

Inspector General

United States
Department of Defense



Additional Information

The Department of Defense Office of the Deputy Inspector General for Policy and Oversight prepared this report. If you have questions, contact the signer of the report.

Suggestions for Assessments

To suggest ideas for or to request future reviews, contact the Office of the Deputy Inspector General for Policy and Oversight by phone (703) 602-1017 (DSN 602-1017), by fax (703) 604-8982, or by mail:

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Acronyms and Abbreviations

DAU	Defense Acquisition University
IG	Inspector General
IS	Information Systems
MIPRs	Military Interdepartmental Purchase Requests



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

SEP 27 2012

MEMORANDUM FOR ACTING PRESIDENT, DEFENSE ACQUISITION UNIVERSITY

SUBJECT: ISO 9001:2008 Quality Assurance Assessment of Defense Acquisition University Processes (Report No. DODIG-2012-143)

The subject assessment was started on January 27, 2012 at the request of the former Defense Acquisition University President.

The DoD IG conducted a quality review of seven functional areas at the Defense Acquisition University (DAU) utilizing ISO 9001:2008 Quality Management System Requirements. The assessment did not uncover any material weakness in the process reviewed. The DoD IG did however identify two systemic issues concerning inadequate documented processes and procedures and inadequate internal training and documentation of the training. Once the opportunities for improvement noted in this report are implemented, DAU will have a more mature and robust process.

DoD Directive 7650.3 "Follow-up on General Accounting Office (GAO), DoD Inspector General (DoD IG), and Internal Audit Reports," requires that recommendation be resolved promptly. DAU concurred with the DOD IG recommendations made in the September 21, 2012 draft report. DAU indicated they will have all three recommendation fully implemented by September 30, 2013. Therefore, no additional comments are required.

We appreciate the courtesies extended to the staff. For additional information on this report, please contact Ms. Heather Simko at (703) 699-5498 (DSN 664-5498).

A handwritten signature in black ink, appearing to read "Randolph R. Stone", is written over a horizontal line.

Randolph R. Stone
Deputy Inspector General
Policy and Oversight

cc:

Director, Performance and Resource Management, DAU
Director, Operations Support Group, DAU



Results in Brief: ISO 9001: 2008 Quality Assurance Assessment of Defense Acquisition University Processes

What We Did

Our overall objective was to perform a quality review, using ISO 9001:2008 Quality Management System assessment techniques, of Defense Acquisition University (DAU) processes. We determined whether established practices and processes in each functional area were effectively implemented and maintained and whether process controls were adequate and identified organizational risks. We also determined the effectiveness of each process to identify areas needing improvement.

We reviewed seven functional areas. At the completion each functional area review, we produced a status report that identified any findings or opportunities for improvement for DAU (Appendix B). The findings and opportunities for improvements identified in the status reports were used to identify the systemic issues cited in this report.

What We Found

This assessment did not uncover any material weaknesses in the processes reviewed. However, opportunities for improvement were noted, which resulted in the DoD Inspector General (IG) identifying two systemic issues:

- Systemic Issue A. DAU internal processes and procedures were not fully documented. Also, DAU did not adequately diagram its process flows.
- Systemic Issue B. DAU did not have a robust training program in place for its internal processes. Also, DAU did not consistently track that individual users completed training for internal processes and systems.

What We Recommend

The DoD IG recommends that DAU:

1. Document all the processes and procedures within the seven functional areas and reassess their validity a year after full implementation.
2. Review each process flowchart and standardize them across the university.
3. Review training on internal processes and procedures and track and document that all individual users have completed the training.

Management Comments

The Chief of Staff of the Defense Acquisition University accepted the two findings and concurs with all three recommendations.

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Introduction

Objectives

Our overall objective was to perform a quality review, using ISO 9001:2008 Quality Management System assessment techniques, of Defense Acquisition University (DAU) processes. We reviewed the processes within seven functional areas: Finance, Contracting, Micro-Purchases and Training Requisitions, Property Management, Real Property Management and Facilities Maintenance, Supply Management, and Information Systems (IS). We determined whether established practices and processes in each functional area were effectively implemented and maintained and whether process controls were adequate and identified organizational risks. We also determined the effectiveness of each process to identify areas needing improvement.

Background

The DAU President requested that the DoD Deputy Inspector General (IG) of Policy and Oversight conduct an ISO 9001:2008 quality assessment of select functional areas and their processes. We started the subject assessment on January 27, 2012.

Scope and Methodology

We conducted a quality review of the seven functional areas and their processes, based on ISO 9001:2008 Quality Management System Requirements, at the DAU administered by one of three groups: Performance and Resource Management (PRM), Operations Support Group (OSG), and Information Systems (IS). We conducted the reviews of Finance, Contracting, Micro-Purchases and Training Requisitions, and IS separately. We combined the areas of Property Management, Supply Management, and Real Property Management and Facilities Maintenance because they are all under the OSG. We produced a status report at the completion of each functional area review that identified any findings or opportunities for improvement for DAU. DAU had 30 days to review and comment on each status report. Appendix B of this report contains each report and DAU's comments. The individual functional area reports outline the detailed methodology used to assess the processes in that area. This overarching report of the seven functional areas identifies only the systemic issues found.

Summary of Results

During the course of this assessment, the team identified 3 findings and 30 opportunities for improvement, which resulted in 2 systemic issues. The three findings were identified during the review of the finance area. The three findings are:

1. Incoming Military Interdepartmental Purchase Requests (MIPRs) –DoD Regulation 7000.14, “DoD Financial Management Regulation,” and DoD Instruction 4000.19, “Interservice and Intragovernmental Support,” are not incorporated into DAU standard operating procedures.
2. Outgoing MIPRs–DoD Regulation 7000.14 and DoD Instruction 4000.19 are not incorporated into DAU standard operating procedure.

3. Change requests for the Standard Army Finance Information System are not implemented and do not allow for the period of performance to be included on the outgoing MIPRs processed through the electronic DAU Business Center.

See Appendix B for details of these findings and DAU's plan to address each of the findings.

The 30 opportunities for improvement consist of 2 in Finance; 4 in Contracting; 9 in Micro Purchases and Training Requisitions; 6 in Property Management, Real Property Management and Facilities Maintenance, and Supply Management; and 9 in IS. These opportunities for improvement are detailed in the status report for each functional area in Appendix B.

Systemic Issue A. Inadequately Documented Procedures

Several of the processes within the seven functional areas were not fully documented. Many of the processes and procedural documents are in draft form or are currently being drafted. Also, the process flows for these processes are improperly or inadequately diagramed. For example, the process flows within the procedures did not clearly show the current process, decision points, alternate paths, or starting and stopping points.

Examples of this were identified in each of the functional areas. The Federal Acquisition Regulation is the overarching criteria for the Finance functional area; however, DAU has no procedural documents for that area. DAU uses an automated system to process MIPRs and purchase and training requests; however, the process flowcharts used to document the process do not accurately show the process, which includes decision points and process variations. In addition, at the time of the assessment, the contracting process was in draft form and still being refined. Moreover, DAU has directives for Property Management and IS; however, the supplemental procedures were being written or were in draft form. See Appendix B for further details.

It is a best business practice to document all procedures, even if those procedures are automated, for ease of training, knowledge transfer, process verification, and process improvement. It is also a best business practice to use standardized flowcharts when charting processes and information flow through a system.

Recommendations

The DoD IG recommends that DAU:

1. Document all the processes and procedures within the seven functional areas and reassess their validity a year after full implementation.
2. Review each process flowchart and standardize them across the university.

Defense Acquisition University Response

- 1) DAU concurs with the recommendation and will have all processes and procedures with the seven functional areas thoroughly and properly well documented no later than September 30, 2013.

- 2) DAU concurs with the recommendation and will review each process flowchart for standardization and consistency across the university no later than March 31, 2013.

DoD IG Response

The DoD IG concurs with DAU's plan of action in response to the two recommendations to improve their documented procedures.

Systemic Issue B. Inadequate Training and Documentation of Training

DAU did not have a robust training program for internal processes and the use of its electronic business systems. For example, for many of the process areas, no formal training was provided beyond an on-line slide presentation. However, DAU supplements the slides with one-on-one training in the use of the automated business systems. Also, DAU did not track whether individual users had successfully completed the on-line training or the supplemental training. Effective training and documentation of training is a best practice.

Recommendation

3. The DoD IG recommends that DAU review training on internal processes and procedures and track and document that all individual users have completed the training.

Defense Acquisition University Response

- 3) DAU concurs with the recommendation and will review our training on internal processes and procedures, and will track and document that all individual users have completed appropriate training by March 31, 2013

DoD IG Response

The DoD IG concurs with DAU's plan of action in response to the recommendation to improve their internal training program.

Conclusion

This assessment did not uncover any material weaknesses in the processes reviewed. However, many opportunities for improvement were noted that, when implemented, will result in more mature processes.

DAU's main weakness across all functional areas is the lack of documentation and training. Many of the process documents in each of the functional areas are still in draft form, have not been documented, or have not been fully implemented. Processes currently being used are meeting DAU's needs; however, due to the immaturity of several of the process, this assessment should serve as a baseline for future assessments.

Appendix A. Scope and Methodology

We conducted this technical assessment from January 2012 through August 2012 in accordance with the Council of the Inspectors General on Integrity and Efficiency, “Quality Standards for Inspection and Evaluation.” Those standards require that we plan and perform the assessment to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our assessment objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our assessment objectives.

Use of Computer-Processed Data

We did not use computer-processed data to perform this assessment.

Appendix B. Functional Area Reports and DAU Comments



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

April 24, 2012

MEMORANDUM FOR CHIEF OF STAFF, DEFENSE ACQUISITION UNIVERSITY

SUBJECT: Defense Acquisition University (DAU) Quality Assurance Process Assessment –
Financial Systems Report

We are issuing this status memorandum to inform you of the results of the Financial System Process Assessment conducted from January 27 – March 30, 2012 as part of the overarching Defense Acquisition University (DAU) ISO 9001:2008 Quality Assurance Process Assessment. The objective of this assessment was to determine whether established practices are being effectively implemented and maintained, verify that controls are adequate, assess the effectiveness of the process, and identify opportunities for improvement.

We assessed the effectiveness of the DAU Performance and Resource Management (PRM), which monitors and conducts all financial processes to include incoming and outgoing Military Interdepartmental Purchase Requests (MIPRs), purchase requisitions, and invoices. We identified internal control weaknesses in the DAU-PRM group's incoming and outgoing MIPR processes. DAU-PRM personnel did not complete Support Agreements and Determinations and Findings in accordance with Federal and DoD guidance. In addition, MIPRs did not specify the period of performance, as required. We did not identify internal control weaknesses in the DAU-PRM's purchase requisition and invoice processes. We identified opportunities for improvement in training the employees in the use of the DAU Business Center. These items are detailed further in the attached report.

Although we identified internal weaknesses and opportunities for improvement, they were limited in scope and did not affect the overall effectiveness of the processes. Consequently, we determined that the DAU-PRM personnel effectively control and monitor the financial process through the electronic DAU Business Center.

By May 25, 2012, please provide my office with the status of actions planned and taken in response to this memorandum. When we complete the full assessment, we will provide a final report that will include the results of this assessment and the seven remaining process areas and the overall effectiveness of the DAU processes.

Please direct questions or concerns regarding this memorandum and attached report to Ms. Heather Simko at (703) 699-5498, heather.simko@dodig.mil.

Handwritten signature of ALOIS DOPITA in black ink.

ALOIS DOPITA

Director

Technical Assessment Directorate

Attachment:

Defense Acquisition University (DAU) Process Quality Assessment – Financial Process Report

cc:

Director, Performance and Resource Management

Defense Acquisition University Process Quality Assessment – Financial Process Report

Objective

Our overall objective was to perform a quality review, using ISO 9001:2008 Quality Management System assessment techniques, of the Defense Acquisition University (DAU) financial processes managed by the Performance and Resource Management (DAU-PRM). Specifically, we examined incoming Military Interdepartmental Purchase Requests (MIPRs), outgoing MIPRs, invoices, and purchase requisitions to determine whether established practices were effectively implemented and maintained, process controls were adequate, and indentified organizational risks. We also determined the effectiveness of each process area to identify areas needing improvement.

