Audit Report

OFFICE OF THE INSPECTOR GENERAL

SECTION 8023 CERTIFICATION OF AUTOMATED INFORMATION SYSTEMS

Report No. 96-008 October 13, 1995

Department of Defense

Additional Copies

To obtain additional copies of this report, contact the Secondary Reports Distribution Unit of the Analysis, Planning, and Technical Support Directorate, at (703) 604-8937 (DSN 664-8937) or FAX (703) 604-8932.

Suggestions for Future Audits

To suggest ideas for or to request future audits, contact the Planning and Coordination Branch of the Analysis, Planning, and Technical Support Directorate, at (703) 604-8939 (DSN 664-8939) or FAX (703) 604-8932. Ideas and requests can also be mailed to:

OAIG-AUD (ATTN: APTS Audit Suggestions)
Inspector General, Department of Defense
400 Army Navy Drive (Room 801)
Arlington, Virginia 22202-2884

Defense Hotline

To report fraud, waste, or abuse, contact the Defense Hotline by calling (800) 424-9098; by sending an electronic message to Hotline@DODIG.OSD.MIL; or by writing to the Defense Hotline, The Pentagon, Washington, D.C. 20301-1900. The identity of each writer and caller is fully protected.

Acronyms

AIS	Automated Information System
ASD(C^3I)	Assistant Secretary of Defense (Command, Control, Communications and Intelligence)
DIA	Defense Intelligence Agency
HPCMP	High Performance Computing Modernization Program
OSD	Office of the Secretary of Defense

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

October 13, 1995

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF DEFENSE (COMMAND, CONTROL, COMMUNICATIONS, AND INTELLIGENCE)
COMMANDER IN CHIEF, U.S. TRANSPORTATION COMMAND
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL MANAGEMENT AND COMPTROLLER)
DIRECTOR, DEFENSE INTELLIGENCE AGENCY
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, WASHINGTON HEADQUARTERS SERVICES

SUBJECT: Audit Report on Section 8023 Certification of Automated Information Systems (Report No. 96-008)

We are providing this audit report for review and comment. We considered management comments on a draft of this report in preparing the final report.

DoD Directive 7650.3 requires that all recommendations be resolved promptly. Management nonconcurred with the recommendations. As a result of comments from the U.S. Transportation Command, we deleted draft Recommendations 4.a. and 4.b., which related to its Intransit Visibility System. As a result of further audit analysis related to the Defense Logistics Agency automated information system, we deleted associated draft Recommendations 6.a. and 6.b. Also, as a result of comments from the Under Secretary of Defense (Comptroller), we revised Recommendations 1.b., 2.b., 3.b., and 4.b. to clarify the requirements of DoD Directive 7200.1. We request that the Navy, Air Force, Defense Intelligence Agency, and Washington Headquarters Services provide comments on the unresolved recommendations by December 12, 1995.

Questions on the audit should be directed to Ms. Mary Lu Ugone, Audit Program Director, at (703) 604-9529 (DSN 664-9529), or Ms. Deborah Carros, Senior Auditor, at (703) 604-9539 (DSN 664-9539). See Appendix E for the report distribution. The 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. 96-008 **October 13, 1995**
(Project No. 4RE-5025.02)

Section 8023 Certification of Automated Information Systems

Executive Summary

Introduction. Section 8023 of Public Law 103-139, DoD Appropriations Act, 1994, requires a certification process for automated information systems that are expected to exceed a $2 million threshold for development and modernization expenditures. Section 8023 requires senior functional managers to certify to the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) that functional requirements for automated information systems are valid and that the automated information systems do not unnecessarily duplicate other available or planned automated information systems.

Objectives. The primary audit objective was to evaluate the implementation of the automated information system certification process required by section 8023 of Public Law 103-139. We did not review the management control program applicable to the certification process because the provisions of section 8023 do not apply beyond FY 1994.

Audit Results. DoD organizations failed to perform the required section 8023 certification process for nine DoD automated information systems that exceeded the $2 million threshold for development and modernization costs. As a result, DoD exceeded appropriated funding for development and modernization by over $146 million* and may be in potential violation of the Antideficiency Act (see Part I).

The recommendations in the report will ensure DoD either complies with Public Law 103-139 or reports violations of the Antideficiency Act according to DoD policy. Appendix C summarizes the potential benefits of the audit.

Summary of Recommendations. We recommend that senior financial managers within the Military Departments and Defense agencies investigate and determine whether Antideficiency Act violations have occurred and report any violations in accordance with DoD policy.

Management Comments. The Defense Intelligence Agency nonconcurred with the recommendations, stating that the section 8023 certification requirement did not apply to intelligence systems. The Washington Headquarters Services nonconcurred, stating that the approval process followed by the Major Automated Information System Review Council for FY 1994 expenditures met the certification requirement. The Defense Logistics Agency nonconcurred, stating that the certification requirement was met on the basis of obtaining Major Automated Information Systems Review Council

---

*DoD expended $152 million for the development and modernization of three of the nine automated information systems (funding data for the six Defense Intelligence Agency automated information systems were classified and, therefore, are not included). Of the $152 million for the three systems, $6 million was the maximum allowable development and modernization expense that did not require certification.

approval, receiving direction from the Deputy Under Secretary of Defense (Logistics), and having specific congressional authority to expend funds for the Automated Document Conversion System. The Navy nonconcurred, stating that it followed guidance from the Office of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence), which exempted local area networks from the certification requirement. The Air Force nonconcurred, stating that its automated information system was exempt from certification because FY 1994 funding was used to replace broken equipment and was not used for a development or modernization effort. The U.S. Transportation Command nonconcurred, stating that it had not expended more than $2 million on any single automated information system within the Intransit Visibility System program. Although not required to comment, the Under Secretary of Defense (Comptroller) and the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) provided comments. The Under Secretary made suggestions to clarify information in the finding and to specify the guidance in the recommendations. The Assistant Secretary, in essence, nonconcurred with the finding, stating that Congress intended for the scope of the section 8023 requirement to apply only to programs that modernize and develop certain functional software applications. The Assistant Secretary also stated the Exhibit 43 reporting guidance was used to determine the scope of the section 8023 certification requirement in order to establish reasonable and practicable parameters and baselines. See Part I for details on management comments and Part III for the complete texts of the comments.

Audit Response. Section 8023 includes a provision that excludes development or modernization of automated information systems that were previously certified by the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) as fully compliant with DoD Directive 8000.1, "Defense Information Management Program," October 27, 1992. None of the systems discussed in the finding met the exclusionary provision. Therefore, managers for those systems needed to demonstrate that functional requirements were valid and that system development or modernization did not unnecessarily duplicate other available or planned automated information systems. As a result of U.S. Transportation Command comments, we deleted the draft recommendations related to its Intransit Visibility System program. As a result of additional audit analysis, we also deleted the draft recommendations related to the Automated Document Conversion System of the Defense Logistics Agency. The remainder of the management comments claiming exclusions lacked foundation. We request that the Defense Intelligence Agency, Washington Headquarters Services, the Navy, and the Air Force reconsider their positions and provide additional comments by December 12, 1995.

Table of Contents

Executive Summary i

Part I - Audit Results

Audit Background 2
Audit Objectives 3
Certifying Development and Modernization Costs of Automated Information Systems 4

Part II - Additional Information

Appendix A. Scope and Methodology
Scope 16
Methodology 16
Prior Audits and Other Reviews 17
Appendix B. Certification Status of Automated Information Systems 18
Appendix C. Summary of Potential Benefits Resulting From Audit 22
Appendix D. Organizations Visited or Contacted 23
Appendix E. Report Distribution 25

Part III - Management Comments

Under Secretary of Defense (Comptroller) Comments 28
Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) Comments 30
Department of the Navy Comments 33
Department of the Air Force Comments 36
U.S. Transportation Command Comments 39
Defense Intelligence Agency Comments 42
Defense Logistics Agency Comments 44
Washington Headquarters Services Comments 48

Part I - Audit Results

Audit Background

Section 8023 of Public Law 103-139, DoD Appropriations Act, 1994 (section 8023), requires that Office of the Secretary of Defense (OSD) principal staff assistants provide certain assurances for automated information systems (AISs) with a potential to exceed a $2 million threshold for development and modernization expenditures. Section 8023 specifically requires that no funds in excess of $2 million be expended for modernization or development of DoD AISs, unless the senior OSD official with functional responsibility for the AIS certifies to the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) (ASD[C^3I]) that the functional requirements are valid and do not unnecessarily duplicate other available or planned AISs. The provisions of section 8023 are not applicable beyond FY 1994.

On December 8, 1993, the ASD(C^3I) issued a memorandum to the OSD principal staff assistants, implementing action to facilitate the section 8023 certification process. The memorandum includes a list of AISs expected to have FY 1994 development and modernization funding requirements in excess of $2 million. The OSD principal staff assistants with responsibility for the functions supported by the AISs were instructed to certify that the functional requirements were valid and that the system development or modernization did not unnecessarily duplicate other available or planned AISs. The memorandum states that as certifications are made, the ASD(C^3I) will inform the Military Departments and Defense agencies that development and modernization funds in excess of $2 million could be expended and that development and modernization funds in excess of $2 million should not be provided for AISs that do not meet the criteria for certification.

