 1 4(c), 1 4(e), 1 4(g)

~~EXEC ORDER 12526~~  
~~SECTION 1.5 (b), (c), & (g)~~  
~~PER OGC~~  
~~EXEMPTION (b) (1)~~

## (U) Appendix B. Secretary of Defense Memo (cont'd)

~~SECRET~~

USAF: (b) (1), EO 13526, secs 1 4(a), 1 4(c), 1 4(e), 1 4(g)

USAF: (b) (1), EO 13526, secs 1 4(a), 1 4(c), 1 4(e), 1 4(g)

USAF: (b) (1), EO 13526, secs 1 4(a), 1 4(c), 1 4(e), 1 4(g)

USAF: (b) (1), EO 13526, secs 1 4(a), 1 4(c), 1 4(e), 1 4(g)

USAF: (b) (1), EO 13526, secs 1 4(a), 1 4(c), 1 4(e), 1 4(g)

USAF: (b) (1), EO 13526, secs 1 4(a), 1 4(c), 1 4(e), 1 4(g)

USAF: (b) (1), EO 13526, secs 1 4(a), 1 4(c), 1 4(e), 1 4(g)

*Phantom*

OO:  
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USDP  
USD(C)  
VCJCS  
USSTRATCOM  
CAPE

~~SECRET~~

USAF: (b) (1), EO 13526, secs 1 4(a), 1 4(c), 1 4(e), 1 4(g)

~~SECRET~~

USAF: (b) (1), EO 13526, secs 1 4(a), 1 4(c), 1 4(e), 1 4(g)

~~SECRET~~

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

~~EXEC ORDER 10526~~  
~~SECTION 1.5 (a), (b) & (c)~~  
~~PER 000~~  
~~EXEMPTION (b) (1)~~

## **(U) Acronyms and Abbreviations**

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**AFCAA** Air Force Cost Analysis Agency  
**CAPE** Cost Assessment Program Evaluation  
**EMD** Engineering and Manufacturing Development  
**ISR** Intelligence, Surveillance, and Reconnaissance  
**LRS-B** Long Range Strike-Bomber  
**PMO** Program Management Office  
**PPP** Program Protection Plan  
**RFP** Request for Proposal  
**SAP** Special Access Program  
**SOP** Standard Operating Procedures  
**WPAFB** Wright-Patterson Air Force Base

~~SECRET~~

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)



~~SECRET~~

~~EXEMPTION 13526~~  
~~SECTION 6 (a)(1)-(3)~~  
~~PER OES~~  
~~EXEMPTION (b)(1)~~

## **Whistleblower Protection**

### **U.S. DEPARTMENT OF DEFENSE**

*The Whistleblower Protection Enhancement Act of 2012 requires the Inspector General to designate a Whistleblower Protection Ombudsman to educate agency employees about prohibitions on retaliation, and rights and remedies against retaliation for protected disclosures. The designated ombudsman is the DoD IG Director for Whistleblowing & Transparency. For more information on your rights and remedies against retaliation, go to the Whistleblower webpage at [www.dodig.mil/programs/whistleblower](http://www.dodig.mil/programs/whistleblower).*

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USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)



~~EXEC ORDER 13526~~  
~~SECTION 1.5 (a, c, e & g)~~  
~~PER 888~~  
~~EXEMPTION (b) (1)~~

~~SECRET~~

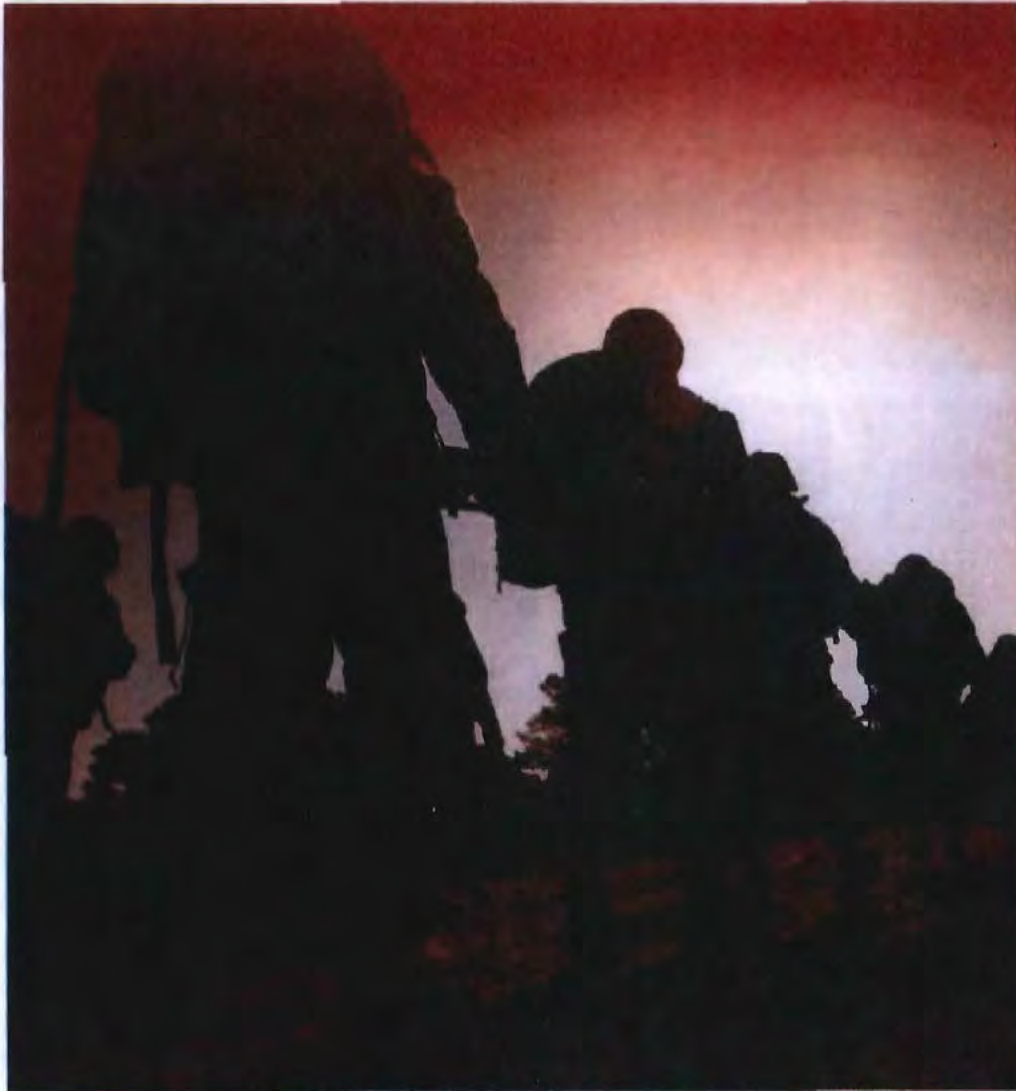
USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)



USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)

~~SECRET~~

~~EXEC ORDER 10520~~  
~~SECTION 1.6 (a), (c) & (g)~~  
~~REF 500~~  
~~EXEMPTION (b)(1)~~



Department of Defense | INSPECTOR GENERAL

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Alexandria, VA 22304-1500  
[www.dodig.mil](http://www.dodig.mil)  
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~~SECRET~~

USAF: (b) (1), EO 13526, secs 1.4(a), 1.4(c), 1.4(e), 1.4(g)