Scope and Methodology

We conducted a quality review of the financial processes, based on ISO 9001:2008 Quality Management System Requirements, at the DAU administered by DAU-PRM through the DAU electronic Business Center. Specifically, we reviewed the processes for incoming MIPRs, outgoing MIPRs, purchase requisitions, and invoices. We interviewed DAU-PRM personnel to learn the processes used to execute these transactions. We developed review checklists, based on criteria established in the Defense Federal Acquisition Regulation Supplement (DFARS), Federal Acquisition Regulation (FAR), DoD Financial Management Regulation (FMR), and DAU-PRM process flowcharts. We compared the actual DAU-PRM processes with the relevant criteria and flowcharts to assist in identifying weaknesses in internal controls. We reviewed incoming MIPRs, outgoing MIPRs, purchase requisitions, and invoices processed during fiscal years 2011 and 2012 (10 transactions per fiscal year). We reviewed 20 incoming MIPRs, valued at about \$243,800, that the DAU received from other DoD and non-DoD sources. We also reviewed 20 outgoing MIPRs, valued at about \$5.7 million, that the DAU sent to other DoD and non-DoD sources. In addition, we reviewed purchase requisitions and invoices valued at \$17,207 and \$845,500, respectively. We requested and reviewed the supporting documentation for each of these four financial areas. Specifically, we requested and reviewed the following: DD Form 448, “Military Interdepartmental Purchase Request,” DD Form 448-2 “Acceptance of MIPR,” Determinations and Findings, Support Agreements, purchase requisitions, invoices, and statements of work.

A. Incoming Military Interdepartmental Purchase Requests

The DAU-PRM properly accepted incoming MIPRs within 30 days of receipt; ensured incoming MIPRs were authorized, and included a funds citation on the MIPR acceptance forms. However, DAU-PRM personnel did not complete Support Agreements in accordance with DoD guidance when rendering requested support to other DoD organizations. This occurred because DAU-PRM personnel believed signatures on the DD Form 448 were sufficient and complied with DoD guidance. As a result, there is no documentation showing that the capabilities existed at DAU to render the support without jeopardizing assigned missions.

Incoming MIPR Transactions During Fiscal Years 2011 and 2012

We reviewed 20 incoming MIPRs valued at about \$243,800 that the DAU-PRM received from other DoD and governmental sources. Eighteen of the incoming MIPRs were from other DoD activities, and two were from non-DoD Federal activities.

MIPR Acceptance

Overall, we found that the DAU-PRM accepted incoming MIPRs in a timely manner. Specifically, we found that 19 of the 20 incoming MIPRs were accepted within 30 days of receipt. DAU-PRM personnel are responsible for ensuring that MIPRs are properly accepted within 30 days of receipt of the requesting activity's MIPR request. DFARS 208.7004, "Coordinated Acquisition," revised April 19, 2011, states that acquiring activities formally accept a MIPR, as soon as practicable, but no later than 30 days after receipt of the DD Form 448. DAU-PRM personnel could not determine why one of the reviewed MIPRS was accepted after the 30-day requirement. The MIPR was submitted to DAU-PRM on July 29, 2011, and was accepted on September 1, 2011. DAU-PRM personnel stated that they did not receive the MIPR directly and this incoming MIPR transaction occurred prior to the activation of the automated incoming MIPR process in their electronic Business Center system. All MIPRs are now processed through the electronic Business Center system.

MIPR Authorizations

DAU-PRM finance personnel authorize incoming MIPRs through the electronic Business Center system after a review of DD Form 1144 or 448 or other funding documentation is completed. We found that the acceptances for all 20 incoming MIPRs were authorized.

Funds Citations

DAU-PRM personnel are responsible for ensuring that funds citations are included on DD Form 448-2, "Acceptance of MIPRs." We found that all DD Forms 448-2 for the 20 incoming MIPRs included a funds citation. The DoD FMR, volume 11A, chapter 3, states

that whether the order is on a reimbursable or direct cite basis, it is generally negotiated between the two parties, and an Economy Act order should include a funds citation (either direct or reimbursable). The incoming MIPRs processed by DAU-PRM were on a reimbursable basis.

Support Agreements

We found that 16 of 20 Support Agreements (DD Form 114) were not completed in accordance with the DoD FMR and DoD Instruction 4000.19. Specifically, we identified instances in which blocks 8 and 9 of DD Form 1144 were not properly completed. DD Forms 1144 were incomplete because of the following reasons:

- No Approving Authority signature for the Supplying Component in section 8,
- The Comptroller from the Supplying Component did not sign section 8,
- No Approving Authority signature for the Receiving Component in section 9,
- The Receiving Component did not complete section 9, and
- The Comptroller from the Receiving Component did not sign section 9.

To support an interagency Economy Act order, the Federal Acquisition Regulation Subpart 17.5, and the DoD FMR, volume 11A, chapter 3, require the agency to prepare a Determination and Findings. A Determination and Finding states that the use of interagency support capabilities is in the best interest of the Government and that the required goods, supplies, or services cannot be obtained as conveniently or economically by contracting directly with a private source. For interservice support, DoD Instruction 4000.19 and DoD FMR, volume 11A, chapter 3, state that these determinations are accomplished by signing a Support Agreement (blocks 8 and 9 on DD Form 1144, "Support Agreement").¹ No further written determinations are generally required for agreements between DoD activities. Table 1 identifies the Support Agreements that were incomplete.

¹ Block 8 is completed by the supplying component and block 9 is completed by the receiving component.

Table 1. Support Agreements Were Incomplete

MIPR No.	Block 8 on DD Form 1144		Block 9 on DD Form 1144	
	Was Completed		Was Completed	
	Yes	No	Yes	No
SP10011101073	X			X
DWAM01302		X		X
N0002411MP01037		X		X
MIPR1LDACRQ019		X		X
H601011MPP0015		X		X
MIPR1KDATHR169	X			X
MIPR1HDAUQM206	X			X
MIPR1IOVH9L001	X			X
M9545012MP00016	X			X
N6591612MP07006		X	X	
SP10011200068		X		X
MIPR0010115976		X		X
MIPR2ADAT12001		X		X
MIPR2ADAT12003		X		X
MIPR2BDATGM228		X		X
MIPR1KDAT06612		X		X

Recommendation

We recommend that the Chief of Staff, DAU:

1. Direct DAU-PRM to develop and implement standard operating procedures that will incorporate the DoD Financial Management Regulation and DoD Instruction 4000.19 into the process for completing incoming Military Interdepartmental Purchase Requests and Support Agreements.

B. Outgoing Military Interdepartmental Purchase Requests

The DAU-PRM properly approved outgoing MIPRs, ensured the MIPRs served a bona fide need, and identified the line of accounting on the MIPRs. However, DAU-PRM personnel did not always complete Determination and Findings and/or Support Agreements, and the MIPRs did not specify the period of performance. This occurred because DAU-PRM personnel misinterpreted DoD guidance and the system capabilities do not allow the period of performance to be included on the MIPR. As a result, the DAU-PRM did not determine that the requested support would be in the best interest of the U.S. Government and MIPRs were not processed in accordance with DoD guidance.

Outgoing MIPR Transactions During Fiscal Years 2011 and 2012

We reviewed 20 outgoing MIPRs valued at about \$5.7 million that DAU sent to other DoD and governmental sources. Ten of the outgoing MIPRs were sent to other DoD activities and 10 were sent to non-DoD federal activities.

MIPR Approvals

DAU-PRM is responsible for ensuring that it properly approves outgoing MIPRs. We found that the appropriate authority to procure the required goods approved all outgoing MIPRs.

Bona Fide Needs

DAU-PRM is responsible for determining that MIPRs are in the best interest of the Government and serve a bona fide need. The DAU-PRM issued all the MIPRs under the Economy Act or other statutory authorities and cited an annual or multiyear appropriation; therefore, the MIPRs were required to meet the Bona Fide Needs Rule. Section 1502 (a), title 31, United States Code, "Balances Available," October 11, 2005, also known as the Bona Fide Needs Rule, requires that the balance of an appropriation or fund limited for obligation to a definite period is available only for payment of expenses properly incurred during the period of availability, or to complete contracts properly made within that period of availability. The DoD FMR, volume 11A, chapter 3, which incorporates the Bona Fide Needs Rule, requires Economy Act orders citing an annual or multiyear appropriation serve a need existing in the fiscal year for which the appropriation is available. We found that all MIPRs met the Bona Fide Needs Rule, the periods of performance were identified, and the appropriations used served a bona fide need arising, or existing, in the fiscal years for which the appropriations were available for obligation.

Line of Accounting

We found that the line of accounting was identified on the outgoing MIPRs. DAU-PRM cited the funds to ensure that they were properly chargeable to the allotments stated in the MIPRs and the available balances of which were sufficient to cover the costs associated with the MIPRs.

Determination and Findings and Support Agreements

We found that the DAU-PRM completed a Determination and Findings and/or Support Agreements for only 3 of the 20 MIPRs we reviewed. The head of the requiring activity must determine if it's in the best interest of the activity to request support from another agency. The manner in which the determination is made differs for agreements with DoD agencies and agreements with non-DoD agencies. FAR Subpart 17.5, "Interagency Acquisitions Under the Economy Act," and DoD FMR, volume 11A, chapter 3, "Economy Act Orders," April 2000, require a Determination and Findings to support each Economy Act order that uses interagency support capabilities. To comply with the Determination and Findings requirements, the requesting agency should document that orders are in the best interest of the U.S. Government and that the Government cannot obtain the supplies and services as conveniently or economically

by contracting directly with a commercial enterprise. According to DoD Instruction 4000.19, the determinations are signified by signing a support agreement (blocks 8 and 9 on DD Form 1144). No further written determinations are required for agreements between DoD activities. According to PRM personnel, they do not have Determination and Findings for all outgoing MIPRs. For MIPRs sent to DoD activities (DoD to DoD), they believed they did not need to provide a Determination and Findings in accordance with the DoD FMR, specifically, volume 11A, chapter 3, section 0302, and paragraph 030202. For some of the MIPRs sent to non-DoD activities, there are no Determination and Findings. The DAU-PRM is enhancing its MIPR approval process to include a contracting office review to ascertain the necessity for a Determination and Findings on a case by case basis.

Period of Performance

We found that 14 of the 20 MIPRs did not specify the period of performance as required by DFARS. DFARS 253.208 requires that the agency clearly state the required period of performance in each MIPR, taking into consideration administrative lead times. In the 14 instances where the DD Form 448 did not specify the period of performance, we were able to locate the information in the statement of work or on other provided documentation. According to DAU-PRM personnel, they do collect period of performance information; it is a required field on all outgoing MIPRs in their electronic Business Center process. However, the period of performance does not currently print on the MIPR. A system change request will need to be implemented for periods of performances to be printed on future outgoing MIPRs.

Recommendation

We recommend that the Chief of Staff, DAU:

1. Direct DAU-PRM to develop and implement standard operating procedures that will incorporate the DoD Financial Management Regulation, DoD Instruction 4000.19, and the Federal Acquisition Regulation into the process for completing outgoing Military Interdepartmental Purchase Requests, Determination and Findings, and Support Agreements.
2. Ensure that change requests for the Standard Army Finance Information System are implemented and allow the period of performance to be included on outgoing MIPRs processed through the electronic DAU Business Center.

C. Purchase Requisitions

DAU-PRM processed purchase requisitions in accordance with its established guidance. We found that a supervisor, billing, finance, and buyer approved all 20 purchase requisitions that were reviewed. The purchase requisitions totaled \$17,207. As part of the organization's internal financial controls, DAU-PRM instituted a purchase requisition process to help manage requests

for purchases. Requests for the creation of purchase of goods and services were documented and routed for approval within the organization.

D. Invoices

Overall, invoices DAU-PRM were processed in accordance with Federal and DoD regulations. Of the 20 invoices that were reviewed, we found that all were approved by the point of contact (POC) and most were paid within 30 days of receipt as required by the FAR and DoD FMR. We found that only 2 of the 20 invoices were not paid within 30 days of DAU-PRM receiving the invoice. These two instances occurred because these invoices were overlooked and not processed on time. Because these two invoices were not paid within 30 days of receipt, they were not paid in accordance with the FAR and DoD FMR.

Invoices Received During Fiscal Years 2011 and 2012

We reviewed 20 invoices DAU-PRM received from contractors for services provided. The invoices totaled about \$845,500.

Invoice Approvals

All invoices processed by DAU-PRM were approved by the POC. During the review of the invoices, the POC can either approve (full or partial invoice amount), reject, or reroute the invoice.

