



U.S. OFFICE OF SPECIAL COUNSEL

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The Special Counsel

June 25, 2015

The President
The White House
Washington, D.C. 20500

Re: OSC File Nos. DI-11-3779, DI-11-3872, and DI-11-3894

Dear Mr. President:

Pursuant to 5 U.S.C. § 1213(e)(3), enclosed please find agency reports based on disclosures made by whistleblowers at the Department of the Navy (Navy), Fleet Readiness Center Southwest (FRCSW), North Island, California. The whistleblowers, John Valarinos, a recently retired Quality Assurance (QA) specialist, and Linda Guerra and Victor Juarez, also QA specialists, consented to the release of their names. The whistleblowers alleged that: (1) the Navy's Concurrent Certification (ConCert) Program at FRCSW poses a safety threat to pilots and the public. Specifically, the whistleblowers alleged that ConCert converts aircraft Production Department employees into QA roles without removing them from their Production Department chain of command, creating a conflict of interest; and, (2) employees hired to work in the ConCert Program are unqualified and untrained to conduct the level of QA that is required.

The agency's investigation found that several ConCert employees engaged in activities for which they were not properly trained, and that an employee made improper entries into a work order maintenance book. However, the report did not substantiate the whistleblowers' allegations that ConCert employees were generally unqualified for the level of work required. Further, while the agency was unable to assess whether the ConCert program affected overall safety, it did find that a required risk analysis of ConCert was not conducted prior to its introduction. As a result, the agency made a large number of recommendations for changes to the ConCert program, as well as for additional reviews and audits. I have determined that the reports meet all statutory requirements and the findings appear to be reasonable.

I. The Whistleblowers' Allegations

The whistleblowers explained that QA specialists at FRCSW are responsible for checking the quality of the work conducted by wage-grade level Production Department employees in the FRCSW Depot Level Rework Facility (Depot). In the Depot, Navy aircraft are disassembled down to their component parts. The parts are inspected to determine whether they can be refurbished or if they must be scrapped. Parts that are refurbished are subsequently used to fully reassemble the aircraft. Historically, each flight-critical component part would be inspected by a QA specialist to ensure that it was properly installed and is flight-ready. The whistleblowers contend that independent inspection by a QA specialist is essential when performing Depot-level work because each piece of equipment is flight-critical and proper installation is necessary for the aircraft to operate safely. This includes, but is not limited to, aircraft wiring, installation of bolts and cotter keys, and equipment measurements.

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The whistleblowers disclosed that in March 2010, ConCert was implemented in Avionics, followed by implementation in the Vertical Lift Program (helicopters) and the F/A-18 Program. The whistleblowers contend that ConCert compromised the QA process and overall flight safety for Depot-level aircraft work. According to the FRCSW training course on the program, ConCert was designed to provide cost savings and schedule reduction by shifting QA roles for the E-2/C-2 and F-18 aircraft to the Production Department, giving it ownership of both aircraft product rework and product verification. To achieve this, ConCert promotes Production Department employees, most of whom are at the wage grade (WG)-8 level, to the position of artisan inspector (AI), WG-11.

The whistleblowers explained that only the most highly qualified Production Department employees were originally supposed to be promoted to AI positions, typically journeyman level artisans who have completed up to four years of training. However, the whistleblowers contend that the majority of employees promoted to the AI position are not journeymen, but rather worker level artisans, and many are minimally qualified or unqualified to conduct product verifications on flight-critical components. For example, one of the promoted AIs was previously a WG-8 mechanic worker who, according to his record, never completed basic training on topics such as respiratory protection and safety. He also had no record of a certification stamp in his file. A stamp would indicate that he was trained on how to quality check individual flight components, such as hydraulics or wheels and tires. Another AI was also previously a WG-8 mechanic worker, but received only initial training for that position. The whistleblowers alleged that AIs are also certifying work outside of their trades, such as aircraft mechanic inspectors certifying machinist work, and many of the AIs performing flight-critical product verifications reflect a similar lack of training and preparedness.

Furthermore, the whistleblowers specifically noted that AIs report to their Production Department supervisors and are expected to conduct quality verifications on the work their Production Department colleagues completed. These are the same verifications that were previously conducted by QA specialists, who report to a chain of command within the Quality Assurance Department and are not critiquing the work of their own colleagues. QA specialists and AIs have the authority to shut down production work when they encounter a problem with a part. The whistleblowers contended that AIs are very reluctant to carry out such measures because shut downs and quality issues reflect poorly on their Production Department supervisors and co-workers. Furthermore, the whistleblowers alleged that this inherent conflict of interest leads to AIs signing off on work their Production Department colleagues completed without actually conducting product verification. For example, the whistleblowers alleged that on March 23, 2011, an AI certified an aircraft that had been removed to squadron custody on March 15, 2011, indicating that the certification was completed without actually conducting a hands-on, in-person verification of the aircraft.

The whistleblowers noted that pursuant to COMNAVAIRFORINST 4790.2A, para. 7.1.4.5, only QA specialists can perform Type I verifications, which are defined in para. 7.1.5.3 (a) as characteristics which would be classified as critical if found defective. Thus, the whistleblowers contend that allowing AIs to continue to perform flight-critical product verifications violates the principles of QA outlined in OMNAVAIRFORINST 4790.2A and places pilots and the public at risk.

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II. The Agency Reports

a. Qualification and Training of AIs

i. Qualification of AIs

The agency did not substantiate the allegation that FRCSW management failed to hire qualified candidates for AI positions. However, the agency acknowledged that it was unable to identify any meaningful criteria used by the Human Resources Office when evaluating AI candidates, nor could it correlate the criteria used by the Human Resources Office with that used by FRCSW rating panels to select AI personnel. The report explained that while both the Human Resources Office and the whistleblowers used “experienced” and “journeyman” as benchmark criteria for an AI position, neither could produce an objective definition of the terms.

