

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

**QUICK-REACTION REPORT ON THE ACQUISITION
OF THE DEPARTMENT OF DEFENSE EDUCATION
ACTIVITY AUTOMATED INFORMATION SYSTEM**

Report No. 96-125

May 21, 1996

Department of Defense

Additional Copies

To obtain additional copies of this audit 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 the Defense Hotline, The Pentagon, Washington, D.C. 20301-1900. The identity of each writer and caller is fully protected.

Acronyms

APB	Acquisition Program Baseline
DoDEA	Department of Defense Education Activity
MAIS	Major Automated Information System
MNS	Mission Need Statement



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



May 21, 1996

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
DEPUTY ASSISTANT SECRETARY OF DEFENSE
(COMMAND, CONTROL, COMMUNICATIONS, AND
INTELLIGENCE ACQUISITION)
DEPUTY ASSISTANT SECRETARY OF DEFENSE
(PERSONNEL SUPPORT, FAMILIES, AND
EDUCATION)
DIRECTOR, DEPARTMENT OF DEFENSE EDUCATION
ACTIVITY

SUBJECT: Quick-Reaction Report on the Acquisition of the Department of Defense
Education Activity Automated Information System (Report No. 96-125)

We are providing this report for your review and comment. This report is one in a series of reports issued on the audit of the control environment of the Department of Defense Education Activity (Project No. 5LA-2027). We are issuing this quick-reaction report so that action can be taken to ensure that the Department of Defense Education Activity acquisition of a major automated information system is managed in accordance with DoD acquisition policies and procedures.

Management comments on a draft of this report were considered in preparing the final report. The Under Secretary of Defense (Comptroller) comments were responsive. DoD Directive 7650.3 requires that all recommendations be resolved promptly. Therefore, we request that the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition), Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education), and Director, Department of Defense Education Activity, provide comments on the unresolved issues by June 24, 1996.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Robert J. Ryan, Audit Program Director, at (703) 604-9418 (DSN 664-9418) or Mr. Walter R. Loder, Audit Project Manager, at (703) 604-9413 (DSN 664-9413). See Appendix C for the report distribution. The audit team members are listed on the inside back cover.

David K. Steensma

David K. Steensma
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 96-125
(Project No. 5LA-2027.01)

May 21, 1996

Quick-Reaction Report on the Acquisition of the Department of Defense Education Activity Automated Information System

Executive Summary

Introduction. This quick-reaction report is one in a series of reports on the Department of Defense Education Activity (DoDEA) financial management controls. This report discusses DoDEA management of the acquisition of a major automated information system (MAIS), and DoDEA compliance with DoD acquisition policies and procedures. Immediate action is required to ensure that the DoDEA acquisition of a MAIS is restructured and managed in accordance with DoD policies and procedures.

The DoDEA intends to purchase an automated information system for the Department of Defense Dependents Schools and Domestic Dependent Elementary and Secondary Schools that meets the DoD threshold for a MAIS acquisition program. In FY 1995, DoDEA acquired technology for a MAIS and plans to continue purchasing technology over a 5-year period. DoD acquisition policies and procedures require DoDEA to prepare a mission need statement, an operational requirements document, and an acquisition program baseline for the MAIS. DoD acquisition policies and procedures also require DoDEA to develop an acquisition strategy.

Audit Objectives. The primary audit objective was to evaluate the overall financial management controls and the levels of responsibility for implementing internal controls. This quick-reaction report evaluated the DoDEA financial management controls over the acquisition of a MAIS. Future reports will address the DoDEA control environment, financial management controls and the management control program.

Audit Results. The DoDEA did not provide adequate overall management for the acquisition of a MAIS estimated to cost \$418.5 million. As a result, the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) was not informed so that he could initiate the required MAIS review council milestone reviews to ensure efficient and effective acquisition of the MAIS.

Summary of Recommendations. We recommend that the Under Secretary of Defense (Comptroller) review the amended DoDEA budget submissions for the MAIS. We recommend that the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) perform the required MAIS review council milestone reviews. We also recommend that the Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) review and approve the mission need statement, and confirm that DoDEA implements required policies and procedures for management of a MAIS.

We recommend that the Director, DoDEA, discontinue the MAIS acquisitions until the program is restructured and managed in accordance with DoD acquisition policies and procedures. In addition, we recommend that the Director, DoDEA, prepare and submit required documentation for the MAIS to the Deputy Assistant Secretary of

Defense (Command, Control, Communications, and Intelligence Acquisition) and Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education). We also recommend that the Director, DoDEA, amend and submit the FY 1997 budget exhibits for the MAIS to the Under Secretary of Defense (Comptroller).

Management Comments. The Under Secretary of Defense (Comptroller) agreed to review the DoDEA amended information resource budget submission. The Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) nonconcurred and stated that the DoDEA automated information system was not subject to MAIS policies and procedures because it is not a centralized acquisition program. He also stated that funding was denied to DoDEA for the system by the Program Objective Memorandum and Defense Resources Board and this caused a revision in the acquisition strategy. The Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) concurred and stated that the DoDEA will establish minimum program standards and requirements through a technology programs standards document, and would ensure that all procurements are implemented in accordance with DoD policies and procedures.

The DoDEA nonconcurred with a recommendation to discontinue the acquisitions until the automated information system acquisitions were restructured and managed in accordance with DoD acquisition policies and procedures. DoDEA also nonconcurred with the recommendation to prepare and submit a mission need statement, operational requirements document, and acquisition program baseline. DoDEA partially concurred with the recommendation to amend the budget exhibits to properly reflect FY 1995 and current year information technology resource expenditures and follow the DoD Financial Management Regulation for the preparation of the FY 1997 budget. DoDEA stated that the DoDEA FY 1997 President's Budget will reflect FY 1995 actual technology expenditures, the FY 1996 current technology expenditure estimate, and the FY 1997 technology cost estimate. However, DoDEA did not concur with the implication of the recommendation that the DoDEA information technology budgets are inaccurate and do not comply with DoD guidance. DoDEA did not comment on the recommendation to prepare an acquisition strategy, but stated that it would prepare a technology standards document.

