Audit Report

ACQUISITION MANAGEMENT OF THE JOINT
TOTAL ASSET VISIBILITY SYSTEM

Report No. D-2000-055 December 14, 1999

Office of the Inspector General
Department of Defense

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Acronyms

ASD(C3I)	Assistant Secretary of Defense (Command, Control, Communications, and Intelligence)
JTAV	Joint Total Asset Visibility

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884

December 14, 1999

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (COMMAND, CONTROL, COMMUNICATIONS, AND INTELLIGENCE)
DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT: Audit Report on Acquisition Management of the Joint Total Asset Visibility System (Report No. D-2000-055)

We are providing this report for your information and use. We considered management comments on a draft of this report in preparing the final report. Comments on a draft of this report conformed to the requirements of Directive 7650.3, and left no unresolved issues; therefore, additional comments are not required.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Charles M. Santoni at (703) 604-9051 (DSN 664-9051) (csantoni@dodig.osd.mil) or Mr. David M. Wyte at (703) 604-9027 (DSN 664-9027) (dwyte@dodig.osd.mil). See Appendix B for the report distribution. Audit team members are listed inside the back cover.

Robert J. Lieberman
Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. D-2000-055 **December 14, 1999**
(Project No. 8AL-0028.01)

Acquisition Management of the Joint Total Asset Visibility System

Executive Summary

Introduction. This report is the second in a series that evaluates the acquisition management of automated information systems. The Joint Total Asset Visibility automated information system is designed to provide timely and accurate logistics information on the location, movement, status, and identity of units, personnel, equipment, and supplies. The Joint Total Asset Visibility system is being acquired in two phases. Phase one is the Joint Total Asset Visibility In-Theater system that provides unified commanders with asset visibility for their commands. Phase two is the Joint Total Asset Visibility Global automated information system for the Joint Vision 2010 warfighting strategy. The Joint Total Asset Visibility program is a Special Interest Major Information Technology Initiative, which received operations and maintenance funding of $79 million through FY 1999.

Objectives. The overall objective was to evaluate the acquisition management structure of the Joint Total Asset Visibility System. In addition, we evaluated the management control program as it related to the objective.

Results. The Joint Total Asset Visibility Office did not establish sufficient management controls and appropriate oversight was not provided for the acquisition of the Joint Total Asset Visibility In-Theater and Global automated information systems. As a result, acquisition cost, schedule, and performance baselines were not established; variances were not computed to measure results, assess controls, and oversee acquisitions; and budget submissions were not verified and validated. See the Finding section for details of the audit results and Appendix A for details on the Joint Total Asset Visibility system management control program.

Summary of Recommendations. We recommend that the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) charter an overarching integrated product team to restore discipline to the Joint Total Asset Visibility System acquisitions. We recommend that the Director, Defense Logistics Agency, as Executive Agent, actively engage the agency Chief Information Officer in the preparation of acquisition documents that will translate into management solutions with defined cost, schedule, and performance baselines to measure program effectiveness, project results, and justify resources for budget submissions.

Management Comments. The Offices of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence), and the Deputy Director, Defense Logistics Agency, concurred with the report finding and recommendations. A discussion of management comments is in the Finding section of the report, and the complete text of the management comments is in the Management Comments section.

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Background

This report is the second in a series that evaluates the acquisition management structures of automated information systems. The Joint Total Asset Visibility (JTAV) System is an automated information system designed to provide timely and accurate logistics information on the location, movement, status, and identity of units, personnel, equipment, and supplies. The JTAV System does not process and create data for business solution results; it extracts common logistics data from Military Department and Military Component information systems and formats the extractions in standard reports for review and additional processing. The JTAV System is being acquired in two phases. Phase one was an In-Theater system for the unified commands, and phase two will be a Global system for worldwide users.

JTAV In-Theater System. The JTAV In-Theater system was developed to provide unified commanders with asset visibility for units within their commands. Users access common command databases that provide them with opportunities to reassign or redirect theater assets. Depending on data criticality, information stored on the databases is periodically refreshed through system interfaces. The JTAV In-Theater system has been deployed to six unified commands.

JTAV Global System. The JTAV Global system is being developed to provide worldwide logistics visibility to authorized users; it will be the logistics information link for the Global Combat Support System to support the Focused Logistics concept[1] and the Joint Vision 2010 warfighting strategy[2]. Through the Internet, users will be able to directly access data from a variety of Military Department and Component system databases, including the JTAV In-Theater databases serving unified commands. By gathering asset information on all types of supplies and equipment as well as personnel locations and identities, the JTAV Global system could be used to reduce inventory costs and logistics cycles through the redistribution of assets. As of July 1999, beta testing of the JTAV Global system was successfully completed, and the release of Version 1.0 was pending final approval by the Chief Information Officer, Defense Logistics Agency.