Human Resources Service Center personnel ultimately clarified that a “journeyman” candidate is in a WG-10 artisan position, or the private sector equivalent thereof. The agency found that 85% of the AIs at FRCSW held WG-10 positions when they were accepted into the ConCert program. However, the agency did not find that the remaining 15% were not qualified solely because they previously held only a WG-8 position. The agency determined that such a finding would discount the AIs extensive military and/or private sector experience. The agency found that the general consensus was that artisans with three to four years of experience could be considered journeyman, and that all but two of the 87 AIs in the program had related prior experience of at least three years. The average experience of the AIs was 15 years.

The agency noted that the criteria for AI trainee proficiency continue to evolve, and are not based solely on an employee’s Individual Qualification Record (IQR). Thus, while the whistleblowers focused on the incompleteness of the trainees’ documentation, arguing that this showed incompetency, the agency found that the most meaningful measure of the program’s success was the number of defects discovered by the AIs. The agency gave substantial weight to the fact that AIs appear to be discovering as many defects as the QAs they replaced since at least 2007, considering this in terms of both hiring qualifications and sufficiency of training. However, the Naval Audit Service undertook a limited scope audit to assess the ConCert program’s hiring practices and determine if the appropriate qualification criteria are being met. Further, the report noted that concerns from the fleet were shared by the Naval Audit Service regarding the quality of maintenance work performed on E2/C2 aircraft returning from FRCSW. In an update, the Naval Audit Service indicated that while the selection of ConCert employees appeared to be appropriate, FRCSW did not perform sufficient oversight over the AI training program, did not maintain training records, and did not require AIs to continue their education after completing the training program.

The agency conducted specific reviews of the qualifications of AIs whom the whistleblowers identified as lacking sufficient training and experience. In one instance, an individual identified as AI-3¹, had an IQR that was blank. The QA product line specialist overseeing AI-3 indicated to investigators that he would not have selected AI-3 for the position

¹ The agency used position acronyms and identification numbers in place of names to identify individuals in its report.

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because he lacked sufficient qualifications for the position. However, management directed the product line specialist to train the AI anyway. In its review, the agency found that AI-3 was hired as a WG-8 artisan and was promoted to a WG-11 AI position one month later. However, AI-3 also stated that he had been a contractor employee at FRCSW before being hired as a federal employee, and served seven years before that in the Navy working on F/A-18s. Thus, AI-3 had a combined nine years of experience before FRCSW hired him. AI-3 did not have stamps in his IQR because contractors do not use the stamps, and contractors would not release such documentation to the agency in any case, as it is regarded as proprietary. The agency also reviewed the records of an individual identified as AI-4. The investigator discovered that AI-4 held related positions in the Navy between 1999 and 2010, including as a QA supervisor, Production supervisor, and maintenance control manager.

The investigator also reviewed the incomplete IQR for AI-5, also an F/A-18 AI. The review found that AI-5 had a total of eleven years of F/A-18 mechanic experience, and that his IQR was completed and stamped by July 2012. The IQR for AI-6 was also reviewed because it showed that he was refused an artisan stamp, which the whistleblowers alleged showed that he had no qualifications. The agency found that AI-6 was in the Navy for five years as an aviation electrician and subsequently worked as an electrician for a contractor between 2001 and 2006 and again between 2009 and 2011. AI-6 completed all of his training requirements by October 2011.

The report determined that IQRs are not used to determine whether an applicant for an AI position has all the requisite qualifications. Rather, they are used after hiring by the QA Department to determine where an individual may require more training before they are permitted to begin ConCert training. Although the QA Department reviews IQRs following hiring, QA staff acknowledge that it would be helpful to review IQRs during the hiring process as well. There are also differing opinions as to many of the components of the process. For example, individuals at FRCSW alternately asserted that AIs are selected and interviewed by QA staff, the commanding officer, or Production Department staff. Additionally, the investigating officer repeatedly asked witnesses and personnel whether FRCSW had a training program to reach journeyman level, and was told that no such program existed. However, an apprentice program does exist, which was brought to the attention of the investigating officer late into the agency's inquiry.

The agency also reviewed whether applicant resumes were being falsified to qualify individuals for AI positions. The report noted that a Production director who was interviewed stated that he was aware of at least one resume falsification that was already under investigation. In that instance, the employee could not read or write English, and there was concern that the individual may not be able to read blueprints. Another witness, a shop supervisor, stated the belief that his crew leader was responsible for producing template resumes for applicants who were previously contract employees. The report noted that witnesses confirmed that at least one employee who was hired as an AI submitted what appeared to be a template resume. The agency directed an investigation into the matter and discovered that FRCSW was also conducting its own investigation. In follow-up interviews, the agency learned that a previous FRCSW employee, Brian Delaney, was involved in the hiring of potentially unqualified AIs using template resumes. Mr. Delaney, who was a deputy program manager at the time, pled guilty to conspiracy, corruption, and other charges in a federal criminal trial regarding a cash-for-contracts scheme. As a result, the agency assigned a Naval Inspector General Hotline tracking number to the ongoing investigation into this issue. In its supplemental report, the agency stated that four individuals

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were found to have submitted falsified resumes. As a result, two of these four employees received a reduction-in-grade, one resigned, and the fourth was never hired.