Audit Response. Comments from the Under Secretary of Defense were responsive. Comments from the Deputy Assistant Secretaries and the Director, DoDEA, were not responsive. We do not agree that the DoDEA automated information system is not a MAIS. Corrective actions proposed by the Deputy Assistant Secretaries and the Director, DoDEA, would not provide adequate program management for the DoDEA MAIS, and do not meet the requirements of DoD acquisition policies and procedures. The DoD acquisition policies do not make a distinction that a program is exempt from the procedures because it is not a centralized acquisition. Furthermore, the intent of management is not clear since centralized funding was denied, yet \$10 million was already spent and there is no type of any approved acquisition or technology plan. We request that the Deputy Assistant Secretaries and the Director, DoDEA, reconsider their position, and provide additional comments, by June 24, 1996.

Table of Contents

Executive Summary	i
Part I - Audit Results	
Audit Background	2
Audit Objectives	2
Managing Automated Information System Acquisitions	4
Part II - Additional Information	
Appendix A. Audit Process	
Scope and Methodology	16
Prior Audits and Other Reviews	16
Appendix B. Previous DoD Guidance on Automated Information System Life Cycle Management	17
Appendix C. Report Distribution	18
Part III - Management Comments	
Under Secretary of Defense (Comptroller) Comments	22
Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) and Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) Joint Comments	23
Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) and Department of Defense Education Activity Joint Comments	26
Department of Defense Education Activity Comments	29

Part I - Audit Results

Audit Background

The Department of Defense Education Activity (DoDEA) provides education for children of American military and DoD personnel stationed overseas and in the continental United States. DoDEA is made up of two operational units, the Department of Defense Dependents Schools, which provides education to 90,000 students overseas, and the Domestic Dependent Elementary and Secondary Schools, which provides education to 32,000 students located in the continental United States. The total FY 1995 funding for DoDEA was \$1.2 billion. The Department of Defense Dependents Schools is comparable to the 22nd largest school system in the United States.

Technology Plan. The DoDEA, in conjunction with a contractor, developed the draft DoDEA Educational Technology Plan (the Technology Plan) to provide technology requirements and implementation strategies for the DoDEA education mission. The draft Technology Plan, dated April 1995, provided a model education program to include computer workstations and the installation of an integrated local and worldwide area network. The Technology Plan projected Department of Defense Dependents Schools technology infrastructure costs for the major automated information system (MAIS) at \$329.1 million over the next 5 years, beginning in FY 1995. DoDEA planned to incorporate the Domestic Dependent Elementary and Secondary Schools into the Technology Plan beginning in FY 1996, and estimated the Domestic Dependent Elementary and Secondary Schools technology infrastructure costs at \$89.4 million. As of January 1996, DoDEA had not incorporated the Domestic Dependent Elementary and Secondary Schools nor finalized the Technology Plan.

DoD Policies and Procedures. The DoD published a directive and regulation on March 15, 1996, to replace prior DoD guidance on automated information system life cycle management (see Appendix B). The draft policies and procedures provide guidance for all DoD acquisition programs and a simplified and flexible management framework for translating mission needs into a stable, affordable, and well-managed MAIS. Although DoD replaced prior guidance on automated information systems, DoD Components should have continued to follow prior guidance to establish controls and to provide basic management over automated information system acquisitions. The overall concepts and requirements established in prior guidance are consistent with requirements in the new DoD directive and regulation.

Audit Objectives

The primary audit objective was to evaluate the overall financial management controls and the levels of responsibility for implementing internal controls. This quick-reaction report evaluated the DoDEA financial management controls

over a MAIS acquisition program. Separate reports will be issued on the DoDEA control environment and other financial management controls. The review of the management control program applicable to the other stated audit objective will be discussed as part of a separate report. See Appendix A for a discussion of the audit process.

Managing Automated Information System Acquisitions

The DoDEA did not provide adequate overall management for the acquisition of a MAIS with an estimated cost of \$418.5 million. This condition occurred because DoDEA did not implement DoD acquisition policies and procedures. Specifically, it did not prepare and submit the mission need statement, the operational requirements document, and the acquisition program baseline. Additionally, it did not develop an acquisition strategy. As a result, the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) was not informed about the system and could not perform the required MAIS review council milestone reviews. The reviews ensure adequate management and efficient and effective acquisition of automated systems.

Policies and Procedures

An acquisition of a MAIS is subject to the following policies and procedures.

Draft DoD Directive. Draft DoD Directive 5000.1, "Defense Acquisitions," February 15, 1996, provides broad policies and principles for all DoD acquisition programs, and 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, or telecommunications, that perform functions such as collecting, processing, transmitting, and displaying information." A MAIS acquisition program is defined as an automated information system program that is:

- o designated for review by the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition), or
- o estimated to require program costs in any single year in excess of \$30 million; total program costs in excess of \$120 million; or total life-cycle costs in excess of \$360 million.

The Directive also establishes responsibilities for the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition), DoD Component heads, and program managers. The Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) is the senior management official, and is required to chair the MAIS review council. DoD Component heads are responsible for ensuring that policies and procedures governing the operation of the Component's acquisition, requirements, and budgeting systems are effectively implemented. The DoD Component head is required to designate a program manager. The program manager is responsible for establishing a program

manager charter, and managing the acquisition of a MAIS consistent with DoD acquisition policies and procedures and within approved resources, program costs, and schedules.

Draft DoD Instruction. DoD Regulation 5000.2, "Mandatory Procedures for Major Defense Acquisition Programs and Major Automated Information System Acquisition Programs," March 15, 1996, establishes mandatory procedures for MAIS acquisition programs. It requires management to structure the MAIS to ensure a logical progression through a series of phases designed to reduce risk, ensure affordability, and provide adequate information for decisionmaking that will provide the need in the shortest practical time.

The Regulation provides certain core issues and mandatory procedures that must be addressed for every acquisition program. Core issues include program definition and program structure that mandate DoDEA, as the DoD Component, to prepare and submit a mission need statement (MNS), an operational requirements document, and an acquisition program baseline (APB). The development of an acquisition strategy is also required. The Regulation requires the Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education), as the Office of the Secretary of Defense Principal Staff Assistant, to review and approve the MNS. As the milestone decision authority, the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) is required to review the operational requirements document. The Regulation also requires the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) to review and approve the APB and acquisition strategy. The DoD Component head is required to ensure coordination with the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) and the Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education).