Invoice Payments

The majority of the invoices received by DAU-PRM were paid in a timely manner. We found that only 2 of the 20 invoices reviewed were not paid within 30 days of receipt. The FAR and DoD FMR state that the due date for making an invoice payment is the thirtieth day after the designated billing office receives a proper invoice from the contractor. According to DAU-PRM personnel, the two instances in which the payments for contract services were paid after the due date occurred because the invoices were overlooked and not processed on time. Both invoices were received on December 2, 2010, and payment for the invoices was submitted on January 10, 2011, even though the payments were due on January 1, 2011. The amounts due for the two invoices were \$45,970 and \$88,195. We did not consider the two instances material when compared to the 20 invoices we reviewed, which totaled \$845,500.

E. DAU Electronic Business Center

DAU uses an electronic Business Center managed by DAU-PRM for all of its financial transactions including incoming and outgoing MIPRs, purchase requisitions and invoices. This system automates all DAU financial business processes and incorporates all processes, procedures, and approval routing lists into the system. This automation reduces the DAU

documentation of its financial process to flowcharts of the process because all other documentation is incorporated into the system code. The process should be adequately documented, beyond flowcharts, to make sure the system is functioning properly and meeting the intent of overarching DAU and DoD policies and requirements.

The DAU electronic Business Center is enterprise wide and allows DAU employee easier access to financial process. Any DAU employee can access the system to process MIPRs, purchase requisitions and invoices and to complete certain actions in each of the processes dependent upon their user role. DAU-PRM developed training for using the system and also provides on-the-job training for using the system. However, system training is not mandatory for employees before they are granted access to the system and there is no tracking of which employees completed the training.

Opportunity for Improvement

We suggest that the Chief of Staff, DAU:

1. Direct DAU-PRM to adequately document all process, beyond flowcharts, within the DAU Electronic Business Center.
2. Require employees to complete the training for the DAU Electronic Business Center before they are granted access to the system and PRM to track the employee training.

Conclusion

We conducted a quality review of the financial processes, based on ISO 9001:2008 Quality Management System Requirements, at the DAU administered by DAU-PRM through its electronic Business Center. The DAU financial processes are sound and adequately meet the needs of DAU. We found only minor issues during our review of the MIPR and invoice process, which can be easily corrected. DAU-PRM's implementation of the electronic DAU Business Center incorporated all financial processes and procedures into a single system that has built-in reviews and simplifies the process for employees. However, due to the integration of the electronic system, only flowcharts—not formal written process and procedures of the process—exist because they are integrated into the system's programming. Overall, we found that DAU should ensure all processes are adequately documented beyond process flowcharts and review its electronic system on a periodic basis to verify that the processes still meet overarching DoD requirements.



DEPARTMENT OF DEFENSE

DEFENSE ACQUISITION UNIVERSITY
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MAY 24 2012


MEMORANDUM FOR DEPARTMENT OF DEFENSE OFFICE OF THE INSPECTOR
GENERAL

SUBJECT: Defense Acquisition University (DAU) Quality Assurance Process Assessment –
Financial Systems Report

Per Inspector General Memorandum dated April 24, 2012, the Defense Acquisition University submits the attached Process Quality Assessment – Financial Process Report.

We appreciate the time, attention, and professionalism your staff members displayed while conducting the first phase of the DAU Assessment, and we look forward for the follow-on phases to commence shortly. We are pleased to report that we took immediate action to close the recommendations and opportunities for improvement. Please review our attached response for additional information.

My point of contact is [REDACTED] He can be reached at [REDACTED] or 703-805-3678.


Joseph E. Johnson
Chief of Staff

Attachment:
as stated

Defense Acquisition University (DAU) Quality Assurance Process Assessment – Financial Systems Report

Finance - Recommendation and Opportunities for Improvement

Recommendations

1. DAU-PRM develops and implements standard operating procedures that will incorporate the DoD Financial Management Regulation and DoD Instruction 4000.19 into the process for completing incoming Military Interdepartmental Purchase Request and Support Agreements.
 - *DAU concurs with the recommendation and has instructed all appropriate budget personnel to no longer process a MIPR acceptance (DD448-2) before receiving a properly signed DD 1144 from the customer. Specifically, sections 8 and 9 of the DD Form 1144 must be properly annotated and signed. Additionally, DAU Directive 505 (Mission Assistance) and Faculty Professional Development (FPD) courses FPD 309 and 311 will be updated to re-emphasize the requirement to have these sections completed. We also included these controls into our Managers' Internal Control Program.*
2. ~~DAU-PRM develops and implements standard operating procedures that will incorporate the DoD Financial Management Regulation, DoD Instruction 4000.19, and the Federal Acquisition Regulation into the process for completing outgoing Military Interdepartmental Purchase Requests, Determinations and Findings, and Support Agreements.~~
 - *DAU concurs with this recommendation. The DAU Director for Contracting and Logistics, Ms. Beth Nelson, has worked this issue with the host installation (Fort Belvoir Mission and Installation Contracting Command (MICC)) contracting office. MICC provided a template to be completed and attached as a Determination and Finding document for each outgoing MIPR to a non-DOD activity. For those non-DoD activities, PRM will attach the required form.*
3. DAU-PRM ensures that change requests for the Standard Army Finance Information System are implemented and allow the period of performance to be included on outgoing MIPRs processed through the electronic DAU Business Center.

Attachment

- *DAU concurs with this recommendation. The DAU Performance and Resource Management (PRM) Business Center was able to implement this enhancement on March 2, 2012.*

Opportunities for Improvement

1. DAU-PRM to adequately document all processes, beyond flowcharts, within the DAU Electronic Business Center.
 - *DAU concurs with this suggestion for improvement and has actually documented most business processes in preparation for our implementation / conversion to the Defense Agencies Initiative (DAI). All business processes will have flowcharts and documented processes prior to implementation of the first DAI segment (Time & Labor) in FY13.*
2. Require employees to complete the training for the DAU Electronic Business Center before they are granted access to the system and PRM to track the employee training.
 - *DAU partially concurs with this suggestion for improvement. Currently, new employees receive training 1) from their Business Unit liaison during their on-boarding process, 2) at the point of need or when requested, and 3) periodically throughout the year in training seminars.*

We believe these current business practices are effective and efficient.



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

June 11, 2012

MEMORANDUM FOR CHIEF OF STAFF, DEFENSE ACQUISITION UNIVERSITY

SUBJECT: Defense Acquisition University Quality Assurance Process Assessment –
Contracting Process Report

We are issuing this status memorandum to inform you of the results of the Contracting Process Assessment conducted from April 24 to May 21, 2012, as part of the overarching Defense Acquisition University (DAU) ISO 9001:2008 Quality Assurance Process Assessment. The objectives of this assessment were to determine whether established practices were being effectively implemented and maintained, verify that controls were adequate, assess the effectiveness of the process, and identify opportunities for improvement.

We assessed the effectiveness of the DAU Operations Support Group – Contracting and Logistics (OP-CL), which prepares purchase orders, coordinates contracting packages with Mission Installation Contract Command (MICC), and monitors awarded contracts. We identified several opportunities for improvement in the DAU contracting process, which are detailed in the attached report. There are two notable areas for improvement. The first is automating and streamlining the process. Specifically, many functions are still done by e-mail, data must be manually entered into other systems that use the contract data, and documents are stored in a shared drive folder with no defined structure. The second area for improvement is how contracts are processed through MICC. Currently, OP-CL does not have its own contracting officer; all official contracting actions are handled by MICC. OP-CL handles only the coordination of the contract between DAU personnel and MICC. Processing contracts through a separate agency slows down the execution of the contract and limits the control and visibility of DAU during the contracting process, from request to award.

Although DAU OP-CL is following its internal procedure, the process can be improved by automation, consistent document control practices, and improved communication between its office and MICC. In addition, we determined that the overall execution of processing purchase requests and contracts would be improved if DAU had an internal contracting officer.

Please provide my office with the status of actions planned and taken in response to this memorandum by July 10, 2012. When we complete the full assessment, we will provide a final report on the results the assessment.

Please direct questions or concerns regarding this memorandum and attached report to Ms. Heather Simko at (703) 699-5498, heather.simko@dodig.mil.

A handwritten signature in black ink, appearing to read 'A. Dopita', with a stylized flourish at the end.

ALOIS DOPITA

Director

Technical Assessment Directorate

Attachment:
As stated.

cc:
Director, Performance and Resource Management

Defense Acquisition University Process Quality Assessment – Contracting Process Report

Objective

Our overall objective was to perform a quality review, using ISO 9001:2008 Quality Management System assessment techniques, of the Defense Acquisition University (DAU) contracting processes managed by the Contracting and Logistics Department (OP-CL). Specifically, we examined the process flow based on DAU’s documented Internal Contracting and Logistics Standard Operating Procedure (SOP) to determine whether established practices were effectively implemented and maintained and whether process controls were adequate and identify organizational risks. We also determined the effectiveness of the process to identify areas needing improvement.

Scope and Methodology

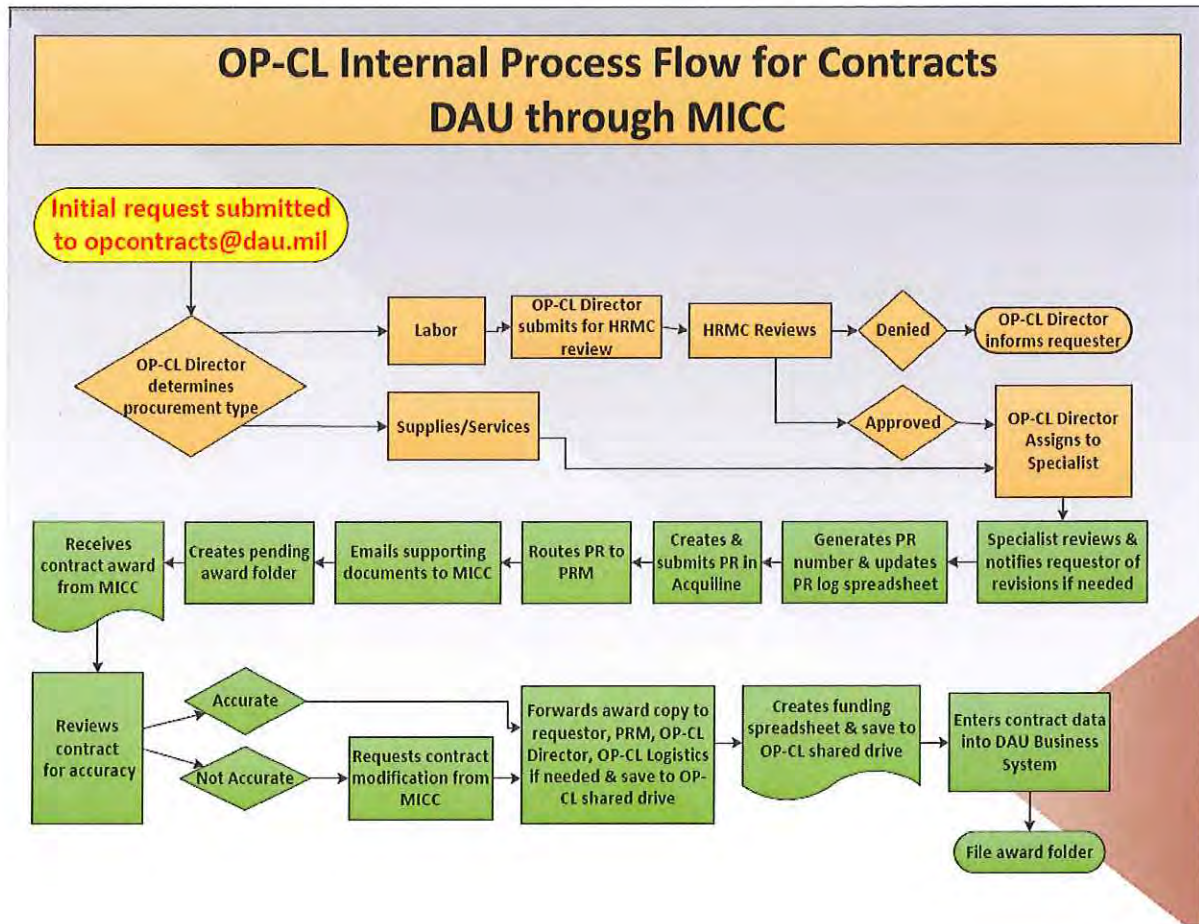
We conducted a quality review of the contracting processes, based on ISO 9001:2008 Quality Management System, at the DAU administered by DAU OP-CL. Specifically, we reviewed the requests for supplies and services, documentation retention, the DAU Business System, and contract documentation requirements. We interviewed DAU OP-CL personnel to learn the processes used to execute these transactions. We developed review checklists, based on DAU’s internal SOP. We compared OP-CL processes with the relevant criteria and flow charted the process to assist in identifying weaknesses in internal controls. We reviewed a sample of the 200 incoming requests for service and product contracts ranging from \$3,000 to \$500,000.

