Inspector General
United States
Department *of* Defense

Management of the Defense Security Assistance
Management System Training Module

Acronyms

ASD(NII)/CIO	Assistant Secretary of Defense (Networks and Information Integration)/Chief Information Officer
DSAMS	Defense Security Assistance Management System
DSCA	Defense Security Cooperation Agency
IG	Inspector General
MAIS	Major Automated Information System
OIG	Office of Inspector General
PMO	Program Management Office

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

December 6, 2007

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (NETWORKS
AND INFORMATION INTEGRATION)/CHIEF
INFORMATION OFFICER
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DIRECTOR, DEFENSE SECURITY COOPERATION
AGENCY

SUBJECT: Management of the Defense Security Assistance Management System
Training Module (Report No. D-2008-030)

We are providing this report for review and comment. When preparing the final
report, we considered comments from the Assistant Secretary of Defense for Networks
and Information Integration; the Director, Operational Test and Evaluation; and the
Director, Defense Security Cooperation Agency.

DoD Directive 7650.3 requires that all recommendations be resolved promptly.
Although the Defense Security Cooperation Agency concurred with Recommen-
dations 3.a. through 3.g., we request additional comments stating what corrective actions
they will take and the effective date of those actions. We request that the Director,
Defense Security Cooperation Agency provide his comments on Recommendations 3.a.
through 3.g. by January 7, 2008.

If possible, please send management comments in electronic format (Adobe
Acrobat file only) to Audacm@dodig.mil. Copies of the management comments must
contain the actual signature of the authorizing official. We cannot accept the / Signed /
symbol in place of the actual signature. If you arrange to send classified comments
electronically, they must be sent over the SECRET Internet Protocol Router Network
(SIPRNET).

We appreciate the courtesies extended to the staff. Questions should be directed
to Ms. Jacqueline L. Wicecarver at (703) 604-9077 (DSN 664-9077) or Ms. Karen J. Goff
at (703) 604-9005 (DSN 664-9005). See Appendix B for the report distribution. The
team members are listed inside the back cover.

By direction of the Deputy Inspector General for Auditing:

Richard B. Jolliffe
Assistant Inspector General
Acquisition and Contract Management

Department of Defense Office of Inspector General

Report No. D-2008-030   December 6, 2007
(Project No. D2007-D000AS-0052.000)

Management of the Defense Security Assistance Management System Training Module

Executive Summary

Who Should Read This Report and Why? Personnel involved in the acquisition of major automated information systems or large management information systems should read this report to gain increased awareness of the potential cost, schedule, and program risks to avoid.

Background. The Defense Security Cooperation Agency is responsible for developing Security Cooperation Programs that are vital to U.S. national security. One of the Defense Security Cooperation Agency's Security Cooperation Programs is the International Training Program, which offers training to foreign countries. The Defense Security Cooperation Agency plans to manage and support the International Training Program through the development of the Defense Security Assistance Management System (DSAMS). The purpose of DSAMS is to create a single set of systems that will develop new technology in the system's design, reduce operations and support costs, improve customer support, and standardize business processes across DoD. The DSAMS Training Module is an automated information system that is intended to replace legacy systems used by the Military Departments to train international personnel.

In August 1995, the Defense Security Cooperation Agency began developing DSAMS with four core modules—Case Development, Case Implementation, Case Execution, and Reconciliation and Closure. In August 1996, representatives from the International Military and Education Training community began developing a fifth module, the Training Module, to provide approximately 140 users from the Army, Navy, and Air Force with a uniform management information system for the International Training Program. The DSAMS Program Management Office deployed the Case Development and the Case Implementation Modules in July 1999 and August 2000 respectively. In October 2000, the Director cancelled the two modules other than training and estimated that the Training Module would cost $30 million for development. The Training Module is the only DSAMS module still under development, and as of October 2006, the actual development cost was $96.9 million. DSAMS should not be considered fully operational until the Training Module is fully implemented by the Army, Navy, and Air Force and the computer program language is converted for the entire DSAMS.

Results. The DSAMS Program Management Office continued to develop cost estimates for the Training Module that were not valid, delayed implementation of the module six times in the last 9 years, and did not conduct risk management reviews for the module as required. As a result, costs of DSAMS are escalating to an unknown amount, the date of full operational capability is unknown, and other security cooperative initiatives have been postponed due to resource constraints. See the Finding section of the report for the detailed recommendations.

The internal controls for the DSAMS Training Module were not adequate. We identified material internal control weaknesses in the controls for the costs, schedules, and risk management for the DSAMS program.

Management Comments and Audit Response. The Acting Deputy Assistant Secretary of Defense (Command, Control, Communications, Intelligence, Surveillance, Reconnaissance, and Information Technology Acquisition), responding for the Assistant Secretary of Defense (Networks and Information Integration)/Chief Information Officer, concurred, stating the Assistant Secretary of Defense (Networks and Information Integration)/Chief Information Officer will include the DSAMS Training Module on the Designation of Major Automated Information System Programs and Information Technology Services Oversight List. We ask that the Assistant Secretary of Defense (Networks and Information Integration) provide the timeline to review the DSAMS Training Module cost, schedule, and performance.

The Director, Operational Test and Evaluation concurred, stating he will include DSAMS Training Module on the calendar year 2008 oversight list and require the program to meet operational test and evaluation requirements.

The Director, Defense Security Cooperation Agency, concurred with our recommendations to implement a strategic pause until several actions are completed. However, he did not provide the corrective actions he will take to implement Recommendations 3.a. through 3.g. or the effective date of those actions. We request that the Director, Defense Security Cooperation Agency provide additional comments by January 7, 2008.

Although not required to comment, the Director of Policy, Office of the Deputy Under Secretary of the Air Force for International Affairs and the Commander, Air Force Security Assistance Training Squadron provided unsolicited comments on the finding. The director stated that DSCA discouraged spending funds to modify legacy systems to achieve compliance with the Chief Financial Officers Act of 1990 and that the DSAMS Program Manager has not provided a viable solution or commitment to achieve compliance with the Chief Financial Officers Act of 1990. The commander stated that the fifth delay resulted from recommendations from a Defense Financial and Accounting Service working group member. The commander also stated that the Air Force does not have a firm commitment from the DSAMS Program Manager to implement the Training Module in October 2008.

See the Finding section of the report for a discussion of management comments and the Management Comments section of the report for the complete text of the comments.

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Background

The Defense Security Cooperation Agency (DSCA) is responsible for developing Security Cooperation Programs that are vital to U.S. national security. Security Cooperation Programs build trust during peacetime with foreign nations, allow DoD access to regions of the world during times of crisis, and ensure that DoD systems can operate with coalition partners during times of conflict. DSCA programs provide financial and technical assistance to foreign nations and material, training, and services to friends and allies. One of the DSCA programs is the International Training Program. The International Training Program offers training to foreign countries through the use of DoD schools. DSCA plans to manage and support the International Training Program with the implementation of the Defense Security Assistance Management System (DSAMS) Training Module.

The Foreign Military Sales Trust Fund finances DSCA. The Foreign Military Sales Trust Fund receives its funding from fees charged for military sales to foreign governments. DoD Financial Regulation 7000.14-R, "DoD Financial Management Regulation," volume 15, "Security Assistance Policy and Procedures," chapter 3, "Accounting," March 1993, requires that the Foreign Military Sales Trust Fund be managed as if Congress appropriated the funds.

