

GAO Highlights

Highlights of [GAO-23-105808](#), a report to congressional committees

Why GAO Did This Study

NOAA's missions require complex and costly acquisitions, such as satellite systems, ships, aircraft, computer systems, and facilities. GAO has found that to produce reliable cost estimates for such acquisitions, agencies should follow best practices. GAO's *Cost Estimating and Assessment Guide* (Cost Guide) provides a consistent 12-step cost estimating methodology based on best practices.

The explanatory statement accompanying the Consolidated Appropriations Act, 2021, includes a provision for GAO to review NOAA's cost estimation procedures. This report (1) describes the key characteristics of NOAA's cost estimates for major acquisitions from fiscal years 2018 through 2022 and (2) assesses the extent to which NOAA's cost estimation procedures align with best practices in GAO's Cost Guide.

GAO reviewed acquisition data, interviewed NOAA officials to determine how they produce cost estimates, and compared the agency's procedures for developing cost estimates against the best practices described in GAO's Cost Guide.

What GAO Recommends

GAO recommends that NOAA (1) establish agency-wide policy and guidance that is aligned with best practices in GAO's Cost Guide and (2) require each office within NOAA to have documented cost estimating procedures that are fully aligned with the best practices established in its agency-wide policy and guidance. The Department of Commerce concurred with both recommendations.

View [GAO-23-105808](#). For more information, contact Cardell Johnson at (202) 512-3841 or JohnsonCD1@gao.gov.

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NOAA ACQUISITIONS

Fully Aligning Procedures with Best Practices Could Improve the Reliability of Cost Estimates

What GAO Found

According to National Oceanic and Atmospheric Administration (NOAA) officials, two offices—the National Environmental Satellite, Data, and Information Service for satellite systems and the Office of Marine and Aviation Operations for ships and aircraft—produced cost estimates for seven major acquisitions from fiscal years 2018 through 2022. The estimated costs of the acquisitions totaled \$27.4 billion. Two other offices—the National Weather Service and the Office of the Chief Administrative Officer—acquire computer systems and facilities, respectively, but did not produce cost estimates for major acquisitions during this time.

NOAA Produced Cost Estimates for Major Acquisitions, Including Satellite Systems, Ships, and Aircraft, from Fiscal Years 2018 through 2022



Source: National Oceanic and Atmospheric Administration (NOAA). | GAO-23-105808

NOAA employs a decentralized approach to cost estimating whereby each of the four offices follows different procedures. GAO found that two offices, the National Environmental Satellite, Data, and Information Service and the Office of the Chief Administrative Officer, have documented cost estimating procedures that do not fully align with the 12-step process in GAO's Cost Guide. The National Weather Service and the Office of Marine and Aviation Operations do not have documented cost estimating procedures and, instead, primarily outsource cost estimation to external partners.

NOAA officials told GAO that there is no agency-wide cost estimating policy or guidance because each office is best positioned to develop its own cost estimates based on internal knowledge and experience, and the expertise of external partners. In order to consistently develop reliable cost estimates, it is important for an agency to have defined policies and procedures to govern the process. Cost estimating best practices have been applied to cost estimating for a wide variety of unique programs across government and industry. These best practices allow flexibility for programs or offices to develop procedures that incorporate the practices in a manner that is most suitable for their specialized acquisitions. Furthermore, agency-wide policy and guidance will provide agency officials with a basis for assessing the extent to which cost estimates produced by external partners are reliable and aligned with best practices.