The JTAV In-Theater system began as an advanced prototype effort in April 1995. In January 1996, the JTAV System was designated an Acquisition Category IAM major automated information system. In January 1997, the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) changed the JTAV In-Theater system designation from an acquisition category IAM major automated information system to a special interest major information technology initiative.

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[1] Focused Logistics is a concept that depends on the shared data capabilities of the Global Combat Support System to integrate maintenance, design and engineering, materiel management, finance, transportation, acquisition, and personnel capabilities into a global logistics support system.

[2] Joint Vision 2010 is the joint warfighting strategy for the early 21st century that provides common direction to the Military departments with Focused Logistics as one of its key elements.

Operation and maintenance appropriations fund JTAV System acquisitions. Through FY 1998, $52 million was obligated for the JTAV In-Theater system and $11 million was obligated for the JTAV Global system. Through FY 1999, $79 million had been appropriated for the systems with an additional $135 million programmed for FYs 2000 through 2005.

The Deputy Under Secretary of Defense (Logistics) is the functional sponsor for the JTAV In-Theater and Global systems. The Director, Defense Logistics Agency, supported by the agency Chief Information Officer, is the executive agent for JTAV system acquisitions. The Director, Defense Logistics Agency, assumed executive agency responsibility from the Department of the Army in June 1998. The Director, JTAV Office, is responsible for acquiring and deploying the systems.

Objectives

The overall objective was to evaluate the acquisition management structure of the JTAV System. We selected the JTAV System because it was moved from Acquisition Category IAM Major Automated Information System to Special Interest Major Information Technology Initiative and its logistics link to the Global Combat Support System. In addition, we evaluated the management control program related to the objective. See Appendix A for a discussion of the audit scope and methodology, a summary of prior coverage, and the management control program review.

Acquisition Management Controls

Sufficient management controls and appropriate oversight were not provided for the acquisition of the JTAV In-Theater and global automated information systems. This condition occurred because the change in acquisition categories reduced program discipline and visibility. As a result:

- acquisition cost, schedule, and performance baselines were not established;
- variances were not determined and indices were not computed to measure results, assess controls, and oversee acquisitions; and
- budget submissions were not verified and validated to identify and compare requested funds to total system solutions.

Mandatory Guidance

Office of Management and Budget Circular A-123. Office of Management and Budget Circular A-123, June 21, 1995, defines management controls as the organization, policies, and procedures used to reasonably ensure that programs achieve their intended results; resources are consistent with the agency mission; programs are protected from waste, fraud, and mismanagement; laws and regulations are followed; and reliable and timely information is obtained, maintained, reported and used for decisionmaking. For systems acquisitions, DoD implements management accountability and control guidance with directives, regulations, and reports.

DoD Directive 5000.1. DoD Directive 5000.1, "Defense Acquisition," March 15, 1996, establishes a disciplined, yet flexible, management approach for acquiring quality products. The Directive defines an automated information system as a combination of computer hardware and software, data, and telecommunications that performs functions such as collecting, processing, transmitting, and displaying information. Further, the Directive emphasizes that rigorous internal management control systems are integral elements of effective and accountable program management and that material management control weaknesses are identified through deviations from approved system acquisition program baselines.

DoD Directive 8000.1. DoD Directive 8000.1, "Defense Information Management (IM) Program," October 27, 1992, establishes policy and assigns responsibilities for the implementation, execution, and oversight of the Defense Information Management Program. The Directive requires a disciplined life-cycle approach to manage information systems to effectively execute DoD missions.

DoD Regulation 5000.2-R. DoD Regulation 5000.2-R, "Mandatory Procedures for Major Defense Acquisition Programs (MDAPS) and Major Automated Information Systems (MAIS) Acquisition Programs," March 15, 1996, requires every system acquisition program to establish cost, schedule, and performance objectives and thresholds at system acquisition program initiation. The Regulation also requires that program managers use a management process to translate operational needs and requirements into a system solution that includes design, manufacturing, test and evaluation, and support processes and products.

Program Submissions

Exhibits for Budget Estimate Submissions. Budget estimate submissions for major automated information technology programs require cost, schedule, and performance baselines to be provided in specific sections of the Capital Investment Exhibit. Exhibit information should be consistent with results derived from management processes, which translate operational needs and requirements into system solutions.

