Critical Information Needed to Determine the Cost and Availability of G222 Spare Parts
Results in Brief: Critical Information Needed To Determine the Cost and Availability of G222 Spare Parts

What We Did
We evaluated two contracts, as well as acquisition planning and program documentation, to determine whether the cost and availability of G222 spare parts will allow for continued sustainability of the aircraft. G222 Program Management Office (PMO) officials have obligated about $486.1 million on two G222 contracts, which includes $60.5 million for spare parts.

What We Found
G222 PMO officials have not determined the cost or availability of G222 spare parts. This occurred because NATO Training Mission—Afghanistan/Combined Security Transition Command – Afghanistan (NTM-A/CSTC-A) and G222 PMO officials did not effectively manage the G222 program. Specifically, NTM-A/CSTC-A and G222 PMO officials have not agreed on a course of action for the G222, and G222 PMO officials have not prepared a sustainment plan that considers cost.

As a result, NTM-A/CSTC-A and G222 PMO officials may spend about $200 million in Afghanistan Security Forces Funds on spare parts for an aircraft that does not meet operational requirements, may be cost prohibitive to fly, and for which several critical spare parts to sustain the G222 are unavailable. This amount would be in addition to the $486.1 million that G222 PMO officials have already obligated for the program on two contracts. In addition, the aircraft flew only 234.2 of the required 4,500 hours from January through September 2012.

In an August 28, 2012, memorandum to NTM-A/CSTC-A and Air Force Life Cycle Management Center officials, we suggested they delay the procurement of spare parts until they determined whether to replace or use the G222 in a limited capacity, the service life of the G222, the impact of diminishing manufacturing sources, and the estimated sustainment costs. NTM-A/CSTC-A and Air Force Life Cycle Management Center officials agreed with our suggestions except for preparing a sustainment plan before obligating funds for the procurement of spare parts.

In December 2012, after draft report issuance, the Program Executive Officer for Air Force Mobility Programs, Air Force Life Cycle Management Center, notified the contractor that they would not take action to issue a new delivery order when the G222 follow-on sustainment support contract expires in March 2013. The Program Executive Officer for Air Force Mobility Programs, Air Force Life Cycle Management Center, also indicated the Afghan Air Force would use an alternate aircraft to meet the long-term medium airlift requirement. According to the Program Executive Officer for Air Force Mobility Programs, Air Force Life Cycle Management Center, if the program had continued through March 2022, as originally planned, it would have required $830 million, in addition to the about $200 million identified in the report, in
sustainment costs, to include a significant amount for spare parts.

What We Recommend

We recommend that the Commanding General, NTM-A/CSTC-A, and the Assistant Secretary of the Air Force (Acquisition) determine whether to continue to use the G222. In addition, the Commanding General, NTM-A/CSTC-A must develop a long-term strategy if the G222 will continue to be used to meet the Afghan Air Force medium airlift requirement.

Because of actions taken by the Program Executive Officer for Air Force Mobility Programs, Air Force Life Cycle Management Center, after draft report issuance, we acknowledge that a sustainment plan is no longer necessary for the G222 program. Therefore, we have revised Recommendation 2 to recommend that the Program Executive Officer for Air Force Mobility Programs, Air Force Life Cycle Management Center, direct G222 PMO officials not to obligate any additional funds related to the about $200 million in Afghanistan Security Forces Funds, and not to expend funds previously obligated for spare parts until exhausting all available spare parts inventory, cannibalizing spare parts from other G222 aircraft, and when feasible, continuing the practice of using other aircraft to meet the medium airlift capability. G222 PMO officials should also develop an executable disposal plan for the G222 and determine whether any spare parts are needed to support the disposal plan.

Management Comments and Our Response

Comments provided by Commander, NATO Air Training Command-Afghanistan, on behalf of the Commanding General, NTM-A/CSTC-A were not responsive. However, because of actions taken since draft report issuance, no further comments on the final report are required.

Comments provided by the Senior Military Assistant, Office of the Assistant Secretary of the Air Force (Acquisition), were responsive and no additional comments are required.

