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STATEMENT OF JOHN R. LANDON
PRINCIPAL DIRECTOR
C3ISR, SPACE AND INFORMATION TECHNOLOGY PROGRAMS
OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE FOR COMMAND, CONTROL,
COMMUNICATIONS AND INTELLIGENCE
BEFORE THE
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON NATIONAL SECURITY, EMERGING THREATS
AND
INTERNATIONAL RELATIONS
AND
SUBCOMMITTEE ON TECHNOLOGY, INFORMATION POLICY
INTERGOVERNMENTAL RELATIONS AND CENSUS
ON
STRENGTHENING OVERSIGHT OF DOD BUSINESS SYSTEMS
MODERNIZATION

MARCH 31, 2003

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TESTIMONY OF THE PRINCIPAL DIRECTOR FOR
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Mr. Chairman and Members of the Committee:

My name is John Landon and I chair the C3I Overarching Integrated Product Team (OIPT) in the Office of the Assistant Secretary of Defense for C3I. I appreciate the opportunity to come before you to discuss the Department's acquisition oversight of Defense Finance and Accounting Service (DFAS) programs. I will address how my office approaches risk mitigation for Major Automated Information System (MAIS) programs.

The Overarching Integrated Product Team is the board of Office of Secretary of Defense (OSD) senior principals that reviews Major Automated Information Systems and makes recommendations to the Information Technology Acquisition Board (ITAB) regarding acquisition decisions. My organization is responsible for acquisition oversight of 37 DOD Major Automated Information System programs in such areas as Logistics, Finance, Health, Personnel, Intelligence, and Command and Control. Our focus is to ensure that the Major Automated Information Systems follow a structured acquisition planning process. Within the Department we are jointly developing a content-based oversight process consistent with the Financial Management Modernization Program. The DFAS programs that my organization oversees are the DFAS Corporate Database/DFAS Corporate Warehouse (DCD/DCW) and the Defense Travel System. We previously oversaw the Defense

Procurement Payment System (DPPS) and the Defense Joint Accounting System (DJAS), but those programs have been either terminated or planned for termination.

The ASD(C3I), to whom I report directly, is the Milestone Decision Authority (MDA) for DCD/DCW and 20 other Major Automated Information System programs. He has delegated acquisition decision authority for 16 Major Automated Information System programs to the respective Component Acquisition Executives. The Milestone Decision Authority's primary responsibility is to make decisions on whether the Major Automated Information System programs should be initiated, and whether they should proceed into the various phases of the acquisition life cycle. At each major decision point, the Milestone Decision Authority must determine whether the program, or a key increment of the program, should be terminated, modified or approved to proceed. A key part of this responsibility is determining whether the program is complying with the Department's acquisition policies in the DOD 5000 series, which includes the requirements of the Clinger-Cohen Act and the Financial Management Modernization Program (Section 8088, P.L. 107-314).

The ASD(C3I) carries out these responsibilities with the advice and assistance of other oversight officials in the OSD, the Joint Staff and the DOD Component responsible for acquiring the system. Among the most important of these oversight officials is the DOD Deputy Chief Financial Officer (DCFO) who serves as the Principal Staff Assistant, or functional sponsor, for DFAS programs. The DCFO is responsible for determining and approving the needs and requirements for the programs, and for establishing the mission-related performance outcomes that the program is intended to achieve. The Component Acquisition Executive, Component Chief Information Officer and Program Executive Officer are also key oversight officials, as they oversee the day-to-day actions of the program manager and are primarily responsible for ensuring that the program is compliant with the Department's acquisition and information technology policies and regulations. These individuals and a number of other OSD and Joint Staff officials comprise a team that advises the Milestone Decision Authority on acquisition decisions. These offices work together in Integrated Product Teams (or IPTs). In

accordance with DOD policy, virtually all of the Department's acquisition and acquisition oversight activities are conducted through the Integrated Product Team process. The highest-level Integrated Product Team for Major Automated Information System programs is C3I Overarching Integrated Product Team, which I chair. Before a decision is made about a Major Automated Information System program, the C3I Overarching Integrated Product Team members meet and make a recommendation to the Information Technology Acquisition Board, which is chaired by the ASD(C3I), as the Milestone Decision Authority. Based on the Information Technology Acquisition Board meeting, the Milestone Decision Authority makes a decision, which is documented in an Acquisition Decision Memorandum (ADM) from the Milestone Decision Authority to the Component Acquisition Executive. The Information Technology Acquisition Board members are asked to formally coordinate on all Acquisition Decision Memorandums.

Acquisition oversight of Major Automated Information System programs has been under my purview for approximately 9 months. We have made a number of changes to the acquisition oversight process during that time. Previously, acquisition oversight of DOD IT programs was fragmented between two Deputy Assistant Secretaries and two Overarching Integrated Product Teams within OASD(C3I). The ASD(C3I) has corrected that situation by a reorganization that makes the Deputy Assistant Secretary of C3ISR, Space and Information Technology Programs responsible for all acquisition oversight.