Quarterly Reports. Program managers prepare quarterly reports on major automated information systems to provide the status of system acquisition programs and to identify issues that effect program progress. Quarterly reports provide decisionmakers with a realistic appraisal of a system acquisition program.

Acquisition Oversight

The Deputy Under Secretary of Defense (Logistics) and the JTAV Office did not consider the JTAV In-Theater and Global systems to be automated information system acquisitions because the data extracted by the JTAV System required additional processing to provide meaningful information. In disagreeing with this conclusion, the Office of Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) [ASD (C3I)] attempted to insert a disciplined management approach to JTAV System acquisitions. From August 1995 through January 1997, in a series of memorandums and meetings with the Deputy Under Secretary of Defense (Logistics), the Deputy Chief of Staff for Logistics, Department of the Army, and the JTAV Office, the ASD (C3I) stressed the need for JTAV acquisition program definition and oversight; however, the Deputy Under Secretary of Defense (Logistics) and the JTAV Office maintained that the JTAV acquisitions were not automated information systems and did not have to comply with statutory requirements, such as approved program baselines, deviation reporting, and a workforce that was fully proficient in the acquisition process.

In January 1997, the ASD (C3I) eliminated the requirement for the JTAV Office to comply with major automated information system acquisition procedures and controls. The Office of the ASD (C3I) changed the JTAV System acquisition category from a IAM major automated information system to a special interest major information technology initiative. Except for preparing budget estimate submissions for the Capital Investment Exhibits and Major Automated Information Systems Quarterly Reports, the JTAV Office was relieved of most of the mandatory procedures for major automated information systems acquisitions required by DoD Regulation 5000.2-R. In addition, the Office of the ASD (C3I)

limited its oversight participation to quarterly information briefings. Those briefings required the JTAV Office to report on accomplishments, projected program performance benefits, costs and program status, management controls, and technical challenges. Measurable progress to directed acquisition cost, schedule, and performance goals was not required. Further, the Army and the Defense Logistics Agency, as Executive Agents, provided minimal oversight for the JTAV acquisitions. As a result, the JTAV Office made unilateral acquisition decisions affecting systems development, deployment, and support.

Acquisition Management

The JTAV Office did not provide information that verifies and validates the efficiency and effectiveness of JTAV In-Theater and Global system acquisition management. Also, baselines did not exist to determine whether system acquisition accomplishments were less than, equal to, or more than the desired thresholds and objectives.

Management Processes. The JTAV Office did not apply management processes to translate operational needs and requirements into system solutions for JTAV acquisitions. The JTAV Office sized the system acquisitions to the annual operation-and-maintenance-funded resource by the Military Departments rather than breaking the requirements down into definable units of work for estimating project costs and schedules and determining milestones. As a result, program progress was unknown because baselines did not exist to measure cost, schedule, and performance differences, and to compute schedule and cost indices for program result projections. Further, budget submissions could not be verified and validated because, without baselines, resource justifications could not be traced to processes that identify and compare requested funds to total system solutions.

Planning for the Global system. In April 1997, the JTAV Office tasked a contractor to identify and describe the system interfaces that would address specific asset visibility information for the JTAV Global system. The contractor identified 94 information systems from which the JTAV Global system could extract source data. Further, although the JTAV Office, in conjunction with the contractor, prioritized the interfaces in 12-month increments beginning on October 31, 1997, the JTAV Office did not follow through with the incremental plan. When the JTAV Global system is deployed, release 1.0 will have only 4 of the 94 information system interfaces suggested by the contractor. Further, where interfaces had been accomplished, data were not always timely because the JTAV Global system extracts information from systems that consolidate data, such as the JTAV In-Theater system, rather than from systems that originate data.

Continuity and Uniformity. Because costs for JTAV System acquisitions had never been estimated over their life cycles, deployed systems were at risk of not being maintained after they were installed. Total Package Fielding Plans for the JTAV In-Theater system require each unified command to assume operation and support of the system 2 years after it is deployed. However, only one unified command agreed with the plan. The remaining commands believed that the JTAV In-Theater system should be funded from a single resource for uniform system functionality, because functionality varies among commands, and the JTAV Global system will require uniformity.

Program Reporting

Because the JTAV In-Theater and Global systems were not structured programs in accordance with DoD Directive 5000.1 and DoD Regulation 5000.2-R, the JTAV Office did not have sufficient cost, schedule, and performance information to complete the Capital Investment Exhibit of the FY 2000 budget estimate submission. Sections of the report were not completed, and information in other sections could not be verified or validated. In addition, the JTAV Office conclusions on the status of system acquisitions in the Major Automated Information System Quarterly Reports could not be substantiated.