Automated Information Systems. DoD Directive 8120.1, "Life Cycle Management of Automated Information Systems," January 14, 1993, defines an automated information system as "a combination of computer hardware and computer software, data and/or telecommunications, that performs functions such as collecting, processing, transmitting, and displaying information." DoD Directive 8120.1 does not apply to computer resources that are necessary for the training, maintenance, research and development, and mission performance of weapon systems.

Development and Modernization of AISs. DoD Regulation 7000.14-R, "Financial Management Regulation," volume 2B, chapter 18, May 1994, provides requirements applicable to budget formulation and congressional justification of information technology programs. DoD Regulation 7000.14-R, chapter 18, applies to all activities related to DoD information technology and encompasses all DoD appropriation accounts and funds.

Chapter 18 defines information technology development and modernization as "any change or modification to an existing AIS which results in improved capability of performance of the baseline AIS." Additionally, chapter 18 states that development and modernization includes program costs for new AISs that are planned or under development, changes mandated by Congress or OSD, and any change or modification to an existing AIS that is intended to result in an

improved capability or performance of the AIS. Changes include all modifications to existing operational software (other than corrective software maintenance), the acquisition of technologically newer Federal information processing equipment to replace outdated Federal information processing equipment, and the expansion of existing capabilities to new users.

Appropriations for Development and Modernization. AIS development and modernization may be funded by multiple types of funds. Costs for the development and modernization of AISs are the associated program costs, which directly relate to the design, development, and deployment of the AIS. As a result, development and modernization costs may be funded using Research and Development, Operation and Maintenance, and Procurement funds. Defense Business Operations Fund capital budget authority is used to fund the development and modernization projects of organizations funded by the Defense Business Operations Fund.

Audit Objectives

The primary audit objective was to evaluate the implementation of the AIS certification process required by section 8023. Specifically, we determined whether AISs that fall under the purview of section 8023 were certified and whether certifications met the intent of the requirements imposed by section 8023. We did not review the management controls applicable to the implementation of the certification process because the provisions of section 8023 do not apply beyond FY 1994. Appendix A discusses the audit scope and methodology and prior audit coverage.

Certifying Development and Modernization Costs of Automated Information Systems

Nine DoD AISs with development and modernization costs that exceeded the $2 million threshold were not certified in accordance with section 8023 because:

o the ASD(C^3I) inappropriately exempted AISs from certification requirements and because

o the Military Departments and Defense agencies released development and modernization funds in excess of $2 million for their AISs that had not been certified.

As a result, DoD exceeded the appropriated funding for development and modernization by a total of $146 million[1] for three of the nine AISs that were not certified and could be in violation of the Antideficiency Act.

AIS Certification Requirements

Congressional Language on AISs to be Certified. Section 8023 of Public Law 103-139 states:

> . . . except for those programs to modernize and develop migration and standard automation systems that have been certified by the Department's senior information resource management (IRM) official as being fully compliant with the Department's information management initiative as defined in Defense Department Directive 8000.1, no funds may be expended for modernization or development of any automated information system by the military departments, services, defense agencies, Joint Staff, or Military Commands in excess of $2,000,000 unless the senior official of the Office of the Secretary of Defense with primary responsibility for the functions being supported or to be supported certifies to the Assistant Secretary of Defense for Command, Control, Communications and Intelligence

[1]DoD expended $152 million for the development and modernization of three of the nine automated information systems (funding data for the six Defense Intelligence Agency automated information systems were classified and, therefore, are not included). Of the $152 million for the three systems, $6 million was the maximum allowable development and modernization expense that did not require certification.

> that the functional requirement(s) is valid and that the system modernization or development has no unnecessary duplication of other available or planned AISs. . . .

The provisions in DoD Directive 8120.1 do not apply to AISs related to weapon systems. Also, section 8023 excludes from the certification requirement AISs that have been previously certified by the ASD(C^3I) as fully compliant with DoD Directive 8000.1, "Defense Information Management Program," October 27, 1992. DoD Directive 8000.1 establishes policy and assigns responsibilities for implementation, execution, and oversight of the Defense Information Management program to include functional process improvement, information resources management, and supporting information technology and services throughout DoD.

ASD(C^3I) Implementation of the Certification Process. The December 8, 1993, memorandum issued by the ASD(C^3I) includes a certification list[2] of AISs with expected FY 1994 development and modernization costs in excess of $2 million. The memorandum acknowledges that adjustments to the certification list may be necessary and requests that the DoD Components review the certification list to verify that it reflected all AISs for which FY 1994 development and modernization expenditures would exceed $2 million. The ASD($C^3I$) memorandum requested that the DoD Components identify to the ASD(C^3I) or to the appropriate OSD principal staff assistant any additional systems that required certification within 30 days of the date of the memorandum. The ASD(C^3I) personnel maintained and periodically updated the certification list and indicated accomplished certification dates and exclusionary justifications.

In January 1995, we obtained a copy of the most current (November 1994) certification list and identified 22 uncertified AISs. We prepared an independent certification list (audit certification list) of AISs with expected FY 1994 development and modernization costs of $2 million or more. From the audit certification list, we identified an additional 23 AISs that had not been certified. The ASD(C^3I) personnel did not know why the 45 AISs had not been certified and stated that the DoD Components were responsible for identifying additional AISs that required certification to the OSD principal staff assistants. See Appendix B for a list of the 45 systems we reviewed for certification.

[2]Personnel from the Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) compiled the certification list using systems found on the Information Technology Budget Exhibit 43s and on the Major Automated Information Systems List, which is compiled by the same office.

ASD(C^3I) Exemptions From AIS Certification Requirements

Information Technology Budget Reporting Requirements Were Used to Define Certification Exemptions. The ASD(C^3I) limited the purview of section 8023 to AISs for which the DoD Components were required to submit an Information Technology Budget Exhibit 43 (Exhibit 43), even though that provision was not specified in section 8023. DoD Components use Exhibit 43 to report to Congress the information and technology development and modernization data extracted from the multiple appropriations and funds in the DoD budget. DoD Regulation 7000.14-R, chapter 18, provides guidance for the Exhibit 43 reporting requirement and exempts many AISs, such as intelligence and command and control AISs, from the reporting requirement. The ASD(C^3I) personnel told the auditors that the section 8023 certification requirement did not extend to those AISs that were exempt from the Exhibit 43 reporting requirement. The ASD(C^3I) personnel were inconsistent, however, in applying Exhibit 43 reporting exemptions to the certification process. Intelligence-related AISs were exempt from the Exhibit 43 reporting requirement, but were included in the ASD(C^3I) assessment of systems needing certification. However, none of the six intelligence AISs identified for certification had been certified. In addition, a major AIS that did not appear in the Exhibit 43 report was excluded from the certification list and, therefore, was not certified to meet requirements of section 8023.

Uncertified Intelligence AISs. Six Defense Intelligence Agency (DIA) AISs exceeded the FY 1994 development and modernization expenditure threshold of $2 million, but were not certified. The ASD(C^3I) personnel contacted during the audit did not know why the systems had not been certified. The DIA personnel stated that the certification requirement was overlooked as a result of the ongoing migration system[3] selection process. The ASD(C^3I) personnel stated that although the intelligence AISs should have been certified, technically no requirement existed to do so because intelligence systems were exempt from the Exhibit 43 reporting requirement.

Major AIS Not Certified Due to Exhibit 43 Exemption Status. Washington Headquarters Services did not certify the DoD High Performance Computing Modernization Program (HPCMP) which is contrary to section 8023 requirements and expended $146 million on development and modernization in FY 1994. The HPCMP is a major AIS structured to modernize the total, high-performance, computational capability of DoD research and development. The ASD(C^3I) personnel excluded the HPCMP from the certification requirement because the program did not appear in the FY 1994 Exhibit 43 report.

[3]An existing or planned and approved automated information system that has been designated to support a functional process on a DoD-wide basis.

Local Area Networks and Hardware-Only Development and Modernization Were Exempted From the Certification Requirements. The Naval Air Headquarters Network was not certified as required and had FY 1994 development and modernization costs in excess of $2 million. The ASD($C^3$I) personnel excluded the Naval Air Headquarters Network from section 8023 requirements because the Naval Air Headquarters Network is a local area network. In a May 6, 1994, memorandum, the Deputy Assistant Secretary of Defense (Information Management) stated that the requirement for certification was applicable only to AISs involved in the development or modernization of software. Personnel within the Office of the Deputy Assistant Secretary of Defense (Information Management) stated that since local area networks do not involve software development, they do not fall within the scope of section 8023 certification requirements. The Naval Air Headquarters Network development and modernization effort should have been certified by the senior functional manager (also called the principal staff assistant) because DoD Regulation 7000.14-R, chapter 18, does not restrict hardware-only modifications from the definition of development and modification.

Releasing Funds for Uncertified AISs

The Command Post Upgrade system exceeded the FY 1994 $2 million development and modernization expenditure threshold and was not certified by the principal staff assistant, which is contrary to the section 8023 requirement. The Air Force stated that it used an incomplete draft Exhibit 43, which did not indicate that the Command Post Upgrade would require section 8023 certification. The Command Post Upgrade system was, therefore, never certified.