OP-CL Internal Process for Contracts (DAU to Mission Installation and Contracting Command [MICC])

All DAU requests for supplies and services are processed by the OP-CL within the specified lead time based on the contract or purchase order amount (see the table below).

Table. Procurement Acquisition Lead Time for Award of Contracts or Purchase Orders

Amount	Lead Time
\$3,000 up to \$25,000	Approximately 30-40 days
\$25,001 to \$100,000	Approximately 60 days
\$100,001 to \$500,000	Approximately 90 days
\$500,001 and above	Approximately 90-120 days
For 8a (does not have to be completed) requests and sole source (no competition): approximately 60-120 days based on the complexity of the project	



OP-CL Internal Process Flow for Contracts: DAU through MICC

DAU employees, the customer, submit a procurement request (PR) to OP-CL through OPContracts@dau.mil, with all the required supporting documents to be processed within a specified lead time (see the table). The OP-CL Director reviews the request then determines the procurement type—labor or supplies/services. For labor requests, the PR is sent to the Human Resources Management Council (HRMC) for review. Once the request has been approved by HRMC (for labor requests) and the OP-CL Director, the PR will be assigned a PR number and an acquisition specialist. If the PR is denied, OP-CL will notify the customer.

The acquisition specialist is assigned to the request and after receiving the PR package, reviews it for compliance and verifies that all required documents are in the package. A typical PR package includes a Supply Requisition, Purchase Description(PD)/Statement of Work (SOW)/Performance Work Statement (PWS), and an Independent Government Cost Estimate (IGCE). Additional documents may be required depending on the complexity of the PR. If additional documents are required, the acquisition specialist will work with the customer to produce those documents and verify all documents are accurate before submission to MICC.

A PR number is assigned and a PR log spreadsheet is generated. Once the PR package is complete, it is submitted in Aquiline, which routes it to Performance and Resource Management (PRM) for funding. Aquiline requires the acquisition specialist to enter each Contract Line Items (CLINS) individually. Concurrently, an e-mail containing the supporting documents is sent to MICC for action and the acquisition specialist creates a pending awards folder on the OP-CL shared drive.

The Mission Installation Contract Command (MICC) support the Soldier and their families through the acquisition of goods and services vital to the Soldier's mission and well-being. The MICC is responsible for planning, integrating, awarding, and administering contracts in support of Army commands, direct reporting units, U.S Army North, and other organizations. The MICC at Ft. Belvoir handles all contracts related to the running of the base, its functions, and contracting activities for the base residents.

The MICC does all contracting for DAU because DAU does not have a contracting officer. This significantly slows the process, as the acquisition specialist does not have direct contact with the contracting officer or contract specialist assigned to their PRs. Additionally, sending contracting documents to a separate agency that is not familiar with DAU's mission can lead to unawarded contracts due to processing delays and lengthy turnaround times. In some cases, the PR packages are not a priority because DAU is not an Army function. Once the MICC finalizes and awards the contract, it is returned to the DAU acquisition specialist to verify the accuracy of the contract and monitoring. Once approved, a copy of the award is forwarded to the requestor, PRM, and the OP-CL Director by e-mail and is saved on the OP-CL shared drive in the appropriate "FY Contracts" folder. For contracts that include property items, OP-CL Logistics is notified by e-mail, so that the receiving department is alerted of any shipments. Lastly, the acquisition specialist creates and maintains funds/modification tracking excel spreadsheet on all contracts, which are stored in the OP-CL shared drive. A DAU Business System entry is also needed to route invoices to the designated contracting officer's representatives (CORs) for review/approval.

Each contract requires a COR. Any DAU personnel can self-nominate to act as a COR for their PR, if they meet the required training and have a Nomination and Designation Letter. COR training includes two mandatory courses, DAU CLM 003 (Ethics Training for AT&L Workforce or Equivalent) and DAU CLC 106 (COR with a Mission Focus or Equivalent). The self-nomination letter and training certificates are submitted through the Army Knowledge Online (AKO) or e-mailed to the MICC contract specialist who will verify that the person meets the COR criteria and will assign the person as COR to the contract through a letter of delegation. The COR is responsible for monitoring the contract and requesting contract modification, if needed. They request contract modifications through OP-CL who then forwards the request to

the MICC for action. Currently, OP-CL does not track COR training information and relies solely on MICC for verification. This could lead to DAU having improperly trained CORs monitoring their contracts, and the acquisition specialist processing actions from unapproved CORs. In addition, not tracking the required training is a poor business practice, which can lead to an improperly trained workforce.

Generally, all documents created during the PR package process are maintained on the OP-CL shared drive and on acquisition specialist's own computer using their own file system. A hard copy of the contract is also stored in a designated file cabinet. While reviewing the shared drive, we found the folder structure needed to be streamlined. The folder system was not intuitive; a primary "Contracts" folder was present, but additional folders were identified by fiscal year in addition to the primary "Contracts" folder. The acquisition specialists maintained separate systems on their own computers and the shared drive. Furthermore, the folder structure varied between the acquisition specialists maintaining them; there was no clear procedure for developing the file system on the shared drive. This could create confusion for a new member of the team or for DAU personnel not familiar with current folder structure. In turn, it makes the system difficult to audit and conduct a review of the contracts.

Opportunities for Improvement

We recommend that the Chief of Staff, DAU, require OP-CL to:

1. Structure the shared drive folders in accordance with the Internal Contracting and Logistics SOP.
2. Develop a lean process, automated system, or database for the various files and documents created during the process.
3. Obtain their own Contracting Officer dedicated to DAU contracts, which could streamline the process and reduce PR processing time.
4. Develop a process for tracking COR training.

Conclusion

We conducted a quality review of the contracting processes, based on ISO 9001:2008 Quality Management System, at DAU Contracting and Logistics. We found minor issues during our review of their shared drive structure. However, it is clear the OP-CL could benefit from having an internal contracting officer or improved communication between their office and MICC. Overall we found DAU OP-CL procedures are adequately documented but results in a disjointed and scattered process.



DEPARTMENT OF DEFENSE

DEFENSE ACQUISITION UNIVERSITY
OFFICE OF THE PRESIDENT
9820 BELVOIR ROAD
FORT BELVOIR, VA 22060-5565

JUL 10 2012

MEMORANDUM FOR DEPARTMENT OF DEFENSE OFFICE OF THE INSPECTOR
GENERAL


SUBJECT: Defense Acquisition University (DAU) Quality Assurance Process Assessment –
Contracting Process Report

Per Inspector General Memorandum dated June 11, 2012, Defense Acquisition University (DAU) Quality Assurance Process Assessment – Financial Systems Report, DAU submits the attached response.

We are pleased to report that we took immediate action to address the four opportunities for improvement. Please review our attached response for additional information.

We again appreciate the time, attention, and professionalism your staff members displayed while conducting this phase of the DAU Assessment and we look forward to the remaining phases.

My point of contact is [REDACTED] He can be reached at [REDACTED]
703-805-3678.


Joseph E. Johnson
Chief of Staff

Attachment:
As stated

Defense Acquisition University Quality Assurance Process Assessment – Contracting Process Report

Contracting (4 Opportunities)

Opportunities for Improvement

1. Structure the shared drive folders in accordance with the Internal Contracting and Logistics SOP.
 - *DAU concurs with the recommendation. The Contracting Office (OP-CL) is in the process of reengineering their shared drive folders to comply with the Internal Contracting and Logistics SOP and will have this action completed by July 31, 2012.*
2. Develop a lean process, automated system, or database for the various files and documents created during the process.
 - *DAU concurs with the recommendation. The Contracting Office (OP-CL) is in the process of reengineering their database and will have this action completed by July 31, 2012.*
3. Obtain their own Contracting Officer dedicated to DAU contracts, which could streamline the process and reduce PR processing time.
 - *DAU concurs with the recommendation of DODIG with its desire to have a full time contracting officer. This action would require exception to policy from the Undersecretary of Defense for Acquisition, Technology and Logistics (AT&L) for DAU to have contracting authority and a warranted contracting officer. Due to the size of our contracting needs, it is not expected that this course of action will be acceptable to AT&L.*
 - *Per AT&L Memorandum, dated September 18, 2009 (attached), all AT&L offices contracting support services responsibilities are directed to Washington Headquarters Services (WHS). Hence, DAU is not permitted by AT&L policy, directed in Memorandum from Dr. Carter to have its own contracting authority.*
 - *Currently, DAU has a contracting assistance office under its Operations Department staffed with 1101 series personnel and augments support through the US Army Military Installation Contracting Command (MICC) on Ft Belvoir to process its purchase requests through its Contracting Authority. An interim Installation Services Support Agreement (ISSA) is in effect with DAU sustaining a Full Time Equivalent personnel to support DAU contracting needs. A formal ISSA is in review but will wait until formal contracting efforts with WHS are established.*
 - *DAU has contacted WHS for coordination to reestablish contracting support through their contracting office. Due to schedule conflicts, these conversations*

will begin during July and expect implementation of support directly through WHS by the beginning of FY13.

4. Develop a process for tracking COR training.
 - *DAU concurs with the recommendation and has begun the process to track COR training, certification and currency of certification. This action will be completed by July 31, 2012.*



THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

SEP 18 2009

MEMORANDUM FOR USD(AT&L) DIRECT REPORTS

SUBJECT: Pilot Program for Contracting Support for Acquisition, Technology and Logistics (AT&L) Offices

Since May 2004, OSD components have depended on a variety of other DoD offices and external agencies for contracting support. While this was done to provide flexibility to the DoD Components in the National Capitol Region, the resultant approach to contracting support slowed our ability to deliver best value business solutions for our mission needs.

Effective immediately, I am establishing a pilot program and assigning responsibility for AT&L's contracting support services to Washington Headquarters Services (WHS). WHS is well positioned to provide AT&L with dedicated contracting support. Alignment to a single contracting office will enhance our ability to deliver best value business solutions efficiently and effectively. It will result in a more disciplined and focused contracting process that will facilitate strategic sourcing, enhance portfolio transparency, improve acquisition planning, and enhance competition while strengthening and improving the contract management and oversight process. I have asked WHS to prepare to assume full responsibility for OSD contracting support over the next few years.

The Director, Acquisition Resources and Analysis (ARA), will continue as the administrative focal point for defining the requirements for AT&L contracts and will work with the Director, Defense Procurement and Acquisition Policy, and WHS to define mutual responsibilities, expectations, processes, and staffing requirements. WHS will assist each AT&L office to plan an orderly migration of its contracting portfolio. Migration plans shall consider migrating requirements at logical contract break points (e.g., at the completion of all contract option periods) to maximize program continuity. WHS support will be reimbursed until WHS is resourced for this new mission through existing budget processes. Contract services and migration efforts will begin immediately.

Thank you in advance for your support of this pilot program. My point of contact is Ms. Susan Hildner at 703-697-0895.

Ashton B. Carter

cc:
Director, WHS



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

JUL 09 2012

MEMORANDUM FOR CHIEF OF STAFF, DEFENSE ACQUISITION UNIVERSITY

SUBJECT: Defense Acquisition University (DAU) Quality Assurance Process Assessment –
Micro Purchase and Training Requisition Report

We are issuing this status memorandum to inform you of the results of Micro Purchase and Training Requisition Processes Assessment conducted from June 18 - 29, 2012, as part of the overarching Defense Acquisition University (DAU) ISO 9001:2008 Quality Assurance Process Assessment. The objective of this assessment was to determine whether established practices are being effectively implemented and maintained, verify that controls are adequate, assess the effectiveness of the process, and identify opportunities for improvement.

We assessed the effectiveness of the micro-purchase and training requisition processes, which are conducted through the DAU electronic Business Center. We identified several opportunities for improvement, which are detailed in the attached report. There are three notable areas for improvement. The first is to develop separate training materials for the micro-purchase requisition process and training requisition processes. There is currently one PowerPoint presentation for both micro-purchases and training requisitions and does not reflect other training requisition process variations. The second area for improvement is how the process is documented via flowchart. Specifically, existing flow charts do not fully reflect the as-is processes. The last area for improvement is to reevaluate the overlap in roles and responsibilities of each approving official in the training requisition process to reduce cycle times and redundant tasks. More specifically, assess the need for overlap in validation checks between the supervisor, Dean/Director, and training officer.