DoD Financial Management Regulation. DoD Financial Management Regulation 7000.14R Volume 2B, "Budget Presentation and Formulation," chapter 18, "Information Technology," provides instructions applicable to budget formulation and congressional justification for information technology programs. It requires all DoD Component heads that have an automated information system that meets a \$10 million threshold for planned resource obligations to include an exhibit in their budget submission. The budget exhibit should include a description of the MAIS, contract information, and cost data. DoD Component heads are required to provide advance copies of the budget exhibits to the Under Secretary of Defense (Comptroller) for review and approval.

Automated Information System Acquisitions

The DoDEA did not provide adequate overall management for acquisition of a MAIS. The Technology Plan projected costs indicated that the DoDEA automated information system acquisitions meet the DoD threshold. However,

Managing Automated Information System Acquisitions

DoDEA, as the DoD Component head, did not manage the automated information system acquisition as a MAIS; therefore, the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition), as the Office of the Secretary of Defense functional proponent and chair of the MAIS review council, was not aware of the system and did not perform the required MAIS milestone reviews. In addition, although DoDEA recognized automated information system acquisitions as a program by appointing a program manager, the program manager did not establish a program manager charter, and did not adequately manage the program. DoDEA should discontinue this acquisition until the MAIS is restructured and managed in accordance with DoD policies and procedures, and until the MAIS undergoes the first MAIS review council review.

Major Automated Information System Threshold. The projected costs for the Technology Plan indicated that the DoDEA automated information system met the DoD MAIS threshold. The Technology Plan projected the automated information system costs for the Department of Defense Dependents Schools at \$329.1 million, and planned to incorporate the Domestic Dependent Elementary and Secondary Schools for \$89.4 million. Those costs were in excess of the MAIS threshold costs of \$120 million or total life-cycle costs of \$360 million. However, as discussed in this report, DoDEA did not manage the program as a MAIS. Instead, as funds became available, DoDEA used the funds to purchase technology infrastructure based on the draft Technology Plan.

Automated Information System Program Manager. The DoDEA did recognize its automated information system acquisitions as a program by appointing a program manager. However, the program manager neither established a program manager charter, nor adequately managed the program. DoDEA recognized its automated system acquisitions as a program in December 1995, when it appointed the Associate Director for Management Services as the program manager. Although DoDEA appointed a program manager after our audit inquiries, the program manager did not provide overall management for the program or prepare an approved program charter before resource expenditures on the MAIS. As of January 1996, DoDEA had not established a program manager charter.

Implementation of DoD Policies and Procedures

The DoDEA did not implement DoD acquisition policies and procedures for the acquisition of a MAIS. Specifically, DoDEA did not prepare or submit the MNS, the operational requirements document, and the APB. Additionally, DoDEA should have developed an acquisition strategy. The MNS, the operational requirements document, the APB, and the acquisition strategy are mandatory procedures that should be prepared and submitted during the acquisition management process.

Mission Need Statement. The DoDEA did not prepare or submit the MNS for the acquisition of a MAIS as required by DoD policies and procedures. The

MNS defines and documents the mission need, and justifies resource expenditures to satisfy the need. DoDEA should have prepared a MNS to identify and describe the mission deficiency; discuss the results of mission area analysis; identify potential material alternatives; and describe any conditions that may impact satisfying the need. This did not occur. Further, as required by DoD policies and procedures, a MNS or similar document was not provided to the Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education), as the Office of the Secretary of Defense Principle Staff Assistant, for review and approval.

Operational Requirements Document. The DoDEA did not prepare and submit the operational requirements document as required by DoD policies and procedures. The operational requirements document is a mandatory procedure that translates broadly stated mission needs into a set of operation requirements from which specific performance specifications are derived. DoDEA should have prepared the operational requirements document to ensure that the MAIS was well-defined and carefully structured to balance cost, schedule, performance, available technology, and affordability constraints. DoDEA should have prepared the operational requirements document, and submitted it to the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition), as the milestone decision authority, for review. Because DoDEA did not prepare the operational requirements document, or similar process document, it did not adequately budget for the MAIS.

Budget Exhibits. The DoDEA did not adequately budget for the MAIS as required by DoD policies and procedures. DoD policies and procedures state that supporting documentation for budget information technology resources required to support a MAIS should be included in the budget submission exhibits. DoDEA provided technology exhibits in the budget estimate submissions; however, DoDEA did not properly reflect FY 1995 and current year information technology resource expenditures and did not provide visibility for the MAIS acquisition program in an exhibit. DoDEA should amend the budget exhibits to properly reflect FY 1995 and current year information technology resource expenditures. In addition, DoDEA should follow guidance in the DoD Financial Management Regulation, for the preparation of the FY 1997 budget submission.

Budget Adequacy. The DoDEA did not adequately budget for the MAIS because it did not identify budget needs prior to the year. The DoDEA Management Information System Division requested approximately \$781,000 for headquarters nonlabor cost programs. During FY 1995, DoDEA allocated to the Management Information System Division additional funding by reprogramming approximately \$10.4 million from the headquarters reserve fund to the Management Information System Division nonlabor cost programs. The reprogrammed funds were used to fund unfinanced requirements identified in the Technology Plan. The DoDEA Management Information System Division spent the reprogrammed funds in FY 1995, and overspent what was allocated by an additional \$456,638. The use of DoDEA funds will be addressed in a separate audit report.

Managing Automated Information System Acquisitions

Acquisition Program Baseline. The DoDEA did not prepare and submit the APB as required by DoD acquisition policies and procedures. DoD policies and procedures state that no acquisition program should be executed in any phase of acquisition without an APB, and require the DoD Component head to identify essential program elements in the APB necessary to structure a successful program beginning at program initiation. The DoDEA program manager should have prepared the APB and included cost, schedule, and performance objectives. This did not occur. Further, as required by DoD policies and procedures, the APB, or similar process document, was not provided to the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) for approval. The Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) would have coordinated with the Under Secretary of Defense (Comptroller), and the Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) on the approval of the APB. Because DoDEA did not develop, prepare, and submit the APB, or similar process document, it did not have accurate projected costs for the MAIS, and may have understated projected costs by \$242 million.