Based upon the foregoing, the agency determined that the individuals entering the AI training program are substantially qualified. However, the agency did express concerns about a number of the hiring and qualification practices at FRCSW, including the submission of duplicate resumes. The report noted that although management was aware of the problem, the investigators were unable to find evidence of any corrective actions. The agency therefore opened up a separate IG investigation. The agency also observed that, while incomplete IQRs are not necessarily evidence that AIs are not qualified, they do show that FRCSW has an ongoing failure to adhere to its own documentation requirements. The report noted that the FRCSW Quality Manual requires Production and QA personnel to maintain accurate, current IQRs, and the agency expected that AI selections would include an IQR review. However, the agency found that IQR reviews were actually not permitted during the hiring process. HRSC expressed that this is because such a review would be considered improper preselection, as not all applicants have an IQR; however, the agency expressed its doubts about this determination and concern about FRCSW's failure to conduct regular IQR reviews. The report also noted concern about the low number of QAs employed by the agency and the effect this could have on their ability to complete their other important job duties, but found that FRCSW planned to hire five additional QAs in the near future. In its supplemental report, the agency indicated that as of May 2014, FRCSW was in the process of filling seven new QA positions.

ii. Training of AIs

The agency did not substantiate the allegation that AIs are not properly trained. While IQRs may not be fully completed, the agency found that this was often the case for new hires because they had not yet had an opportunity to demonstrate a particular skill for a QA specialist. The agency did not investigate the extent to which an incomplete IQR indicated a training deficiency, but rather reviewed the IQRs for individual AIs identified by the whistleblowers. The report reflects that the agency provides ConCert training both in the classroom and on the job and now includes a written examination, although there was disagreement between witnesses as to when the examination was instituted. AIs are assigned to work directly with a QA specialist trainer, and once the trainer is satisfied that an AI is proficient in a skill, the trainer stamps the AI's Job Qualification Requirements (JQR) forms. As this may take several observations to occur, stamps received on the date of a first observation may be evidence of falsification or that the trainer failed to record the tasks when they occurred. The entire training process is expected to take approximately eight weeks.

The whistleblowers provided the agency with emails between two QA specialist trainers stating that one of them felt pressured to certify three trainee AIs. That trainer told investigators he had difficulty training the AIs assigned to him because their Production manager would not allocate sufficient time to train correctly. The trainer notified his supervisors of this problem, and a meeting was held to address it. At that time, the trainer was informed that other QA specialist trainers would ensure that the AIs received training in the areas he identified as lacking. The trainer felt that he was assigned to train the AIs so that he would certify them quickly, as opposed to sufficiently.

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The report further found that the authority the whistleblowers cited to assert that only QA specialists, and not AIs, could perform Type I verifications, was misplaced. The agency noted that COMNAVAIRFORINST 4790.2A, para. 7.1.4.5, applies only to facilities performing intermediate-level work. FRCSW is a depot-level facility; thus, the restriction does not apply. However, the report noted that the Naval Aviation Maintenance Program specifies that AIs function in the same capacity as QA specialists and should be responsible to the QA officer when performing QA functions, including flight-critical product verifications. The agency was unable to find an analogous requirement in the FRCSW Quality Manual, and was unable to determine that FRCSW leadership ever intended AIs to report to the Quality Department, despite statements by leadership to the contrary.

The agency conducted a review of the circumstances surrounding the specific incidents described by the whistleblowers. For example, the agency explained that in August 2010, a QA specialist discovered a missing cotter pin on an E2 aircraft that had been verified by an AI. The AI was issued a Quality Correction Notice, received a review on proper hardware installation, and was counseled by the shop supervisor. The report noted that the AI in question has 17 years of aircraft maintenance experience and has performed over 8,000 AI verifications in his career, finding over 400 defects. Between 2007 and 2012, QA specialists identified no defects in the AI's work. While the AI's defect observation rate of 4.76% is lower than the average of 12.04% for AIs, the agency was unable to find any evidence to support the contention that the AI was not competent.

In another instance, an AI with a history of missing major defects missed an incorrectly wired switch, which is considered a major deficiency. The AI previously served 20 years in the Navy performing relevant work, and previously held AI designations in electrical and mechanical. His mechanical AI designation was revoked in March 2010 because he twice failed to discover defects of a serious nature. Between August 2011 and January 2012, the AI had a defect rate of 0.81%, significantly lower than the average of 12.04%. However, based upon its review of the AI's history, the agency was unable to find that the AI was inadequately trained or qualified for his position.

In a third incident, the whistleblowers provided investigators with photos of a wheel nut assembly for a C2 aircraft. One of the photos was labeled as incorrect and showed a loose nut and a missing safety wire, while the other photo showed a properly secured assembly. The loose nut constituted a critical defect, meaning it could result in the loss of an aircraft if left uncorrected. The report noted that the aircraft at issue went through ten inspections with six individuals, but the location of the defect was not in an area that was checked by FRCSW personnel. The defect was found during a Confidence Inspection by QA personnel just before the aircraft was sent to the flight line, as QA personnel are not limited at that point to reviewing only work performed by FRCSW. The QA specialist who found the defect notified management of the issue, and as a result, a mandatory inspection of the control wheel was added to the maintenance program books for all aircraft. The agency noted that the E-2/C-2 shop is the only one that requires a Confidence Inspection because of the amount of foreign object damage being discovered at the flight line.