We determined that the DAU effectively control and monitor the micro-purchase and training requisition processes through the electronic DAU Business Center. Although DAU is following its internal procedure, the process documentation and training materials can be improved to benefit end users.

By August 10, 2012, please provide my office with the status of actions planned and taken in response to this memorandum. When we complete the full assessment, we will provide a final report that will include the results of this assessment and the overall effectiveness of the DAU processes.

Please direct questions or concerns regarding this memorandum and attached report to Ms. Heather Simko at (703) 699-5498, heather.simko@dodig.mil.



ALOIS DOPITA

Director

Technical Assessment Directorate

Attachment:

Defense Acquisition University (DAU) Process Quality Assessment –Micro-Purchase and Training Requisitionl Process Report

cc:

Director, Performance and Resource Management

Quality Assessment of Defense Acquisition University's Micro-Purchase and Training Requisition Processes

Objective

Our overall objective was to perform a quality review, using ISO 9001:2008 Quality Management System assessment techniques, of the Defense Acquisition University (DAU) micro-purchase and training requisition processes. Specifically, we examined process flows and training materials based on DAU's documented Purchase Requisition and Training Requisition Basic User Training to determine whether established practices were effectively implemented and maintained and whether process controls were adequate and identified organizational risks. We also determined the effectiveness of each process to identify areas needing improvement.

Scope and Methodology

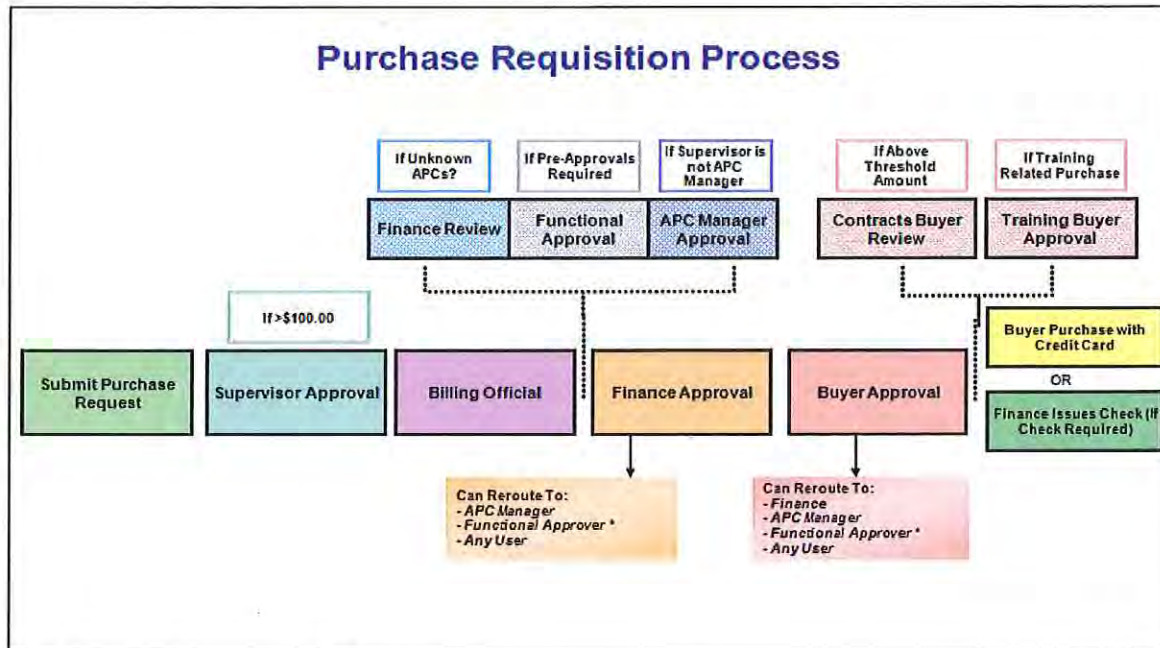
We conducted a quality review of DAU processes, based on ISO 9001:2008 Quality Management System Requirements, at the DAU administered by the Performance and Resource Management (DAU-PRM) through the DAU electronic Business Center. Specifically, we reviewed the micro-purchase requisition and training requisition processes. We interviewed DAU personnel to learn the processes used to execute these transactions and the roles and responsibilities of all approving officials within the process. We developed review questions based on training documentation and DAU process flowcharts. We reviewed and identified misalignments between the process flowcharts and training materials given to DAU personnel. We reviewed actual micro-purchase invoices and training requisition forms (Standard Forms [SFs] 182 and 1164), during fiscal year 2012. We reviewed three micro purchase invoices valued at about \$2,880 and 20 training requisitions valued at about \$27,000. In addition, we requested and reviewed data on the approval cycle times of the sample transactions in the DAU Business Center.

A. Micro-Purchase Requisition

As a part of the organization's internal financial controls, micro-purchase requests are initiated through the DAU Business Center, where a DAU employees are able to create, route, and track all purchase requests from the beginning to end of the process. The DAU defines the dollar threshold for micro-purchases as follows: less than \$2,000 for construction, less than \$2,500 for services, and less than \$3,000 for supplies. For micro-purchases from \$3,000 to \$25,000, the procurement request must be competed on the General Services Administration (GSA) schedule. On average, more than 500 micro-purchases per quarter or approximately 2,900 per year are processed through the DAU Business Center system.

During the Finance Review, we found that a supervisor, billing official, finance, and buyer approved all 20 purchase requisition samples totaling \$17,207. Because the process for purchase requisition is identical to micro-purchases, we requested only three micro-purchase samples. After reviewing the micro-purchase samples, we found that a supervisor, billing official, finance, and buyer approved the purchases in accordance with the purchase requisition process flowchart (see Figure 1). However, we found that the process variation of competing micro-purchase procurements between \$3,000 and \$25,000 on the GSA schedule was not reflected in the process flowcharts or training documentation. We also found that the approval cycle times of the sample micro-purchase requisitions were timely and ranged from five to eight business days, which is well within the two to three week lead-time advisement provided by the DAU officials. However, we found that the training documentation does not provide a lead-time advisement.

Figure 1. DAU's Purchase Requisition Process Flowchart



APC = Account Processing Code

Opportunity for Improvement

We suggest that the Chief of Staff, DAU:

1. Create training manual for purchase requisitions separate from the training requisition manual. Although both processes are executed in the DAU Business Center, users would be better served by separate manuals.
2. Include process variation of micro-purchase procurements competed on the GSA schedule in the purchase requisition process flowchart and in the purchase requisition training material.
3. Include lead-time advisement of two to three weeks in the purchase requisition training material.

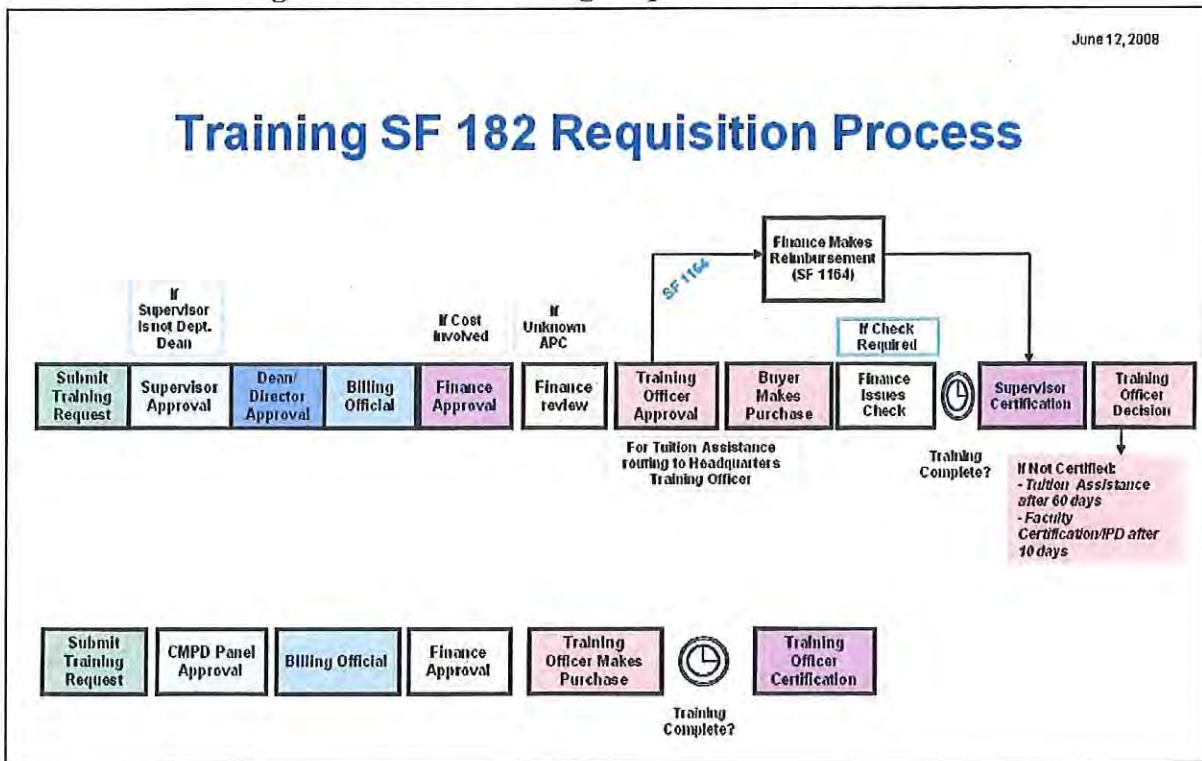
4. Improve the purchase requisition process flowchart. Flowchart notation should properly indicate beginning and end points, decision points, process variation, and responsible actionee for every step in the process.

B. Training Requisition

Training requests are initiated by the requester through the DAU Business Center system, which routes and tracks all training requests throughout the process. DAU provided a process flowchart for the training requisition process (see Figure 2), which begins with a DAU employee submitting a training request in the DAU Business Center and moves the request through an approval cycle with the supervisor, dean/director, billing official, finance, training officer, and buyer. Each approving official receives an e-mail notification when they need to approve a training request in the DAU Business Center. The system also generates Standard Forms (SFs) 182 and 1164 as required.

According to DAU, the typical approval cycle time for a training requisition is two weeks. Last minute requests can be submitted by clicking the “Expedited” option in the system. For training requests involving tuition assistance, a one-month lead time is advised due to an additional approval step by the tuition assistance panel.

Figure 2. DAU’s Training Requisition Process Flowchart



Training Requisition Approvals

The DAU team described the roles and responsibilities of each approving authority and their criteria for approvals/rejections. Once a DAU employeesubmits a training request, the supervisor validates the need for the requested training based on the requester’s job function and development plan. The Dean/Director validates the need for the training based on the requester’s job function and determines if there is training funds available. The Dean/Director also determines how training funds are managed for each region. Finance Level 1 validates the need for the training, determines if funds are available, and validates that the correct accounting code is being used. The buyer validates that the training vendor is acceptable and makes the purchase. The training official also validates the need for the training and checks that the vendor acceptable. There is one training official for every DAU region.

Upon reviewing the twenty sample training requisitions valued at about \$27,000, we found that the approval cycle time ranged from one to fifty two business days (see Table 3.) Although we found that all of the training requests in the sample set were approved prior to the training start date, redundant checks by the various approving officials increased the approval cycle times.

Figure 3. Approval Cycle Times of Training Requisition Samples

Number	Type	Amount	Approval Cycle Time (Business Days)
TR12001606	Tuition Assistance	\$2,250.00	52
TR12001697	Tuition Assistance	\$1,800.00	46
TR306712002131	Class	\$99.00	10
TR12002142	Conference	\$195.00	1
TR12001012	Class	\$296.00	5
TR12001263	Conference	\$1,575.00	7
TR12002183	Class	\$950.00	6
TR12002163	Class	\$2,495.00	2
TR12002159	Class	\$2,495.00	2
TR12002113	Class	\$2,575.00	3
TR028912000794	Class	\$975.00	11
TR12001997	Class	\$945.00	4
TR306712002137	Class	\$149.00	10
TR893912001320	Class	\$5,150.00	26
TR028912000122	Conference	\$1,395.00	12
TR028912000142	Conference	\$275.00	31
TR893912001034	Class	\$199.00	8
TR740612001863	Conference	\$275.00	7
TR740612001805	Class	\$1,050.00	5
TR740612001652	Class	\$1,965.00	11

Multi-Participant Training

The DAU team provided clarification on the process flowchart for multiple-participant training versus individual training. When multiple participants are involved, the training officer is notified manually. The training officer then inputs the training request in the DAU Business Center system and follows the process depicted in the training requisition process flowchart. Additionally, multiple-participant training requests do not require Dean/Director approval. We found that process flowchart was not labeled to indicate that the bottom flow in Figure 2 was for multi-participant training. We also found that instructions for multi-participant training requests were not reflected in the training manual.