Defense Security Assistance Management System. DSAMS is an automated information system that is intended to replace legacy systems used by the Military Departments. The goal of the DSAMS Program Management Office (PMO) is to create a single system that will develop new technology in the system's design, reduce operations and support costs, improve customer support, and standardize business processes across the Military Departments, the Defense Logistics Agency, the Defense Finance and Accounting Service, and DSCA.

In August 1995, DSCA began developing DSAMS with four core Security Assistance Modules—Case Development, Case Implementation, Case Execution, and Reconciliation and Closure. In August 1996, DSCA began developing a fifth module, the Training Module, to provide approximately 140 users from the Army, Navy, and Air Force with a uniform management information system to manage the International Training Program. The DSAMS Program Manager deployed the Case Development and the Case Implementation Modules in July 1999 and August 2000, respectively. Then in October 2000, the Director, DSCA cancelled the Case Execution and Reconciliation and Closure Modules due to significant cost growth associated with the development of those modules. The Director, however, authorized the PMO to complete the development of the Training Module with a total estimated development cost of $30 million. The Training Module is the only module of DSAMS still under development, and as of October 2006, the actual development cost was $96.9 million.

The Training Module. The DSAMS user community recognized the need for a separate module for the International Training Program because of the program's uniqueness. The International Training Program provides international military personnel with formal, informal, correspondence or distance learning, and computer-aided instruction in the United States and overseas. The Training

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Module is intended to replace legacy systems previously and currently being used by the Army, Navy, and Air Force to train international military personnel.

The Defense Acquisition University Glossary of Defense Acquisition Acronyms and Terms states that full operational capability occurs when all units and organizations (users) receive, employ, and maintain the system. DSAMS will achieve full operational capability when the Training Module is fully implemented by the Army, Navy, and Air Force and the system's obsolete computer language is converted to a new language. As of September 2007, the Training Module was not fully developed and was not deployed to the Air Force.

Objectives

Our overall audit objective was to assess whether DSCA adequately planned and provided proper oversight during the development and implementation of the DSAMS Training Module. Specifically, we assessed whether the Training Module was more costly than current systems, used an obsolete computer language, provided the functionality required by users, and produced reliable information. We also reviewed the implementation of internal controls as it related to the overall objective. During the review we were not able to assess two of the announced objectives. See Appendix A for a discussion of the scope and methodology, the scope limitation of the announced objectives and prior coverage related to the objectives.

Review of Internal Controls

We identified material internal control weaknesses for the acquisition of the DSAMS Training Module as defined by DoD Instruction 5010.40, "Managers' Internal Control (MIC) Program Procedures," January 4, 2006. DoD Instruction 5010.40 states that internal controls are the organization, policies, and procedures that help program and financial managers achieve results and safeguard the integrity of their programs. As the approving official, the Director, DSCA did not establish internal controls necessary to control costs, schedules, and risks for the DSAMS program. For specific results of the weaknesses, see the Finding section of the report. Implementing the recommendations will correct the identified weaknesses. We will provide a copy of the final report to the senior officials responsible for internal controls in DSCA and in the Office of the Under Secretary of Defense for Policy.

DSAMS Training Module Management

> The DSAMS Program Manager continued to develop cost estimates for the Training Module that were not valid, delayed implementation of the module six times in the last 9 years, and did not conduct risk management reviews for the module as required. These conditions occurred because DSCA did not establish an acquisition management structure or have Defense Acquisition Workforce Improvement Act-certified acquisition professionals in key oversight and program management office positions to manage the DSAMS program. As a result, program costs of DSAMS are escalating to an unknown amount, the date of full operational capability is unknown, and other security cooperative initiatives are being postponed due to resource constraints.

System Cost Estimates

The DSAMS Program Manager continued to develop cost estimates for the Training Module that were not valid. Additionally, the Director, DSCA did not notify the Assistant Secretary of Defense (Networks and Information Integration)/Chief Information Officer (ASD[NII]/CIO) when costs neared or met Major Automated Information System (MAIS) requirements and did not use official cost estimates to control escalating costs for the DSAMS program. A system can be classified as a MAIS when program costs exceed $126 million, the program is technologically complex, is critical to achieving a capability, is joint, or has congressional interest.

Prior Recommendations. DSCA officials have not implemented previous recommendations we made to accurately report DSAMS costs and cost estimates to ASD(NII)/CIO. DoD Inspector General (IG) Report No. 98-095, "Defense Security Assistance Management System," March 24, 1998, stated that the DSAMS PMO did not adequately estimate and report life-cycle costs causing the system to be misclassified as a non-major information system and exempting the system from MAIS reviews. A life-cycle cost is the total cost to the Government to acquire and own a system during its useful life. Life-cycle costs include program (development and acquisition costs), operations and support, and disposal costs.

We recommended in the report that the Director, DSCA submit a life-cycle cost estimate prepared by the Institute for Defense Analyses to ASD(NII)/CIO for reclassification of DSAMS as a MAIS. The Director, DSCA nonconcurred with the recommendation and stated that DSAMS costs did not meet the MAIS threshold. The Director stated that DSCA would submit the Institute for Defense Analyses report to ASD(NII)/CIO if the cost estimate meets the MAIS threshold. After we issued Report No. 98-095, the Institute for Defense Analyses estimated that DSAMS developmental costs would be $118.7 million. The estimate, however, was not a life-cycle cost estimate and did not include life-cycle costs such as acquisition, operations and support, and disposal costs.

We made recommendations to the Director, DSCA a second time in Report No. D-2001-141, "Allegations to the Defense Hotline on the Defense Security Assistance Management System," June 19, 2001, stating that if DSAMS development continued, DSCA should establish life-cycle cost estimate documents to manage cost and schedule goals. The Director, DSCA concurred with our recommendations and stated that a revised estimate was approved in December 2000. The revised estimate projected development costs for completing the Training Module at $30 million; actual costs as of October 2006 were $96.9 million. Additionally, the December 2000 estimate was not a life-cycle cost estimate because it did not include costs for acquisition, operations and support, and disposal costs for the Training Module.

Validity of Life-Cycle Costs. DoD Directive 5000.1, "The Defense Acquisition System," May 12, 2003, requires that program managers consider supportability, life-cycle costs, performance, and schedule in making program decisions. Program managers are also required to estimate total ownership costs as early as possible. The DSAMS Program Manager, however, underestimated costs for the Training Module. Specifically, the DSAMS Program Manager did not develop estimates for all elements of life-cycle costs for the DSAMS program to include program, operations and support, and disposal costs. Acquisition costs along with developmental costs make up program costs.

   Program Costs. DoD Instruction 5000.2, "Operation of the Defense Acquisition System," May 12, 2003, requires that DoD Components contact ASD(NII)/CIO when program costs, which include development and acquisition costs, are within 10 percent of the $126 million threshold for a MAIS. The DSAMS PMO officials stated that, as of October 2006, actual development costs of the DSAMS program were $140.8 million; of that, $96.9 million was for the Training Module. However, the Director, DSCA did not notify ASD(NII)/CIO when actual DSAMS program costs were within 10 percent of exceeding the threshold or when costs exceeded the threshold. In addition, the DSAMS Program Manager did not estimate or track the acquisition costs, one element of program costs. Acquisition costs include prime mission equipment, support items, initial spares, and system-specific facilities costs.