Ultimately, the agency determined that AI training is not as rigorous or time-intensive as QA training because AIs perform only one of the many functions QA personnel perform. The agency found that the AI training program has developed appropriately over time and has allowed

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for flexibility in the process. The agency could not find that on-the-job training is insufficient. The agency also found that some confusion could be caused by the use of one JQR for all AIs, regardless of their individual trades. This could make it appear that an AI has not completed his or her training, or alternatively, mislead an AI into thinking he or she is authorized to inspect every trade mentioned in the JQR.

iii. Agency Recommendations

The agency made a number of recommendations as a result of its findings. According to the supplemental report, all of these recommendations have been implemented. The recommendations included:

- Include a detailed explanation of the necessary job qualifications and the specific completed training areas in job announcements and the FRCSW Quality Manual.
- Ensure that IQRs are accurate and current, as well as including IQRs in the hiring process.
- Interview AI applicants in person and ensure that a QA specialist is included in the interview process.
- Include the Quality Department more actively in the hiring process instead of the Production Department, such as writing positions descriptions, reviewing certifications, and making selections.
- Continue compliance with training requirements, and include a conflict resolution training program.
- Remove AIs at the classroom training step when an AI demonstrates inadequate verbal and written communication skills.
- Revise and expand the written test for AI qualification and ensure that it is administered individually.
- Revise the JQR to reflect individual skill sets for each trade.
- Discipline anyone found to have engaged in falsification of a JQR.
- Provider refresher AI training at least every four years.
- Determine whether QA or AI personnel will conduct the classroom and on-the-job training portions of AI training.

b. *Improper Verification by AIs*

The agency substantiated the whistleblowers' allegations that AIs falsely and improperly verified certifications. The FRCSW Quality Manual prohibits AIs from performing inspections or certifications on their own work. It requires that they determine what trade a request for inspection involves and that they perform inspections accurately and completely and only on operations they are properly trained and qualified to complete. The agency reviewed the actions taken pursuant to an Aircraft Operation Work Order dated November 3, 2010, which contained four mechanics' operations descriptions. All four of the operations were verified and stamped by a single AI, who was only certified to perform electrical AI functions, and not mechanical. During his interview, the AI in question stated that he had never stamped an area he was not certified to stamp. He was also asked if he was qualified to perform mechanical certifications, and stated that he was only certified to complete panel closure certifications. When the AI was questioned specifically about the work order, he stated that he completed the certifications

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indicated on the work order because there was no one available who was certified to do them, and his supervisor directed him to do the work. The AI noted that his supervisor, a senior QA specialist, allowed this to occur regularly if individuals were on travel, but that the practice had been stopped about 6 weeks prior to his interview. The investigator also questioned the AI's supervisor regarding this practice; however, the supervisor stated twice that he never allowed AIs to verify work outside their trade.

The report acknowledged that the AI initially lied about whether he certified work outside his trade, and noted that he had a history of disregarding FRCSW rules. Further, the investigator found the AI's supervisor to be credible, including the supervisor's sincere shock at the suggestion that he would direct an AI to certify work outside his trade. Thus, the investigator did not find the AI's account of the incident credible. The agency expressed concern about the lack of internal controls to prevent such incidents from occurring, and found that many AIs reported being asked to certify outside their trades, but refused to do so. The agency also determined that employees do not understand that AIs have the authority to inspect specific trades. The report noted that this may be because prior to ConCert, the Production Department had to request certification from a QA specialist, all of whom can certify any trade.

The agency also substantiated an incident in which an AI verified a production work order dated August 24, 2011, for machinist work. The AI who verified the work order, however, was certified only to verify sheet metal tasks. During the AI's interview, he indicated to investigators that he had never been asked to verify work outside his trade. When investigators produced the work order for the AI and asked why he had stamped it knowing he was only certified in sheet metal, he stated that he thought AIs could "do it all." He also stated that he thought the verification was acceptable because machinist and sheet metal artisans work together, and that during training AIs had to demonstrate verifying all the trades, so he thought he could verify any that were demonstrated. The report noted that the incident occurred during the AI's first week of work, and was caught by a QA specialist, who informed FRCSW management. As a result, the AI was counseled. The report speculated that the AI's language difficulties could have contributed to his misunderstanding.

The agency further substantiated an incident in which a work order was verified by an AI for an aircraft that had already returned to squadron custody. The report explained that the work order contained artisan stamps dated before March 15, 2011, the date on which the aircraft returned to the squadron. However, the work order was not stamped and dated by an AI until March 28, 2011. In his interview, the AI stated that the date discrepancy may have been the result of the work order maintenance book being reviewed and closed out after the aircraft was sent back to the squadron. He stated that the artisans and AIs went to Point Mugu, California, where the aircraft was located, to complete their work, but the work order book was returned to FRCSW instead of staying with the aircraft when the work was finished. However, interviews with a Production officer indicated that separating the book from the aircraft was inappropriate and that books are now closed at the site where the work is performed. The Production officer also noted that QA personnel investigated the incident when it happened in 2011 and found that everything was completed properly. Shortly after the incident, management began enforcing the requirement that work order maintenance books be closed before aircraft are returned to the squadrons. The agency found that the investigation the Production officer referenced by was actually conducted on a similar incident that occurred just before the incident the whistleblowers identified.

i. Agency Recommendations

The agency recommended that new processes be put in place to ensure that verifications are conducted pursuant to specifications and only on operations that AIs are qualified to perform. The agency's supplemental report indicates that QA is conducting random inspections of completed AI work, with the results reviewed weekly by the assistant ConCert program manager. In addition, the AI surveillance program was modified to address this issue, and all work order workbooks require final review and approval by a QA specialist.