Tuition Assistance

Another variation of the training requisition process occurs when a DAU employee submits a training request involving tuition assistance. In these cases, the request will go through the usual training requisition process until the billing official gives approval. Once the billing official gives approval, a panel consisting of the Chief Financial Officer, Chief of Staff, PRM Director, Human Resources Learning and Development, Center Director for Budget, and the Finance Level 2 Tuition Assistance Coordinator determines if the request is approved or rejected. This panel meets three times a year and reviews all tuition assistance requests. All requests are considered based on the requester's job function, development plan, and funding availability. Requirements for tuition assistance include no more than two courses at a time per trainee and a tuition assistance cap of \$5,250 per calendar year per individual. After reviewing training request samples involving tuition assistance, we found that the additional process step of the tuition assistance panel was not reflected in the training requisition process flow or the training materials.

Payment Methods

There are four payment methods for training requisitions: credit card payment by an authorized DAU government credit card holder, check payment by an authorized DAU buyer, direct reimbursement before training, and direct reimbursement after training. The DAU employee selects a payment method when a training request is submitted in the DAU Business Center. The majority of training requisitions are paid for by an authorized DAU government credit card holder. In the rare case that a vendor does not accept credit cards, a check payment will be issued.

In the sample set, two tuition assistance requests were paid by an authorized DAU government credit card holder. For these requests, the training officer commented that the requester must purchase class materials and then submit an SF 1164 to receive direct reimbursement for the class materials. We found that there was no guidance in the process flowchart or training material for training requests, which require a combination of payment methods such as government credit card for the training course and direct reimbursement for the associated course materials.

Opportunity for Improvement

We suggest that the Chief of Staff, DAU:

5. Reevaluate the overlap in roles and responsibilities of each approving official in the process to reduce cycle times and redundant tasks. More specifically, assess the need for overlap in validation checks between the supervisor, Dean/Director, and training officer.
6. Update the process flowchart and training materials to include information regarding the tuition assistance panel and tuition assistance course and dollar caps.
7. Update the process flowchart and training materials to include information regarding multi-participant training and that the process is manually initiated by submitting a request to their designated training official.
8. Update the training materials to include lead-time advancement of two weeks for training requisitions and one month for training requisitions involving tuition assistance.
9. Improve the training requisition process flowchart. Flowchart notation should properly indicate beginning and end points, decision points, process variation, and responsible actionee for every step in the process.

Conclusion

We conducted a quality review of the micro-purchase and training requisition processes, based on ISO 9001:2008 Quality Management System Requirements, at the DAU administered by DAU-PRM through its electronic Business Center. The DAU micro-purchase requisition and training requisition processes are sound and adequately meet the needs of DAU-PRM's implementation of the electronic DAU Business Center. DAU incorporated all requisition processes and procedures into a single system that has built-in reviews, simplifies the process for employees, and provides real-time status checks of all requisitions submitted in the system. However, we found that the process flowcharts and training materials do not reflect all of the process variations, requirements, and guidelines involved in the requisition processes. DAU should ensure that all processes are adequately documented beyond process flowcharts and review its electronic system on a periodic basis to verify that the processes still meet overarching DoD requirements.



DEPARTMENT OF DEFENSE

DEFENSE ACQUISITION UNIVERSITY
OFFICE OF THE PRESIDENT
9820 BELVOIR ROAD
FORT BELVOIR, VA 22060-5565

AUG 1 2012


MEMORANDUM FOR DEPARTMENT OF DEFENSE OFFICE OF THE INSPECTOR
GENERAL

SUBJECT: Defense Acquisition University (DAU) Quality Assurance Process Assessment –
Micro Purchase and Training Requisition Report

Per Inspector General Memorandum dated July 9, 2012, DAU submits the attached response (Tab A) to your Quality Assessment of Defense Acquisition University's Micro-Purchase and Training Requisition Processes.

As before, we appreciate the time, attention, and professionalism your staff members displayed while conducting this phase of the DAU Assessment. We are pleased to report that we took immediate action to close several of the opportunities for improvement. Please review our attached response for additional information.

My point of contact is [REDACTED] He can be reached at [REDACTED], or
703-805-3678.


Joseph E. Johnson
Chief of Staff

Attachment:
As stated

Micro-purchase and Training Requests Opportunity for Improvement (9)

1. Create training manual for purchase requisitions separate from the training requisition manual. Although both processes are executed in the Defense Acquisition University's (DAU) Business Center, users would be better served by separate manuals.
 - *DAU concurs with the suggestion and will implement suggested actions by August 31, 2012.*
2. Include process variation of micro-purchase procurements competed on the GSA schedule in the purchase requisition process flowchart and in the purchase requisition training material.
 - *DAU concurs with the suggestion and will implement suggested actions by August 31, 2012.*
3. Include lead-time advisement of two to three weeks in the purchase requisition training material.
 - *DAU concurs with the suggestion and has taken immediate action by posting the information on the DAU home page and will add the information into the training material by August 31, 2012.*
4. Improve the purchase requisition process flowchart. Flowchart notation should properly indicate beginning and end points, decision points, process variation, and responsible actionee for every step in the process.
 - *DAU concurs with the suggestion and has taken immediate action to improve the flowchart as suggested.*
5. Reevaluate the overlap in roles and responsibilities of each approving official in the process to reduce cycle times and redundant tasks. More specifically, assess the need for overlap in validation checks between the supervisor, dean/director, and training officer.
 - *DAU concurs with the suggestion and has evaluated the roles and responsibilities of each approving official. After careful assessment we have determined that our process is properly configured. Based on our assessment, no changes are necessary at this time.*
6. Update the process flowchart and training materials to include information regarding the tuition assistance panel and tuition assistance course and dollar caps.
 - *DAU concurs with the suggestion and has taken immediate action by posting the information on the DAU home page and will add the information into the training materials by August 31, 2012.*

Attachment

7. Update the process flowchart and training materials to include information regarding multi-participant training and that the process is manually initiated by submitting a request to their designated training official.
 - *DAU concurs with the suggestion and has taken immediate action to improve the flowchart and training materials as suggested, and we have posted both on our homepage.*
8. Update the training materials to include lead-time advancement of two weeks for training requisitions and one month for training requisitions involving tuition assistance.
 - *DAU concurs with the suggestion and has taken immediate action. We wish to note that the training officer does provide advance notices through various DAU communication forums throughout the year (e.g., email announcements, "Spotlight" articles on the DAU homepage, updates on the DAU Human Resource homepage, DAU All Hands meetings, DAU Annual Conference).*
9. Improve the training requisition process flowchart. Flowchart notation should properly indicate beginning and end points, decision points, process variation, and responsible actionee for every step in the process.
 - *DAU concurs with the suggestion and has taken immediate action to improve the flowchart as suggested, and we have posted both on our homepage.*



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

AUG 02 2012

MEMORANDUM FOR CHIEF OF STAFF, DEFENSE ACQUISITION UNIVERSITY

SUBJECT: Defense Acquisition University Quality Assurance Process Assessment – Property Management, Supply Maintenance, Real Property Management, and Facilities Maintenance Processes Report

We are issuing this status memorandum to inform you of the results of the Property Management, Supply Maintenance, Real Property Management, and Facilities Maintenance processes assessment conducted from July 16 to August 3, 2012, as part of the overarching Defense Acquisition University (DAU) ISO 9001:2008 Quality Assurance Process Assessment. The objectives of this assessment were to determine whether established practices were being effectively implemented and maintained, verify that controls were adequate, assess the effectiveness of the processes, and identify opportunities for improvement.

This assessment focused on the effectiveness of the DAU Operations Support Group's Property Management, Supply Maintenance, Real Property Management, and Facilities Maintenance processes. We identified some opportunities for improvement in these processes, which are detailed in the attached report. Currently, DAU's governing criteria is DAU 314-1, "Property Accountability and Management Directive." We recommend that DAU finalize the draft DAU Logistical Operation Procedure for Property Management, which will supplement DAU 314-1. Secondly, the accountable property office should designate a back-up accountable property officer when the primary officer is not available. Finally, we recommend that DAU formally document all processes that are taking place in these four areas to ensure knowledge transfer to current and new personnel.

Please provide my office with the status of actions planned and taken in response to this memorandum by September 4, 2012. When we complete the full assessment, we will provide a final report.

Please direct questions or concerns regarding this memorandum and attached report to Ms. Heather Simko at (703) 699-5498, heather.simko@dodig.mil.

A handwritten signature in black ink, appearing to read "Alois Dopita", is positioned above the printed name.

Alois Dopita
Director
Technical Assessment Directorate

Attachment:
As stated

Quality Assessment of Defense Acquisition University's Property Management, Supply Maintenance, Real Property Management, and Facilities Maintenance Processes

Objective

Our overall objective was to perform a quality review, using ISO 9001:2008 Quality Management System assessment techniques, of the Defense Acquisition University (DAU) Property Management, Supply Maintenance, Real Property Management, and Facilities Maintenance processes. Specifically, we examined DAU process flows, documentation, and procedures to determine whether established practices were effectively implemented and maintained and whether process controls were adequate and identified organizational risks. We also determined the effectiveness of each process to identify areas needing improvement.

Scope and Methodology

We conducted a quality review of DAU processes, based on ISO 9001:2008 Quality Management System Requirements, at the DAU administered by the Operations Support Group. This assessment focused on the review of the Property Management, Supply Maintenance, Real Property Management, and Facilities Maintenance processes. We interviewed DAU personnel to learn the processes in these areas and the roles and responsibilities of all approving officials involved in the processes. We developed review questions based on directives and documentation. We reviewed and identified undocumented processes that are being conducted by DAU personnel.

A. Property Management

DAU's governing criteria is the DAU 314-1, "Property Accountability and Management Directive," which establishes policy, assigns responsibility, and provides procedures for the management of and accountability for DAU-owned equipment. According to the directive, the Defense Property Accountability System (DPAS) is the approved automated accountability property system of record for DAU. DAU Directive 314-1 will be supplemented by a DAU Logistical Operations Procedure, which is currently in draft. This procedure will detail the procedures for ordering, receiving, issuing, transferring, repairing, replacing, donating, and disposing of DAU property. This procedure also details procedures for maintaining records and conducting inventories.

DAU defines accountable properties as non-expendable items with an initial acquisition cost of \$5,000 or more, leased items of any value, pilferable items, and information technology property

such as desktops, laptops, mobile devices, and data storage devices. According to the draft Logistical Operations Procedure, DAU performs three types of inventories: physical inventories, change of property custodian inventories, and custom inventories. Physical inventories are conducted annually for all DAU-owned accountable property to ensure that items are properly identified and accounted for in DPAS and are still in working, serviceable condition. A minimum of 98 percent accountability must be achieved for all inventories to meet agency and DoD accountability standards. Change of property custodian inventory occurs when a property custodian is replaced. Lastly, custom inventories are conducted on an as-needed basis when a unique situation arises.

DAU headquarters employs one Accountable Property Officer (APO) who is responsible for implementing DAU Directive 314-1 and the DAU Logistical Operations Procedure. The APO is responsible for coordinating transfer of accountable properties during personnel on-boarding, off-boarding, and transfers with support from the Information Systems (IS) Department and contractors. The APO is also responsible for conducting investigations when property is lost, damaged, or destroyed due to negligence. Lastly, the APO is required to complete a 1-week training course on DPAS and additional online training. The APO can also attend refresher courses every quarter.

Opportunity for Improvement

We suggest that the Chief of Staff, DAU:

1. Complete the draft DAU Logistical Operation Procedure.
2. Develop an APO desk reference guide for the purposes of knowledge transfer to future APOs.
3. Designate a backup APO should the primary be unavailable.