Comments provided by the Program Executive Officer for Air Force Mobility Programs, Air Force Life Cycle Management Center, were not responsive. Therefore, we request additional comments be provided on the revised recommendation as specified in the recommendations table on the next page.
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Please provide comments by March 4, 2013.
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Introduction

Objective
Our objective was to determine whether the cost and availability of spare parts for the C-27A/G2221 aircraft (G222) will allow for continued sustainability of the aircraft for the Afghan Air Force (AAF). See Appendix A for a discussion of the scope and methodology and prior coverage related to the objective.

Background on Afghanistan Security Forces Funds
Congress created the Afghanistan Security Forces Fund in FY 2005 as an emergency supplemental appropriation for equipment and services to support the Afghan National Security Forces (ANSF). From FY 2005 through FY 2012, Congress appropriated about $50.9 billion to the Afghanistan Security Forces Fund. The U.S. Government uses pseudo-foreign military sales cases to procure items and services such as the G222 to support the ANSF through this fund. Foreign military sales cases for purchasing items with Afghanistan Security Forces Funds are “pseudo” because the U.S. Government is not selling the items to a foreign customer but, instead, to the DoD, who provides those items to the ANSF.

G222 Program History
NATO Training Mission – Afghanistan/Combined Security Transition Command – Afghanistan (NTM-A/CSTC-A) is the lead United States agency responsible for development of the ANSF. NTM-A/CSTC-A directs all United States efforts to organize, train, and equip Afghan security forces. Specifically, NTM-A/CSTC-A uses pseudo-foreign military sales procedures to obtain assistance for the ANSF. In May 2007, NTM-A/CSTC-A sent a memorandum of request to the Air Force Security Assistance and Cooperation Directorate to acquire a medium airlift aircraft for the AAF.2 The medium airlift aircraft was required to perform missions in a high altitude/high temperature environment and to address three requirements: presidential airlift, medical evacuation, and project combat capability. In October 2007, NTM-A/CSTC-A requested the acquisition of the G222 to perform these missions and as requested, the G222 Program Management Office (PMO) awarded a contract to Alenia North America. The G222 PMO is aligned under the Air Force Life Cycle Management Center, located at Warner Robins Air Force Base, Georgia, and the Program Executive Office for Air Force Mobility Programs. The Program Executive Office for Air Force Mobility is under the command of the Assistant Secretary of the Air Force (Acquisition) (SAF/AQ). G222

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1 The C-27A model is modified from the G222 airframe manufactured by Alenia Aermacchi in Naples, Italy. The U.S. Air Force used the C-27A and AAF use the G222. Therefore, the report will refer to the aircraft as the G222.
2 One of the components of the ANSF is the Afghan National Army. The AAF, formerly the Afghan National Army Air Corps, is a branch of the Afghan National Army.
PMO officials have obligated about $486.1 million on two G222 contracts for the ANSF, including $60.5 million for spare parts.

**G222 Contracts Awarded**

In September 2008, the U.S. Air Force awarded the initial contract FA8504-08-C-0007 to Alenia North America, Inc. with a not-to-exceed value of $287 million for the refurbishment of 18 G222. Alenia North America is the prime contractor and is responsible for program management and execution. Alenia Aermacchi, a subcontractor for the G222 program, is refurbishing and modernizing the G222.

In 2010, G222 PMO officials exercised the option for 2 additional aircraft resulting in a total of 20 aircraft. The contract also included requirements for contractor logistics support services and an initial delivery of spare parts. L-3 Systems Field Support (L-3) was the subcontractor who initially provided contractor logistics support in Afghanistan. DynCorp International replaced L-3 in March 2012. As of October 2012, about $381.7 million has been obligated on the initial contract. This amount included funds for the initial acquisition, maintenance, and spare parts.

(FOUO) In March 2012, G222 PMO officials awarded a follow-on contractor logistics support contract FA8553-12-D-0001 to Alenia North America. According to contract documentation, the contract’s anticipated total value ranges between $372 million and $429 million for 2 years. Of the $429 million, the estimated cost for spare parts could be as high as $218 million. As of October 2012, about $104.4 million has been obligated on this contract. This amount included funds for contractor logistics support and spare parts.