The agency further recommended that classroom training be tailored to ensure that AIs are only included in topics relevant to their individual operational certifications. The agency also stated that action should be taken against the AI who verified mechanical work outside his authority, and the AI who closed the work order book after the aircraft was returned to the squadron. In its supplemental report, the agency stated that the individual who took these actions was counseled, along with other Production and QA staff. In addition, the Quality and Production officers have followed up on several occasions to ensure that the certification and verification process is being conducted appropriately.

c. *Failure to Conduct a Risk Management Analysis of ConCert*

The agency substantiated the allegation that FRCSW failed to perform an operations risk management analysis prior to the rollout of the ConCert program, as OPNAVINST 3500.39C requires. The agency stated that during its investigation, it discovered many documents asserting that AIs work for and report to the Quality Department, not the Production Department. Senior FRCSW personnel echoed this assertion during their interviews, and indicated that AIs were aware of this. The commander, Fleet Readiness Centers, and Naval Air Systems Command (NAVAIR) leadership also stated the same. However, the whistleblowers contended that this was not the case, and that a conflict of interest was inherent in the relationship between AIs and their chain of command. The Naval Audit Service informed the agency that FRCSW did not make ConCert an assessable unit in its internal controls program, leaving it vulnerable to errors, including fraud. The report noted that, when viewing the whistleblowers' allegations as a "separation of duties" problem, it would be unwise to permit artisans to perform a final inspection on their own critical work. The report noted that artisans check their own work and certify that it was performed to applicable standards. With non-critical work, the self-check is the final step in the process, unless a QA specialist views the work as part of a confidence inspection or flight line review.

The report explained that for critical-level work, artisans and AIs may not verify their own work. Rather, another AI must verify the work. However, the auditors stated that more separation is better and that it would be appropriate to ensure that the AI and artisans whose work is being inspected are not on the same crew and do not work for the same Production supervisor as the inspecting AI. Indeed, having AIs inspect work completed by divisions with whom they do not interact was identified as an even better option. However, the report acknowledged that these ideas are not built into the ConCert program.

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The agency determined that, despite statements to the contrary, there was no documentary evidence that AIs report to anyone outside the Production Department. In fact, Quality Department leadership indicated that there was never any intention of having AIs report to the Quality Department as part of the ConCert program. This was further confirmed by FRCSW Human Resources, which clarified that AIs “do not work for the QA department, they work for the production lines.” Production supervisors sign off on all hiring and personnel actions for AIs, and the Quality Department plays no role in any of these actions, including performance evaluations, although leadership insists they are in the AI chain of command. According to the report, one of the FRCSW commanding officers stated that Production is paid to “move production along,” while Quality is paid to “ensure we do it effectively.” When the commanding officer was given an opportunity to state that the Production Department is responsible for a quality product, he focused instead on monetary reward as an incentive for keeping the work moving, and went so far as to state that the Quality Department’s function was to ensure effectiveness, not quality. He noted that he gives the same explanation to new AIs upon presentation of their AI stamps. Further, the agency was unable to identify any positive reinforcement provided by the Production Department for quality AI performance.

The report noted that when an aircraft is on the production floor, the production supervisor is in charge and AIs report to him. AIs report that if they find a problem, they may or may not take the problem to a Quality Department employee. In interviews, AIs frequently stated that Production supervisors wanted them to “let things go,” or “move through inspection faster,” although none of the AIs indicated that they allowed this to happen. Most AIs stated that they wanted to keep their Production supervisors happy and reported that their supervisors were not part of the Quality Department. There was no indication that AIs believed Quality Department personnel had any input into their performance evaluations or awards.

In minutes from an E-2/C-2 Local ConCert Council meeting in 2010, it was noted that AIs expressed concern over pressure from supervisors and crew leaders to hurry their work, and that negative comments were made to AIs when discrepancies were discovered. In September 2011, an AI raised concerns to the FRCSW Total Force director about the roles of AIs and QA specialists. He offered as examples a direction he received to only write up Foreign Object Debris during inspections, that he was told not to discuss this direction or any quality issues with individuals from the Quality Department, and that he felt pressure to speed up the inspection process. As a result, Human Resources staff conducted a review of the roles and responsibilities of aircraft inspectors, and supported the AIs’ statements with the exception of pressure to work faster. Ultimately, the report found that AIs felt pressured to sign off on work they felt required more time to verify, because the Production Department prepares their performance evaluations and AIs feel they must do what it takes to keep the Production Department happy. However, AIs insisted they did not let any problems go that could compromise safety or quality.

The report further noted that Quality Department staff was at one point reduced to the point of ineffectiveness. However, as of the time of the report, four additional Quality Department staff were added to alleviate some of the pressure. In addition, the Production Department has placed pressure on QA specialists. The report provided an example that occurred in 2009 when a QA specialist refused to agree with incorrect paperwork. When the agency’s investigation team was on site and had an AI demonstrate how an inspection and verification is

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completed, one of the Production crew leaders became visibly and verbally upset that the investigation team was causing the AI to take too long to complete the verification.

The agency determined that a slide presentation was produced in 2006 to introduce ConCert to NAVAIR leadership. The presentation mentioned a “Programmatic Risk Assessment” that was conducted and showed the risks, benefits, mitigating factors, and barriers associated with the program. In 2008, the director of QA and Policy prepared an issue paper outlining the implementation of ConCert beyond the E-2/C-2 platform. The issue paper listed significant factors including the inherent risk of the program, and recommended that a method be discussed to ensure oversight and reduce risk in the program. Shortly after the issue paper, one of the FRCSW commanding officers presented a ConCert status brief to the Commanders Conference addressing the risks, benefits, and mitigation for ConCert. Then, in 2011, the FRCSW QA officer presented a brief listing similar information regarding risks and benefits, as well as lessons learned from the prior five years of the ConCert program.

Despite the above documentation, when the agency’s investigator requested documentation of an operational risk management analysis for ConCert, the FRCSW QA Department head stated that he “wished” he had one, as it would be helpful. Further, a member of the Aviation Maintenance Management Team reported to investigators that AIs are “serving two masters,” resulting in a conflict of interest.