   Operations and Support and Disposal Costs. The DSAMS Program Manager did not estimate operations and support or disposal costs in life-cycle cost estimates for the Training Module. Operations and support of a system comprise two efforts: sustainment and disposal. The sustainment phase begins with the deployment of the system to the system's user. The disposal phase begins after the system's useful life and continues until the system is replaced. The Training Module will not reach full operations capability until October 2011. The DSAMS Program Manager did not include all operation and support costs for the system, such as equipment, training material, and maintenance costs, in cost estimates prepared for the DSAMS program.

   Additional DSAMS Costs. DSAMS costs could easily increase by millions of dollars over the next 5 years. DSCA continues to develop the Training Module requirements needed by the Air Force and issued a solicitation to convert the system's obsolete computer language to a new computer language.

In March 2002, the Air Force changed the financial system with which the DSAMS Training Module would interface. Air Force officials stated that the new financial system was required to meet Air Force strategic goals and objectives. The contractor developing the Training Module estimated that the change would require more than 7,800 hours of additional work to analyze, design, construct, and test this new requirement. However, the DSAMS PMO officials could not provide the cost of the effort needed for the additional Air Force requirement.

DSCA officials stated that they must convert the DSAMS from obsolete Forté computer language to a different computer language. In October 2003, the vendor formally announced that as of April 2009, they would no longer provide technical support for the Forté language. DSCA contracted with the vendor for support starting in November 2006 to continue the maintenance and support of the obsolete computer language until October 2007, at a cost of $400,000. The 1-year contract also has a 1-year option to continue this maintenance and support from November 2007 through October 2008 for an additional cost of $600,000; PMO officials intended to exercise this option. The DSAMS Program Manager stated that the conversion from the Forté computer language could be as much as $26 million.

The DSAMS Program Manager did not comply with DoD Directive 5000.1 or DoD Instruction 5000.2 because he did not estimate life-cycle costs for the Training Module. The Director, DSCA should develop and implement a Plan of Action and Milestones for the Training Module that includes the elements of the module's life-cycle costs—program, operations and support, and disposal costs—to include the additional costs needed to convert the system's computer language. The plan should detail resources required to accomplish the elements of the plan, milestones developed to accomplish identified tasks, and estimated completion dates to accomplish the milestones. If such a plan is not developed, the Director, DSCA will continue to make uninformed management decisions for the DSAMS program, which could result in increased and unknown cost growth, delayed schedule implementation, and continued risk.

MAIS Requirements. DoD Instruction 5000.2 states that a program is a MAIS when total program costs exceed $126 million in FY 2000 constant dollars, the program is technologically complex, is critical to achieving a capability, is a joint program, or has congressional interest. DSAMS meets the MAIS requirements. DSCA officials stated the following about DSAMS.

- The actual program costs for the DSAMS program as of October 2006 were $140.8 million,[1] which exceeds the MAIS threshold by $14.8 million.

- The technology is complex. The system interfaces with approximately 20 DoD systems and has approximately 1 million lines of computer code.

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[1] We were not able to convert DSAMS actual costs to FY 2000 constant dollars because the DSAMS Program Manager did not provide all cost data on a monthly and yearly basis.

- DSAMS is critical to providing the U.S. Military a uniform training system to manage the International Training Program.

- DSAMS is a joint system. DSAMS end users comprise personnel from the Army, Navy, and Air Force

- DSAMS has congressional interest. Because of congressional interest we initiated this review.

Official Cost Estimates. DSCA officials prepared three cost estimates for DSAMS and twice revised the estimates in official baseline documents. The first time DSCA officials revised the DSAMS cost estimate was in November 1998. The second time was during a program review in December 2000. However, the DSAMS Program Manager did not use the baseline documents to control or monitor DSAMS costs when actual program costs neared or exceeded estimated costs. For example, DSCA officials established cost and schedule estimates at DSAMS inception in 1995 and then again in 1998 and 2000, but did not update the estimates when actual costs exceeded planned amounts. Additionally, the DSAMS Program Manager did not use official baseline documents to control spending, which resulted in the cancellation of two DSAMS modules. DSCA officials stated that the Case Execution Module and Reconciliation and Closure Module were cancelled because of significant cost overruns. The DSCA CIO stated that DSCA still needs the functionality of the two cancelled modules, and that DSCA planned to include the functionality in the Case Execution Management Information System.

In October 2001, the Director, DSCA estimated the remaining Training Module development costs at $30 million, with a completion date of December 2003. However, the Training Module exceeded the contractor labor costs in October 2002, 15 months prior to the module's scheduled completion date of December 2003. The DSAMS program is 9 years behind schedule and two and a half times more costly than the original 1995 estimate because the DSAMS Program Manager did not follow acquisition guidance that requires continual assessments and cost updates. The Director, DSCA and the DSAMS Program Manager should develop a Plan of Action and Milestones that identifies tasks, resources, and milestones needed to complete DSAMS and fully deploy the Training Module to the Air Force. The plan would help program officials monitor and control escalating costs, as well as repeated schedule slippages.

Deployment Schedule

DSCA officials delayed implementation of the Training Module to the Army, the Navy, and the Air Force six times in the last 9 years. However, the Director, DSCA only documented four of his six decisions to delay the Training Module's deployment.

First Delay. As a result of recommendations we made in Report No. 98-095, the DSAMS PMO in February 1998, among other things, revised the timelines to February 2001 for the simultaneous deployment of the Training Module to the

Army, the Navy, and the Air Force. This was the first of six times the Director, DSCA delayed deployment of the DSAMS Training Module. The report recommended that the Director, DSCA prepare a mission needs statement, an operational requirements document, an acquisition strategy and plan, and a test and evaluation master plan. Additionally, DSCA officials were to establish a program cost and deployment estimates for the DSAMS Program Manager to use to manage and control cost growths and schedule slippages.

Second Delay. During a December 2000 program review, the director changed the Training Module's deployment date, for the second time, from February 2001 to December 2003. According to the December 2000 program review documents, the DSAMS Program Manager stated that the system could be deployed to the Army, Navy, and Air Force only at the beginning of a fiscal year. Further, the DSAMS Program Manager listed this as a "key issue" in his briefing to the director; however, the director did not take this into consideration when making the revised deployment schedule. Therefore, the director's revised target deployment of December 2003 was not realistic because the deployment date was not at the beginning of a fiscal year.

Third Delay. During another program review in November 2002, the DSAMS Program Manager incorrectly stated that the requirement to deploy the Training Module at the start of a fiscal year was new. According to the program manager, this requirement resulted in October 2004 becoming the target deployment date. Although the Director, DSCA did not issue a decision memorandum changing the deployment date, documentation from the program manager illustrates that October 2004 became the target deployment date at that time. This was the third time that DSCA delayed the Training Module deployment.

Fourth Delay. In July 2004, the Director, DSCA revised for the fourth time the date for the module's deployment. The director moved the target deployment date from October 2004 to October 2005. According to the DSAMS Program Manager, the Deputy Director, DSCA moved the date because the DSAMS Program Manager briefed results from a readiness assessment. Those results indicated that the DSAMS PMO personnel would not be able to complete final integration testing of the module before the scheduled October 2004 deployment.