The DoDEA did not prepare accurate projected costs for the MAIS, and may have understated projected costs by \$242 million. DoDEA calculated the cost of computers needed for technology upgrades by multiplying the number of computers needed, 43,680 by \$3,000. DoDEA assumed that a fully loaded computer would cost \$3,000; however, DoDEA was purchasing computers for \$8,543 (a difference of \$5,543). We estimate that DoDEA may have underestimated its costs by \$242 million (43,680 computers times \$5,543 difference equals \$242,118,240).

Acquisition Strategy. The DoDEA did not develop an acquisition strategy for the MAIS as required by DoD acquisition policies and procedures. The DoDEA program manager should have developed and documented an acquisition strategy to minimize the time and cost of satisfying an identified, validated need, consistent with sound business practices. The acquisition strategy should have also included essential elements, such as risk management; contract approach; and management approach. This did not occur.

Summary

The DoDEA did not provide adequate overall management for the MAIS, and did not comply with DoD policies and procedures. DoDEA should discontinue the acquisitions related to the system until the MAIS is restructured and managed in accordance with DoD policies and procedures, and until the MAIS undergoes the first MAIS review council review. Accordingly, DoDEA should prepare a MNS, an operational requirements document, and an APB. DoDEA should also develop an acquisition strategy, and amend its budget exhibits to properly reflect FY 1995 and current year expenditures and planned technology resource requirements.

Recommendations, Management Comments, and Audit Response

1. We recommend that the Under Secretary of Defense (Comptroller) review the amended information resource budget submissions for the Department of Defense Education Activity to ensure accurate visibility of the major automated information system.

Under Secretary of Defense (Comptroller) Comments. The Office of the Under Secretary of Defense (Comptroller) concurred with the recommendation. The Under Secretary of Defense stated that he will review the FY 1997 President's Budget and will check the information resource budget submission expenditures reported for FY 1995, and budget year estimates reported for FY 1996 and FY 1997 to ensure that DoDEA information technology amounts are accurately reported.

2. We recommend that the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) perform the required major automated information system review council milestone reviews for the Department of Defense Education Activity acquisition program to ensure adequate management of the acquisition of a major automated information system.

Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) and Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) Joint Comments; and Department of Defense Education Activity Comments. The Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) nonconcurred with the recommendation, stating that the DoDEA automated information system was not subject to major automated information system policies and procedures because it was not a centralized acquisition program. Additionally, the Deputy Assistant Secretary of Defense stated that the funding stream for the DoDEA technology program was denied by both the 1997-2001 Program Objective Memorandum (POM) process and the Defense Resource Board (DRB) review. Upon the denial of the technology funding stream, the Technology Plan became obsolete, and DoDEA revised its approach. Further, the DoDEA program manager is establishing functional architectural standards for the purchase of computers and software.

Audit Response. We consider the comments from the Deputy Assistant Secretaries of Defense nonresponsive. We do not agree that the DoDEA automated information system is not a MAIS just because it was not a centralized acquisition. For example, if the Army has units pay for trucks individually instead of centrally paying for the trucks it does not make the acquisition of trucks not subject to the requirements of the directive and regulation. The fact that the POM and DRB denied funding to the system shows they were concerned for some reason about DoDEA expenditures for the system. To go ahead and spend money on a decentralized basis for a system that was denied funds should cause some concern. Further, the expenditure of at least \$10 million without any type of approved plan also evidences the need

Managing Automated Information System Acquisitions

for outside oversight of the DoDEA acquisition. Although direct funding for the automated information system was not approved, DoDEA is centrally controlling funding for the MAIS by reprogramming funds from other sources to acquire technology. That funding strategy was implemented in FYs 1995 and 1996, after the denial of the funding stream, and was documented as the funding strategy in the Technology Plan. In FY 1995, using the same funding strategy, DoDEA reprogrammed at least \$10.4 million from the headquarters reserve fund to acquire technology for the Department of Defense Dependent Schools. In FY 1996, DoDEA reprogrammed at least \$8 million from the school supply fund to acquire technology for the MAIS.

We do not agree that the DoDEA Technology Plan was obsolete. Requisitions and contracts for FYs 1995 and 1996, after the denial of the funding stream, reference the Technology Plan as the basis for technology acquisitions. A September 29, 1995, contract for DoDEA technology included in its statement of work, "DoDEA has developed a world-wide technology plan which is presently being implemented." Additionally, in a March 13, 1996, hearing before the Personnel Subcommittee, Senate Armed Services Committee, the Under Secretary of Defense (Personnel and Readiness) acknowledged the existence and implementation of the DoDEA Technology Plan. He stated, "We have added \$7.5 million to the DoDEA technology plan."

We still believe that the DoDEA automated information system should be subject to DoD acquisition policies and procedures. Doing so would require DoDEA to develop a program strategy minimizing the time and cost of satisfying an identified, validated need, consistent with common sense and sound business practices. The need for sound business practices and proper oversight is brought out by the fact that DoDEA already spent at least \$10 million but has not yet written the technology standards for the acquisition. We request that the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) reconsider his position, and provide additional comments on the final report.

3. We recommend that the Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education):

a. Review and approve the Department of Defense Education Activity mission need statement.

b. Confirm that the Department of Defense Education Activity has implemented DoD policies and procedures.

Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) and Department of Defense Education Activity Joint Comments. The Deputy Assistant Secretary concurred with our recommendation. The Deputy Assistant Secretary stated that she will approve that the DoDEA establish minimum program standards and requirements through a technology program standards document. The Deputy Assistant Secretary will also ensure that all procurements are implemented in accordance with DoD policies and procedures.

Audit Response. The comments did not address the intent of our recommendations. DoD acquisition policies and procedures require the Deputy Assistant Secretary to review and approve a mission need statement, and to ensure that DoDEA developed and implemented a program management strategy for the MAIS. We do not accept the DoDEA technology program standards document as the required mission need statement or program management strategy. We request that the Deputy Assistant Secretary reconsider her position and provide comments, including implementation dates for corrective actions, on the final report.