**Sustainment and G222 Spare Parts Contract Requirements**

Sustainment involves the supportability of systems and their subsequent life cycle\(^3\) product support. Sustainment also involves spare parts management, benefits of which include enhancing the interchangeability, reliability, and availability of spare parts and minimizing impacts of diminishing manufacturing sources. The G222 contracts include spare parts requirements for the logistic support contractor to provide an adequate range and level of aircraft spare parts, aircraft engines, avionics spare parts, support equipment, and technical data to achieve the required availability of the aircraft. The G222 PMO officials required the contractor to maintain a supply of spare parts before the arrival of the first aircraft in Afghanistan. Spare parts include, but are not limited to, such items as engines and engine components, propellers, propeller gearboxes, global positioning systems, and aviation life support equipment.

**Status of G222 Program**

(FOUO) In December 2011, the NATO Air Training Command – Afghanistan (NATC-A)/438th Air Wing Commander grounded the G222 because of contractor

\(^3\) Life cycle is the period of time from initial item acquisition through its disposal.

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(FOUO) logistics support deficiencies and poor maintenance procedures. As of September 2012, 2 aircraft were being refurbished, 2 aircraft had been accepted in Italy, and 16 refurbished aircraft were in Kabul, Afghanistan. Of the 16 aircraft in Kabul, 9 were authorized to fly, 1 was pending approval to fly, and 6 had been cannibalized to provide spare parts for the remaining aircraft in preparation for when the G222 fleet can return to a flyable status. According to a G222 PMO official, although nine aircraft were authorized to fly, the number of aircraft able to fly on any given day varied from zero to three because of problems associated with maintenance and spare parts. From January through September 2012, the available G222 flew only 234.2 hours even though the contract requirement was to fly a total of 4,500 hours or 500 hours per month. To meet the medium airlift capability, NTM-A/CSTC-A officials stated they used other aircraft.

Review of Internal Controls
DoD Instruction 5010.40, “Managers’ Internal Control Program (MICP) Procedures,” July 29, 2010, requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls. We identified internal control weaknesses associated with G222 program management. Specifically, NTM-A/CSTC-A and G222 PMO officials have not agreed on a course of action for the future use of the G222 and have not prepared a sustainment plan that considered cost. We also identified program management weaknesses related to the medium airlift long-term strategy, estimated service life of the aircraft, diminishing manufacturing sources, and reliable consumption data. NTM-A/CSTC-A and G222 PMO officials’ planned actions to obtain and update this information should address these four weaknesses. We will provide a copy of the report to the senior official responsible for internal controls in the Departments of the Army and Air Force.
Source: DoD Office of Inspector General, Special Plans and Operations
Finding. Continued Sustainability of the G222 for the Afghan Air Force Is Questionable

G222 PMO officials have not determined the cost or availability of spare parts for the G222 to allow for the continued sustainability of the aircraft for the AAF. This occurred because NTM-A/CSTC-A and G222 PMO officials did not effectively manage the G222 program. Specifically, NTM-A/CSTC-A and G222 PMO officials have not agreed on a course of action for the future use of the G222. Additionally, G222 PMO officials have not prepared a G222 sustainment plan that considers cost. As a result, NTM-A/CSTC-A and G222 PMO officials may spend about $200 million in Afghanistan Security Forces Funds on spare parts for an aircraft that may not be sustainable. This amount would be in addition to the $486.1 million that G222 PMO officials have already obligated for the program on two contracts. Without agreeing to a course of action for the G222, DoD officials could unnecessarily expend funds to maintain an aircraft that does not meet operational requirements, may be cost prohibitive to fly, and for which several critical spare parts to sustain the G222 are unavailable. In addition, the aircraft flew only 234.2 of the required 4,500 hours from January through September 2012.