Potential Violations of Statutory Restrictions

Section 8023 establishes a statutory restriction on the expenditure of funds in excess of $2 million for the development and modernization of AISs. That limitation applied to funds appropriated by the DoD Appropriations Act, 1994, and required the OSD principal staff assistants with responsibility for the functions supported by the AISs to certify, before funds could be expended, that the functional requirements were valid and that the system development or modernization did not unnecessarily duplicate other available or planned AISs. Failure to obtain the required certification for programs, before exceeding the $2 million threshold, resulted in improper expenditures. An obligation or expenditure of funds that exceeds the amount available in an appropriation may constitute a violation of United States Code, title 31, section 1341(a), a provision of the Antideficiency Act.

DoD Directive 7200.1, "Administrative Control of Appropriations," May 4, 1995, provides policy and issues responsibilities for reporting and coordinating an Antideficiency Act violation. The Directive requires that the head of the DoD Components investigate potential violations of the Act and prepare reports of investigations.

Conclusion

DoD is not in compliance with section 8023 because ASD(C^3I) personnel inappropriately excluded AISs from the certification requirements. In addition, the Military Departments and Defense agencies released development and modernization funds in excess of $2 million for AISs that had not been certified.

Of 45 DoD AISs identified by the audit, expenditures for 9 AISs exceeded the FY 1994 $2 million development and modernization threshold and had not been certified. DoD exceeded the appropriated funding for development and modernization by $146 million for three of the nine AISs that were not certified. Because $146 million was spent in excess of the statutory restriction of $2 million for each system, DoD could be in violation of the Antideficiency Act.

Corrective action will ensure either DoD compliance with Public Law 103-139 or that violations of the law will be reported according to DoD policy (see Appendix C).

Management Comments on the Finding and Audit Response

Under Secretary of Defense (Comptroller) Comments on the Finding. Although not required to comment, the Under Secretary proposed minor changes to the background and finding sections of the report. The Under Secretary suggested that the Audit Background state that the Defense Business Operations Fund capital budget authority is used to fund the development and modernization projects of organizations funded by the Defense Business Operations Fund. Also, the HPCMP is not exempt from Exhibit 43 reporting, and action has been taken to have the system included in the Exhibit 43 report. In addition, the Under Secretary stated that the finding referenced a canceled version of DoD Directive 7200.1 and that the current version is dated May 4, 1995.

Audit Response. We expanded the Audit Background to include the use of Defense Business Operation Fund capital budget authority as a means of funding development and modernization projects. Also, we modified the finding to include the comments on the HPCMP and to reflect the current DoD Directive 7200.1.

Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) Comments on the Finding. Although not required to comment, the Deputy Assistant Secretary of Defense (Information Management) responded for the ASD(C^3I). The Deputy Assistant Secretary stated that in addition to exclusions related to AISs that are part of weapon systems, section 8023 provides other exclusions because it states:

> . . . except for those programs to modernize and develop migration and standard automation systems that have been certified . . . as being fully compliant with the Department's information management initiative as defined in Defense Directive 8000.1, ...

That provision shows that Congress intended for the scope of section 8023 certification requirements to apply only to programs to modernize and develop certain functional software applications that have not been certified as fully compliant with the information management initiative defined in DoD Directive 8000.1. Further, Congress did not intend for hardware-only (for example, local area networks) development or modernization efforts to be subject to the certification requirements. Additionally, DoD Directive 8000.1 should serve as the key guide in determining the intent of Congress because the Directive is referenced in section 8023 and is applicable to information management resources and services used for routine administrative and business applications.

The Deputy Assistant Secretary further stated that the scope of the certification requirement was limited to AISs included in the Exhibit 43 reporting requirement in order to establish reasonable and practical baselines for certifications of AISs. Because chapter 18 of DoD Regulation 7000.14-R applies to Exhibit 43 submissions, those AISs exempt from chapter 18 were also excluded from the requirement for certification. Therefore, because intelligence AISs were exempt from Exhibit 43 reporting, they were also appropriately excluded from the certification process. For the full text of the Deputy Assistant Secretary comments, see Part III.

Audit Response. We agree that section 8023 includes a provision (provided on page 4 of the report) for AIS exclusions to the certification requirement. Section 8023 further states that except for those excluded programs, no funds may be spent for the modernization or development of any AIS with expenditures in excess of $2 million, unless the OSD senior functional manager certifies that the functional requirements are valid and that system modernization or development is not duplicative of other available or planned AISs. Modernization or development of an AIS includes both computer hardware and software. Section 8023 does not limit the scope of the certification requirement to computer software.

We do not agree that DoD Directive 8000.1 should be used as the key guide in determining congressional intent, but do agree with management's perspective that section 8023 was intended to ensure that funds would be spent on migration

and standard systems rather than on duplicative legacy[4] systems. Those migration and standard systems include information management resources and services used for routine administrative and business applications as well as for command and control and intelligence applications.

Further, section 8023 does not limit the certification requirement to those AISs that are required to be included in Exhibit 43 reports. Additionally, AISs that do not appear in Exhibit 43 reports are not necessarily exempt from the reporting requirement. For example, as a result of our draft report, the Office of the Under Secretary of Defense (Comptroller) has taken action to include the previously omitted HPCMP into the Exhibit 43 reporting requirement.

Recommendations, Management Comments and Audit Response

Deleted, Renumbered, and Revised Recommendations. As a result of U.S. Transportation Command comments, we deleted draft Recommendations 4.a. and 4.b. The U.S. Transportation Command used FY 1994 development and modernization funding for the Intransit Visibility System program to fund several AISs, and no single AIS exceeded the $2 million development and modernization threshold in FY 1994. As a result of further analysis of the congressional requirements for the Automated Document Conversion System, we deleted draft Recommendations 6.a. and 6.b. Our analysis determined that Congress did not intend for the Automated Document Conversion System to be subject to the certification requirements of Section 8023, as shown in the language of Conference Report No. 103-339. We renumbered Recommendations 5.a. and 5.b. as Recommendations 4.a. and 4.b., respectively. Also, as a result of comments from the Under Secretary of Defense (Comptroller), we revised final report Recommendations 1.b., 2.b., 3.b., and 4.b. to specify the guidance and action needed if an Antideficiency Act violation has occurred.

1. We recommend that the Director, Defense Intelligence Agency:

a. Investigate the expenditure of funds in excess of the statutory limitation in section 8023 of Public Law 103-139, DoD Appropriations Act, 1994; direct that appropriate accounting adjustments be made, if needed; and determine whether violations of the Antideficiency Act have occurred for the following systems:

o Advanced Imagery Requirements Exploitation System Life Extension and Requirements Managements Systems,

[4]Automated information systems that are candidates for phase-out, upgrade, or replacement, usually because they do not comply with data standards or other standards.

- **Client Server Environment,**
- **Defense Attaché Worldwide Network,**
- **DoD Intelligence Information Systems Dissemination,**
- **Human Intelligence Operation Communications Network, and**
- **Joint Worldwide Intelligence Communications Network.**

b. Report violations of the Antideficiency Act; review the performance of responsible officials; and initiate appropriate actions in accordance with DoD Directive 7200.1, "Administrative Control of Appropriations," May 4, 1995, if it is determined that an Antideficiency Act violation(s) has occurred.

Defense Intelligence Agency Comments. The DIA nonconcurred with the draft recommendations, stating that DIA complied with the intent of the congressional language in section 8023. The DIA stated that the certification requirement imposed by section 8023 was not applicable to DIA intelligence information systems because they are exempt from Exhibit 43 reporting requirements. Further, even if intelligence AISs were subject to the certification requirement of section 8023, noncompliance with section 8023 would not constitute a violation of the Antideficiency Act. The expenditures in question would be improper expenditures, not Antideficiency Act violations. Certifications can be requested for the intelligence systems if the requirements of section 8023 apply.

Audit Response. As previously discussed in the finding and in our response to management comments on the finding, section 8023 does not limit the purview of the certification requirement to AISs for which the DoD Components are required to submit Exhibit 43s. Section 8023 states that except for AISs already certified by the ASD(C^3I) as fully compliant with DoD Directive 8000.1, no funds may be spent in excess of $2 million on the development or modernization of any AIS, unless the certification requirements for that AIS have been satisfied.

DoD Regulation 7000.14-R, volume 14, establishes procedures for the DoD Components to use in identifying violations of the Antideficiency Act. Chapter 14 states that violations of the Antideficiency Act may occur when statutory limitations on the purposes for which an appropriation may be used are violated. If DIA did not comply with section 8023 certification requirements, an investigation would determine whether an Antideficiency Act violation had occurred. We ask that management reconsider its position and provide additional comments on the final report.