4. We recommend that the Director, Department of Defense Education Activity:

a. Discontinue acquisition of the automated information system until the Department of Defense Education Activity acquisition program for the major automated information system is restructured and managed in accordance with DoD policies and procedures, and until the acquisition program undergoes the first major automated information system review council review performed by the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition).

Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) and Department of Defense Education Activity Joint Comments. DoDEA nonconcurred with the recommendation, stating that the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) had determined that the DoDEA automated information system was not subject to the MAIS process; therefore, DoDEA will proceed with the automated information system acquisitions.

Audit Response. We do not consider the DoDEA comments responsive. We do not agree that DoDEA should not comply with DoD acquisition policies and procedures. Further, DoDEA should not continue with MAIS acquisitions unless the program is restructured and managed in accordance with DoD acquisition policies and procedures. We request that the Director, DoDEA, reconsider her position and provide additional comments on the final report.

b. Prepare and submit a mission need statement, an operational requirements document, and an acquisition program baseline to the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) and Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) as appropriate.

Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) and Department of Defense Education Activity Joint Comments. DoDEA nonconcurred with the recommendation, stating that the technology requirements will be reflected in the DoDEA technology program standards document.

Audit Response. The DoDEA comments do not address the intent of our recommendation, which is for DoDEA to establish and implement a program management strategy comparable to DoD acquisition policies and procedures

Managing Automated Information System Acquisitions

over the MAIS. The need for these types of required documents is shown by the fact that DoDEA has already spent \$10 million, yet the technology program standards document is not completed according to the Deputy Assistant Secretary. We request the Director, DoDEA, reconsider her position and provide additional comments on the final report.

c. Amend the budget exhibits to properly reflect FY 1995 and current year information technology resource expenditures, and follow guidance in the DoD Financial Management Regulation for the preparation of the FY 1997 budget submission.

Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) and Department of Defense Education Activity Joint Comments. DoDEA partially concurred with the recommendation, and stated that it has always included actual technology expenditures for the budget execution years and has always followed DoD guidance in the preparation of budget submissions. DoDEA stated that the FY 1997 President's Budget will reflect FY 1995 actual technology expenditures, the FY 1996 current technology expenditure estimate, and the FY 1997 technology cost estimate based on the current projection of available funding in accordance with applicable DoD guidance.

Audit Response. DoDEA did not prepare the FY 1995 or FY 1996 budget submission in accordance with the DoD Financial Management Regulation. In FY 1995, DoDEA spent at least \$10.4 million on information resource technology for the automated information system; however, DoDEA did not budget for the amount or prepare an information technology exhibit as required by the DoD Financial Management Regulation. Further, actual FY 1995 information technology expenditures were not identified in the FY 1996 budget submissions. If DoDEA does not include actual FYs 1995 and 1996 information resource technology expenditures in the FY 1997 budget submission, then the FY 1997 DoDEA budget will not be prepared in accordance with the DoD Financial Management Regulation. Additionally, DoDEA projected that with its phased-in expenditure plan, approximately \$20 million a year will be available to fund the technology program. That amount was not reflected in the budget submissions. We request that the Director, DoDEA, reconsider her position and provide additional comments on the final report.

d. Develop an acquisition strategy for the acquisition of the major automated information system.

Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) and Department of Defense Education Activity Joint Comments. DoDEA partially concurred with the recommendation. DoDEA stated that it would develop a technology standards document to guide the purchase of equipment at school level. DoDEA requested that the term MAIS be deleted from the recommendation because DoDEA is not subject to the MAIS process.

Managing Automated Information System Acquisitions

Audit Response. DoD acquisition policies and procedures require that an acquisition strategy be developed, and state that essential elements of the acquisition strategy should include information on risk management, cost, contract approach, management approach, and source of support. We do not believe that the DoDEA planned technology standards document complies with the requirements of DoD acquisition policies and procedures. It is evident, there is a need for the principles that are in an acquisition strategy document since DoDEA has spent at least \$10 million for computer equipment without any approved plan. We request that the Director, DoDEA, reconsider her position and provide further comments on the final report.

Part II - Additional Information

Appendix A. Audit Process

Scope and Methodology

We reviewed DoDEA FYs 1995, 1996, and 1997 budget submissions and supporting budget documents. We reviewed prior DoD guidance dated January 1993 and draft policies and procedures dated February 21, 1996, and the DoDEA draft Technology Plan dated April 1995. We reviewed FY 1995 requisitions and support for cost estimates. We also interviewed DoDEA personnel involved with the management, budgeting, procurement, and requisitioning of technology for the MAIS. To evaluate the overall financial management controls over the acquisition of the MAIS, we reviewed and analyzed a judgmental sample of six FY 1995 requisitions for technology acquisitions.

Audit Locations Visited. We visited DoDEA Headquarters, Arlington, Virginia. In Washington, DC, we visited the Offices of the Under Secretary of Defense (Comptroller); Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition); and the Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education).

Limitations to Audit Scope. The scope of the audit was limited in that we did not review the management control program. In addition, DoDEA did not centrally manage procurements and could not provide a complete listing of open DoDEA FY 1995 and FY 1996 contracts for technology procurements. Therefore, we did not review the contracts.

Use of Computer-Processed Data. We did not use computer-processed data for this audit.

Audit Period and Standards. We conducted this economy and efficiency audit from September 1995 to January 1996 in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD.

Prior Audits and Other Reviews

There have been no other audits or reviews of the DoDEA MAIS acquisition program within the last 5 years.

Appendix B. Previous DoD Guidance on Automated Information System Life Cycle Management

The following is a summary of previous DoD guidance on automated information system life cycle management.

DoD Directive 8120.1. DoD Directive 8120.1, "Life Cycle Management of Automated Information Systems," January 14, 1993, governed program and project development. The Directive defined 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." The Directive defined a MAIS as an automated information system that has an anticipated program costs in excess of \$100 million, estimated program costs in excess of \$25 million in any single year, or estimated life-cycle costs in excess of \$300 million.