On August 28, 2012, we issued a memorandum suggesting that the Commanding General, NTM-A/CSTC-A, in coordination with G222 PMO officials, delay the procurement of spare parts until NTM-A/CSTC-A determines whether to replace or use the G222 in a limited capacity. In addition, we suggested that G222 PMO officials determine the service life of the G222, determine the impact of diminishing manufacturing sources and material shortages (DMSMS), estimate sustainment costs, and verify updates to the consumption and data model. NTM-A/CSTC-A and the Program Executive Officer for Air Force Mobility Programs, Air Force Life Cycle Management Center (AFPEO for Mobility) agreed with the suggested actions except the AFPEO for Mobility did not believe a sustainment plan was required before G222 PMO officials obligated additional funds for spare parts. See Appendix B for a copy of the memorandum and associated responses.

G222 Program Management Responsibilities

NTM-A/CSTC-A developed the operational requirements for the medium airlift aircraft. Requirements developed included identifying operational needs, attributes of the system, and key performance parameters. NTM-A/CSTC-A requested the acquisition of the G222 to fulfill an urgent and compelling need to perform medium airlift missions in Afghanistan. NTM-A/CSTC-A planned for the G222 to fill a requirements gap until the identification of a long-term AAF medium airlift solution.

The G222 PMO manages the G222 program. G222 PMO officials are responsible for implementing and managing program requirements over the life cycle of the program, to include sustainment. Program and contracting officials must comply with the Federal
Acquisition Regulation (FAR) when procuring the G222 and associated spare parts. According to FAR Part 7, "Acquisition Planning," G222 contracting and program officials must prepare an acquisition plan that addresses potential problems that may affect the acquisition and establish a cost estimate for the planned acquisition through the acquisition life cycle, to include sustainment. G222 PMO officials should also follow defense acquisition best practices by complying with DoD Directive 5000.01, "The Defense Acquisition System," dated November 20, 2007, and DoD Instruction 5000.02, "Operation of the Defense Acquisition System," dated December 8, 2008, which require program offices to prepare an acquisition strategy, to include the life cycle sustainment plan. In addition, according to the Defense Acquisition Guidebook, effective program management should include continuous reviews of performance, cost, and sustainment.

Lack of Agreement on Future Use of G222

G222 does not meet performance requirements related to the availability of spare parts.

(FOUO) G222 PMO officials have not determined the cost or availability of spare parts for the G222 because NTM-A/CSTC-A and G222 PMO officials have not agreed on the future course of action for the G222. NTM-A/CSTC-A officials stated that the G222 does not meet operational requirements. In addition, NTM-A/CSTC-A and G222 PMO officials agreed that the G222 does not meet performance requirements related to the availability of spare parts, aircraft availability, aircraft delivery schedule, and maintenance quality. According to G222 PMO officials,

The aircraft continues to perform poorly, requiring extensive maintenance and an ever-expanding quantity of supplies, and yet is still failing to meet availability numbers essential for mission success. ...the contractor's past performance does not give confidence that they will be able to reach the contractual requirements and then sustain that effort into the foreseeable future.

Despite the lack of a decision on the future use of the G222, G222 PMO officials issued a modification to definitize\(^4\) letter contract FA8553-12-D-0001 and delivery order 0002 on September 29, 2012. This modification increased contract obligations by about $43.6 million and included about $15.7 million for spare parts. According to G222 PMO officials, these funds would have expired on September 30, 2012, and G222 PMO officials committed these funds when they awarded the letter contract in March 2012. G222 PMO officials stated that if they did not obligate these funds, they would not be able to meet program requirements if NTM-A/CSTC-A chose to continue to use the G222.