Fifth Delay. In August 2004, a new director took over DSCA. The new director discussed the Training Module during Security Cooperation-5 meetings.[2] The new director revised the deployment date a fifth time in November 2004 when the DSAMS PMO personnel briefed the Security Cooperation-5 and requested that the module's deployment be postponed until October 2006. During the November 2004 briefing, the DSAMS Program Manager stated the request was because the Air Force changed the financial system with which the module would interface. However, the Air Force provided DSCA with its decision to change financial systems in 2002. According to the Air Force, the revised requirements that caused this delay were based on recommendations from the Defense Finance and Accounting Service working group team member.

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[2] The Security Cooperation-5 consists of the Director and Deputy Director, DSCA, and their counterparts in the Army, Navy, and Air Force.

Sixth Delay. The Director, DSCA postponed the Training Module for the sixth time in September 2005. The Director realized that a simultaneous deployment of the module to the Army, Navy, and Air Force would not occur. However, without a simultaneous deployment, the Training Module would not operate as intended. Based on this information and according to the milestone decision memorandum, the Director, DSCA required the DSAMS PMO personnel to implement a workaround called the "black box."[3] The director implemented the black box workaround to reduce the risk of further delaying implementation of the Training Module to the Army and Navy, scheduled in October 2006.

The purpose of the workaround was to achieve a tangible product, use of the Training Module, at the earliest feasible opportunity, even though DSAMS will not be fully deployed or achieve full operational capability until it is fully implemented by the Air Force. The Training Module cannot operate as intended without the Air Force training information. The milestone decision memorandum stated that DSCA would deploy the Training Module to the Air Force "as soon as possible" following the deployment to the Army and Navy. In October 2006, the Army and the Navy implemented the Training Module. According to the DSAMS Program Manager, the Air Force will implement the module in October 2008, which would enable DSAMS to finally reach full operational capability.

Additional Delays. Further delays threaten the Air Force implementation of the Training Module, which is currently scheduled for October 2008. For example, if DSCA officials do not deploy the Training Module to the Air Force in October 2008, DSAMS PMO personnel will need to reprioritize the workload of computer programmers in order to convert the DSAMS computer language, Forté, instead of programming and testing the Air Force portion of the Training Module. According to the Forté vendor, they will no longer support Forté as of April 2009. DSAMS programmers stated that the system can operate for 18 to 24 months without vendor support. Further, in response to a request for information, vendors estimated that the time required to convert from the Forté language could range up to 36 months. If Forté is not converted until October 2010, the requirement to deploy the Training Module at the start of a fiscal year could delay deployment to the Air Force until October 2011. The implementation of the Training Module to the Air Force and full operational capability of DSAMS is still at risk. Despite identifying in May 2001 that the conversion of the Forté computer language was a risk to the DSAMS program, DSCA officials had not developed a timeline or a documented plan to convert the computer language until June 2007.

The Director, DSCA must develop and implement a plan that identifies tasks needed to deploy the Training Module to the Air Force by October 2008 and life-cycle cost estimates needed to track and monitor spending, which include converting the system's computer language to a new computer language. The plan should detail resources required to accomplish the elements of the plan, the milestones to complete tasks, and scheduled completion dates for the milestones.

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[3] The "black box" is a computer program that converts Air Force legacy data into information that the Training Module can process. Air Force officials enter training information data into the "black box."

Risk Management

Risk Management Requirements. DSCA officials did not adequately conduct risk management reviews of the Training Module as required. Federal Acquisition Regulation 7.105, "Contents of Written Acquisition Plans," September 28, 2006, requires that an acquisition plan discuss technical, cost, and schedule risks and describe planned and ongoing actions to reduce risk and the consequences of failure to achieve goals. In addition, Federal Acquisition Regulation 39.102, "Management of Risk," September 30, 2006, requires that an agency analyze risks, benefits, and costs prior to entering into a contract for information technology. The agency is also required to take reasonable risks as long as the risks are controlled and mitigated. Additionally, the regulation states that contracting and program officials are jointly responsible for assessing, monitoring, and controlling risk when selecting projects for investment and during program implementation.

The conceptual design document, which was the primary document that DSCA officials used to support the DSAMS acquisition, did not identify risks or a risk avoidance strategy. Additionally, DSCA officials did not take reasonable risks or try to control and mitigate risks as required. According to the DSAMS Program Manager, risk management for DSAMS was addressed in program management quarterly reviews; however, the program manager did not formally document risk management discussions prior to 2001. According to the program manager, DSCA officials established the Risk Management Board (the Board) who held their first meeting in May 2001.

Risk Management Board. The DSAMS Program Manager stated that the Board was established in May 2001 but ceased meeting in January 2004 due to high contractor turnover. The program manager also stated that disbanding the Board was inconsequential because the focus of the meetings shifted from risk management to discussions of system implementation. Additionally, the risk management process employed by DSCA officials was not effective because many of the risks occurred or were not properly mitigated. The documented risks were major in scope but lacked an adequate description of actions taken by DSCA officials to mitigate or avoid identified risks.

At the time of the Board's disbandment, the Board identified 44 risks to cost, schedule, and quality of the Training Module. Board members determined that of the 44 risks, 16 were avoided, 14 were not resolved, 6 were deleted, 3 were deemed "not applicable," 3 were mitigated, and 2 did not occur. The DSAMS Program Manager did not explain in risk management documents the reason the six risks were deleted. The Board identified 26 of the 44 risks that were considered a high or medium risk to the cost, schedule, or quality of DSAMS. The Board stated that risks were avoided or mitigated in the following four major categories: user and performance, personnel, functionality, and security risks.

> **User and Performance Risks.** In May 2001, the Board identified risks that directly related to the mismanagement of the Training Module's user requirements. Board members stated that there was a risk that some user requirements were old and no longer valid, system performance requirements

were not realistic, and that no acceptance criteria existed for the system. According to program documents, the Board recommended that to mitigate this risk, DSCA officials should review the user requirements and conduct site visits to reestablish valid requirements. According to system users, DSCA officials revalidated user requirements and conducted site visits. The users, however, stated that DSCA officials did not accurately capture the financial requirements essential for the module's business processes. Although the Board considered user requirement risks "avoided," the users stated that they still were not aware of the current design and functionality requirements established for the module.

DSCA officials also did not identify all Training Module performance requirements. DSCA officials, DSAMS programmers, and system users conducted a stress test of the Training Module, which revealed the need to acquire eight additional servers[4] to accommodate the additional end users. Board members stated in June 2003 that there was a potential risk to cost and schedule. They stated that the system's servers could not handle the user workload once the module became fully operational and that the additional servers used a different operating system than current servers. DSCA officials, however, did not conduct an analysis of alternatives to determine the best plan of action that would minimize the impact to cost and schedule. Instead, DSCA officials acquired the eight additional servers, which caused the Training Module to experience additional deployment delays and cost overruns.

