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Statement
of
Mr. Thomas F. Gimble
Acting Inspector General
Department of Defense

before the
Permanent Subcommittee on Investigations
Senate Committee on Homeland Security and
Governmental Affairs
on
"Management of the Defense Travel System"

Mr. Chairman and Members of the Permanent Subcommittee on Investigations:

Thank you for the opportunity to appear before the committee today and to respond to your request to address and answer questions regarding our audit report, "Allegations to the Defense Hotline on the Management of the Defense Travel System," Report No. D-2002-124, dated July 1, 2002. We conducted the audit in response to allegations made to the Defense Hotline concerning management of the Defense Travel System. In summary, we concluded that the Department of Defense (DoD) should have managed the Defense Travel System Program as a major automated information system program and ensured that it had met requirements of the Clinger-Cohen Act and DoD acquisition and security policies.

Before I begin discussing the Defense Travel System, I would like to provide information on other acquisition efforts where we identified systemic problems pertaining to information technology acquisitions reported for the period October 1996 to March 2000 (IG, DoD Report No. D-2000-162, "Summary of Audits of Acquisition of Information Technology," dated July 13, 2000). Those identified systemic problems were: inadequate documentation and validation of system requirements, inaccurate life-cycle cost analysis or incomplete cost data, incomplete analysis of alternatives to assure programs are the most cost effective solutions, improper categorization of systems for oversight purposes according to the acquisition criteria established in DoD policy, and incomplete or nonexistent acquisition program baselines to record cost, schedule and performance goals. Many of these issues were present in the Defense Travel System acquisition. Additionally, we believe that the Defense Travel System also faced significant challenges in using commercial-off-the-shelf software that required substantial modifications. In May 1999 and June 2002, we reported on similar challenges in using commercial-off-the-shelf software for the Standard Procurement System and the Defense Integrated Military Human Resources System, respectively.

Defense Travel System

The Defense Travel System was envisioned as a general support system designed to make business travel quicker, easier, and more efficient by providing automated commercial and Government travel support services to DoD travelers. In addition, the Defense Travel System was to be designed to speed and streamline the entire cycle of authorization, reservation, and claims processing involved in global DoD travel. By early 1999, as indicated in our audit report, it became evident that the commercial-off-the shelf software required major development and modification in order to meet DoD requirements. In February 2002, the Defense Travel System Program Management Office requested approximately \$377 million to manage and develop the program for FY 2002 through 2007, of which \$186.5 million was research, development, test, and evaluation funds.

Acquisition of Travel Services

As stated in our July 2002 audit report, the Defense Travel System was at high risk for not being an effective solution to streamlining the DoD travel management process because it had not been managed in accordance with either the Clinger-Cohen Act or DoD acquisition policy. User requirements were not defined through a mission needs statement or operational requirements document. Further, the Defense Travel System experienced significant testing and deployment problems. Those problems were compounded by the need for significant developmental efforts that had not been originally planned for because the Defense Travel System was considered a commercial-off-the-shelf based system.

Testing and Deployment

Significant problems in testing by the Program Management Office beginning in late 1998 and in operational assessments conducted by the Joint Interoperability Test Command in November 2000 and in July to August 2001 confirmed the need for additional program structure, analysis and oversight subsequently recommended by our audit report. The Program Management Office had terminated the November 2000 operational assessment because 72 discrepancies and substantial deployment problems were identified. With respect to the second operational assessment, in October 2001, the Joint Interoperability Test Command reported that it did not consider the Defense Travel System to be an operationally effective system for all DoD Components. In FY 2002, DoD revised its deployment plan and reduced the number of deployment sites from 11,000 sites to about 260 sites, at which the Program Management Office indicated included 86 percent of all DoD travelers.

Acquisition Oversight

The Clinger-Cohen Act of 1996 and DoD acquisition policy provide an effective framework for the management of information technology investments. The DoD Chief Information Officer is responsible for monitoring and evaluating the performance of information technology programs to include advising the Secretary of Defense whether to continue, modify, or terminate a program [40 U.S.C. 1425]. Information on cost, schedule, and performance required by DoD acquisition policy would also be needed by the Chief Information Officer in performing those responsibilities. However, DoD had not viewed the Defense Travel System as subject to DoD acquisition policy for a program because its capabilities were based on commercial-off-the shelf software, and therefore, information on cost, schedule, and performance had not been obtained. DoD had not instituted acquisition controls to provide essential information for decision-making, such as a mission needs statement or operational requirements document, a life-cycle cost estimate, an acquisition program baseline, and a test and evaluation master plan because the system was not designated as a program. Further, because the Defense Travel System had not been designated as a major automated information system acquisition program until May 2002 [about 7 years after the initiation of the Defense Travel System], the Program Management Office had not prepared these documents, and therefore, such information had not been available for decision making nor had there been a milestone decision authority established pursuant to DoD acquisition policy.