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\(^4\) "Definitize" means to reach a final determination on a contract to include elements such as cost, duration, or scope.
Before the obligation of the $43.6 million, G222 PMO officials issued a cure notice\(^5\) on August 15, 2012, to Alenia North America for contract FA8553-12-D-0001. The cure notice included two instances in which the contractor failed to provide spare parts and meet aircraft availability performance requirements. G222 PMO officials stated they were not satisfied with Alenia North America’s responses and issued a show cause notice\(^6\) on October 15, 2012. A G222 PMO official stated their office could terminate the contract as early as November 2012 if NTM-A/CSTC-A agrees. G222 PMO officials also recognized the potential to continue the program until expiration of the delivery order in March 2013. NTM-A/CSTC-A officials provided conflicting answers on the development of their medium airlift strategy. For example, in September 2012, NTM-A/CSTC-A determined they would replace the G222 and were evaluating the strategy for the AAF medium airlift requirement. Later, they stated they would evaluate the AAF medium airlift capability in 2013 along with a review of future ANSF requirements. NTM-A/CSTC-A, in coordination with the SAF/AQ, must decide whether to continue to use the G222. If NTM-A/CSTC-A and the SAF/AQ officials decide to continue to use the G222, then NTM-A/CSTC-A must develop a long-term strategy for how the G222 will meet the AAF medium airlift requirement.

**Determination of G222 Sustainment Costs**

(FOUO) G222 PMO officials have not determined the cost of spare parts for the G222 because they did not prepare a sustainment plan at the time of original contract award in September 2008 that would have calculated life cycle costs for the G222 program. In February 2008, G222 PMO officials estimated spare parts costs to be $21.5 million; however, this estimate was only for the length of the original contract, which was 3 years. During these 3 years, $44.8 million was obligated for spare parts. FAR Part 7 requires program and contracting officials to establish a cost estimate to include sustainment costs for the life cycle of a program. G222 PMO officials agreed that identifying life cycle sustainment costs before contract award would have been prudent. However, G222 PMO officials stated that the requirement to consider sustainment costs was no longer necessary because NTM-A/CSTC-A directed the PMO to procure the G222.

\[
\text{G222 PMO officials stated that they could not identify the cost to sustain the G222.}
\]

\[\text{Even though the G222 PMO officials procured the G222 in September 2008, they stated in June 2012 that they could not identify the cost to sustain the G222 because critical information, such as diminishing manufacturing sources, consumption data, and pricing for some spare parts, was unknown. G222 PMO officials will need this information, along with an updated service life assessment, to develop a sustainment plan that NTM-A/CSTC-A and}\]

\(^5\) A cure notice is a written notice provided to the contractor specifying contract failures that are endangering the performance of a contract. DoD provides the notice when considering terminating a contract for default and will specify the number of days the contractor has to cure the contract failures.

\(^6\) Contracting officers issue a show cause notice when insufficient time remains in the delivery schedule to cure the problem or the contractor failed to act on the cure notice. The show cause notice informs the contractor of a potential contract termination.
G222 PMO officials can use to make informed decisions and effectively manage the program if NTM-A/CSTC-A and G222 PMO officials decide to continue to use the G222.

(FOUO) In response to the August 28, 2012, DoDIG memorandum, the AFPEO for Mobility acknowledged great value in completing a sustainment plan and agreed to prepare one; however, the AFPEO for Mobility stated a sustainment plan was not necessary before the obligation of funds for spare parts. Although NTM-A/CSTC-A plans to replace the G222, a sustainment plan is still necessary to determine whether the G222 is affordable to use in any capacity. G222 PMO officials should not oblige any additional funds and not expend previously obligated funds to procure spare parts until they prepare a sustainment plan that considers costs for the G222 program. The sustainment plan should address NTM-A/CSTC-A’s decision and concerns on the future use of the G222.

Management Responses Since DoDIG Memorandum

In response to the August 28, 2012, DoDIG memorandum, NTM-A/CSTC-A and AFPEO for Mobility agreed to delay the procurement of spare parts until NTM-A/CSTC-A evaluated the long-term medium airlift strategy and G222 PMO officials determined the service life of the G222, determined the impact of DMSMS, and verified updates to the consumption and data model. NTM-A/CSTC-A and AFPEO for Mobility provided the following responses to the suggested actions identified in the memorandum:

- NTM-A/CSTC-A has not identified a long-term strategy for the AAF medium airlift requirement. NTM-A/CSTC-A officials stated that current problems with spare parts are a growing concern. They have considered the longevity of the G222 and determined that the G222 should be replaced. In addition, they will evaluate the AAF medium airlift capability in 2013. The AFPEO for Mobility stated that an Analysis of Alternatives should be conducted to determine whether the G222 should be retained or replaced.