Personnel Risks. The Board identified numerous times that there were not enough personnel to complete the design, testing, and refinement of the Training Module. The lack of personnel was due, in part, to high contractor turnover, lack of communication between the different contractor and Government development teams, and a lack of skilled developers. According to program documents, the Board planned to mitigate the personnel risk by hiring more people, reassigning personnel to specific functional areas, and adjusting the deployment schedule to later target dates. However, the DSAMS Program Manager and the Director, DSCA actually reduced contractor personnel. Consequently, the lack of skilled developers and contractor personnel contributed to cost overruns and schedule delays for the Training Module.

Functionality Risks. In May 2001, the Board identified significant risks to the Training Module's cost and schedule based on functionality requirements. The Board identified a risk that the vendor would no longer support the module's computer language, Forté. The vendor agreed to provide technical support for the computer language for only 5 years from the last version of the Forté release. Because the Board deemed the risk "not applicable," the DSAMS PMO personnel continued developing the Training Module using the Forté computer language. DSCA officials stated that there was "sufficient planning time available" to identify a process to change the module's computer language at a later date. In October 2003, the risk was realized when the vendor announced that they would no longer support the Forté language beyond April 2009. DSCA officials estimate that changing the module's computer language could add as much as $26 million to the cost of the DSAMS program. As of September 2007,

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[4] Servers are computers that communicate with other computers to process end user tasks.

DSCA officials still have not selected the new computer language or the contractor that will complete the work, nor have they determined the cost.

Security Risks. In February 2007, the Director, DSCA issued a memorandum stating that DSCA officials planned to deviate from the security requirement to use only personnel who successfully completed a security investigation to work on converting the Training Module's computer language. Federal Information Processing Standards Publication 201-1, "Personal Identity Verification of Federal Employees and Contractors," March 2006, states that Government-wide departments and agencies must initiate a National Agency Check with Inquiries or a national security investigation prior to issuing credentials for all employees and contractors by October 27, 2005. In addition, the Federal Information Security Management Act of 2002 states that waivers to Federal Information Processing Standards are not allowed. However, in March 2007, the DSAMS Program Manager received approval from the Deputy Under Secretary of Defense for Counterintelligence and Security; the Director for Information Assurance in the Office of the ASD(NII)/CIO; and the Director, Defense Procurement and Acquisition Policy to deviate from the security investigation requirement in order to solicit foreign firms to convert the system's computer language.

The Director, DSCA stated that it was necessary to deviate from the security investigation requirement "in order to attract an adequate pool of capable firms." This is the second time the Director, DSCA took undue personnel security risks during the DSAMS development. In Report No. D-2001-141, we recommended that DSCA include the requirement in all present and future contracts to conduct security investigations on contractor and subcontractor employees. Lack of security investigations poses a significant risk to the security of the module's development and the interfacing systems. The Director, DSCA must comply with the Federal Information Processing Standards Publication 201-1 to conduct security investigations on anyone developing or implementing DSAMS. DSCA officials should implement a risk management process to monitor and control the risks identified in this report and potential future risks.

Management Oversight

DSCA did not establish an acquisition management structure. Further, DSCA did not have Defense Acquisition Workforce Improvement Act-certified acquisition professionals who occupied key oversight and PMO positions to manage the DSAMS program.

According to an ASD(NII)/CIO official, the DSAMS program is in the production and deployment phase[5] of the Defense Acquisition Management Framework. We made repeat recommendations to ASD(NII)/CIO in 1998 and 2001 to classify DSAMS as a MAIS. ASD(NII)/CIO did not concur with the recommendation but

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[5] The purpose of the production and deployment phase is to achieve an operational capability that satisfies mission needs.

did place DSAMS on the information technology initiatives listing, which was subject to review by the DoD Chief Information Officer. However, in July 2003, ASD(NII)/CIO stopped overseeing DSAMS, stating that its oversight of the program added little value; thus, DSAMS was exempt from any further ASD(NII)/CIO review. In July 2007, an ASD(NII)/CIO official again stated that ASD(NII)/CIO oversight of the DSAMS program, as a MAIS program at this phase of its development, would add no additional value to the program. The findings identified in this and prior audit reports are significant enough to require additional oversight and independent testing of the program.

Acquisition Management Structure. The DSCA Chief Information Officer issued a memorandum in October 2001, which stated that the Director, DSCA would serve as the DSAMS program milestone decision authority. The milestone decision authority has overall program responsibility. As the milestone decision authority, the Director, DSCA is required to assign acquisition program responsibilities to a program executive officer. However, the Director, DSCA did not formally establish a program executive officer position to fulfill those responsibilities. The Director, DSCA should immediately establish a program executive officer position and designate a certified acquisition professional to the position.

The production and deployment phase requires that systems undergo an operational test and evaluation to determine the effectiveness and suitability of the system under realistic operational conditions. According to DoD Instruction 5000.2, the Test and Evaluation Oversight List would require that DSCA establish an operational test readiness process, which would include the following:

- a review of the developmental test and evaluation results,

- an assessment of the system's progress against critical technical requirements documents in the test and evaluation master plan,

- an analysis of identified technical risks to verify that risks were mitigated during developmental testing, and

- a review of the initial operational test and evaluation entrance criteria specified in the test and evaluation master plan.

An official from the Office of the Director, Operational Test and Evaluation stated that to effectively test a system at the end of the system's development, the functional sponsor must update the operational requirements document. The official stated that the operational requirements document identifies the functional requirements of a system's acquisition. In September 1998, the DSAMS Program Manager prepared a requirements document that has not been updated since. The Operational Test and Evaluation official stated that an operational requirements document is crucial to measure a system's performance because results of testing are measured against the requirements identified in that document. The DSAMS Program Manager must update the operational requirements document in coordination with DSAMS users in order to develop an effective measurement

tool to determine whether DSAMS is operating as intended when the system is fully operational.

Based on significant concerns identified in this report, ASD(NII)/CIO should again place the DSAMS program on the information technology initiatives listing and oversee the program. In addition, the Director, Operational Test and Evaluation should include the DSAMS program on the Office of the Secretary of Defense Test and Evaluation Oversight List. Including the DSAMS program on the Test and Evaluation Oversight List would require DSCA officials to comply with the operational test readiness process in DoD Instruction 5000.2. Managers overseeing the DSAMS program would have specific test and evaluation criteria to measure system performance before the system exits the acquisition development framework. Lastly, placing DSAMS on the Test and Evaluation Oversight List would provide the Director, DSCA and DSAMS users with the confidence that the system will meet operational requirements when the Army, Navy, and Air Force fully implement the system.

Certified Acquisition Professionals. A program manager must have at least 6 years of acquisition experience. A program executive officer must have at least 10 years of acquisition experience, including experience in a program manager position. The Defense Acquisition Workforce Improvement Act, section 1735, "Education, Training, and Experience Requirements for Critical Acquisition Positions," lists mandatory qualifications for personnel in certain positions. It states that before someone becomes a program manager or program executive officer, that person must complete the program management course at the Defense Systems Management College or a management program at an accredited institution deemed comparable by the Secretary of Defense. In addition, the DSCA Chief Information Officer memorandum stated that ASD(NII)/CIO recommended that DSCA personnel who occupy key program management office positions should take appropriate action to become certified acquisition professionals.