DoD Directive 8120.2. DoD Directive 8120.2, "Automated Information System Life Cycle Management Process, Review, and Milestone Approval Procedures", January 14, 1993, required the Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) to review and validate each MAIS for compliance with the DoD life cycle policies, procedures, and standards for MAIS acquisition programs. The Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) was required to establish and issue procedures to periodically determine the status of each of the MAIS acquisition programs and detect potential problems.

As the Office of the Secretary of Defense functional proponent, the Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) was required to establish and assign responsibilities to execute procedures to verify DoDEA compliance with functional policies and procedures. The Directive requires the Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) to validate and revalidate the automated information system mission need statement; verify the automated information system program compliance with DoD Directive 8120.1; and participate in the life cycle review process for the MAIS acquisition programs.

The Directive required the heads of DoD Components to validate and submit the mission need statement to the appropriate Office of the Secretary of Defense functional proponent when an automated information system was expected to meet the threshold policies and procedures for designation as a MAIS. The Directive also required Component heads to determine whether program funding supports the program plan and whether the plan is executable.

Appendix C. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller)
Deputy Chief Financial Officer
Deputy Comptroller (Program/Budget)
Deputy Assistant to the Secretary of Defense (Command, Control, Communications,
and Intelligence Acquisition)
Deputy Assistant to the Secretary of Defense (Personnel Support, Families, and
Education)
Director, Defense Logistics Studies Information Exchange

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 Logistics Agency
Director, Department of Defense Education Activity
Director, National Security Agency
Inspector General, National Security Agency
Inspector General, Defense Intelligence Agency

Non-Defense Federal Organizations and Individuals

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

Non-Defense Federal Organizations and Individuals (cont'd)

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
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

Part III - Management Comments

Under Secretary of Defense (Comptroller) Comments



COMPTROLLER

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



MAR 29 1996

MEMORANDUM FOR DIRECTOR, LOGISTICS SUPPORT DIRECTORATE, DOD IG

SUBJECT: Quick-Reaction Report on the Acquisition of the Department of Defense Education Activity (DoDEA) Automated Information System (Project No. 5LA-2027.01)

This office has reviewed the subject report as requested. The recommendation for the USD (Comptroller) to review the DoDEA amended information resource budget submission to ensure accurate visibility of Major Automated Information Systems is acceptable. The FY 1997 President's Budget will be submitted to IIFM by April 8, 1996, for the OUSD(C)/ODCFO/IIFM review. At that time, we will check: (1) expenditures reported for FY 1995; and, (2) budget year estimates reported for FY 1996 and FY 1997 to ensure DoDEA IT dollars are accurately reported.

Angela F. Bruce
Acting Director for Information Technology
Financial Management

Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) and Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) Joint Comments



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000



March 27, 1996

MEMORANDUM FOR MR. ROBERT J. RYAN, AUDIT PROGRAM MANAGER, DODIG

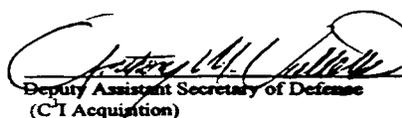
SUBJECT: Joint Response to the Quick-Reaction Report on the Acquisition of the Department of Defense Education Activity (DoDEA) Automated Information System (Project No. 5LA-2027.01.)

The offices of the Deputy Assistant Secretary of Defense (DASD) (PSF&E) and Deputy Assistant Secretary of Defense (C^I Acquisition) (DASD) have completed a joint review of your Quick-Reaction report on the DoDEA Automated Information System. Detailed comments are attached. In summary:

1. The April 1995 Technology Plan was developed by DoDEA for the purpose of implementing a procurement system for an instructional automated information system and seeking approval for a technology funding stream to execute the procurement system.
2. DoDEA requested approval of the proposed technology funding stream through the 1997-2001 Program Objective Memorandum process and the Defense Resource Board review cycle in July 1995. Both of these funding requests were denied.
3. The lack of a technology funding stream caused DoDEA to revise its approach by: (a) establishing minimum hardware and software standards for the classroom computer workstations, laboratory workstations, media centers, and networks; and (b) continuing the procurement of the components at the lowest organizational unit possible.
4. The DoDEA program manager is establishing functional architectural standards for purchase of computers and commercial off the shelf software by the schools and is not an acquisition program manager.

Based on this review, the DoDEA technology program is not subject to the MAIS policies and procedures.


Deputy Assistant Secretary of Defense (PSF&E)


Deputy Assistant Secretary of Defense
(C^I Acquisition)



Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) and Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) Joint Comments

**DoDEA Response to the Quick-Reaction Report
on the
Department of Defense Education Activity Automated Information System
(Project Number 5LA-2027.01)**

Background

The Director of DoDEA initiated the development of a DoDEA Technology Plan. Through the plan the director initiated a program to provide computers for the DoDEA classrooms. DoDEA noted that the DoD schools were independently purchasing computers to fulfill this need, but that there were no standards to ensure comparability across the schools. In order to ensure that the automation support provided to the DoD instructional program met appropriate functional and technical standards, DoDEA initiated a plan to determine the requirements of appropriate support. The Technology Plan was developed in 1995, with the intention that the program would be managed as a central acquisition. After it was determined that a funding stream for such a program would not be available, DoDEA revised its approach and assigned a program manager. The DoDEA program manager is not an acquisition program manager as defined by the MAIS. The program manager establishes functional architecture standards in cooperation with the DISA staff to (a) establish minimum hardware and software standards for the schools and (b) allow the schools to procure the technology components in support of the instructional programs at the schools. The schools will continue to purchase their own computers and related software, but they will be instructed to comply with the standards developed by the DoDEA program manager. DoDEA does not have a program for centralized acquisition of the automated support for the instructional program.

Specific Comments

1. **Technology Plan.** The Quick-Reaction report's conclusions are based on a Technology Plan that was designed in 1995, but has since become obsolete due to the lack of an approved Technology Funding stream. DoDEA did publish a draft 5-year Technology Plan in April 1995 for the centralized procurement of automated support for the instructional program. The plan included "straw costs" for the procurement of a technology infrastructure for the Department of Defense Dependents Schools (DoDDS) overseas school system, and the Department of Defense Domestic Dependent Elementary and Secondary School (DDESS) stateside school system. The proposed infrastructure included school classroom computers, laboratories, media centers, local area networks, and connections to the internet. The "straw costs" were used by DoDEA to request a technology funding stream through the 1997-2001 Program Objective Memorandum cycle, as well as through the Defense Resources Board review of July 1995. In both instances, the funding stream for the DoDEA technology program was denied. Upon denial of the technology funding stream, the April 1995 Technology Plan became obsolete and DoDEA revised its approach.