2. We recommend that the Director, Washington Headquarters Services:

a. Investigate the expenditure of funds in excess of the statutory limitation in section 8023 of Public Law 103-139, DoD Appropriations Act, 1994; direct that appropriate accounting adjustments be made, if needed; and determine whether violations of the Antideficiency Act have occurred for the High Performance Computing Modernization Program.

b. Report violations of the Antideficiency Act; review the performance of responsible officials; and initiate appropriate actions in accordance with DoD Directive 7200.1, "Administrative Control of Appropriations," May 4, 1995, if it is determined that an Antideficiency Act violation(s) has occurred.

Washington Headquarters Services Comments. Washington Headquarters Services nonconcurred with the draft recommendations, stating that an investigation is not warranted to determine Antideficiency Act violations because no expenditures were made in excess of the amounts appropriated for the HPCMP. Washington Headquarters Services further stated that although a formal certification document was not obtained for the program, compliance with section 8023 requirements was achieved during reviews that led to the approval of FY 1994 expenditures by the Major Automated Information System Review Council.

Audit Response. As discussed in the finding, because the HPCMP was not certified before exceeding a $2 million cost threshold for development and modernization, expenditures were made in excess of statutory limitations imposed by section 8023. DoD Regulation 7000.14-R, chapter 14, states that violations of statutory limitations on the purpose for which an appropriation may be used may constitute a violation of the Antideficiency Act.

We ask that management reconsider its position in response to the final report and provide the documentation that shows the Major Automated Information System Review Council reviews concluded that the functional requirements for the HPCMP were valid and that the development or modernization effort did not unnecessarily duplicate other available or planned AISs.

3. We recommend that the Assistant Secretary of the Navy (Financial Management and Comptroller):

a. Investigate the expenditure of funds in excess of the statutory limitation in section 8023 of Public Law 103-139, DoD Appropriations Act, 1994; direct that appropriate accounting adjustments be made, if needed; and determine whether violations of the Antideficiency Act have occurred for the Naval Headquarters Network.

b. Report violations of the Antideficiency Act; review the performance of responsible officials; and initiate appropriate actions in accordance with DoD Directive 7200.1, "Administrative Control of Appropriations," May 4, 1995, if it is determined that an Antideficiency Act violation(s) has occurred.

Navy Comments. The Navy nonconcurred with the draft recommendations, stating that the Navy acted in accordance with specific guidance from the ASD(C^3I) that exempted local area networks from the certification requirement. The Navy stated that because the individuals contributing to the potential violation were at the DoD as well as the Navy level, an investigation into whether a violation occurred should be conducted at the DoD level.

Audit Response. As previously discussed in the audit response to ASD(C^3I) comments on the finding, section 8023 does not limit the scope of the certification requirement to only programs that modernize or develop certain functional software applications. Except for section 8023 exclusions, AIS modernization and development efforts, to include local area networks, should have been certified.

Additionally, because the Navy expended the funds, we believe the recommendation is directed to the appropriate level and is consistent with the requirements of DoD Directive 7200.1. We ask that management reconsider its position and provide additional comments on the final report.

4. We recommend that the Assistant Secretary of the Air Force (Financial Management and Comptroller):

a. Investigate the expenditure of funds in excess of the statutory limitation in section 8023 of Public Law 103-139, DoD Appropriations Act, 1994; direct that appropriate accounting adjustments be made, if needed; and determine whether violations of the Antideficiency Act have occurred for the Command Post Upgrade.

b. Report violations of the Antideficiency Act; review the performance of responsible officials; and initiate appropriate actions in accordance with DoD Directive 7200.1, "Administrative Control of Appropriations," May 4, 1995, if it is determined that an Antideficiency Act violation(s) has occurred.

Air Force Comments. The Air Force nonconcurred with the draft recommendations, stating that according to guidance from the ASD(C^3I) and the definition of modernization and development in DoD Regulation 7000.14-R, the Command Post Upgrade was properly exempted from section 8023 certification requirements.

The Air Force stated that FY 1994 development and modernization funding for the Command Post Upgrade was used to replace logistically unsupportable AIS equipment. Further, DoD Regulation 7000.14-R excludes the replacement of broken equipment from the definition of development and modernization.

Also, the Air Force stated that the audit report used the definition of an AIS in DoD Directive 8120.1, which is a much broader definition of an AIS and differs from the definition for AIS in DoD Regulation 7000.14-R and DoD Directive 8000.1.

Audit Response. DoD Regulation 7000.14-R excludes the replacement of broken equipment from the definition of development and modernization, but does not exclude the replacement of logistically unsupportable equipment. Broken equipment might be replaced with identical equipment, but logistically unsupportable equipment is replaced with different, usually newer equipment. The Command Post Upgrade did not meet the criteria for the broken equipment exclusion. Additionally, the definition of an AIS in DoD Directive 8120.1, DoD Directive 8000.1, and DoD Regulation 7000.14-R is similar. However, the applicability of the respective provisions to AISs differs. For example, as stated in DoD Directive 8000.1, the ASD(C^3I) can exempt command and control and intelligence AISs from the provisions of DoD Directive 8000.1, whereas DoD Directive 8120.1 does not allow such an exemption. Both Directives, however, exclude weapon system AISs. The Command Post Upgrade was not exempt from Section 8023 requirements and should have been certified prior to exceeding the FY 1994 $2 million development and modernization threshold. We ask that management reconsider its position and provide additional comments on the final report.

Part II - Additional Information

Appendix A. Scope and Methodology

Scope

The audit identified 45 uncertified AISs comprised of AISs taken from the Exhibit 43s, from the Major Automated Information System List, and from the certification list prepared by ASD(C^3I) personnel. For each of the 45 systems, we determined whether the development and modernization spending threshold imposed by section 8023 had been breached, and if so, whether the OSD senior functional manager had properly certified the system.

Limitations to Audit Scope. DoD nonmajor AISs exempt from Exhibit 43 reporting could not be identified and, therefore, were not audited.

Audit Period, Standards, and Locations. We conducted this performance audit from January through May 1995 in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD. Appendix D lists the organizations we visited or contacted.

Classified Fiscal Information. We identified actual development and modernization costs for the AISs audited because the certification requirement applied only to AISs that exceeded an established fiscal threshold. The DIA costs were classified, however, and are not in this report. References to DIA development and modernization costs were made only in relation to whether they exceeded the threshold established by section 8023.

Methodology

For each of the 45 AISs, we:

o identified and documented the FY 1994 development and modernization costs; and

o validated the current certification status with the DoD Component sponsor or with the senior functional manager.

We identified nine AISs that exceeded the $2 million development and modernization threshold and that were not certified in accordance with section 8023. We contacted the respective DoD Component sponsors to determine whether they had requested certifications for the nine uncertified AISs (no system remained uncertified as a result of a denied certification). Details are in Part I of the report.

We determined that 16 of the 45 AISs had been properly certified, 19 systems did not require certification because FY 1994 development and modernization costs did not breach the $2 million threshold, and 1 system did not require certification because of additional congressional requirements.

We obtained assistance from the Office of General Counsel, Inspector General, DoD, regarding provisions and applicability of the Antideficiency Act. We did not use computer-processed data or statistical sampling procedures to evaluate the implementation of the section 8023 certification requirements.

Prior Audits and Other Reviews

No prior audits have been performed relating to the implementation of the AIS certification process required by section 8023.

Appendix B. Certification Status of Automated Information Systems

Functional Area and Automated Information System	Sponsor	Development and Modernization FY 1994 Amount (000)	Certification Status
Acquisition			
Acquisition Information Management[1]	Army	$ 1,824	Not required
Material Resources			
Department of the Army Movement Management System-Redesign[2,3]	Army	8,790	Certified
Intransit Visibility System	USTRANSCOM[4]	2,262	Not required
Airlift Deployment Analysis System	Air Force	3,452	Certified
Core Automated Maintenance System[2,3]	Air Force	6,297	Certified
Integrated Fuels Management Systems[6]	DLA[5]	--[6]	Certified
Depot Level Repairables Management System[2]	JLSC[7]	58,563	Certified
Medical Core Information Management Wholesale System[2]	JLSC	4,580	Certified
Project Management[2]	JLSC	7,933	Certified
Shop Floor Manufacturing[2]	JLSC	9,838	Certified
Specialized Support[2]	JLSC	13,923	Certified
Supply and Technical Data Support Migration[2]	JLSC	30,600	Certified

See footnotes at end of table.

Appendix B. Certification Status of Automated Information Systems

Functional Area and Automated Information System	Sponsor	Development and Modernization FY 1994 Amount (000)	Certification Status
Logistics Material Management			
Commodity Command Standard System[2]	Army	$ 133	Not required
Automated Document Conversion System[2,3]	DLA	13,944	Not Required
Command and Control			
Kwajalein Instrument Control Center/Honolulu Data Facility[2]	Army	603	Not required
Strategic Command and Control Facility[2]	Army	1,850	Not required
Command Post Upgrade[1,2]	Air Force	2,729	Uncertified
Mobile Command and Control System	Air Force	1,950	Not required
Satellite Control Facility	Air Force	--[8]	Certified
Government Emergency Telecommunications System[2]	DISA	0	Not required
Planning and Decision Aid System	Joint Staff	--[8]	Certified
Information Management			
Military Entrance Processing Command Joint Computer Center[2]	Army	726	Not required
Project 8OX - Phase II	Army	1,453	Not required
Naval Air Headquarters Network[1,2]	Navy	4,499	Uncertified

See footnotes at end of table.