Designation as Special Interest Initiative

In June 1997, the Assistant Secretary of Defense for Command, Control, Communications and Intelligence [DoD Chief Information Officer] designated the Defense Travel System as a special interest initiative. DoD did not consider special interest initiatives subject to acquisition policy requirements. In May 1999, the Assistant Secretary of Defense for Command, Control, Communications and Intelligence issued a memorandum, "Designation of Major Automated Information System Acquisition Programs/Special Interest Initiatives and Related Oversight Requirements," providing general guidance for programs designated as special interest initiatives. Specifically, the memorandum stated that the special interest initiatives did not require Information Technology Overarching Integrated Product Team oversight but were subject to review by the Chief Information Officers of the DoD, Army, Navy, or Air Force. In January 2001, the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Under Secretary of Defense (Comptroller/Chief Financial Officer) recommended a reassessment of the Defense Travel System because of deficiencies identified during acceptance tests. They also required the Army to specify actions needed on the Defense Travel System contract based on results of a functional and technical assessment of the system. On March 30, 2001, the Assistant Secretary of Defense for Command, Control, Communications and Intelligence issued a memorandum, "Designation of Major Automated Information System Acquisition Program," that identified DoD information systems designated as major automated information systems subject to DoD acquisition requirements. However, the Defense Travel System remained a special interest initiative, and therefore, was not subject to DoD acquisition policy. On April 5, 2001, the U.S. Army Communications-Electronics Command became responsible for the contract, to include contract restructuring. On July 17, 2001, the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Under Secretary of Defense (Comptroller/Chief Financial Officer) issued a memorandum, "Defense Travel System," that approved proceeding with the Defense Travel System and identified that they, the Under Secretaries, would retain oversight responsibility of the program until the contract actions were completed.

Report Recommendations

We had recommended the designation of the Defense Travel System as a major automated information system program and that the Under Secretary of Defense (Comptroller/Chief Financial Officer) complete the Program Analysis and Evaluation study by October 1, 2002. The Under Secretary tasked the Director, Program Analysis and Evaluation to undertake a cost effectiveness study of the Defense Travel System that would be used to determine whether to continue or terminate the system. Additionally, we had recommended among other things, that the Project Management Office comply with the intent of the Clinger-Cohen Act by managing the Defense Travel System as a major information technology investment and develop essential acquisition documents needed for effective oversight including a mission statement, an operations requirements document, a life-cycle cost estimate, an acquisition program baseline, and a test and evaluation master plan. We had further recommended that the Under Secretary of Defense for Acquisition, Technology, and Logistics; the Under Secretary of Defense (Comptroller/Chief Financial Officer); and the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) review the progress made by the Program Management Office in developing appropriate acquisition

information and determine whether the Defense Travel System Program should continue or be terminated.

Management Actions Taken

In response to our audit, in May 2002, the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence designated the Defense Travel System as a major automated information system program subject to DoD acquisition policy with himself as the milestone decision authority. In response to our report recommendation, the results of the Program Analysis and Evaluation study were briefed to the Under Secretary of Defense (Comptroller/Chief Financial Officer) in December 2002. On December 24, 2003, the Assistant Secretary of Defense for Networks and Information Integration [DoD Chief Information Officer], formerly the Assistant Secretary of Defense for Command, Control, Communications and Intelligence, issued a Defense Travel System Acquisition Decision Memorandum based on the Milestone C decision held October 20, 2003. A Milestone C decision to proceed commits DoD to production and deployment of a system. In the decision memorandum, he continued the program, and among other things, certified that the Defense Travel System Program was being developed in accordance with the requirements of Clinger-Cohen Act of 1996, and confirmed that appropriate actions had been taken for business process reengineering, analysis of alternatives, economic analysis and performance measures. Additionally, he indicated in his memorandum that an appropriate information assurance strategy was in place for the Defense Travel System.

Related ongoing work

On June 22, 2005, Senator Coburn, Chairman, Subcommittee on Federal Financial Management, Government Information, and International Security requested information on the material differences between the original Defense Travel System and the 2002 contract renegotiation. On July 27, 2005, we initiated work in response to his request.

On August 11, 2005, Senator Coleman, Chairman, Permanent Subcommittee on Investigations requested that our office “undertake a full, complete and independent performance and cost benefit evaluation of the Defense Travel System to determine if it is the most cost-effective solution to the Department’s travel needs.” In response to that request, we announced an audit on September 26, 2005.