Deputy Assistant Secretary of Defense (Command, Control, Communications, and Intelligence Acquisition) and Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) Joint Comments

2

The denial of a technology funding stream left DoDEA without a centralized capability for acquisition of automated support for the instructional program. Because of the lack of additional funds, DoDEA is in the process of restructuring the plan to (a) establish minimum hardware and software standards for the school classroom and laboratory computers, media center workstations, local area networks, wide area networks, and connections to the internet, and (b) allow the schools to procure the technology components for the instructional program with funding that had been allocated to the field.

2. **DoD Policies and Procedures: MAIS.** The Quick-Reaction report indicates that the projected expenditure of \$418.5 million will exceed the MAIS thresholds and will therefore require DoDEA to comply with the MAIS DoD procurement policies and procedures. The MAIS thresholds only apply if the program is considered a centralized acquisition program. It is not such a program.

3. **Automated Information System Acquisitions.** The Quick-Reaction report indicates that DoDEA appointed a program manager as a recognition of its automated information system acquisitions as a program. It should be clarified that DoDEA did not appoint a program manager to comply with the MAIS requirements for an acquisition certified program manager. The technology program manager was appointed for the purpose of chairing a technology task force, which was charged with the responsibility of coordinating and establishing minimum hardware and software standards for the procurement of classroom computers, laboratory computers, media center workstations, local area networks, wide area networks, and connection to the internet. The procurements would be implemented at the lowest organizational unit possible.

DoDEA considers the primary usage of our school classroom and laboratory computers to be stand alone workstations for instructional purposes and not as part of a MAIS. Each workstation can be used by the teacher or student for instruction or study purposes, without causing a system failure. In addition, DoDEA does not consider the classroom workstation to be part of an MAIS, because it has routine access to other workstations or databases through E-mail or a network. This primacy of usage is consistent with the definition used by other agencies to procure off-the-shelf computer workstations for administrative or instructional purposes with O & M funds.

4. **Implementation of DoD Policies and Procedures:** The Quick-Reaction report indicates that DoDEA did not prepare or submit the MNS for the acquisition of a MAIS as required by DoD policies and procedures. As described above, the DoDEA technology program is not subject to the MAIS policies and procedures.

Purchases were made in August and in September for \$10.4M. These purchases were made consistent with the requirements established by the technology plan, but do not reflect an intention to continue centralized purchases for the program. These purchases, as any made in the future by the individual schools, were intended to be consistent with the established requirements.

Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) and Department of Defense Education Activity Joint Comments

Final Report
Reference



FORCE MANAGEMENT
POLICY

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000



APR 26 1996

MEMORANDUM FOR AUDIT PROGRAM DIRECTOR, DODIG
ATTN: MR. ROBERT RYAN

SUBJECT: Department of Defense Education Activity (DoDEA) Comments to the Quick-Reaction Report on the Acquisition of DoDEA Automated Information System (Project No. 5LA-2027.01)

This memorandum is provided as a follow-up response to the recommendations contained on pages 9 and 10 of the above report, based on our April 10 meeting. Our response is based on the attached Deputy Assistant Secretary of Defense (Command, Communications, Control, and Intelligence Acquisition) (DASD)(C²IA) determination that DoDEA does not exceed the DoD thresholds that would require major automated information system (MAIS) acquisition program procedures. We recommend that the draft report be rewritten to reflect this determination and that wording pertaining to the MAIS process be deleted. Our comments follow:

DoDIG Recommendation 1: Recommend that the Under Secretary of Defense (Comptroller) review the amended information resource budget submissions for DoDEA to ensure accurate visibility of the MAIS.

DoDEA Response 1: *Concur*. We recommend the deletion of any reference to a MAIS.

DoDIG Recommendation 2: Recommend that the DASD(C²IA) perform the required MAIS review council milestone reviews for the DoDEA acquisition program to ensure adequate management of the acquisition of a MAIS.

DoDEA Response 2: *Nonconcur*. We nonconcur based on the attached DASD(C²IA) determination that DoDEA is not subject to the MAIS process.

DoDIG Recommendation 3: Recommend that the Deputy Assistant Secretary of Defense (Personnel, Support, Families and Education) (DASD)(PSF&E):

- a. Review and approve the DoDEA mission need statement.
- b. Confirm that DoDEA has implemented DoD policies and procedures.



Pages 9 through 12

Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) and Department of Defense Education Activity Joint Comments

2

DoDEA Responses 3a and 3b: *Concur*. The DASD(PSF&E) will approve that: (1) the DoDEA will establish minimum program standards and requirements through a technology programs standards document and (2) ensure all procurements are implemented in accordance with DoD policies and procedures.

DoDIG Recommendation 4: Recommend that the Director, DoDEA:

- a. Discontinue all acquisitions until the DoDEA acquisition program for the MAIS is restructured and managed in accordance with DoD policies and procedures and until the acquisition program undergoes the first MAIS review council review performed by the DASD(C²IA).
- b. Prepare and submit a mission need statement, an operational requirements document, and an acquisition program baseline to the DASD(C²IA) and DASD(PSF&E), as appropriate.
- c. Amend the budget exhibits to properly reflect fiscal year (FY) 1995 and current year information technology resource expenditures and follow guidance in the DoD Financial Management Regulation for the preparation of the FY 1997 budget submission.
- d. Develop an acquisition strategy for the acquisition of the MAIS.

DoDEA Response 4a: *Nonconcur*. DoDEA had placed a temporary moratorium on procurement pending the DASD(C²IA) determination regarding MAIS requirements. Since the DASD(C²IA) has determined that DoDEA is not subject to the MAIS process, DoDEA will proceed with the pending acquisitions.

DoDEA Response 4b: *Nonconcur*. We nonconcur with the wording of this recommendation. The DoDEA technology requirements will be reflected in the DoDEA technology program standards document.