- G222 PMO officials have determined the service life of the G222 in Afghanistan since the issuance of the memorandum. The AFPEO for Mobility stated that G222 PMO officials developed a modified assessment based on the Aircraft Service Life Report and additional responses provided by Alenia North America. G222 PMO officials stated that the current service life assessment was based on theoretical data and would be updated as they collect actual flight data. We recommend G222 PMO officials for developing a service life assessment and their plan to update this assessment with actual flight data.

- (FOUO) G222 PMO officials have not identified all G222 spare parts with DMSMS problems, which impact the G222’s ability to fly. According to G222 PMO officials, as of October 2012, about 500 spare parts potentially had DMSMS problems. The AFPEO for Mobility stated Alenia North America provided a DMSMS report.
indicating the status of DMSMS issues including the number of obsolete parts for the G222. However, the report did not provide sufficient detail to allow G222 PMO officials to analyze the overall impact of DMSMS. The G222 PMO officials stated that they would continue to work with Alenia North America and anticipated that by December 1, 2012, G222 PMO officials would have data to make informed spare parts procurement decisions.

- (FOUO) G222 PMO officials indicated that they do not have reliable spare parts consumption data for the G222 operating in Afghanistan; therefore, they can neither identify critical parts nor determine how long the aircraft can be sustained. The AFPEO for Mobility stated that of the nine aircraft authorized to fly, any number may be unable to fly each day because of awaiting a part. Alenia North America notified G222 PMO officials that the consumption data model has been updated with Afghanistan specific data. G222 PMO officials planned to review and validate the consumption data model in November 2012.

NTM-A/CSTC-A and AFPEO for Mobility’s planned actions will assist in determining the cost and availability of spare parts. Based on NTM-A/CSTC-A and AFPEO for Mobility’s comments and planned actions, we consider these to be responsive and additional comments are not required unless management would like to provide updated information.

Conclusion

NTM-A/CSTC-A and G222 PMO officials have stated that the G222 does not meet performance requirements and are considering replacing the aircraft. In addition, NTM-A/CSTC-A stated that the G222 does not meet operational requirements. From January through September 2012, the available G222 flew only 234.2 hours even though the contract required flying a total of 4,500 hours or 500 hours per month. Because of the inability of the G222 to meet operational requirements, NTM-A/CSTC-A had to use alternative aircraft to accomplish medium airlift mission needs. NTM-A/CSTC-A and G222 PMO officials must determine if using the G222 in any capacity is an affordable interim solution for the DoD and the AAF. Although G222 PMO officials have already obligated $486.1 million on two contracts for the program, officials could needlessly expend about $200 million in Afghanistan Security Forces Funds on unnecessary spare parts for an aircraft that the AAF may not use in the future.

Recommendations, Management Comments, and Our Response

Revised Recommendation

As a result of G222 PMO officials’ actions that occurred after the issuance of the draft report, we revised Recommendation 2 to further clarify the nature of the actions needed before the obligation of funds for spare parts.
1. We recommend that the Commanding General, NATO Training Mission – Afghanistan/Combined Security Transition Command – Afghanistan:

   a. Determine, in conjunction with the Assistant Secretary of the Air Force (Acquisition), whether to continue the use of the G222 to meet the Afghan Air Force medium airlift requirement.

   b. Develop a long-term strategy stating how the G222 will meet the Afghan Air Force medium airlift requirement if the decision is made to continue to use the G222.

**Commanding General, NATO Training Mission – Afghanistan/Combined Security Transition Command – Afghanistan Comments**

The Commander, NATC-A, who responded on behalf of the Commanding General, NTM-A/CSTC-A, neither agreed nor disagreed with the recommendations. However, the Commander, NATC-A, requested that the recommendations be redirected to the G222 PMO and stated that the G222 PMO in conjunction with the Secretary of the Air Force, International Affairs and Defense Security Cooperation Agency, were currently evaluating the recommendations.