Appendix B. Certification Status of Automated Information Systems

Functional Area and Automated Information System	Sponsor	Development and Modernization FY 1994 Amount (000)	Certification Status
Intelligence			
Advanced Imagery Requirements Exploitation System Life Extension/ Requirements Management Systems[1,10]	DIA	$ --[9]	Uncertified
Client Server Environment[1]	DIA	--[9]	Uncertified
Collection Requirements Management Application	DIA	--[9]	Not required
Defense Attaché Worldwide Network[1,10]	DIA	--[9]	Uncertified
DoD Intelligence Information Systems Dissemination[1,10]	DIA	--[9]	Uncertified
Human Intelligence Operation Communications Network[1,10]	DIA	--[9]	Uncertified
Joint Worldwide Intelligence Communications Network[1]	DIA	--[9]	Uncertified
Human Resources			
Defense Civilian Personnel Data System[10]	OSD	7,000	Certified
Health			
Theater Automated Medical Management Information System	Army	1,519	Not required
Automated Patient Care Administration[6]	Health	--[6]	Certified
Military Health Care Management Information System[10]	Health	184	Not required

See footnotes at end of table.

Appendix B. Certification Status of Automated Information Systems

Functional Area and Automated Information System	Sponsor	Development and Modernization FY 1994 Amount (000)	Certification Status
Health (cont'd)			
National (Uniform) Claims Processing System[10]	Health	$ 0	Not required
Theater Medical Information System[2,3]	Health	0	Not required
Finance			
Interim Naval Air Warfare Center Financial Support	Navy	955	Not required
Property Accountability System[2]	DFAS[11]	5,100	Certified
Teleservices[2]	DFAS	1,978	Not required
Research and Development			
TRADOC[12] Analysis Command Computer[2]	Army	0	Not required
High Performance Computing Modernization Program[1,2,3]	OSD	143,600	Uncertified
Joint Simulation and Modeling	Joint Staff	1,180	Not required
Economic Security			
Housing Operations Management System[2]	Army	1,479	Not required
Other			
Joint Warfighting Center[2]	Joint Staff	1,042	Not required

[1]One of nine uncertified automated information systems that exceeded the $2 million threshold for development and modernization expenditures.
[2]Identified on the audit certification list.
[3]Major automated information system.
[4]U.S. Transportation Command.
[5]Defense Logistics Agency.
[6]System and related program costs transitioned to certified system.
[7]Joint Logistics Systems Command.
[8]Amount not available.
[9]Classified data.
[10]Selected as a migratory automated information system.
[11]Defense Finance and Accounting Service.
[12]Training and Doctrine Command.

Appendix C. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Type of Benefit
1.a., 2.a., 3.a., and 4.a.	Compliance with Public Law. Determines whether violations of the Antideficiency Act have occurred.	Nonmonetary.
1.b., 2.b., 3.b., and 4.b.	Compliance with Public Law and DoD Regulation. Provides for reporting potential Antideficiency Act violations should Recommendations 1.a., 2.a., 3.a., and 4.a. so determine.	Nonmonetary.

Appendix D. Organizations Visited or Contacted

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology, Washington, DC
Under Secretary of Defense (Comptroller), Washington, DC
Under Secretary of Defense for Personnel and Readiness, Washington, DC
Director, Defense Research and Engineering (Program Analysis and Integration), Washington, DC
Assistant Secretary of Defense (Command Control, Communications, and Intelligence), Washington, DC
  Deputy Assistant Secretary of Defense (Information Management), Washington, DC
  Deputy Assistant Secretary of Defense (Intelligence and Security), Washington, DC
  Deputy Assistant Secretary of Defense (Plans and Resources), Washington, DC
  Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition), Washington, DC
Assistant Secretary of Defense (Health Affairs), Washington, DC
General Counsel of the Department of Defense, Washington, DC
Director, Civilian Personnel Management Service, Falls Church, VA
Director, Civilian Health and Medical Programs of the Uniformed Services, Aurora, CO
Assistant Deputy Under Secretary of Defense (Logistics Business Systems and Technology Development), Washington, DC

Joint Staff

Director, Directorate for Operations, Joint Staff, Washington, DC
Director, Directorate for Command, Control, Communications and Computer Systems, Joint Staff, Washington, DC
Director, Directorate for Force Structure, Resources and Assessment, Joint Staff, Washington, DC

Department of the Army

Assistant Secretary of the Army (Financial Management), Washington, DC
Director of Information Systems for Command, Control, Communications and Computers, Washington, DC

Department of the Navy

Naval Information Systems Management Center, Arlington VA

Department of the Air Force

Assistant Secretary of the Air Force (Acquisition), Washington, DC
Deputy Assistant Secretary of the Air Force (Budget), Washington, DC

Unified Command

U.S. Transportation Command, Scott Air Force Base, IL

Other Defense Organizations

Defense Finance and Accounting Service, Arlington, VA
Defense Intelligence Agency, Washington, DC
  National Military Intelligence Systems Center, Washington, DC
Defense Logistics Agency, Alexandria, VA

Appendix E. Report Distribution

Office of the Secretary of Defense

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

Unified Commands

Commander in Chief, U.S. Transportation Command

Department of the Army

Auditor General, Department of the Army

Department of the Navy

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

Department of the Air Force

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

Other Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Intelligence Agency
Director, Defense Logistics Agency
Director, National Security Agency
  Inspector General, National Security Agency
Director, Washington Headquarters Services

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division, General Accounting Office

Chairman and ranking minority member of each of the following congressional committees and subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
Senate Select Committee on Intelligence
House Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal Justice, Committee on Government Reform and Oversight
House Committee on National Security
House Permanent Select Committee on Intelligence

Part III - Management Comments

Under Secretary of Defense (Comptroller) Comments

OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

AUG 27 1995

MEMORANDUM FOR DIRECTOR, READINESS AND OPERATIONAL SUPPORT DIRECTORATE, DoD IG

SUBJECT: Section 8023 Certification of Automated Information Systems (Project No. 4RE-5025.02)

This is in response to your request for review of the draft subject report. Comments are attached for your use. My staff point of contact is Mr. Chuck Cardiff. He can be reached on (703) 693-8342.

Alvin Tucker
Deputy Chief Financial Officer

Attachment

Final Report Reference

Comments on DoD IG Report No. 4RE-5025.02, Section 8023 Certification of Automated Information Systems

- Page 3 of the Audit Background section states that, "...development and modernization costs may be funded using research and development, operations and maintenance, and procurement funds." DBOF-funded organizations use Defense Business Operations Fund (DBOF) capital budget authority to fund capital investments, i.e., development and modernization projects. Therefore, this section of the draft report should be expanded to include this fact.

Revised Page 3

- The bottom of page 8 makes reference to DoD Directive 7200.1, "Administrative Control of Appropriations," dated May 7, 1984. That version of the directive has been canceled. The current version is dated May 4, 1995.

Revised Page 8

- Recommendations lb.-6b. on pages 9-11 state, "Implement the procedures in DoD Directive 7200.1, "Administrative Control of Appropriations," May 7, 1984, to report violations of the Antideficiency Act.... " As stated above, the May 7, 1984, version of this directive has been canceled. The current version, dated May 4, 1995, does not include the procedures for implementing the administrative control of appropriations. Those procedures are included in Volume 14, "Administrative Control of Appropriations," of the DoD Financial Management Regulation (DoD 7000.14-R). Additionally, the recommendations should direct each organization to follow the procedures in DoD Directive 7200.1 rather than "implement" them. The use of the term "implement" implies that each organization has yet to put into effect the requirements of the directive. This is not the case.

- Additionally, recommendations lb.-6b. state further, "... and initiate appropriate actions, if accounting adjustments or the inability to make such adjustments result in a violation." This segment of the recommendation should be revised to state concisely the intended purpose. Therefore, it is recommend that the following statement be substituted, "... and initiate appropriate actions if it is determined that an Antideficiency Act violation(s) has occurred."

Revised draft Recommendations 1.b., 2.b., and 3.b.; deleted draft Recommendations 5. and 6.; and revised and renumbered Recommendation 4.b.

- The statement on the top of page 7 implies the DoD High Performance Computing Modernization Program was exempt from Exhibit 43 reporting. The DoD Components are to report any information technology resource if it meets the requirements of DoD Regulation 7000.14-R, Chapter 18. Based on our analysis Exhibit 43 requirements apply and this system is not exempt. Action has been taken to have the system included.

Revised Page 6

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

Final Report Reference

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
6000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-6000

COMMAND, CONTROL, COMMUNICATION AND INTELLIGENCE

AUG 31 1995

MEMORANDUM FOR DIRECTOR, READINESS AND OPERATIONAL SUPPORT, DODIG

SUBJECT: Audit Report On Section 8023 Certification of Automated Information Systems (Project No. 4RE-5025.02)

In reply to your memorandum, dated June 28, 1995, on the above subject, we have reviewed the subject draft report and offer the comments below.