DoDEA Response 4c: *Partially concur*. We do not concur with the recommendation as written because it suggests that DoDEA has prepared information technology budgets which are inaccurate and do not comply with DoD guidance. DoDEA has always included actual technology expenditures for the budget execution years and has always followed DoD guidance in the preparation of budget submissions. We concur that the DoDEA FY 1997 President's Budget will reflect FY 1995 actual technology expenditures, the FY 1996 current technology expenditure estimate, and the FY 1997 technology cost estimate based on our current projection of available funding in accordance with applicable DoD guidance.

Deputy Assistant Secretary of Defense (Personnel Support, Families, and Education) and Department of Defense Education Activity Joint Comments

3

DoDEA Response 4d: *Partially Concur*. Since it has been determined that DoDEA is not subject to the MAIS process, recommend that the term, "major automated information system," be deleted. The DoDEA will develop a technology standards document to guide the purchase of equipment at school level.

We appreciate the opportunity to respond. Please contact Mr. D Sibley at (703) 696-3850, extension 101 if you need additional information or have questions.


Carolyn H. Becraft
Deputy Assistant Secretary of Defense
(Personnel Support, Families and Education)

Attachment:
As stated

Department of Defense Education Activity



DEPARTMENT OF DEFENSE
OFFICE OF DEPENDENTS EDUCATION
4040 NORTH FAIRFAX DRIVE
ARLINGTON, VA 22203-1635



MAR 29 1996

MEMORANDUM FOR MR. ROBERT J. RYAN, AUDIT PROGRAM MANAGER, DODIG

SUBJECT: Joint Response to the Quick-Reaction Report on the Acquisition of the Department of Defense Education Activity (DoDEA) Automated Information System (Project No. 5LA-2027.01)

We appreciate the opportunity to comment on your Quick-Reaction report, which indicates that DoDEA did not provide adequate overall management for the acquisition of a Major Automated Information System (MAIS), estimated to cost \$418.5 million.

We do not concur with your report, since we do not consider that our level of proposed expenditures will exceed the MAIS thresholds. Our nonconcurrency is based on the following:

1. **Technology Plan.** The Quick-Reaction report's conclusions are based on a Technology Plan that was designed in 1995, but has since become obsolete due to the lack of an approved Technology Funding stream. DoDEA did publish a draft 5-year Technology Plan in April 1995 for the centralized procurement of automated support for the instructional program. The plan included "straw costs" for the procurement of a technology infrastructure for the Department of Defense Dependents Schools (DoDDS) overseas school system, and the Department of Defense Domestic Dependent Elementary and Secondary School (DDESS) stateside school system. The proposed infrastructure included school classroom computers, laboratories, media centers, local area networks, and connections to the internet. The "straw costs" were used by DoDEA to request a technology funding stream through the 1997-2001 Program Objective Memorandum cycle, as well as through the Defense Resources Board review of July 1995. In both instances, the funding stream for the DoDEA technology program was denied. Upon denial of the technology funding stream, the April 1995 Technology Plan became obsolete and DoDEA revised its approach.

The denial of a technology funding stream left DoDEA without a centralized capability for acquisition of automated support for the instructional program. Because of the lack of additional funds, DoDEA is in the process of restructuring the plan to (a) establish minimum hardware and software standards for the school classroom and laboratory computers, media center workstations, local area networks, wide area networks, and connections to the internet, and (b) allow the schools to procure the technology components for the instructional program with funding that had been allocated to the field.

2. **DoD Policies and Procedures: MAIS.** The Quick-Reaction report indicates that the projected expenditure of \$418.5 million will exceed the MAIS thresholds and will therefore require DoDEA to comply with the MAIS DoD procurement policies and procedures. The MAIS thresholds only apply if the program is considered a centralized acquisition program. It is not such a program.

DoDDS—Helping All Students Achieve

3. Automated Information System Acquisitions. The Quick-Reaction report indicates that DoDEA appointed a program manager as a recognition of its automated information system acquisitions as a program. It should be clarified that DoDEA did not appoint a program manager to comply with the MAIS requirements for an acquisition certified program manager. The technology program manager was appointed for the purpose of chairing a technology task force, which was charged with the responsibility of coordinating and establishing minimum hardware and software standards for the procurement of classroom computers, laboratory computers, media center workstations, local area networks, wide area networks, and connection to the internet. The procurements would be implemented at the lowest organizational unit possible.

DoDEA considers the primary usage of our school classroom and laboratory computers to be stand alone workstations for instructional purposes and not as part of a MAIS. Each workstation can be used by the teacher or student for instruction or study purposes, without causing a system failure. In addition, DoDEA does not consider the classroom workstation to be part of an MAIS, because it has routine access to other workstations or databases through electronic mail or a network. This primacy of usage is consistent with the definition used by other agencies to procure off-the-shelf computer workstations for administrative or instructional purposes with O & M funds.

4. Implementation of DoD Policies and Procedures. The Quick-Reaction report indicates that DoDEA did not prepare or submit the Mission Needs Statement (MNS) for the acquisition of a MAIS as required by DoD policies and procedures. As described above, the DoDEA technology program is not subject to the MAIS policies and procedures.

Purchases were made in August and in September 1995 for \$10.4 million. These purchases were made consistent with the requirements established by the technology plan, but do not reflect an intention to continue centralized purchases for the program. These purchases, as any made in the future by the individual schools, were intended to be consistent with the established requirements.

5. Technology Funding.

The Quick-Reaction report indicates that DoDEA did not prepare accurate projected costs for the MAIS, and may have understated projected costs by \$242 million. We do not concur with this finding since the proposed technology program cost of \$418 million was not approved.

In summary, we nonconcur with the Quick-Reaction report conclusions which are based on an obsolete Technology Plan. The obsolete plan called for the approval of technology funding stream to implement a centrally procured automated information system. With the denial of the technology funding stream, DoDEA has modified its approach to implement a technology program.


Lillian Gonzalez
Director

Audit Team Members

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

Shelton R. Young
Robert J. Ryan
Walter R. Loder
Henry Y. Adu
Sharon S. Jarrett
Stephen H. Chow
Michael J. Guagliano