B. Supply Maintenance

DAU headquarters personnel use the E-Store to replenish their supplies for common office items such as pens, paper, and notebooks. The E-store was established 3 years ago for DAU headquarters and is located in building 231. The maximum quantity for each item per visit is five. For larger quantities, the request is filled through the DAU electronic Business Center. In emergency cases, an e-mail request can be sent to the head of Contracting and Logistics to request the supplies from the E-store inventory. Once a request has been submitted, a notification e-mail will be sent to the DAU personnel when the supply request is approved, purchased, and ready for pickup. Requests submitted through the DAU electronic Business Center will follow the standard Purchase Requisition process. There is no regularly scheduled supply maintenance. Once the E-store personnel observe that stock is low, they place an order to replenish the inventory through the purchase request process. New DAU personnel are trained by their office administrator on how to request supplies through the E-Store. DAU does not have a standard operating procedure for the E-Store.

Opportunity for Improvement

We suggest that the Chief of Staff, DAU:

1. Create a documented standard operating procedure for the E-store to include instructions on how to place supply orders.

C. Real Property Management

Fort Belvoir Proper has 11 buildings onsite and four major regional sites. Additionally satellite sites are leased through installation agreements; Patuxent River, MD; Los Angeles, CA; Huntsville, AL; Kettering, OH; Chester, VA; and Aberdeen Proving Ground, MD. The DAU Facility Board (DFB) determines moves and lease renewals during its bi-monthly meetings. The DFB purpose is to evaluate, recommend, and reconcile DAU requirements for space and resource requirements throughout the enterprise. The DFB sample slides provided insight on topics discussed during the bi-monthly meetings to include total cost, design changes, move details, available spaces, and open petitions. In addition, facility issues are brought up during the leadership staff meetings. During our review of this section, we found no areas for improvement.

D. Facilities Maintenance

DAU facilities on Fort Belvoir campus are maintained through a public works contractor (DPW-Installation Support Services) that provides support to the entire base and its tenants.

Additionally, DAU has an in-house facilities maintenance team led by a Facilities Manager for DAU buildings on Fort Belvoir. The in-house facilities maintenance handles service requests such as major interior decorations, painting, air conditioning, and bug infestations. In general, at least 90 percent of the maintenance needed is performed by the in-house facilities maintenance team while “major repairs” are performed by DPW-Installation Support Services. There is currently no official definition of or guideline for what constitutes a “major repair.” The DAU Facilities Manager determines whether his team can perform the work or if DPW-Installation Support Services needs to be called in.

DAU Headquarters and DAU South also appoint Building Mayors for each building. Building Mayors coordinate service requests for their building with the Facilities Manager. For the most part, records of maintenance are archived for only major service requests. DAU does not currently have a standard operating procedure for their in-house facilities maintenance.

Opportunity for Improvement

We suggest that the Chief of Staff, DAU:

1. Create a documented procedure for their in-house facilities maintenance processes and maintain service records.

2. Create a guideline or agreement with the Installation on which repairs are allowed to be addressed 'in-house'.

Conclusion

We conducted a quality review of the Property Management, Supply Maintenance, Real Property Management, and Facilities Maintenance processes, based on ISO 9001:2008 Quality Management System Requirements, at the DAU administered by the DAU Operations Support Group. The DAU Property Management, Supply Maintenance, Real Property Management, and Facilities Maintenance processes adequately meet the needs of DAU. However, DAU lacks formal documentation of its processes in the Supply and Facilities Maintenance areas. DAU is making progress in implementing the newly released DAU Directive 314-1. However, DAU should require that all processes are adequately documented to ensure knowledge transfer to current and new personnel.



DEPARTMENT OF DEFENSE

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AUG 28 2012

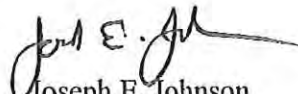
MEMORANDUM FOR DEPARTMENT OF DEFENSE OFFICE OF THE INSPECTOR
GENERAL

SUBJECT: Defense Acquisition University Quality Assurance Process Assessment –
Property Management, Supply Maintenance, Real Property Management, and
Facilities Maintenance Processes Report

Per Inspector General Memorandum dated August 2, 2012, Defense Acquisition University (DAU) Quality Assurance Process Assessment – Property Management, Supply Maintenance, Real Property Management, and Facilities Maintenance Processes Report, DAU submits the attached response.

As we have previously mentioned, we appreciate the time, attention, and professionalism your staff members displayed while conducting this phase of the DAU assessment. We are pleased to report that we took immediate action to close five of the opportunities for improvement and are hard at work on the remaining one. Please review our attached response for additional information.

My point of contact is [REDACTED] He can be reached at [REDACTED] or 703-805-3678.


Joseph E. Johnson
Chief of Staff

Attachment:
As stated

**Defense Acquisition University Quality Assurance Process Assessment –
Property Management, Supply Maintenance, Real Property Management,
and Facilities Maintenance Processes Report
Six Opportunities for Improvement**

A. Property Management

1. Complete the draft DAU Logistical Operation Procedure.
 - *DAU concurs with the suggestion and has completed the draft Logistical Operation Procedure.*

2. Develop an Accountable Property Officer (APO) desk reference guide for the purposes of knowledge transfer to future APO's.
 - *DAU concurs with the suggestion and has completed a draft APO Desk Reference.*

3. Designate a backup APO should the primary be unavailable.
 - *DAU concurs with the suggestion and has designated a backup APO.*

B. Supply Maintenance

4. Create a documented standard operating procedure for the E-store to include instructions on how to place supply orders.
 - *DAU concurs with the suggestion and has completed a draft Standard Operating Procedure for the DAU E-Store.*

C. Real Property Management - there were no suggestions for this process area.

D. Facilities Maintenance

5. Create a documented procedure for their in-house facilities maintenance processes and maintain service records.
 - *DAU concurs with the suggestion. We have established a new group email address in which work orders are to be submitted. This new email account will allow all maintenance employees to see all requests. The DAU community has been advised of this new procedure. The Director of Maintenance, or his designee, will prioritize the requests and determine what can be accomplished in-house and which requests will be forwarded to the Fort Belvoir Department of Public Works. Also, all work orders will be saved in a separate folder on the DAU Network which is archived on a daily basis.*

6. Create a guideline or agreement with the Installation on which repairs are allowed to be addressed 'in-house.'
 - *DAU concurs with the suggestion and plans to complete a guideline with the Installation on which repairs will be address "in-house" by October 31, 2012.*



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
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AUG 06 2012

MEMORANDUM FOR CHIEF OF STAFF, DEFENSE ACQUISITION UNIVERSITY

SUBJECT: Defense Acquisition University Quality Assurance Process Assessment –
Information Technology Process Report

We are issuing this status memorandum to inform you of the results of the Information Technology Process Assessment conducted on July 18, 2012, as part of the overarching Defense Acquisition University (DAU) ISO 9001:2008 Quality Assurance Process Assessment. The objectives of this assessment were to determine whether established practices were being effectively implemented and maintained, verify that controls were adequate, assess the effectiveness of the process, and identify opportunities for improvement.

We assessed the effectiveness of the DAU Information Technology (IT) processes, which included adherence to DAU Directives 303, "Information Systems Security," and DAU Directive 304, "Information Systems Usage," the Change Management process, and the Information Assurance process. We identified several opportunities for improvement within the DAU Change Management and Information Assurance processes, which are detailed in the attached report. These areas for improvement include maintaining training records, maintaining personnel lists, and tracking change requests.

Overall, DAU is adhering to its internal procedure, but the process can be improved by implementing Information Assurance training, assigning specific people to Change Advisory Board (CAB) roles, and maintaining logs to track system changes. Most of these issues are slated to be resolved when DAU's new IT system and policies are implemented in September 2012. We recommend that DAU reassess the new IT system policies and procedures 1 year after implementation to gauge their effectiveness.

Please provide my office with the status of actions planned and taken in response to this memorandum by September 7, 2012. This report completes the DoD IG's assessment of the DAU functional areas. We will issue a final report identifying any systemic issues identified during the course of the process area assessments.

Please direct questions or concerns regarding this memorandum and attached report to Ms. Heather Simko at (703) 699-5498, heather.simko@dodig.mil.

A handwritten signature in black ink, appearing to read 'Alois Dopita', written in a cursive style.

Alois Dopita
Director
Technical Assessment Directorate

Attachment;
As stated.

cc:
Director, Operations Support Group

Process Quality Assessment of Defense Acquisition University's Information Systems Process

Objective

Our overall objective was to perform a quality review, using ISO 9001:2008 Quality Management System assessment techniques, of the Defense Acquisition University (DAU) Information Technology (IT) processes. Specifically, we examined DAU's IT directives, the Change Management process, and Information Assurance process to determine whether established practices were effectively implemented and maintained and whether process controls were adequate and identified organizational risks. We also determined the effectiveness of each process to identify areas with an opportunity for improvement.

Scope and Methodology

We conducted a quality review of IT processes, based on ISO 9001:2008 Quality Management System, administered by the DAU IT department. Specifically, we reviewed DAU's IT Directives 303, "Information Systems Security" and 304, "Information Systems Usage," change management, and information assurance documentation. We interviewed DAU IT personnel to learn the processes used to meet the intent of DAU Directives 303 and 304. We compared DAU's IT processes with the relevant criteria to identify weaknesses in DAU's system. We also reviewed samples of change requests, e-mail logs, access control logs, and event tracking to verify that DAU personnel were properly adhering to DAU processes.

A. Change Management

DAU's change management (CM) system is currently undergoing restructuring, and new procedures are being drafted and should be implemented in September 2012. The CM processes, such as the recently implemented Enterprise Support System (ESS), are embedded into the Enterprise IT Management Process, which has two phases. The first phase focuses on the strategic implications of the change, while the second phase includes the operational design, review, and implementation process aligned with the Information Technology Information Library (ITIL) framework for CM. The ESS will manage the change request process.

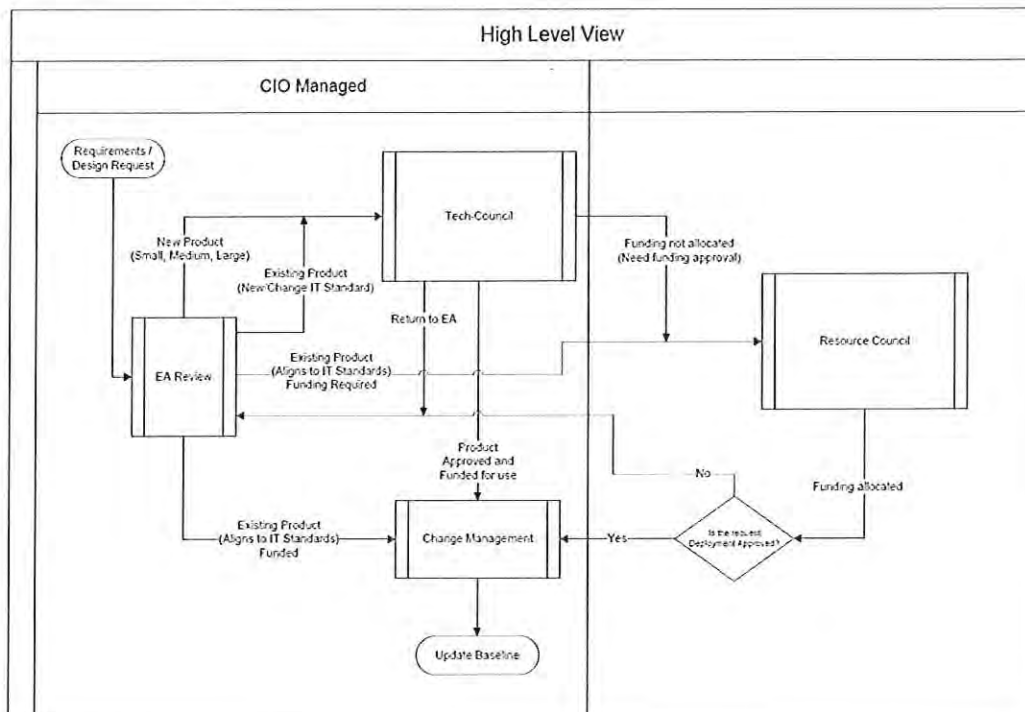
Change Advisory Board, Technical Review Board, and Tech Council

DAU's Change Management Plan requires the existence of a Change Advisory Board (CAB) to make decisions on whether to implement changes recommended by the Technical Review Board (TRB). The CAB is expected to begin meeting once the Enterprise IT Management process is active and its primary focus will be on existing operations. It will meet weekly, with minutes being maintained. Currently there are no designated members of the CAB, but instead each role will be filled by personnel from a business unit. It is our judgment that the CAB will have

smoother operations if specific representatives from each business unit are assigned specific roles on the CAB. The TRB will be managed through the ESS, consisting of the following teams: NSOC – System Support, DAU Information Assurance (IA) – Technical Support, and System Owners. DAU will have personnel assigned to roles within these teams to fulfill the TRB requirements. Currently an informal process is used for CM actions. The open CM actions are untracked and being stored in e-mail. Once the Enterprise IT Management Process is active, this list will be tracked and maintained in a real-time manner as an official process.