However, the Director, DSCA did not formally establish an information security program executive officer to manage the acquisition of DSCA information systems, including DSAMS. Further, the DSAMS Program Manager did not have the training or acquisition experience required by the Defense Acquisition Workforce Improvement Act, section 1735, needed to effectively manage the DSAMS program. The inadequate management caused cost overruns and delays in schedules for the development, acquisition, and implementation of the DSAMS program. The Director, DSCA should immediately hire a qualified program executive officer and appoint a program manager with the acquisition experience and training required by Defense Acquisition Workforce Improvement Act, section 1735.

Conclusion

Costs of DSAMS are escalating to an unknown amount, the date of full operational capability is unknown, and other security cooperative initiatives have been postponed due to resource constraints. Two prior DoD IG reports offered

recommendations that would have assisted the DSCA officials in improving oversight and implementing adequate internal controls. However, management actions did not meet the intent of the recommendations. Without an acquisition framework managed by trained officials, the DSAMS program will likely continue to experience cost growth and delayed schedules. Further, without a cost estimate that includes all costs DSCA expects to incur due to the implementation of the new system, decision makers within DoD and Congress will not have the complete cost information they need to decide whether adequate resources are provided.

Given the problems DSCA has had with costs, schedule, and management oversight, the Director, DSCA should "strategically pause" the development of the DSAMS program. The strategic pause would enable program officials to develop a life-cycle cost estimate, develop a Plan of Action and Milestones, update acquisition documents, implement a risk management process, and appoint and hire qualified personnel for DSAMS. The strategic pause would be in effect until program officials have completed the recommendations made in this report.

Management Comments on the Finding and Audit Response

The Director, DSCA provided comments on the Finding section of the report. Although not required to comment, the Director of Policy, Office of the Deputy Under Secretary of the Air Force for International Affairs and the Commander, Air Force Security Assistance Training Squadron also provided unsolicited comments on the finding.

DSCA Comments. The Director, DSCA stated that the report did not convey the operational status of the DSAMS program. He stated that the Case Development and Case Implementation Modules of DSAMS have been operational since 1999 and 2000, respectively, and that the Army and Navy have been using the Training Module for one fiscal year. The director stated that he regards DSAMS as an operational system and views the transformation of the Forté computer language as a maintenance issue, not a development milestone toward full operational capability. The director also stated that personnel working on the Forté programming language transformation will receive a trustworthiness certification, usually a National Agency Check with Inquiries, or the national equivalent.

Audit Response. Although the DSCA Program Manager deployed the first of three DSAMS modules in 1999, the system has not achieved full operational capability. The Defense Acquisition University Glossary of Acronyms and Terms states that a system achieves full operational capability when all the organizations scheduled to receive a system receive it and have the ability to employ and maintain it. The Air Force has not implemented the DSAMS Training Module. Further, the ability of DSCA to maintain the system will likely decrease over time when the Forté vendor no longer supports the computer language. If the Training Module is not deployed to the Air Force in October 2008, DSCA plans to postpone deploying the module to the Air Force until after the Forté computer language is converted. Therefore, per the Defense Acquisition University glossary, the full operational capability of DSAMS will be achieved when

DSAMS is deployed to the Air Force and the Forté computer language is converted.

Director of Policy, Office of the Deputy Under Secretary of the Air Force for International Affairs Unsolicited Management Comments. Although not required to comment, the Director of Policy, Office of the Deputy Under Secretary of the Air Force for International Affairs stated that for more than 10 years, DSCA discouraged the Services from spending funds to modify their legacy systems. The director stated that DSCA views compliance with Public Law 101-576, "Chief Financial Officers Act of 1990," (the CFO Act) as a disruption to the DSAMS Training Module and has fought to limit any expenditure of funds to achieve compliance. Further, the director stated that the CFO Act is not optional and DSCA has not provided a viable solution that includes visibility into the Training Module's milestones or a commitment for a deployment date so that compliance with the CFO Act can be achieved.

Air Force Security Assistance Training Squadron Unsolicited Management Comments. Although not required to comment, the Commander, Air Force Security Assistance Training Squadron stated that the report should clarify that the Air Force does not have a firm commitment from the DSAMS Program Manager that the Air Force will implement the Training Module in October 2008. The commander stated that recent e-mails from the DSCA Chief Information Officer indicated that the module's implementation in October 2008 is "high risk." The commander also stated that the fifth delay of the Training Module was a result of revised requirements based on recommendations made by the Defense Finance and Accounting Service working group team member to help the Air Force achieve compliance with the CFO Act.

Audit Response. DSAMS program office personnel stated that they have attempted to make DSAMS compliant with the CFO Act. Additionally, we recognize that the Air Force is operating with a legacy system that has not been funded for upgrades in more than 10 years. The purpose of the CFO Act is to improve the financial information produced by the Federal Government However, our announced objectives did not include determining whether DSAMS complied with the CFO Act or the amount of funding spent on legacy system upgrades. We modified the finding section of the report to address the Air Force comments on the fifth delay of the DSAMS Training Module.

Recommendations, Management Comments and Audit Response

1. We recommend that the Assistant Secretary of Defense (Networks and Information Integration)/Chief Information Officer include the Defense Security Assistance Management System on the information technology initiatives listing and oversee the system's cost, schedule, performance, and testing until the system is fully operational and the system's computer language is converted.

Management Comments. The Acting Deputy Assistant Secretary of Defense (Command, Control, Communications, Intelligence, Surveillance, Reconnaissance, and Information Technology Acquisition), responding for the ASD(NII)/CIO, concurred, stating the ASD(NII)/CIO will include the DSAMS Training Module on the Designation of Major Automated Information System Programs and Information Technology Services Oversight List.

Audit Response. The ASD(NII)/CIO comments were partially responsive to the recommendations. We request that the ASD(NII)/CIO provide the timeline to review the DSAMS Training Module cost, schedule, and performance.

2. We recommend that the Director, Operational Test and Evaluation include the Defense Security Assistance Management System on the Test and Evaluation Oversight List and require the program to meet initial and operational test and evaluation requirements in DoD Instruction 5000.2, "Operation of the Defense Acquisition System," May 12, 2003.

Management Comments. The Director, Operational Test and Evaluation concurred, stating he will include DSAMS on the calendar year 2008 oversight list and require the program to meet operational test and evaluation requirements.

Audit Response. The Office of the Secretary of Defense, Operational Test and Evaluation comments were responsive to the recommendations and no further comments are required.

3. We recommend that the Director, Defense Security Cooperation Agency implement a strategic pause for the Defense Security Assistance Management System until the following actions are completed.

a. Develop a life-cycle cost estimate for the Defense Security Assistance Management System Training Module that includes all costs for the program, such as development, acquisition, operations and support, and disposal.

b. Develop and implement a Plan of Action and Milestones that identifies tasks, resources, and milestones needed to complete the Defense Security Assistance Management System Training Module and fully deploy the module to include identifying valid dates and costs to complete tasks.

c. Coordinate with the system's users and testing officials from the Office of the Director, Operational Test and Evaluation to update the Defense Security Assistance Management System operational requirements document.

d. Establish an information security program executive officer position to manage the acquisition of all Defense Security Cooperation Agency information systems.

e. Appoint or hire a program manager and a program executive officer for the Defense Security Assistance Management System that is certified in accordance with the Defense Acquisition Workforce

Improvement Act, section 1735, "Education, Training, and Experience Requirements for Critical Acquisition Positions," within 180 days of the issuance of our final report.

f. Implement a risk management process to monitor and control the risks identified in this report and potential future risks.

g. Conduct a security investigation in accordance with Federal Information Processing Standards Publication 201-1, "Personal Identity Verification of Federal Employees and Contractors," March 2006, on all Government and contractor personnel assigned to the Defense Security Assistance Management System program.