FY 2000 Exhibits for the Budget Estimate Submission. The JTAV Office did not complete sections requesting life-cycle costs, cost-benefit analysis, analysis of alternatives, and estimates of risks for the Capital Investment Exhibit of the FY 2000 budget estimate submission. In the section that requested cost schedule and performance goals for system acquisitions, the JTAV Office provided its fiscal year budget determinations. In the section that requested information about program management, the JTAV Office stated that it used earned value measurement techniques. In addition, the JTAV Office stated that its performance goals were on track. However, to apply Earned Value techniques, the JTAV Office must establish cost and schedule program goals to enable evaluation of program results. The program goals are identified as objectives and thresholds that document the acquisition program baseline. Without baselines for measuring cost, schedule, and performance differences, objectives and thresholds could not be computed to measure program management effectiveness or to determine whether program results had met performance goals.

Quarterly Status Reports. Quarterly reports prepared by the JTAV Office had consistently rated every major programmatic area as satisfactory since the first quarter of FY 1998. The programmatic areas rated were program cost, approved funding, schedule, requirements, technical risks, contracts, staffing, test and evaluation, and training. When asked for documentation that justified these ratings, the JTAV Office stated that the ratings were subjective determinations. Acquisition documentation to verify and validate the Quarterly Report conclusions did not exist.

Conclusion

The JTAV Office did not apply a disciplined management approach to the acquisition of the JTAV System. Baselines for planning work and defining and measuring acquisition cost, schedule, and performance deviations were not established to determine whether program results were less than, equal to, or more than the required thresholds and objectives. As the logistics link for the Global Combat Support System, acquisition program baselines, derived from management processes that translate operational needs and requirements into system solutions need to be established to measure program results and justify budget submissions. Because a decision had not been made as to who would assume JTAV System program management responsibilities after FY 2000, the Director, Defense Logistics Agency, should actively engage the agency Chief Information Officer in JTAV System acquisitions. At a minimum, documentation

should be prepared that defines and analyzes system requirements; establishes life-cycle affordability; identifies, assesses, and mitigates risks; and measures the functional effectiveness of developed products.

Recommendations and Management Comments

1. We recommend that the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) restore acquisition discipline to Joint Total Asset Visibility System acquisitions by chartering an integrated product team to:

a. Oversee and direct the development, deployment, and support of the Joint Total Asset Visibility In-Theater and Global system acquisitions;

b. Define milestone events and measure progress in accordance with DoD Directive 5000.1, "Defense Acquisition" and DoD Regulation 5000.2-R, "Mandatory Procedures for Major Defense Acquisition Programs (MDAPS) and Major Automated Information Systems (MAIS) Acquisition Programs."

Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) Comments. The Office of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) concurred and stated that an integrated product team had been chartered to restore discipline to the Joint Total Asset Visibility system acquisitions. The integrated product team held their first meeting on November 15, 1999. The complete text of management comments is in the Management Comments section.

2. We recommend that the Director, Defense Logistics Agency, as executive agent, actively engage the agency Chief Information Officer in preparing acquisition documentation that translates into engineered management solutions with defined cost, schedule, and performance baselines to measure program effectiveness, project results, and justify resources for budget submissions.

Defense Logistics Agency Comments. The Deputy Director, Defense Logistics Agency, concurred and stated that the Chief Information Officer, Defense Logistics Agency, and the Joint Total Asset Visibility Office were engaged in identifying and developing the required program documentation. Further, an economic analysis and a performance-based management system with baselines to measure cost, schedule, and performance effectiveness and results were being developed. Although the Defense Logistics Agency agreed that sufficient management controls were not provided for the Joint Total Asset Visibility System, it did not agree that the deficiencies constituted an internal management control weakness that was attributable to the Defense Logistics Agency. However, when completed and implemented, the actions being taken by the Defense Logistics Agency and the Joint Total Asset Visibility Office should correct the management control weaknesses cited in the report. The complete text of management comments is in the Management Comments section.

Appendix A. Audit Process

Scope and Methodology

Work Performed. We conducted the program audit from October 1998 through August 1999 and reviewed documentation dated from August 1995 through March 1999. To accomplish the audit objective, we:

- reviewed available JTAV program documents, covering program requirements, program definition, program assessments and decision reviews, and periodic reporting,
- reviewed the FY 1994 through FY 2000 budget-obligation reports, and
- interviewed officials and obtained documentation from the offices of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence); the Deputy Under Secretary of Defense (Logistics); the Systems Integration Division, Director for Logistics (J4), Joint Staff; the Chief Information Officer, Defense Logistics Agency; the Program Manager, Global Combat Support System, Defense Information Systems Agency; and the Director, JTAV.