Unlike the CAB, the Tech Council is a strategic body that is focused on new systems and technologies. The Tech Council is responsible for reviewing and approving the requirements, alternatives analysis, and business cases and conducts periodic investment reviews for proposed systems and technologies. The Tech Council is required to meet every 60 days, although it generally meets monthly. See the flowchart for an overview of the Tech Council process. After a request has been made, it goes to the Enterprise Architecture (EA), where it is determined if it is a new product or will be affecting an existing product. Requests for new products then go to the Tech Council for review. If it gets approved and is fully funded, it moves on to the CAB and finishes the rest of the CM process. If the change is not funded, it is sent to the Resource Council to determine if there is a way to fund it. If there is funding and it has been approved, it moves on to the CAB, but if there is no funding, the change is sent back to the beginning of the process. A change to an existing product will go straight to the CAB unless funding is required. If funding is required to change an existing product, it must first go to the Resource Council, but Tech Council approval is not required.

DAU IT Investment Management Process as of 6-11-2012



Emergency Changes

In the DAU Change Management Plan, a change is defined as an emergency if “The implementation is required to address a high risk situation in which DAU data has a high level of exposure and there is a high likelihood of the situation being exploited.” In the event of an emergency change arises, CAB members will be notified and asked to review the viability of the implementation of the emergency change and vote on whether to implement the change. This vote is taken into consideration by the CAB chair, but the CAB chair has the final authority in deciding when and if an emergency change will be implemented. The number of emergency changes occurring is currently not being tracked.

Opportunities for Improvement

We recommend that the Chief of Staff, DAU, require IT personnel to:

1. Maintain a list of people from each business unit filling each of the CAB roles
2. Ensure changes are officially tracked as stated in the new Enterprise IT Management Process
3. Track the number of changes that are occurring

B. Information Assurance Documentation

DAU Directives 303 and 304 ensure that IA is integrated into all policies and procedures. DAU is also required to follow DoD Instruction 8510.01, “DoD Information Assurance Certification and Accreditation Process” (DIACAP). DAU has completed the IA Certification and Accreditation (C&A) process in accordance with DIACAP. DAU has also appointed people to the required IA roles. To meet the IA requirements, DAU IT maintains a list of IA goals that are all of equal importance and updated annually. DAU also maintain a list of accredited DoD information systems, which include the following: Digital Asset Management System (DAMS), Chief Learning Offices (CLO) Dashboard, ESS, ACQDemo, and Composica. They verify compliance of a system using several methods, which include Gold Disk and manual checks for Security Technical Implementation Guide (STIG) compliance, Retina for Information Assurance Vulnerability Management (IAVM) compliance validation, and Web Inspect for web application validation.

Digital Asset Management System Plan of Action and Milestones (POA&M)

We reviewed DAU’s Plan of Action and Milestones (POA&M) for DAMS, which identified that the “DAU boundary defense is not properly documented at the primary and COOP sites.” This was to be addressed by June 1, 2012, and from the evidence we have received, it appears it has yet to be completed.

DIACAP Certification and Accreditation

After our meeting with the DAU IT staff, we found that DAU performed the C&A at the component level but not at the DAU network and DAU enclave boundary. We recommend that

DAU IT perform C&A at the network and enclave boundaries, as well as ensure that the boundary defense documentation is put in place as soon as possible.

Sanitization

As stated in DAU's IA Implementation Guide No. 2, "All DAU Components shall sanitize IT equipment and electronic storage media prior to disposal in accordance with DoD 5200.1-R." DAU sanitizes workstations with a DoD-compliant "wipe utility" and physical destruction of drives in cases where the wipe utility is not viable. About 25 percent of the DAU system inventory is sanitized a year due to the systems being decommissioned because they reached the end of their useful life. Workstations are also sanitized before DAU relinquishes custody of the system. As required in DAU Directive 303, DAU IT also maintains a workstation baseline image to restore systems found to be infected with malicious logic or code. DAU IT then uses Ghost to implement the re-imaging process.

IA Training and Incident Response

DAU does not have a documented training program for IA at this time. Applicable training items, used to create a common foundational understanding of IA, are identified in Skillport and on the DISA VTE. A list of training completed is maintained in Skillport and on the DISA VTE sites. There is currently documented training for the DIACAP Validator, but general IA training documents and processes are still being drafted.

DAU's Incident Response Plan includes the steps that the Critical Incident Response Team (CIRT) should perform when an incident occurs. In the event of an IA Incident, all Information Assurance Officers (IAOs) are trained to perform the role of the Critical Incident Coordinator as outlined in DAU's Incident Response Plan. A list of trained IAOs is not currently being maintained. Also, there is no documentation showing that the IAOs have read, understand, and acknowledged the DAU's IA policy and Incident Response Plan. DAU IT currently has a limited Contingency Plan that identifies the transference of support to DAU's alternate site, and is currently drafting a Continuity of Operations Plan.

IT Record Keeping

As required by the directives, logs must be kept for access control, inbound and outbound e-mail, changes to firewall parameters, permitted connectivity, and enabled services. We reviewed samples of the access control logs, inbound and outbound e-mail logs, and a screenshot of the Event Tracker, and found them to be properly maintained. Logs are also required for web sites visited, files downloaded, time spent on the internet, and system security-related events. DAU IT uses Solarwinds to track changes to firewall parameters, permitted connectivity, and enabled services. MARS is used for the historical logging of these settings. Web Sense is used for web site filtering and also maintains a list of sites visited. When used in combination with MARS,

DAU IT is able to see files that are downloaded and how long a connection is open. We determined these logs were being properly maintained.

Opportunities for Improvement

We recommend that the Chief of Staff, DAU, require IT personnel to:

1. Maintain a list of people on the CIRT
2. Maintain a list of people who are trained to act as a Critical Incident Coordinator
3. Keep signed forms from all IAOs acknowledging that they have read and understand DAU's Incident Response Plan
4. Ensure IA training is finished being drafted
5. Ensure boundary defense is properly documented
6. Perform C&A at the DAU network level and DAU enclave boundary

Conclusion

We conducted a quality review of the DAU IT system processes, based on ISO 9001:2008 Quality Management System. We found minor issues relating to personnel lists, tracking changes, and training. Most of these issues are slated to be resolved when DAU's new IT policies go online in September 2012. We recommend that DAU reassess the new IT system policies and procedures a year after implementation to gauge their effectiveness.



DEPARTMENT OF DEFENSE

DEFENSE ACQUISITION UNIVERSITY
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AUG 28 2012

MEMORANDUM FOR DEPARTMENT OF DEFENSE OFFICE OF THE INSPECTOR
GENERAL


SUBJECT: Defense Acquisition University Quality Assurance Process Assessment –
Information Technology Process Report

Per Inspector General Memorandum dated August 6, 2012, Defense Acquisition University (DAU) Quality Assurance Process Assessment – Information Technology Process Report, DAU submits the attached response.

We are pleased to report that we took immediate action to close two of the opportunities for improvement and are hard at work on the other seven. Please review our attached response for additional information.

This concludes the overall quality assurance process assessment. We sincerely thank your assessment team, chaired by Ms. Heather Simko, for their professionalism and candidness time displayed while conducting the assessment over the past 10 months. We appreciate the recommendations and suggestions for improvement and are working hard to implement the outstanding items.

My point of contact is [REDACTED] He can be reached at [REDACTED] or 703-805-3678.


Joseph E. Johnson
Chief of Staff

Attachment:
As stated

**Defense Acquisition University Quality Assurance Process Assessment –
Information Technology Process Report
Opportunities for Improvement**

1. Maintain a list of people from each business unit filling each of the Change Advisory Board (CAB) roles
 - *Defense Acquisition University (DAU) concurs with the suggestion and will complete the action by September 30, 2012.*
2. Ensure changes are officially tracked as stated in the new Enterprise Information Technology (IT) Management Process
 - *DAU concurs with the suggestion and will complete the action by September 30, 2012.*
3. Track the number of changes that are occurring
 - *DAU concurs with suggestion and this will be captured once the Enterprise IT Management Process is implemented by September 30, 2012.*
4. Maintain a list of people on the Critical Incident Response Team (CIRT)
 - *DAU concurs with the suggestion and is already in compliance with this as the CIRT members are identified in the DAU Incident Response Plan (version 3, dated February 21, 2012).*
5. Maintain a list of people who are trained to act as a Critical Incident Coordinator
 - *DAU concurs with the suggestion and is already in compliance with this as the CIRT members are identified in the DAU Incident Response Plan (version 3, dated February 21, 2012).*
6. Keep signed forms from all Information Assurance Officers acknowledging that they have read and understand DAU's Incident Response Plan
 - *DAU concurs with this suggestion and will complete by August 31, 2012.*
7. Ensure Information Assurance (IA) training is finished being drafted
 - *DAU concurs with this suggestion and the IA training plan is currently being written by the Senior Information Assurance Officer, to be completed by October 15, 2012.*
8. Ensure boundary defense is properly documented
 - *DAU concurs with the suggestion and believes that the boundary defense is properly documented today as evidenced from our last Cyber Command Readiness Inspection in which we received an excellent score for boundary defense. We believe that the discrepancy lies in the fact that the Plan of Actions and Milestones (POA&M) that was reviewed by the Inspector General (IG) had this control marked as non-compliant; this was due to the vendor that generated the POA&M marking it as non-compliant without proper verification. However, as a result of the IG assessment we will be creating a consolidated*

Attachment

Network Design Guide document to further clarify our boundary defense design, configuration and management practices, expected completion of this document is October 31, 2012.

9. Perform Certification and Accreditation at the DAU network level and DAU enclave boundary
 - *DAU concurs with this suggestion and this is part of the plan for the relocation of the Fort Belvoir Data Center, expected completion date is September 30, 2013.*

Management Comments



DEPARTMENT OF DEFENSE

DEFENSE ACQUISITION UNIVERSITY
OFFICE OF THE PRESIDENT
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SEP 21 2012

MEMORANDUM FOR DEPARTMENT OF DEFENSE OFFICE OF THE INSPECTOR
GENERAL

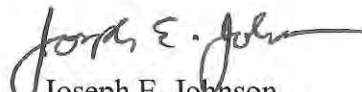
SUBJECT: ISO 9001:2008 Quality Assurance Assessment of Defense Acquisition
University Processes (Project No. D2012-DT0TAD-0004.000)

Per Inspector General Memorandum dated September 19, 2012, ISO 9001:2008 Quality Assurance Assessment of Defense Acquisition University (DAU) Processes (Project No. D2012-DT0TAD-0004.000), DAU submits the attached response.

We concur with the three recommendations of the draft final report. Please review our attached response for additional information.

Again, we sincerely thank your assessment team, chaired by Ms. Heather Simko, for their professionalism and candidness while conducting the assessment over the past 10 months. We look forward to receiving your final report and expeditiously completing the remaining open items.

My point of contact is [REDACTED] He can be reached at [REDACTED] or 703-805-3678.


Joseph E. Johnson
Chief of Staff

Attachment:
As stated

**ISO 9001:2008 Quality Assurance Assessment of Defense Acquisition University
Processes (Project No. D2012-DT0TAD-0004.000)
Recommendations**

1. Document all the processes and procedures within the seven functional areas and reassess their validity a year after full implementation.
 - *DAU concurs with the recommendation and will have all processes and procedures with the seven functional areas thoroughly and properly well documented no later than September 30, 2013.*

2. Review each process flowchart and standardize them across the university.
 - *DAU concurs with the recommendation and will review each process flowchart reviewed for standardization and consistency across the university no later than March 31, 2013.*

3. Review training on internal processes and procedures and track and document that all individual users have completed the training.
 - *DAU concurs with the recommendation and will review our training on internal processes and procedures, and will track and document that all individual users have completed appropriate training by March 31, 2013.*



Inspector General Department of Defense