We defer to the responsible organizations relative to a position on the specific recommendations cited in the report. The comments herein address (a) the degree to which the Section 8023 certification process established by my office was consistent with the intent of Congress, and (b) whether we inappropriately exempted automated information systems from certification requirements as indicated in the report.

Revised Page 5

DoD IG Finding: In defining AIS, DoD Directive(DoDD) 8120.1 excludes information technology related to weapon systems. Section 8023 provides no provision for other AIS exclusions to the scope of the certification requirements.

DASD(IM) Comment: Partially concur. We agree that DoDD 8120.1 excludes AISs that are an integral part of a weapon or weapon system, test support for a weapon or weapon system, or basic DoD research or development activities. We do not agree that Section 8023 provides no other exclusions. Clearly, Section 8023 provides for exclusions by stating "... that except for those programs to modernize and develop migration and standard automation systems that have been certified ... as being fully compliant with the Department's information management initiative as defined in Defense Department Directive 8000.1, ..."

In view of this exclusion, the issue is one of determining the intent of Congress regarding which automated information systems (AISs) should have been subjected to the Section 8023 certification process. We continue to believe that the intent was to have the following programs certified:

"Programs to modernize and develop migration and standard automation systems [(e.g., functional software applications)] that have [NOT] been certified ... as being

fully compliant with the Department's information management initiative as defined in DoD Directive 8000.1," and

"Programs to modernize and develop 'legacy' systems [(e.g., functional software applications)]"

The basis for our position is:

- The definition of an AIS as defined in DoDD 8000.1 which is less broad in scope than the definition in DoD Directive 8120.1. Other than the language itself, we believe that DoDD 8000.1 should serve as the key guide for determining the intent of Congress since it is referenced in the language.

- The applicability of DoD Directive 8000.1 to "IM resources and services used for routine administrative and business applications ..."

- The use of what we believe to be a key phrase, "migration and standard automation systems," in the Section 8023 language. The Department has had a long-standing practice of using this phrase to refer to "an existing AIS, or planned and approved AIS, that has been officially designated as the single AIS to support standard processes for a function. Other AISs, called 'legacy systems,' that duplicate the support services provided by the migration system are terminated, so that all future AIS development and modernization can be applied to the migration system." This definition is cited in the Deputy Secretary of Defense memorandum of October 13, 1993, "Accelerated Implementation of Migration Systems, Data Standards, and Functional Process Improvement." Reference to the ASD(C3I) memoranda of October 28, 1994 and July 10, 1995 will show that virtually all of the selected migration systems are functional software applications/systems.

In summary, from the discussion above, we believe that the Congress intended that we subject certain functional software applications to certification. It was not intended that hardware-oriented acquisitions be addressed. Consequently, it was entirely appropriate to exclude hardware (e.g., local area networks) programs from the Section 8023 certification process.

DoD IG Finding: The ASD(C3I) limited the purview of Section 8023 to AISs for which the DoD Components were required to submit an Information technology Budget Exhibit 43 (Exhibit 43), even though that provision was not specified in Section 8023.

DASD(IM) Comment: Concur. OASD(C3I) did, indeed, limit the scope of the Section 8023 process to AISs that were included in the Information Technology Budget Exhibit 43. Similar to the DoD IG staff, we used existing DoD regulations and guidance in an attempt to define terms used in Section 8023, and to establish reasonable and practical parameters and baselines. For example, in its evaluation process, the DoD IG staff referred to DoD Financial Management Regulation 7000.14-R, Chapter 18, for a definition of "modernization and development," and recognizes AISs such as intelligence, and command and control systems as being exempt from Chapter 18 reporting requirements. The manifestations of Chapter 18 are the actual Exhibit 43 submissions which were used by the OASD(C3I) staff as the baseline for Section 8023. To the extent that AISs were exempt from Chapter 18, they appropriately would not appear in the Exhibit 43s, and consequently, were not included in the Section 8023 certification process.

DoD IG Conclusion: The ASD(C3I) inappropriately exempted AISs from certification requirements.

DASD(IM) Comments: Nonconcur. From our comments above, we continue to believe that hardware-oriented acquisitions appropriately should have been exempted from the certification process. Moreover, we believe that intelligence systems should have been exempted.

The intelligence systems listed in the report are funded within the National Foreign Intelligence Program which is under the purview of the Director of Central Intelligence (DCI). Any management decision on these programs requires consultation and coordination with the DCI. Moreover, since intelligence systems are exempt from Exhibit 43 reporting, these systems were not included in the Section 8023 certification process. We believe this action was entirely appropriate, and does not constitute a violation of the Antideficiency Act.

We appreciate the opportunity to comment on the draft report.

C Kendall

Cynthia Kendall
Deputy Assistant Secretary of Defense
(Information Management)

Department of the Navy Comments

THE ASSISTANT SECRETARY OF THE NAVY
(FINANCIAL MANAGEMENT AND COMPTROLLER)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

28 AUG 1995

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE ASSISTANT INSPECTOR GENERAL FOR AUDITING

Subj: DRAFT REPORT ON THE AUDIT OF SECTION 8023 CERTIFICATION OF AUTOMATED INFORMATION SYSTEMS (PROJECT NO. 4RE-5025.02) - ACTION MEMORANDUM

Ref: (a) DODIG memo of 28 June 1995

Encl: (1) DON Response to Draft Audit Report

I am responding to the draft audit report forwarded by reference (a) concerning certification of automated information systems under section 8023 of Public Law 103-139. The Department of the Navy (DON) response is provided at enclosure (1).

We do not concur with the draft report recommendations which affect DON. As outlined in the enclosed comments, we believe that an investigation, if required, should be conducted at the Department of Defense level.

Deborah P. Christie
DEBORAH P. CHRISTIE

Copy to:
NAVINSGEN (02)
Office of Financial Operations (FMO-31)
ASN(RDA)
NISMC

Department of the Navy Response
to
DODIG Draft Report of 28 June 1995
on
Section 8023 Certification of Automated Information Systems
Project No. 4RE-5025.02

Recommendation 3:

We recommend that the Assistant Secretary of the Navy (Financial Management and Comptroller):

a. Investigate the expenditure of funds in excess of the statutory limitation in section 8023 of Public Law 103-129, DoD Appropriations Act, 1994; direct that appropriate accounting adjustments be made, if needed; and determine whether violations of the Antideficiency Act have occurred for the Naval Headquarters Network.

b. Implement the procedures in DoD Directive 7200.1, "Administrative Control of Appropriations," May 7, 1984, to report violations of the Antideficiency Act; review the performance of responsible officials; and initiate appropriate actions, if accounting adjustments or the inability to make such adjustments result in a violation.

DON Position:

Do not concur. The Department of the Navy (DON) acknowledges that costs for development and modernization of the Naval Air Headquarters Network (NHN) exceeded $2 million. However, the DON acted in accordance with specific guidance from the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) (ASD(C3I)) which stated that the certification requirements of Section 8023 apply only to automated information systems (AISs) that involve the development or modernization of software.

In December 1993, DON identified all AISs which met the threshold established in Section 8023, including Local Area Networks (LANs), and requested assistance of the Deputy Assistant Secretary of Defense (Information Management) (DASD(IM)) in obtaining certification by the responsible senior functional managers, or Principal Staff Assistants (PSAs). At that time, funding for NHN did not meet the $2 million threshold, so certification was not requested for this system. Since PSAs were responsible for certifying systems within their functional areas, we found PSAs reluctant to claim primary responsibility for systems which supported multiple functions, such as LANs. In January

Enclosure (1)

1994, DASD(IM) agreed to certify the Naval Sea Systems Command (NAVSEA) LAN, which supports all functions performed under the mission of NAVSEA, but asked DON not to submit additional LANs for certification. They advised us that office automation systems such as LANs were outside the scope of Secion 8023 since they consist primarily of hardware and involve no software development. Consequently, when funding for the NHN exceeded the $2 million threshold, DON did not seek certification under Section 8023.

DASD(IM) formalized their policy in May 1994 in a memo which stated "The requirement for certification applies only to automated information systems that involve the development or modernization of software." DON had no reason at the time to question the legitimacy of this policy. Therefore, although DON did obligate in excess of $2 million for NHN, the expenditure was consistent with DoD policy.

If the ASD(C3I) policy was in error, and was in fact contrary to Section 8023, then an investigation should be conducted into whether or not a violation of the Antideficiency Act occurred. However, since the individuals involved in or contributing to a potential violation are at the DoD as well as the DON level, it would be appropriate for such an investigation to be conducted at the DoD level.

2

Department of the Air Force Comments

Final Report Reference

DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

AUG 11 1995

OFFICE OF THE ASSISTANT SECRETARY

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING
OFFICE OF THE INSPECTOR GENERAL,
DEPARTMENT OF DEFENSE

FROM: SAF/AQ
1060 Air Force Pentagon
Washington, DC 20330-1060

SUBJECT: Section 8023, Certification of Automated
Information System Programs (Project No. 4RE-5025.02)

Page 7

In reply to your memorandum requesting the Assistant Secretary of the Air Force (Financial Management and Comptroller) to provide Air Force comments on subject report, the Air Force non-concurs with the findings concerning the Air Force Command Post Upgrade. **(Uncertified Air Force-Sponsored AIS - page 8).**

The Air Force considered and properly exempted the Command Post Upgrade (CPU) from reporting under the Section 8023 certification process. This determination was made by applying guidance presented by the DoD proponent (ASD C3I) and the definition of modernization and development as found within DoD Financial Management Regulations.