Management Comments. The Director, Defense Security Cooperation Agency concurred with the recommendations.

Audit Response. Although the Director, DSCA concurred with the recommendations, he did not provide his plan of action or completion dates for Recommendations 3.a. through 3.g. We request the Director, DSCA provide the additional comments on these recommendations by January 7, 2008.

Appendix A. Scope and Methodology

We conducted this performance audit from October 2006 through
September 2007 in accordance with generally accepted government auditing
standards. Those standards require that we plan and perform the audit to obtain
sufficient, appropriate evidence to provide a reasonable basis for our findings and
conclusions based on our audit objectives. We believe that the evidence obtained
provides a reasonable basis for our findings and conclusions based on our audit
objectives.

Our objective was to assess whether DSCA adequately planned and provided
proper oversight during the development and implementation of the DSAMS
Training Module. Specifically, we determined whether the Training Module used
an obsolete computer language, was more costly than legacy systems, provided
the functionality required by users, and produced reliable information.

We were not able to assess two of our announced objectives. We could not
determine whether DSAMS was more costly than current legacy systems. Since
approximately 1995, the legacy systems used by the Army, Navy, and Air Force,
international, security, and training personnel received minimal funds to keep
them operating. Therefore, the costs to minimally maintain a legacy system to
operate were not comparable with all the costs associated with developing,
acquiring, and sustaining a system with the intended capabilities of DSAMS. In
addition, we were not able to substantiate user claims that the Training Module
does not produce reliable information. Because DSCA deployed the Training
Module in October 2006, we could not determine whether the difficulties the
users faced were due to problems with the system, a lack of training, or a lack of
experience with the use of the module. The scope limitations, however, were not
significant enough to impact the material basis for the findings and conclusions in
this report.

Project Documentation. We analyzed the following DSAMS documents: actual
cost and cost estimates, the conceptual design document, the test and evaluation
master plan, the acquisition plan, the acquisition strategy, and change control and
help desk policies. The documents were dated from June 1995 through
June 2007. We assessed the project documentation for compliance with
requirements identified in section 1735, title 10, United States Code; the Federal
Acquisition Regulation; DoD Directive 5000.1; DoD Instruction 5000.2; and the
DoD Financial Management Regulation.

In November 2006, we attended a DSAMS demonstration in Mechanicsburg,
Pennsylvania. We interviewed program officials from the DSAMS PMO, the
DSAMS Program Manager, system end users, and Government developers. We
conducted site visits to user locations at the Naval Education and Training
Security Assistance Field Activity, Pensacola, Florida; the Army's Security
Assistance Training Field Activity, Fort Monroe, Virginia; the Air Force Security
Assistance Training, San Antonio, Texas; the U.S. Marine Corps Security
Cooperation Education and Training Center, Quantico, Virginia; and the
U.S. Coast Guard, Washington, D.C.

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

Government Accountability Office High-Risk Area. The Government Accountability Office has identified several high-risk areas in the Department of Defense. This report provides coverage of the "Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures," "Department of Defense Approach to Business Transformation," and "Department of Defense Business Systems Modernization" high-risk areas.

Prior Coverage

During the last 9 years, the DoD IG issued three reports discussing DSAMS. Unrestricted DoD IG reports can be accessed at http://www.dodig.mil/audit/reports.

DoD IG

DoD IG Report No. D-2002-142, "Government Information Security Reform Act Implementation: Defense Security Assistance Management System," August 30, 2002

DoD IG Report No. D-2001-141, "Allegations to the Defense Hotline on the Defense Security Assistance Management System," June 19, 2001

DoD IG Report No. 98-095, "Defense Security Assistance Management System," March 24, 1998

Appendix B. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition, Technology and Logistics
  Director, Defense Procurement and Acquisition Policy
Under Secretary of Defense (Comptroller)/Chief Financial Officer
    Deputy Chief Financial Officer
    Deputy Comptroller (Program/Budget)
Under Secretary of Defense for Policy
Assistant Secretary of Defense (Networks and Information Integration)/Chief
    Information Officer
Director, Operational Test and Evaluation
Director, Program Analysis and Evaluation

Joint Staff

Director, Joint Staff

Department of the Army

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

Department of the Navy

Naval Inspector General
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 Security Cooperation Agency
Director, Defense Finance and Accounting Service
Director, Defense Information Systems Agency

Non-Defense Federal Organization

Office of Management and Budget

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Homeland Security and Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Oversight and Government Reform
House Subcommittee on Government Management, Organization, and Procurement,
    Committee on Oversight and Government Reform
House Subcommittee on National Security and Foreign Affairs,
    Committee on Oversight and Government Reform

Assistant Secretary of Defense for Networks and Information Integration Comments

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

NETWORKS AND INFORMATION
INTEGRATION

OCT 2 3 2007

MEMORANDUM FOR PROGRAM DIRECTOR, ACQUISITION AND CONTRACT
MANAGEMENT, INSPECTOR GENERAL,
DEPARTMENT OF DEFENSE

SUBJECT: Report on Management of the Defense Security Assistance Management
System Training Module (Project No. D2007-D000AS-0052.000)

This memorandum is in response to the subject draft report provided to this office

for review and comment. Our response to the audit report recommendation is attached.

We appreciate the opportunity to respond to your draft audit report. My point of

contact is Mr. William May. He can be reached by telephone at (703) 602-2720 x106 or

email at William.May@osd.mil.

Timothy J. Harp
DASD(C3ISR & IT Acquisition)
Acting

Attachment:
As stated

DEPARTMENT OF DEFENSE INSPECTOR GENERAL
DRAFT REPORT Project No. D2007-D000AS-0052.000

Agency comments on Draft Report, "Management of the Defense Security Assistance
Management System Training Module"

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (NETWORKS AND
INFORMATION INTEGRATION)

Recommendation 1: We recommend that the Assistant Secretary of Defense (Network
Integration and Information)/Chief Information Officer include the Defense Security
Assistance Management System on the information technology initiatives listing
and oversee the system's cost, schedule, performance, and testing until the system
is fully operational and the system's computer language is converted.

OASD(NII) Response: Concur. We will add the Defense Security Assistance
Management System Training Module to our Designation of Major Automated
Information System Programs and Information Technology Services Acquisitions
Oversight List currently being coordinated with the Components.

Office of the Secretary of Defense, Operational Test and Evaluation Comments

OFFICE OF THE SECRETARY OF DEFENSE
1700 DEFENSE PENTAGON
WASHINGTON, DC 20301-1700

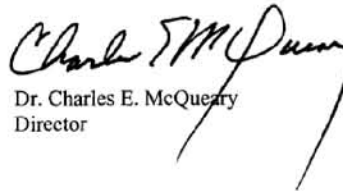OPERATIONAL TEST
AND EVALUATION

OCT 1 6 2007

MEMORANDUM FOR PROGRAM DIRECTOR, ACQUISITION AND CONTRACT
MANAGEMENT, OFFICE OF THE INSPECTOR GENERAL

SUBJECT: Report on Management of the Defense Security Assistance Management System
Training Module (Project No. D2007-D000AS-0052.000)

I concur with your recommendation to include the Defense Security Assistance
Management System on our oversight list and to require the program to meet operational test and
evaluation requirements in accordance with DoD Instruction 5000.2, "Operation of the Defense
Acquisition System," May 12, 2003. I will include the program on the Calendar Year 2008
Office of the Secretary of Defense Test and Evaluation Oversight List.