JTAV Selection Process. We selected the JTAV, the second system to be reviewed, based on its redesignation from Acquisition Category IAM Major Automated Information System to a Special Interest Major Information Technology Initiative and its asset visibility link to the Global Combat Support System.

Audit Standards. We conducted this program audit in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD. Accordingly, we included such tests of management controls considered necessary.

Use of Computer-Processed Data and Technical Experts. We did not rely on computer-processed data or technical experts to perform the audit.

Contacts During the Audit. We visited or contacted individuals and organizations within DoD. Further details are available upon request.

DoD-Wide Corporate-Level Government Performance and Results Act Goals. In response to the Government Performance Results Act, the Department of Defense has established 2 DoD-wide goals and 7 subordinate performance goals. This report pertains to achievement of the following goal (and subordinate performance goal):

Goal 2: Prepare now for an uncertain future by pursuing a focused modernization effort that maintains U.S. qualitative superiority in key warfighting capabilities. Transform the force by exploiting the Revolution in Military Affairs, and reengineer the Department to achieve a 21st century infrastructure. **Subordinate Performance Goal 2.4:** Meet combat forces' needs smarter and faster, with products and services that work better and cost less, by improving efficiency of the DoD acquisition process. (00-DoD-2.4)

DoD Functional Area Reform Goals. Most major DoD functional areas have also established performance improvement reform objectives and goals. This report pertains to achievement of the following functional area objectives and goals.

Information Technology Management Functional Area.

- **Objective.** Provide services that satisfy customer information needs. **Goal.** Improve information technology management tools. **(ITM-2.4)**
- **Objective.** Reform information technology management processes to increase efficiency and mission contribution. **Goal.** Institutionalize provisions of the Information Technology Management Reform Act of 1996. **(ITM-3.1)**
- **Objective.** Reform information technology management processes to increase efficiency and mission contribution. **Goal.** Institute fundamental information technology management reforms. **(ITM- 3.2)**

Logistics Management Functional Area.

- **Objective.** Reduce logistics cycle times. **Goal.** Implement Total Asset Visibility to permit the gathering of information from DoD systems on all classes of supply (including ammunition and principal end items) as well as units, personnel and medical patients. **(LOG-1.2)**
- **Objective.** Develop a seamless logistics system. **Goal.** Field modernized integrated logistics business systems (supporting the longer range evolution to integrate interoperable logistics business systems). **(LOG-2.1)**

General Accounting Office High-Risk Area. The General Accounting Office has identified several high-risk areas in the DoD. This report provides coverage of the Defense Information Management and Technology high-risk area.

Management Control Program

DoD Directive 5010.38, "Management Control (MC) Program," August 26, 1996, requires DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and to evaluate the adequacy of the controls.

Scope of Review of the Management Control Program. The Under Secretary of Defense for Acquisition and Technology integrated DoD Directive 5010.38 requirements into the March 15, 1996, revision to DoD Directive 5000.1, "Defense Acquisition" and DoD Regulation 5000.2-R, "Mandatory Procedures for Major Defense Acquisition Programs (MDAPS) and Major Automated Information System (MAIS) Acquisition Programs." Acquisition managers should use program cost, schedule, and performance baselines as control objectives to implement DoD Directive 5010.38 requirements. Also, managers should identify material weaknesses through deviations from approved acquisition program baselines and exit criteria. Accordingly, we reviewed the adequacy of management controls related to the acquisition of the JTAV In-Theater and Global systems. We also reviewed management's self-evaluation of management controls applicable to the acquisition of the JTAV automated information systems.

Adequacy of the Management Control Program. We identified material management control weaknesses, as defined by DoD Directive 5010.38, in that the JTAV Office did not develop cost, schedule, and performance baselines to determine whether JTAV system acquisitions were achieving less than, equal to, or more than, the desired results. Specifically, the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) allowed the $214 million program to proceed with minimal oversight and direction and without program baselines as control objectives to measure efficiency and effectiveness and to project program results. If implemented, the recommendations will correct the identified weaknesses. We will provide a copy of this report to the senior official responsible for management controls in the Office of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) and the Office of the Deputy Under Secretary of Defense (Logistics). We will also provide a copy of this report to the senior official responsible for management controls in the Defense Logistics Agency because Recommendation 2. requests the Director, Defense Logistics Agency, to assume executive agency program management oversight responsibility for JTAV System acquisitions.

Adequacy of Management's Self-Evaluation. The Defense Logistics Agency, as the Executive Agent for the JTAV Program, identified the JTAV Office as an assessable unit. However, the Defense Logistics Agency did not perform a self-evaluation to identify any material management control weakness.