**Our Response**

Comments from the Commander were not responsive. However, NATC-A provided a memorandum, signed by the AFPEO for Mobility on December 18, 2012, notifying the contractor that G222 PMO officials will not issue a new delivery order on contract number FA8553-12-D-0001 after the current delivery order expires on March 28, 2013. The memorandum stated that the aircraft and contract performance limitations have caused the U.S. Government to pursue a replacement aircraft at a more rapid pace and that per Deputy Secretary of Defense Guidance, the U.S. Air Force is now planning a C-130H program as the long-term medium airlift platform for the AAF. Based on the AFPEO for Mobility actions, our expectation is that the AAF will no longer use the G222 to meet medium airlift requirements after March 2013. According to the AFPEO for Mobility, had the G222 program continued through March 2022, as originally planned, it would have required an additional $830 million in Afghanistan Security Forces funds for sustainment costs, to include a significant amount for spare parts. The $830 million in savings would be in addition to the about $200 million previously identified in the report.

The actions taken by the AFPEO for Mobility met the intent of the recommendations. Therefore, additional comments from the Commanding General, NTM-A/CSTC-A are not required.

**Assistant Secretary of the Air Force (Acquisition) Comments**

The Senior Military Assistant, Office of the Assistant Secretary of the Air Force (Acquisition), who responded on behalf of the Assistant Secretary, agreed with the
recommendation and with the AFPEO for Mobility’s decision to not issue a new delivery order on contract number FA8553-12-D-0001 after the current delivery order expires on March 28, 2013. He also stated that the AFPEO for Mobility will take prudent actions to sustain flying operations out of Kabul and that some of these actions will require the expenditure of previously obligated funds. SAF/AQ supports the AFPEO for Mobility Directorate’s actions taken to prevent any additional procurement of G222 spare parts.

**Our Response**
The Assistant Secretary of the Air Force (Acquisition) comments were responsive and the actions met the intent of the recommendation. No further comments are required.

(FOUO) 2. We recommend that the Program Executive Officer for Air Force Mobility Programs, Air Force Life Cycle Management Center direct G222 Program Management Office officials not obligate any additional funds related to the $218 million in Afghanistan Security Forces Funds identified in the FY 2012 acquisition plan, and not expend funds previously obligated to purchase G222 spare parts until exhausting all available spare parts inventory, cannibalizing spare parts from other G222 aircraft, and when feasible, continuing the practice of using other aircraft to meet the medium airlift capability. G222 Program Management Office officials should also develop an executable disposal plan for the G222 and determine if any spare parts are needed to support the disposal plan.

**Program Executive Officer for Air Force Mobility Programs, Air Force Life Cycle Management Center Comments**
The AFPEO for Mobility did not agree with the recommendation. The AFPEO for Mobility stated that until a decision is made to halt flying operations in support of overseas contingency operations in Afghanistan, halting the expenditure of funds already obligated to sustain the existing G222 fleet would be imprudent. The AFPEO for Mobility indicated that if G222 PMO officials were to follow the recommendation, the G222 fleet would be immediately grounded due to the inability to procure necessary parts for daily missions, and halting the expenditure of funds would inhibit the U.S. Government’s commitment to NATO’s training mission in Afghanistan. However, the AFPEO for Mobility stated that the Mobility Directorate will procure only parts that will fill existing holes on the aircraft and will comply with the recommendation to the extent that G222 aircraft will not be rendered non-mission capable due to the lack of spare parts.