I appreciate the opportunity to comment on the subject draft report. Should you have any
additional questions, please contact my action officer, Austin Huangfu, at (703) 681-5470 or via
e-mail at austin.huangfu@osd.mil.

Dr. Charles E. McQueary
Director

Defense Security Cooperation Agency Comments

DEFENSE SECURITY COOPERATION AGENCY
WASHINGTON, DC 20301-2800

OCT 2 3 2007

In reply refer to:
I-07/013687-IT

MEMORANDUM FOR DOD INSPECTOR GENERAL

SUBJECT: Report on Management of the Defense Security Assistance Management
System Training Module (Project No. D2007-D0000AS-0052.000)

References:
1. DoD IG Memorandum: Report on Management of the Defense Security
   Assistance Management System Training Module (Project No. D2007-D0000AS-
   0052.000), September 17, 2007
2. DoD IG Draft Report: "Management of the Defense Security Assistance
   Management System Training Module", September 17, 2007

Reference 1 requested Defense Security Cooperation Agency (DSCA) comments on
the Reference 2 report (the Report) that deals with management of the Defense Security
Assistance Management System (DSAMS) Training Module.

DSCA appreciates this opportunity to comment.

GENERAL COMMENTS

In general, the Report does not convey the operational status of the DSAMS program:
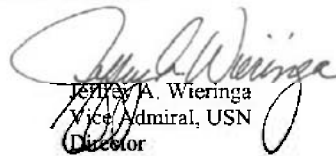
- The DSAMS Case Development Module (CDM) and Case Implementation Module
  (CIM) have been in full operational use since 1999 and 2000, respectively. Since
  then, DSAMS has been used to produce over 30,000 documents (Letters of Offer and
  Acceptance, modifications, and amendments) culminating in Foreign Military Sales
  of over $100 billion. Further, the existence of DSAMS has since enabled DSCA to
  make significant improvements in the Security Assistance program that would have
  been highly difficult in the legacy environment.

- The DSAMS Training Module (TM) has been in operational use by the Army and
  Navy for one fiscal year, including the transition of Army and Navy legacy systems
  and the conversion of over seven million legacy records. During that time it has
  managed the foreign military training programs for well over 10,000 foreign military
  students.

Consequently, DSCA regards DSAMS as an operational system today and regards production maintenance and support as the first priority, with completion of TM development for the Air Force as the second, but still important, priority. The Report claims that DSAMS should not be considered fully operational until a transformation from the Forte (now called Unified Development Server; hereafter Forte/UDS) programming language is completed. Since the end-of-support announcement for Forte/UDS by Sun Microsystems occurred *three years after* CDM was deployed, DSCA regards the Forte/UDS transformation as a maintenance problem and not a development milestone towards Full Operational Capability.

As regards personnel vetting for the Forte/UDS programming language transformation, all personnel on the project will receive a trustworthiness certification, usually a National Agency Check with Inquiries (NAC-I), or the national equivalent. To obtain a competition among highly qualified firms, DSCA, with OSD concurrence, opened the competition to allow prime contractors and citizens of the United Kingdom, Canada, Australia, and New Zealand, as well as the United States. This was done because our requests for information to industry revealed that all highly experienced Forte/UDS Transformation vendors had major off-shore elements.

DoD IG REPORT RECOMMENDATIONS

DSCA concurs with all recommendations.

Jeffrey A. Wieringa
Vice Admiral, USN
Director

Office of the Deputy Under Secretary of the Air Force, International Affairs Comments

DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

OFFICE OF THE UNDER SECRETARY

OCT 16 2007

MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR AUDITING
OFFICE OF THE INSPECTOR GENERAL
DEPARTMENT OF DEFENSE

FROM: SAF/IAP
1080 Air Force Pentagon
Washington, DC 20330-1080

SUBJECT: Management of the Defense Security Assistance Management System Training
Module (DSAMS TM), 17 Sep 07 (Project No. D2007-D000AS-0052.000)

This is in reply to your request to review and comment on the subject report.

The report should mention that the services have been discouraged by DSCA from
spending funds for legacy system modifications since entering a "brown-out" state more than 10
years ago. DSCA views achieving compliance with the Chief Financial Officers (CFO) Act of
1990 (Public Law 101-576) in AFSAT legacy systems as a disruption to DSAMS TM and has
fought to limit any expenditure of funds to achieve compliance. The CFO Act of 1990 is not
optional and the Air Force is given no viable solution from DSCA that includes visibility into the
DSAMS TM Program Manager's milestones or any commitment for a deployment date so that
compliance may be achieved.

Please feel free to contact Mr. Eric Cole, 703-588-8970, if you require further
information related to this matter. I appreciate your interest in our response to this draft report
and look forward to receiving the final report.

RICHARD A. GENAILLE, Jr.
Director of Policy
International Affairs

cc:
SAF/FMP
SAF/FMB

Air Force Security Assistance Training Squadron Comments

DEPARTMENT OF THE AIR FORCE
AIR FORCE SECURITY ASSISTANCE TRAINING SQUADRON (AETC)

17 Oct 07

MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR AUDITING OFFICE OF THE INSPECTOR GENERAL DEPARTMENT OF DEFENSE

FROM: AFSAT/CC
315 J Street West
Randolph AFB TX 78150-4354

SUBJECT: Management of the Defense Security Assistance Management System Training Module (DSAMS TM), 17 Sep 07 (project No. D2007-DOOOAS-0052.000)

1. This is in reply to your request to review and comment on the subject report. The report should clarify the following:

    a. The fifth delay was a result of revised requirements based on recommendations from the DFAS working group team member, and the process changes were made to the AF requirements to help achieve compliance with the CFO Act. Reference page 7, fifth paragraph, last sentence.

    b. The Air Force still does not have any firm commitment from DSAMS PM that we will implement the module in October 2008. Recent email traffic between the SAF/IA and DSCA CIO state that the DSAMS TM schedule for October 2008 is "high risk." Reference page 8, second paragraph, last sentence.

2. Please feel free to contact Ms Diane Carolan at DSN 487-8811 or our DSAMS-PM Ms Laura Wyninegar at DSN 487-1074 if you require further information related to the DSAMS project. I appreciate the opportunity to respond to this draft report and look forward to receiving the final audit report.

DAVID E. SNODGRASS, Colonel, USAF
Commander

cc:
HQ AETC/IA
HQ AETC/FMPC
SAF/IAP
SAF/FMBMS
SAF/FMP

Added

Team Members

The Department of Defense Office of the Deputy Inspector General for Auditing, Acquisition and Contract Management prepared this report. Personnel of the Department of Defense Office of Inspector General who contributed to the report are listed below.

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Inspector General
Department *of* Defense