Based upon the foregoing, the agency found unequivocally that AIs are Production Department employees, despite management’s statements to the contrary. The agency also determined that there are pressures on all employees to keep work moving in order to meet timeliness and cost objectives. The agency acknowledged that while there is no information to show that this has resulted in compromised quality, there is no information to show that quality has improved, either. The report noted that there is a natural conflict of interest between the Production and QA Departments. Further, placing an AI in a role that is responsible for both AI and artisan functions, without defining the group of artisans the AI may inspect, dilutes the separation of duties that is gained by prohibiting the AI from inspecting his or her own artisan work. According to the agency, this increases the risk that critical defects could be passed on to the customer.

In reviewing the historical presentations on ConCert, the agency observed that the risks, benefits, and mitigating factors varied little from presentation to presentation, although they span more than five years of the program. The agency found that most of the significant ideas from the documentation were not adopted. For example, although FRCSW has the capability to compile metrics for AI accuracy, investigators were not presented with evidence that baseline limits were established or that FRCSW is using metrics to track the number of times an AI’s work is found deficient. Further, the agency highlighted that it found no effort to enhance accountability or reward high quality work. Although verifications were shifted to the Production Department, there was no corresponding shift in responsibility for quality to Production Department supervisors, placing supervisors in conflict with subordinates who are also AIs.

The report also found that the decline in QA positions reflects a failure by FRCSW management to ensure that AIs have sufficient resources to mitigate risk. QA employees are scarce and unable to support AIs in a timely manner, while Production Department supervisors

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place pressure on AIs to finish their verifications quickly, causing a struggle between the two Departments. However, the agency noted that FRCSW recognized that the Quality Department was shorthanded and began hiring new employees. Overall, the agency was unable to find that any substantial risk analysis was undertaken, resulting in the potential for task degradation or mission failure due to the failure to manage risk.

i. Agency Recommendations

The agency recommended that the Quality Department be given the responsibility for hiring, firing, and evaluating AIs, and for issuing performance awards. The agency also recommended that Production supervisors be given clearer, more specific responsibility and accountability for artisan work product to reduce the risk created by moving Type I verifications to the Production Department. The agency suggested that FRCSW also establish formal processes by which AIs can obtain support assistance from the Quality Department when an AI observes that Production Department employees are not providing them with sufficient time or resources, are pressuring them to verify non-conforming work or stamp work they did not verify, or pressuring them to insert a date for a verification that did not occur on that date. Further, the agency recommended that FRCSW conduct a formal operational risk management analysis, pursuant to OPNAV 3500.39C, complete the associated assessment sheet, and create a baseline for metrics and measurable standards to analyze how well ConCert is operating. According to the agency's supplemental report, each of these recommendations has been implemented.

d. *ConCert Poses a Risk to Flight Safety*

The agency was unable to determine whether the ConCert Program places flight safety at risk. The agency's subject matter expert concluded that there was no impending risk to flight safety. The Aviation Maintenance Management Team's Aviation Maintenance Inspection, which was conducted in 2011, found the same. While the Aviation Maintenance Inspection did note that there were deficiencies in some of the AIs' IQRs and JQRs, he noted that such paperwork deficiencies were not uncommon in Quality Departments. The data provided by FRCSW showed very little change in the quantity or type of defects reported over time. While this does not tend to support the contention by FRCSW that ConCert improves quality, it does somewhat refute the contention that quality has suffered.

In addition, preliminary findings from the Naval Audit Service suggested there might be inconsistencies between the E-2/C-2 deficiency reports from FRCSW and those reported by squadrons receiving the aircraft after maintenance is performed. For example, the Naval Audit Service received seven deficiency reports made by squadrons for E-2/C-2 aircraft, while FRCSW accepted only two deficiencies in 2010. This is evidence of disagreement between the squadrons and FRCSW regarding what deficiency reports should be reviewed before drawing conclusions about the work in question.

The report noted that conclusions about safety could not be drawn solely from the existence of completed paperwork. Rather, observations of work underway and inspections while the work is being performed, as well as examinations of completed work, are necessary to draw conclusions about the quality of the work completed. However, the agency was unable to assess such observations because FRCSW did not monitor AI performance using established metrics.

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Thus, the report relied upon the outcome of the pending Naval Audit Service review to determine whether dangerous defects were escaping FRCSW without being identified. In an update, the Navy indicated that it was unable to verify if ConCert was ultimately effective because FRCSW implemented several additional quality initiatives prior to implementing ConCert. However, the Naval Audit Service did identify areas for improved communication between FRCSW and its customers regarding discrepancies, and found that overall, customer satisfaction with ConCert was low.

i. Agency Recommendations

The report stated that the Naval Inspector General added Aviation Depot Level Maintenance to its annual Opportunities and Risk Assessment Analysis, which is prepared for senior Navy leadership. The Naval Inspector General also recommended that it and/or the Naval Audit Service conduct a program review of ConCert in 2013 that extends to the F/A-18 and Vertical Lift product lines. The report also recommended that an independent third party audit of FRCSW be conducted to enable FRCSW to benefit from the perspective of the private sector and obtain industry recognition of the quality of FRCSW programs, particularly ConCert. According to the agency's supplemental report, all of these recommendations have been implemented with the exception of the independent third-party audit, which was under evaluation by the Defense Contract Management Agency at the time the report was submitted.

e. *Overall Conclusions*

The agency noted in its report that FRCSW acknowledged the initial shortcomings of ConCert during its rollout for the E-2/C-2 program. While the agency felt that FRCSW were made sincere efforts to improve the program, it noted that the application of ConCert to F/A-18 and Vertical Lift aircraft must be precise because the aircraft involved are more complex. The report stated that FRCSW needed to fix the problems found in the E-2/C-2 program before moving forward with F/A-18 and Vertical Lift. This concern is exhibited in the deficiency report analysis across all three aircraft: while F/A-18 and Vertical Lift both had a defect-free rate of over 95%, E-2/C-2's defect rate was 67%. The agency noted that this is troubling, as the E-2/C-2 process should be more mature at this stage in its lifespan.