Prior Coverage

During the last 5 years, the Inspector General, DoD issued the following reports on JTAV that identified management control vulnerabilities in the areas of test and evaluation, risk management, documentation, use of qualified government personnel, life-cycle management, timeliness of reports, and coordination with decision makers:

- Inspector General, DoD Report No. 00-009, "Information Assurance for the Joint Total Asset Visibility System at the U.S. Pacific Command," October 14, 1999, and
- Inspector General, DoD Report No. 00-005, "Information Assurance for the Joint Total Asset Visibility System," October 8, 1999.

Appendix B. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition, Technology, and Logistics
  Director, Defense Logistics Studies Information Exchange
  Deputy Under Secretary of Defense (Logistics)
Under Secretary of Defense (Comptroller)
  Deputy Chief Financial Officer
  Deputy Comptroller (Program/Budget)
Assistant Secretary of Defense (Command, Control, Communications and Intelligence)
  Deputy Assistant Secretary of Defense (Deputy Chief Information Officer and Year 2000)

Department of the Army

Auditor General, Department of the Army

Department of the Navy

Naval Inspector General
Auditor General, Department of the Navy
Department of the Navy, Superintendent, Naval Postgraduate School

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force

Defense Organizations

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Director, Defense Logistics Agency
Director, National Security Agency
  Inspector General, National Security Agency
Inspector General, Defense Intelligence Agency

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General Accounting Office
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Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Reform
House Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform
House Subcommittee on Government Management, Information, and Technology, Committee on Government Reform
House Subcommittee on Technology, Committee on Science

Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) Comments

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
6000 DEFENSE PENTAGON
WASHINGTON, DC 20301-6000

November 17, 1999

COMMAND, CONTROL, COMMUNICATIONS, AND INTELLIGENCE

MEMORANDUM FOR DIRECTOR, ACQUISITION MANAGEMENT
DOD INSPECTOR GENERAL DIRECTORATE

SUBJECT: Audit Report on Acquisition Management of the Joint Total Asset Visibility System (JTAV) (Project No. 8AL-0028.01)

My office has reviewed the subject audit report and concurs with it as written.

Pursuant to your recommendation that the ASD (C3I) charter an overarching integrated product team to restore discipline to the JTAV System acquisitions, a JTAV Integrated Product Team (IPT), co-chaired by Mr. Les Bloom from my office and the JTAV Director has been established (see attachment). The IPT held its initial meeting on November 15, 1999 and has tentatively scheduled its second meeting for December 16, 1999.

If you have any questions on the above, please direct them to my action officer, Mr. Les Bloom, at (703) 604-1563.

Paul Brubaker
for Marvin Langston
Deputy Assistant Secretary of Defense
Deputy CIO and Year 2000

Attachment

DLA/DDAV Ltr, dated 3 Nov 99
Subj: JTAV IPT Initial Meeting

DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FORT BELVOIR, VIRGINIA 22060-6221

IN REPLY REFER TO DDAV

NOV 03 1999

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Joint Total Asset Visibility (JTAV) Integrated Product Team (IPT) Initial Meeting

In partnership with OASD C3I, and in response to the recently released DODIG draft report on acquisition management of the Joint Total Asset Visibility (JTAV) program, the JTAV Office will be hosting the first IPT. This initial meeting will be held on 15 Nov 99 from 0830-1130 in the JTAV Office conference room, at 6301 Little River Turnpike, Suite 210, Alexandria, VA 22312.

Mr. Les Bloom, C3I, and I will be co-chairing this initial IPT. We have already had two meetings to work out a plan to get things moving. In this regard, Les and I will be providing additional information to you before the 15 Nov meeting, to include providing a more formal invitation to the IPT.

I realize how busy you are, but Les and I wanted to get this initial session scheduled before Thanksgiving so that we can get the process started and our agenda set for the coming months. Although we will elaborate at the meeting about what we would like the IPT to accomplish, we would certainly like to use the IPT forum to bring a more disciplined approach to the JTAV acquisition and oversight processes. Now that we have a more mature and robust JTAV capability fielded to the CINCs, it is very important that we clearly lay out the acquisition process in detail so that we not only optimize the limited resources we have to meet warfighter requirements, but that we do so in a fully integrated and synchronized fashion with the rest of the joint community. This will require your participation and partnership at every phase. Working together as a team, I believe we can find ways to substantially improve our responsiveness to real-world requirements, while better integrating what we do with other important programs and initiatives in DoD.