Although the DoD IG Audit Report states that the CPU was never certified due to the use of an incomplete draft Exhibit 43, we maintain that this is incorrect. While the Air Force initially used the November 1993 Exhibit 43 (working draft), we also instructed all Air Force commands, agencies, and headquarters functional staffs to conduct an Air Force-wide review of their Automated Information System programs to ensure we captured all which met the provisions of the section.

The Air Force Logistics staff determined that the CPU was a "basic infrastructure upgrade" based on the requiring command's description in their FY94 Exhibit 43 submission : "This system provides support to command post operations. The command post is modernizing the unsecure telephone, mobile radio interface, and hot line operations for ACC Command Posts." According to the DASD C3I (IM), Section 8023

was not intended to require certification of programs which did not involve software development.

The Air Force Command, Control, Communications, and Computers (C4) staff excluded the program by application of an exception to development modernization found in DoD Regulation 7000.14-R: "...replacement of broken FIP to continue operations at current service levels is not considered Dev/Mod." The Air Force maintains that replacement of this logistically unsupportable equipment -- because of the criticality of the mission it supported -- was replacement of "broken" equipment. Allowing logistically unsupportable equipment to fail during a crisis is poor management at best, and in time of war or contingency, criminal negligence.

Finally, we note that the CPU did not appear within the Air Force Exhibit 43 database until the final report was published in March 1994. By that time CPU had already been considered and discounted as reportable under Section 8023, as had many other programs reviewed by the functional staffs and major commands.

In reviewing our systems for certification, the Air Force used the definitions found in the DoD Financial Management Regulation in effect at that time. We would like to point out that the definition of Automated Information Systems (AIS) as used by the DoD IG team -- from DoDI 8120.1-- is different from the definition established by both the capstone 8000 series directive and the Federal Financial Management Regulation. Both DoD Directive 8000.1 and the version of DoD R 7000.14-R, in effect at the time of this effort, established AIS as: "A combination of information, computer and telecommunications ... which collects, records, processes, stores communicates, retrieves, and displays information." However, DoDI 8120.1 (as used by the DoD IG) allows a much broader interpretation of applicability by changing "and" to "and/or" and changing "which" to "that performs functions such as". By these changes, LANs or telephone systems -- which do not collect, process or display information -- change from infrastructure support systems to AIS.

We appreciate your consideration of the Air Force comments above and suggest reference to the Command Post Upgrade program either be deleted from the final report or reflect the following, more accurate description:

> **Uncertified Air Force-Sponsored AIS.** The principal staff assistant did not review the Command Post Upgrade system in accordance with section 8023 requirements. The Command Post Upgrade system was properly considered and exempted from certification by the Air Force; however, record of this determination was not provided to the principal staff assistant for review because the Air Force and ASD C3I used a draft Exhibit 43 to determine reporting under

section 8023. The Command Post Upgrade system was included in the final Exhibit 43 Report to Congress.

My point of contact for this is Col Ray Brylski, SAF/AQKC, at (703) 697-3311.

LLOYD K. MOSEMANN, II
Deputy Assistant Secretary
(Communications, Computers and Support Systems)

U.S. Transportation Command Comments

UNITED STATES TRANSPORTATION COMMAND
508 SCOTT DR
SCOTT AIR FORCE BASE IL 62225-5357

24 August 1995

MEMORANDUM FOR DOD INSPECTOR GENERAL (DIRECTOR, READINESS AND OPERATIONAL SUPPORT DIRECTORATE)

FROM: TCDC

SUBJECT: Audit Report on Section 8023 Certification of Automated Information Systems (Project No. 4RE-5025.02) (Your Memorandum, 28 Jun 95)

1. In reply to referenced memorandum, we nonconcur with findings concerning USTRANSCOM's Intransit Visibility System and have provided comments (Atch 1).

2. We appreciate the opportunity to provide input to the draft report.

3. Our POC is Mr. Dwight Moore, TCJA, DSN 576-2923.

KENNETH R. WYKLE
Lieutenant General, U.S. Army
Deputy Commander in Chief

Attachment:
Management Comments

Final Report Reference

Finding:

Uncertified U.S. Transportation Command-Sponsored AIS. The Intransit Visibility System was not certified by the appropriate principal staff assistants in accordance with section 8023 requirements. FY 1994 development and modernization expenditures exceeded $2 million. The auditors verified the Army's documented request for section 8023 certification for the Intransit Visibility System, but the office of the principal staff assistant had no record of the request.

Response:

Nonconcur. According to the draft report, Intransit Visibility System for FY 94 cost $2.262 million. The draft report indicates the system was not certified although it exceeded the $2 million threshold. In FY 1994, $2.262 million was budgeted for the Intransit Visibility Program (ITV), administered by Military Traffic Management Command (MTMC), a component of USTRANSCOM. The program was established in 1989 as a result of a tasking from the Deputy Secretary of Defense to examine the feasibility of developing a worldwide intransit cargo visibility system using existing commercial automated systems and to construct a prototype to test the effectiveness of the concept. The FY 94 funds for the ITV program were not for one specific system as contemplated by Pub. Law 103-139, section 8023. That section prohibits expenditure of funds in excess of $2 million on any automated information system (AIS) unless certified by the specified authority as currently a valid requirement with no unnecessary duplication of other available or planned systems. The ITV program did not expend over $2 million on any one AIS during FY 94. ICODES - Integrated Computerized Deployment System [$130,708], and IBS - Integrated Booking System [$629,275] received funding with FY 94 ITV funds. The remainder of the $2.262M was spent for ITV program objectives not associated with ICODES or IBS. Misconception was partly due to ITV being identified in USTRANSCOM's budget as a line item; however, it is not a system but a set of information technology initiatives that provide DoD enhanced ITV.

Recommendation:

"We recommend that the Commander-in-Chief, U.S. Transportation Command:

Deleted

a. Investigate the expenditure of funds in excess of the statutory limitation in section 8023 of Public Law 103-139, DoD Appropriations Act, 1994; direct that appropriate accounting adjustments be made, if needed; and determine whether violations of the Antideficiency Act have occurred for the Intransit Visibility System.

Deleted

b Implement the procedures in DoD Directive 7200.1, "Administrative Control of Appropriations," May 7, 1984, to report violations of the Antideficiency Act; review the performance of responsible officials; and initiate appropriate actions, if accounting adjustments or the inability to make such adjustments result in a violation."

Response:

Nonconcur. Based on the information provided, there is no need for a formal investigation as there has been no violation of the Antideficiency Act. Although more than $2 million was expended for the ITV program, no single system received over $2 million. Additionally, the intent of section 8023 was to ensure no funds were expended on systems for which there are not existing requirements or which duplicate other systems. The ITV program was directed by Deputy SECDEF to reduce transportation costs and to acquire automated capabilities for providing ITV. Every dollar spent in the ITV meets the intent of section 8023.

Defense Intelligence Agency Comments

DEFENSE INTELLIGENCE AGENCY

WASHINGTON, D.C. 20340-

30 AUG 1995

U-13,414/S-03A

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: Audit Report on Section 8023 - Certification of Automated Information Systems (AIS)

References: a. DoD/IG memorandum, subject: Audit Report on Section 8023 Certification of Automated Information Systems (Project No. 4RE-5025.02), 28 Jun 95.

b. ASD(C3I) memorandum, subject: Development or Modernization of Automated Information Systems (AIS), 8 Dec 93.

1. The Defense Intelligence Agency (DIA) nonconcurs with the draft audit report findings with respect to Intelligence AISs and with Recommendation 1 that the Director, DIA, investigate fund expenditures for the systems named in the recommendation. For the reasons stated in paragraphs 2-4 below, DIA believes the recommendations are not relevant to DIA and should be deleted entirely from the report.

2. DIA has complied with the direction issued in reference b. and the intent of the FY94 DoD Appropriations Act Section 8023. Both focus on those information management (IM) initiatives covered in Department of Defense Directive 8000.1 that addresses IM resources and services used for routine administrative and business applications that also may be used in conjunction with certain other DoD operational activities, including intelligence.

– Also, DIA's intelligence information systems activities are not covered in DoD Information Technology Budget Exhibit 43 reporting based on the exclusions stated in paragraph 180203J, chapter 18, DoD Regulation 7000.14-R.

3. DIA executed no FY94 funds in excess of $2 million for administrative or other business applications that it considers would have been covered by the Congressional language and the related instructions in reference b.

-- DIA does not consider that the funds executed for the six intelligence information systems projects named in the draft audit report are covered by either Section 8023 and related reference b. instructions.