We have also strengthened acquisition oversight by creating the Information Technology Acquisition Board that I previously mentioned. We recently added the Director for Defense Procurement and Acquisition Policy to the Information Technology Acquisition Board. That office is primarily responsible for reviewing, and advising the Program Manager and the Milestone Decision Authority on, contracting and acquisition strategies. We also added the DCFO to ensure programs are compliant with the Financial Management Enterprise Architecture. That expertise had been missing

before the reorganization. In addition, the Deputy DOD Chief Information Officer is now free of acquisition oversight responsibilities and serves as a member of the Information Technology Acquisition Board, with the primary responsibility of advising the ASD(C3I) regarding whether the requirements of the Clinger-Cohen Act have been met. I am also beginning to hold quarterly program reviews with the Component Program Executive Officers for each of the Major Automated Information System programs. Finally, I have asked my staff and the staff of the OSD functional sponsor to brief me quarterly on the status of all Major Automated Information System programs.

This fiscal year, we have also begun a series of reviews of the acquisition oversight organizations and processes of the Defense Agencies. We have completed a review of the Defense Information Systems Agency and plan to begin a review of DFAS in the next few months. Based on these reviews, we will decide whether Defense Agencies merit more or less authority to make milestone decisions over their IT programs.

With respect to DPPS, the program was granted a Milestone II approval in June 1998. Numerous Integrated Product Team reviews were held, and all of the documentation required by regulation was prepared and analyzed. OSD Office of Program Analysis and Evaluation (PA&E) had concerns about the program's estimated cost, schedule and projected benefits. The DFAS responded to PA&E concerns, assessed the risks and determined they were manageable. The pros and cons of the decision were fully vetted and discussed through the Integrated Product Team process, and all Information Technology Acquisition Board (then called the MAISRC) members (including PA&E) agreed that the risks were manageable and concurred in the ADM that granted the Milestone II approval. It is not unusual for an Overarching Integrated Product Team or Information Technology Acquisition Board member to have concerns about a decision or recommendation to the decision maker. Those concerns are always fully vetted with the decision maker and his advisors (as they were with DPPS), but ultimately the Milestone Decision Authority must make a decision after hearing the views of his advisors.

When DFAS notified ASD(C3I) that the DPPS program would breach the schedule parameters of its Acquisition Program Baseline (APB), the program manager was required to brief the Integrated Product Team on the reasons for the breach. The briefing included plans to get the program back within its baseline parameters, and to update its economic analysis to demonstrate that the program was still in the best interests of the Department. Over time, it became apparent that DPPS would not fit the pending DOD Financial Management Enterprise Architecture. As a result, the Comptroller decided to terminate DPPS; it has since been officially terminated and removed from OSD oversight.

With respect to DCD/DCW, DFAS conducted a Cost Benefit Analysis for the DCD program before it was merged with the DCW program, and before it was subject to OSD oversight. The DFAS Milestone Decision Authority approved the start of DCD development based on that Cost Benefit Analysis and other factors. Subsequently, the DCD program and the DCW program were merged into a single program, and the DFAS Milestone Decision Authority approved entry into the development phase for the combined program. Subsequent to that, DCD/DCW was declared a Major Automated Information System, with the ASD(C3I) as the Milestone Decision Authority.

To avoid duplicative and unnecessary effort, the OSD staff attempted to oversee DCD/DCW by relying on planning information that DFAS had already prepared. After numerous Integrated Product Team reviews, all parties agreed that the information DFAS had developed to document the program was not adequate for a Major Automated Information System program. We have been working with DFAS and others on the OSD staff to agree to what the program's appropriate milestones should be and to obtain the proper planning information.

In light of the above, in December 2002 I directed my staff to bring the DCD/DCW forward for a review to determine the future of the program. Last month, I chaired a meeting with senior DFAS, USD(Comptroller) and PA&E officials. At that meeting, we talked about the status of DCD/DCW. I asked DFAS for an updated DCD/DCW strategy that reflects DPPS termination. Once available, I will request DFAS present this strategy to the Overarching Integrated Product Team that I chair.

With respect to lower-dollar level acquisitions such as the Defense Standard Disbursing System (DSDS) and the Defense Departmental Reporting System (DDRS), the ASD(C3I) delegates full responsibility for the acquisition management to the Component Acquisition Executive. For these acquisitions, planning documents are developed and overseen by the Component, normally without OSD visibility.

The Secretary of Defense has established a Department-wide Financial Management Modernization Program chartered to develop a DoD-wide enterprise architecture that prescribes how the Department's financial and non-financial feeder systems and business processes interact. Further, the Secretary of Defense directed that the Financial Management Modernization Program blueprint-known as the Financial Management Enterprise Architecture - be consistent with the Department's Information Technology Enterprise Architecture, the Global Information Grid (GIG).

To facilitate this effort, the DoD Chief Information Officer has collaborated with the DoD Chief Financial Officer to ensure consistency with the Global Information Grid Architecture and policies. This collaboration will result in increased emphasis on enterprise architectures and lower dollar-level programs now being instituted by the USD(Comptroller) and the Financial Management Modernization Program Domain Owners (i.e., the functional sponsors) responsible to oversee implementation of the department's Financial Management Enterprise Architecture, scheduled to be released next month.

I would be happy to take any questions.