**Our Response**
The AFPEO for Mobility comments were not responsive. The AFPEO for Mobility indicated that obligated funds are necessary to procure essential spare parts that keep the aircraft flying. We recognize that a lack of spare parts could negatively impact the ability to meet the AAF mission in Afghanistan. However, we disagree that halting the expenditure of funds already obligated to sustain the existing G222 fleet would result in grounding the aircraft or inhibit the U.S. Government’s commitment to NATO’s training mission in Afghanistan. As identified in the report, the G222 cannot meet performance
or operational requirements, nor can the contractor provide spare parts necessary to meet these requirements. In addition, the number of aircraft able to fly on any given day varies from zero to three, and the AAF must use other aircraft to meet the medium airlift capability. In a November 20, 2012, memorandum to SAF/AQ, the AFPEO for Mobility recommended, based on NATC-A verbal guidance that a letter be issued to the contractor to immediately stop flying operations in Afghanistan. In addition, in a December 18, 2012, memorandum to the contractor, the AFPEO for Mobility stated that the current delivery order will expire on March 28, 2013, and G222 PMO officials will not extend or award a new delivery order beyond that date. The memorandum also stated that the aircraft and contract performance limitations have caused the U.S. Government to pursue a replacement aircraft at a more rapid pace and that per Deputy Secretary of Defense guidance, the U.S. Air Force is now planning a C-130H program as the long-term medium airlift platform for the AAF.

Although the Mobility Directorate plans to procure only parts that will fill existing needs on the aircraft, we are concerned that not all the spare parts needed are currently available. As a result, aircraft may still be non-mission capable despite the procurement of additional parts. The G222 PMO officials should not obligate additional funds or expend funds previously obligated for spare parts to sustain the G222. However, we revised our recommendation to require G222 PMO officials to take all reasonable steps to minimize the expenditure of previously obligated funds for spare parts. These steps should include exhausting all available spare parts inventory, cannibalizing spare parts from other G222 aircraft, and when feasible, continuing the practice of using other aircraft to meet the medium airlift capability. In addition, G222 PMO officials need to develop a plan for the disposition of the G222 aircraft and determine whether any spare parts are needed to support the disposal plan. Therefore, we request that the AFPEO for Mobility provide additional comments on this revised recommendation in response to the final report.
Appendix A. Scope and Methodology

We conducted this performance audit from May 2012 through November 2012 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 findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The audit team focused our review on spare parts procured on contract FA8504-08-C-0007 and spare parts G222 PMO officials’ plan to procure on contract FA8553-12-D-0001.

- G222 contracting officials awarded contract FA8504-08-C-0007 on September 29, 2008, for the refurbishment of 18 G222s, with an option to purchase an additional 2 aircraft and an initial delivery of spare parts. The contract was valued at about $287 million. As of October 2012, spare parts obligations for this contract total about $44.8 million.
- (FOUO) G222 contracting officials awarded follow-on contract FA8553-12-D-0001 on March 9, 2012, for contractor logistics support and spare parts. In the contract’s acquisition plan, PMO officials estimated the cost of future spare parts acquisitions at about $218 million over the next 2 years with the potential to cost an additional $72 million over the following 8 years. The majority of spare parts procurements would occur within the first 2 years. As of October 2012, spare parts obligations for this contract totaled about $15.7 million.

To accomplish the audit objective, we met with the following offices and reviewed the following data:

- We contacted officials from the following offices to understand their roles and responsibilities with regards to spare parts acquisitions for the G222:
  - Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics,
  - Office of the Under Secretary of Defense (Comptroller),
  - U.S. Central Command,
  - U.S. Air Forces Central,
  - U.S. Forces-Afghanistan,
  - NTM-A/CSTC-A,
  - Defense Contract Management Agency,
  - Office of the Under Secretary of the Air Force, International Affairs,
  - Air Force Security Assistance and Cooperation Directorate,
  - Air Force Security Assistance Training Squadron, and
  - G222 PMO
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4800 Mark Center Drive
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Acronyms
AAF Afghan Air Force
AFPEO Air Force Program Executive Officer
ANSF Afghan National Security Forces
DMSMS Diminishing Manufacturing Sources and Material Shortages
EDA Electronic Data Access
FAR Federal Acquisition Regulation
FPDS-NG Federal Procurement Data System-Next Generation
NATC-A NATO Air Training Command-Afghanistan
PMO Program Management Office
SAF/AQ Assistant Secretary of the Air Force (Acquisition)