4. Even on the assumption that the certification requirement also may have been necessary for intelligence systems and was not obtained, DIA does not agree that the expenditures in excess of $2 million on each system would constitute a violation of the Anti-Deficiency Act.

a. In its current form, the law (the Anti-Deficiency Act) prohibits "Making or authorizing an expenditure from, or creating or authorizing an obligation under, any appropriation or fund in excess of the amount available in the appropriation or fund unless authorized by law..." (General Accounting Office Principles of Federal Appropriation Law, Second Edition, at page 6-10). In this case, there is no assertion by any party, including the DoD/IG, that an expenditure in excess of an appropriation

occurred. Rather, the assertion is merely that expenditures within appropriation amounts may have been made in violation of certain conditions set by Congress. A comparable situation would be where expenditures were made in violation of the Buy America Act. In Southern Packing and Storage Company vs United States, 588 F. Supp. 532 (D.S.C. 1984), the court rejected the contention that a violation of the Buy America Act also constituted a violation of the Anti-Deficiency Act.

b. Again, assuming that certifications were necessary and were not obtained, the expenditures in question would be improper expenditures but not Anti-Deficiency Act violations.

c. From DIA's perspective, if the exclusion granted from coverage under Section 8023 should now be deemed to be improper, the necessary certifications can be requested. To the extent that the certifications are obtained, the expenditures would cease to be improper and no further corrective action would be necessary.

5. If the DoD/IG does not agree with DIA's recommendation to delete these portions from the report, DIA will place its non-concurrence in the final report along the lines of paragraphs 2-4 above.

JAMES R. CLAPPER, JR.
Lieutenant General, USAF
Director

Defense Logistics Agency Comments

DEFENSE LOGISTICS AGENCY
HEADQUARTERS
CAMERON STATION
ALEXANDRIA, VIRGINIA 22304-6100

IN REPLY REFER TO DDAI

30 AUG 1995

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING, DEPARTMENT OF DEFENSE

SUBJECT: OIG Draft **Report No. 4RE-5025.02**, *"Section 8023 Certification of Automated Information Systems"*

This is in response to your June 28, 1995 request.

1 Encl

JACQUELINE G. BRYANT
Chief, Internal Review Office

cc:
FO (Ann McKewen)
CA (Thomas Knapp)

Final Report Reference

TYPE OF REPORT: AUDIT **PURPOSE OF INPUT:** INITIAL POSITION

AUDIT TITLE AND NO.: Draft Report: *'Section 8023 Certification of Automated Information Systems,' (Project No. 4RE-5025.02)*

RECOMMENDATION: We recommend that the Director, Defense Logistics Agency:

a. Investigate the expenditure of funds in excess of the statutory limitation in section 8023 of Public Law 103-139, DoD Appropriations Act, 1994; direct that appropriate accounting adjustments be made, if needed; and determine whether violations of the Antideficiency Act have occurred for the Automated Document Conversion System. Deleted

b. Implement the procedures in DoD Directive 7200.1, "Administrative Control of Appropriations," May 7, 1984, to report violations of the Antideficiency Act; review the performance of responsible officials; and initiate appropriate actions, if accounting adjustments or the inability to make such adjustments result in a violation. Deleted

DLA COMMENTS: DLA has investigated the expenditure of funds for the Automated Document Conversion System and ***non-concurs*** for the following reasons that a potential violation of the Antideficiency Act occurred:

o FY 94 Department of Defense Appropriation Act, House Report, directed DoD to acquire and test an Automated Document Conversion System (ADCS). Public Law 103-139 specifically appropriated funds to DLA, on behalf of DoD, to acquire and test the system.

o DLA and Under Secretary of Defense (Logistics) submitted the ADCS program for review and approval by the Major Automated Information Systems Review Council (MAISRC), which is chaired by ASD (C3I). The MAISRC review process and approval of the ADCS from initial testing to deployment satisfied the oversight review board requirement of Section 8023.

o The MAISRC approved continuing with the program and delegated oversight responsibility to Office of Secretary of Defense (A&T).

o DUSD (Logistics) directed continuance of the test and obligations of the ADCS funds.

o In order to support the program, the operations and maintenance funds were reprogrammed to Procurement, Defense Wide funds. This reprogramming was completed at the OSD level, with full knowledge of all parties and signed by OSD(C).

DLA agrees that a written 8023 certification was not completed, but DLA complied with the certification requirements. The specific Congressional authority to expend funds for the test, the

MAISRC approval process and the direction of DUSD (Logistics) satisfied the certification requirements.

DISPOSITION:
Action is considered complete.

ACTION OFFICER: W.A. McEwen, (703) 274-6226, 21 Aug 95
REVIEW/APPROVAL: J.D. McCarthy, CAPT, SC, USN, Comptroller, 23 Aug 95
COORDINATION: Mr. Tom Knapp, CAN
E. Sanchez, FOE, 22 Aug 95
L. Coulter, DDAI, (703) 767-6261, 28 Aug 95
28 Aug 95, DDAI

DLA APPROVAL:

RAY E. McCOY
Major General, USA
Principal Deputy Director

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON DC 20301-3000

ACQUISITION AND TECHNOLOGY

LSD

18 AUG 1995

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (COMMAND, CONTROL, COMMUNICATION AND INTELLIGENCE)

SUBJECT: Automated Document Conversion System (ADCS) Section 8023 Certification

We do not feel that ADCS should be included in the Inspector General's (IG's) Audit Report, Section 8023, Certification of Automated Information Systems, project 4RE-5025.02. Section 8023 states that no funds may be obligated for the acquisition of a major automated information system until the system has completed the required Department of Defense oversight reviews or certified by their functional sponsor that they are non-duplicative of other development and modernization efforts.

The ADCS was specifically funded by Congress and was reviewed and approved by the Major Automated Information Systems Review Council (MAISRC). The MAISRC reviews were much broader in scope than the specific Section 8023 requirements. While the MAISRC did not specifically include the duplication assessment, it was determined by this office that ADCS did not duplicate any existing or developing systems prior to submission to the MAISRC. Based on the positive outcome of these reviews, direction was provided to the Defense Logistics Agency on August 10, 1995 by this office to continue with the test.

The absence of a specific written 8023 certification was an administrative oversight. We do not feel that ADCS should be included in the IG's Audit Report, Section 8023, Certification of Automated Information Systems, project 4RE-5025.02.

M.E. Beattie
Assistant Deputy Under Secretary
of Defense (Logistics Business Sytems
& Technology)

cc: DUSD(L)

Washington Headquarters Services Comments

OFFICE OF THE SECRETARY OF DEFENSE
1950 DEFENSE PENTAGON
WASHINGTON, DC 20301-1950

ADMINISTRATION & MANAGEMENT

September 1, 1995

MEMORANDUM FOR DIRECTOR, READINESS & OPERATIONAL SUPPORT, DoD IG

Subject: DoD IG Memorandum, Audit Report on Section 8023 Certification of Automated Information Systems (Project 4RE-5025.02), dated June 28, 1995

1. Washington Headquarters Services (WHS) non-concurs with the subject draft audit report Recommendation 2 and findings with respect to the DoD High Performance Computing Modernization Program (the "Program"). No expenditures have been made in excess of amounts appropriated for this requirement and further investigation is not warranted in the context of the Anti-deficiency Act.

2. DoD has complied with the intent of Section 8023 of the Defense Appropriations Act of 1994 with respect to the subject Program. This program clearly met the criteria for the certification of section 8023 in that: 1) the functional requirements were valid, and 2) there was no unnecessary duplication of other available or planned AIS's. Compliance with these criteria was surely conveyed by the senior official responsible for this program and understood by the OASD C3I during the course of the extensive system justification and reviews, including the reviews which led to the July 1994 MAISRC approval for FY 1994 expenditures for the program by the OASD C3I. (see attached)

3. To the extent that a specific formal written form is not in hand to memorialize certification of the underlying requirements of Section 8023, such documentation will be obtained to correct any confusion in the records of this program and to re-confirm full compliance with both the letter and spirit of Section 8023.

Thank you for the opportunity to comment on this matter.

D.O. Cooke,
Director

Attachment
As stated

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
6000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-6000

COMMAND, CONTROL, COMMUNICATION AND INTELLIGENCE

13 JUL 1994

MEMORANDUM FOR DIRECTOR, DEFENSE RESEARCH AND ENGINEERING

SUBJECT: Funding In Support for the DoD High Performance Modernization Program

I have reviewed your FY 1994 Implementation Plan and am approving all expenditures requested for FY 1994. I have elected to approve the request, because your schedule for the overall modernization program has been slipped again, and to provide a clear distinction between the past acquisitions and the establishment of a new baseline for the program. Please keep my Action Officer, Ms. Pam Field, apprised of the status of the four competitive acquisitions and provide a new timeline for the overall HPC modernization program as soon as possible. With your new milestones in hand I will better be able to schedule the required reviews to help expedite your program goals.

If you have questions please contact me.

Anthony M. Valletta
Acting Chairman MAISRC

Audit Team Members

This report was prepared by the Readiness and Operational Support Directorate, Office of the Assistant Inspector General for Auditing, DoD.

Thomas F. Gimble
Salvatore F. Guli
Mary Lu Ugone
James Hutchinson
Deborah L. Carros
Nancy C. Cipolla
Cristina Maria H. Giusti