Because JTAV may not be completely understood by some of the IPT attendees, we plan to use most of the first meeting bringing IPT members up to date. After introductions and some opening remarks by Les Bloom, I will provide a brief rundown on the history of JTAV; how and why we got started; where we have been; where we are now; and where the program is headed. I'll talk a bit about our relationship with Focused Logistics, GCSS, GTN and other important programs and applications, as well as how we have been, and are now working with the CINCs (including TRANSCOM), the Services, and Agencies like DISA and DLA, our current Executive Agent. I'll also briefly discuss a few issues that the IPT may need to address in the months ahead and, propose a few goals for our consideration. Finally, before we get too deeply involved in discussing JTAV's acquisition strategy and process for future consideration and

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action, I'll have my staff provide an online demonstration of the present JTAV capability. This will give all IPT members a much better and more informed understanding of JTAV and how we want to approach the work of the IPT. Col Dan Labin is my POC for this IPT. Upon receipt of this memorandum, please provide him with the name(s) of persons attending from your organization so that he can pass on additional information without delay. His e-mail is: labindl@acq.osd.mil and his phone number is: (703) 428-1081 x203. I look forward to working with you in the weeks and months ahead. Please let me know if there are any topics or issues that you would like me to include on the agenda for the first JTAV IPT meeting.

Nancy B. Johnson

NANCY B. JOHNSON
Director
JTAV Office

Distribution:
DEPUTY ASSISTANT SECRETARY OF DEFENSE (C3), OASD (C3I)
PRINCIPAL ASSISTANT DUSD FOR LOGISTICS (LOGISTICS SYSTEMS MODERNIZATION)
DIRECTOR, PROGRAM ANALYSIS AND EVALUATION (STRATEGIC AND SPACE PROGRAMS)
DEPUTY DIRECTOR, STRATEGIC SYSTEMS (DOT&E)
DEPUTY TO THE DUSD (FINANCIAL MANAGEMENT) (OUSD COMPTROLLER)
DIRECTOR, DLA (DD, CIO, FO)
DIRECTOR, DISA (D6, D7)
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Defense Logistics Agency Comments

DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FT. BELVOIR, VIRGINIA 22060-6221

IN REPLY REFER TO **DD**

NOV 30 1999

MEMORANDUM FOR ASSISTANT INSPECTOR FOR AUDITING, DEPARTMENT OF DEFENSE

SUBJECT: DoD IG Audit, Acquisition Management of the Joint Total Asset Visibility (JTAV) System (Project No. 8AL-0028.01)

FINDING: Acquisition management controls, Sufficient management controls, and appropriate oversight were not provided for the acquisition of the JTAV in-theater and global automated information systems. This condition occurred because the change in acquisition categories reduced program discipline and visibility. As a result:

- **acquisition cost, schedule, and performance baselines were not established;**
- **variances were not determined and indices were not computed to measure results, assess controls, and oversee acquisitions; and**
- **budget submissions were not verified and validated to identify and compare requested funds to total system solutions.**

DLA COMMENTS:

The DoD IG finding on acquisition management controls contains several distinct issues. The Defense Logistics Agency (DLA) has dissected these issues and provided detailed comments on each. The DLA responses are summarized as follows:

DLA **concurs** that sufficient management controls were not provided for the JTAV Program. JTAV began in 1995 as a DoD-directed rapid prototype initiative to support operations in EUCOM, focusing on real-world operations in Bosnia. At the direction of the Deputy Under Secretary of Defense for Logistics, the capability was developed and fielded in a matter of months, proving that a tailored JTAV in-theater capability was not only possible but would actually enhance mission and operational planning and execution in Bosnia and other joint operations in EUCOM. Recognizing that JTAV did not meet the criteria for a Major Automated Information System (MAIS)or an Acquisition Category (ACAT) IA program, the Assistant Secretary of Defense for Command, Control, and Communications, ASD(C3I) issued a memo changing JTAV's designation from ACAT IAM to Special Interest Major Information Technology Initiative in January 1997. That memo also established reporting and oversight requirements as allowed under the tailoring concept of DoD 5000.2-R. These controls were deemed adequate by the ASD(C3I) and the Executive Agent, The Department of the Army (DA). ASD(C3I) has since convened an Overarching Integrated Product Team (OIPT) to bring a more structured approach to program development. DLA as the current Executive Agent, is conducting oversight pursuant to the MAIS requirements of DoD 5000.2-R, the Clinger-

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Cohen Act, and Government Performance and Results Act.