Further, while the number of AIs increased to 87 at the time of the report, with a planned total of 140 by December 2012, the number of QA specialists reached a low of 56, despite their added workload. The agency found that this is evidence that ConCert was a mechanism to transfer inspection away from QA specialists in the hope that it would lead to a cost savings, which has not ultimately materialized. This is in contradiction to FRCSW's contention that ConCert was an attempt to build in "quality at the source," a concept borrowed from the private sector. The agency found that private sector personnel engaged in self-inspection are all trained as artisans or technicians, not just a percentage as in ConCert. This is an effort to improve the quality of the work as it is performed to limit the defects found by later inspection or verification. The agency stated its belief that the naval aviation community should move in the direction of the private sector model, but found nothing in its investigation to suggest that FRCSW planned to take such steps. Indeed, a senior FRCSW Quality Department manager acknowledged that ConCert does not improve the quality of individual artisans' work.

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The agency further stated its belief that FRCSW materially oversold ConCert in other aspects, as well. For example, historical presentations indicated that ConCert improves quality at the source, but there is no statistically significant evidence of such improvement. The projected cost savings that was presented to leadership at the outset of ConCert has not materialized, and FRCSW continues to rely on outdated statistics to inaccurately reflect the true costs of the program. Overall, the agency found a “remarkable lack of candor” in the assertions made to sell ConCert to the aviation community. No internal management controls are in place to mitigate conflicts of interest, despite suggestions to the contrary.

III. The Whistleblowers’ Comments

The whistleblowers contended that despite the initial goals of ConCert, the program has not resulted in improved processes or lower costs. Rather, the Program has degraded quality control and hurt employee morale. They note that selecting and promoting AIs above the WG-10 pay rate is not a cost savings, and that ConCert actually represents a higher cost than a good QA program. The whistleblowers further contend that the manner in which AIs are used reduces time off the aircraft and prioritizes production scheduling over quality assurance. This leads to a conflict of interest when an immediate supervisor needs to meet a shorter schedule, and an AI’s performance and overtime is dependent upon that supervisor. Further, the whistleblowers believe that ConCert hinders the work of QA specialists, who need to take additional precautions to verify the work of minimally qualified AIs being rushed by their supervisors. The whistleblowers also contend that directions from supervisors and team leads to correct products during Flight Line or Confidence Inspections without first documenting the defect negate the program’s goal of ownership of the product.

Specifically, the whistleblowers assert that the Depot Level Maintenance work performed at FRCSW is far more in-depth than Organization Level Maintenance work performed by Navy and Marine Corps aircraft operating units, despite the agency’s assertions otherwise at the outset of its report. By contrast, Organization Level Maintenance is the most basic level of maintenance. The whistleblowers contend that private sector work equivalent to Depot Level Maintenance frequently requires a Federal Aviation Administration Airframe and Powerplant certification issued only after extensive certification training. This is not required by FRCSW. The whistleblowers argued that there is little work in the fleet that would prepare an individual for Depot Level work, and that years of experience doing lower level work would not qualify an individual to perform at the Depot level. Further, the whistleblowers stated that even a journeyman-level mechanic does not have the specialized training to perform flight critical inspections, as evidenced by an incident in which an artisan installed a non-conforming bearing that was only caught later by a QA specialist. Indeed, the whistleblowers contended that not all current AIs had achieved journeyman status when they were hired to the program, and that WG-8 artisans have not achieved journeyman level and should not be hired as AIs. Further, the whistleblowers noted that, contrary to the assertions in the report, contractors must use FRCSW paperwork and have IQRs that are identical to FRCSW employees. They stated that the QA specialists use IQRs to ensure compliance and qualifications and should be available for review.

The whistleblowers also reiterated their concerns surrounding AIs’ reporting structure and the conflict of interest created by having AIs verify work by artisans who are their colleagues. The whistleblowers restated their position that Production supervisors are driven by

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schedule and product, which places pressure on AIs when they feel more time is needed to verify a product. They noted that, although QA specialists act as team leaders for AIs, there are instances in which they also directed AIs not to document discrepancies, exacerbating the potential for serious failures in the aircraft and missing opportunities to identify and correct production failures.

The whistleblowers pointed out that QA specialists must perform verifications on flight critical inspections prior to the Flight Line Checks mentioned in the agency's report. They noted that there are better opportunities to inspect work when the aircraft panels are still open, and that AIs are not qualified to do such inspections. QA staff are no longer making inspections prior to the panels being closed. In the whistleblowers' opinion, many AIs have minimal Depot Level work experience, and therefore inspection of flight critical verifications done by AIs should be performed by qualified QA specialists.

The whistleblowers took issue with several of the agency's findings, including the agency's determination that management did not hire unqualified candidates for AI positions, noting the agency acknowledged that Human Resources had no meaningful criteria by which to evaluate applicants. They asserted that prior military experience, including in the Navy, is not equivalent to Depot Level experience, because fleet aircraft are sent to the fleet fully operational and maintained. If fleet aircraft fail, military workers conduct only minor repairs. Further, while the agency's supplemental report stated that ranking criteria included a minimum of three years of experience to be highly qualified for selection into ConCert, the whistleblowers contend that the minimum has been reduced to one year due to lack of qualified candidates.