DLA **concurs** that the change in program status reduced program discipline and visibility. JTAV was conceived, developed, and quickly fielded as a means to determine if joint asset visibility was achievable as a rapid prototype to support the warfighting Commander in Chiefs. JTAV was not structured to be a formal milestone-driven acquisition program by original DoD design and intent. Throughout the program, JTAV enjoyed a high level of visibility and maintained program discipline, adhering to all guidance provided by DoD (ASD C3I memo). However, DLA recognizes that JTAV requires a formally structured DoD acquisition program approach and is currently working with the JTAV office to achieve this end.

DLA **concurs** that acquisition cost, schedule, and performance baselines were not completely established, variances were not determined, and indices were not computed to measure results, access controls, and oversee acquisitions. Broad cost, schedule, and performance measures were established for JTAV, although not in a traditional acquisition program format and not completely integrated and synchronized with component TAV programs and projects. Formal Life Cycle Management (LCM) documentation including an acquisition program baseline (APB) and economic analysis (EA) were never completed for JTAV.

However, when the Defense Logistics Agency became the Executive Agent in June 1998, the Chief Information Officer (CIO) recognized certain acquisition management improvements could be made. A CIO memo to the JTAV program manager dated July 1, 1999, directed JTAV to complete an acquisition program baseline and an economic analysis/business case analysis in order to baseline the cost, schedule, and performance metrics of the JTAV program. To date, these items are still in process. However an operational requirements document (ORD), replacing the July 1997 functional requirements document, has recently been submitted (October 1999) to the Joint Requirements Oversight Council (JROC) for validation.

In addition, the CIO has implemented a standard program review format to be used for formal program review reporting. This standard format includes, among other requirements, a status of LCM documentation and cost, schedule, and performance measurement against baselines/goals. The JTAV program partially instituted this format in their August 1999 Program Review. Although the JTAV LCM documentation is still in process, this review format provides a more informative view of the JTAV program acquisition status.

At this time schedule variances can be determined on a broad basis by comparing schedules included in the JTAV Program Management Plan (PMP) dated March 1999 and the JTAV Strategic Plan dated January 1999 with current schedules provided in their quarterly program reviews. Cost and performance variances will be more accurately measured when the APB is completed.

DLA **concurs** that budget submissions were not verified and validated to identify and compare requested funds to total system solutions. However, the JTAV Office prepared and submitted 300b budget data annually to the Executive Agent. Since

FY96, JTAV has had visibility in the Program Objective Memorandum (POM) and provided regular estimates and reports in accordance with the POM process guidelines. Moreover, the DLA CIO and Comptroller (FO) have, since DLA assumed Executive Agency in 1998, thoroughly analyzed the JTAV budget and costs. No growth has occurred in FY00 between the FY00 President's Budget and the FY01 Budget Estimate Submission. JTAV out-year sustainment estimates have been thoroughly scrubbed by the CIO and FO for proper operation and maintenance support. The migration of JTAV into an approved joint program will entail the preparation of the key acquisition documents such as the APB and EA that will further aid the analysis and evaluation of the program.

INTERNAL MANAGEMENT CONTROL WEAKNESS:
(x) Nonconcur

RECOMMENDATION 2. We recommend that the Director, Defense Logistics Agency, as Executive Agent, actively engage the agency Chief Information Officer in preparing acquisition documentation that translates into engineering management solutions with defined cost, schedule, and performance baselines to measure program effectiveness, project results, and justify resources for budget submissions.

DLA COMMENTS:

DLA **concurs** with the recommendation that DLA, as Executive Agent, engage the CIO in preparing acquisition documentation. The DLA CIO has been proactive in identifying the needed acquisition documentation both informally and formally (July 1, 1999 memo) to the JTAV Office. The CIO has established rigorous program tracking requirements for the DLA quarterly program reviews, and JTAV has been complying with the program review detail. JTAV is also actively developing new documentation to include an EA and APB. The APB will be completed when the recently updated ORD is validated by the JROC. Once in place, the APB will provide more accurate cost, schedule, and performance parameters and baselines to effectively measure JTAV program effectiveness, project program results, and justify budget resources.

DISPOSITION: Action is ongoing. ECD: Recurring CIO Oversight

If you have any questions, contact the DLA Internal Review Office, Mr. Dave Stumpf, 703-767-6266.

RAYMOND A. ARCHER III
Rear Admiral, SC, USN
Deputy Director

Audit Team Members

The Acquisition Management Directorate, Office of the Assistant Inspector General for Auditing, DoD, prepared this report.

Thomas F. Gimble
Patricia A. Brannin
Charles M. Santoni
David M. Wyte
Donald Stockton
Steve J. Bressi
Robert R. Johnson
Walter Bohinski