The whistleblowers contended that defect numbers are artificially inflated because management directed AIs to record more defects to make the ConCert program appear successful. Additionally, Flight Line QA specialists are finding numerous defects when aircraft arrive for inspection. Many are found during the Confidence Inspection and are not typically tracked unless they are major defects. The whistleblowers stated that this happens because QA managers direct QA specialists not to write up defects when they are found, but to fix them on the spot. If the defect is fixed quickly, nothing is recorded, but missing a defect could endanger pilots and aircraft. This also prevents data collection on which AIs are causing defects. The whistleblowers further contend that issues are being identified after delivery. For example, cotter keys are found missing upon delivery of aircraft to flight test and to squadrons. In one case, a squadron found an open plastic bag containing a transmitter marked inoperable inside an F-18 fuel tank.

According to the whistleblowers, the number and type of mandatory inspections has also been reduced by the Production Department, so AIs have fewer inspections to perform. Thus, a lack of defects found on the Flight Line is not an indicator of production success or failure with regard to defects. Rather, QA personnel now have less to record when defects are not identified, making it more difficult to predict future failures. Significantly, the whistleblowers claimed that they identified to investigators a "Secondary List" of discrepancies. This list, which was not provided to investigators, was previously maintained by a QA specialist who assisted in the rollout of ConCert, and was an effort to make it appear that the Production Department had zero discrepancies. The whistleblowers contended that this hid discrepancies and allowed true costs in time and materials to go unrecorded.

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The whistleblowers reiterated their belief that IQRs record task identifiers and skill sets that artisans are qualified to perform. They noted that numerous AIs did not have experience that was documented as qualified and some had no IQRs at all. They contended that an AI without an IQR cannot certify any tasks and should not even have a certification stamp, much less an AI stamp. IQRs identify Depot Level skill sets, while JQRs are Navy lower level maintenance documents. According to the whistleblowers, even in the fleet, JQRs do not establish that an individual is qualified to perform a task independently. Rather, it identifies that the trainee has accomplished the task under the supervision of a trainer. In fact, the whistleblowers contended that a completely signed off JQR qualifies the trainee for nothing. After the JQR is completed, the trainee is expected to become completely qualified. The JQR has no function in a Depot Level facility, and is frequently falsified. At the Depot Level, the trainee accomplishes a task several times under the supervision of a qualified artisan and continues to do so until the trainer deems the trainee qualified. On an IQR, three endorsements must be completed by the trainee, trainer, and supervisor before a trainee is deemed qualified.

With regard to the overall success of ConCert, the whistleblowers explained that Aircraft Deficiency Reports (AIDR) data are received months after aircraft are received by the squadron. According to the data reviewed by the whistleblowers, AIDRs increased for the E-2/C-2 program. However, it was too soon to assess the AIDRs for the F/A-18 product line at the time of the agency's investigation. The comments noted that the QA specialist position that is usually in charge of seeking AIDR feedback is currently vacant; thus, no one is proactively seeking the data.

The whistleblowers also stated that many AIs have difficulty with the English language, which impedes program effectiveness. Further, they contended that if an individual cannot fully comprehend maintenance manuals, he or she should not be qualified as an AI. They noted that manuals change continuously and are all written in English. The whistleblowers also took issue with the agency's characterization of ConCert as similar to Navy Collateral Duty QA representatives, particularly because individuals in that program verify work done at lower maintenance levels. The whistleblowers insisted that there is no place in Depot Level Maintenance for a Concurrent Certifier or AI.

The whistleblowers expressed disappointment that the individual found to have falsified a resume was not disciplined or removed, and they asserted that this type of falsification also occurs regularly in the F-A/18 program and others. They noted that several AIs are no longer in the program, but that one AI who failed a drug test was permitted to continue in his position and was removed from the drug testing program. The whistleblowers contended that this individual should have been removed pursuant to current security clearance requirements.

IV. The Special Counsel's Findings and Conclusions

I have reviewed the original disclosures, the agency's reports, and the whistleblowers' comments. The whistleblowers raised legitimate concerns regarding the selection and training of AIs, conflicts of interest, the questionable cost savings associated with ConCert, and the effectiveness of ConCert as a whole. It appears that the agency took these concerns seriously and implemented a significant number of recommendations to monitor the ConCert program and ensure that ConCert employees are sufficiently trained and receive effective

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oversight. For these reasons, I have determined that the findings of the agency head appear reasonable and the agency report meets all statutory requirements.

As required by 5 U.S.C. § 1213(e)(3), I have sent unredacted copies of the agency's reports and the whistleblowers' comments to the Chairs and Ranking Members of the Senate and House Committees on Armed Services. I have also filed copies of the redacted reports and whistleblowers' comments in our public file, which is now available online at www.osc.gov.²

Respectfully,



Carolyn N. Lerner

Enclosure

² The Navy provided OSC with a report containing employee names (enclosed), and a redacted report in which employees' names were removed. The Navy cited the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(6)), Privacy Act of 1974 (Privacy Act) (5 U.S.C. § 552a), and DOD policy as the bases for its redactions to the report produced in response to 5 U.S.C. § 1213, and requested that OSC post the redacted version of the report in our public file. OSC objects to the Navy's use of FOIA to remove these names because under FOIA, such withholding of information is discretionary, not mandatory, and therefore does not fit within the exceptions to disclosure under 5 U.S.C. § 1219(b), but has agreed to post the redacted version as an accommodation. OSC also objects to the Navy's reliance of the Privacy Act on the basis that the application of the Privacy Act in this manner is overly broad.