

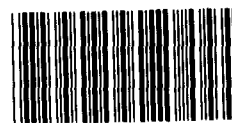
GAO

Briefing Report to the Chairman,
Subcommittee on Defense, Committee
on Appropriations, House of
Representatives

September 1990

ADP BUDGET

Potential Reductions to the Department of the Navy's Budget Request



142432

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United States
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Information Management and
Technology Division

B-240539

September 17, 1990

The Honorable John P. Murtha
Chairman, Subcommittee on Defense
Committee on Appropriations
House of Representatives

Dear Mr. Chairman:

On September 5, 1989, you asked us to review the Department of Defense fiscal year 1991 budget request and past appropriations for automated data processing (ADP) resources to assist the Subcommittee in its budget deliberations. This report provides information on five automation programs managed by the Navy and one managed by the Marine Corps. This information includes background and budget data and, where appropriate, identifies funds requested for fiscal year 1991 that could be reduced from the Navy's and Marine Corps' budget requests. We will be providing separate reports to you containing similar information on selected automation projects managed by the Office of the Secretary of Defense, Defense Agencies, and Departments of the Army and the Air Force.

We identified potential reductions of \$62.5 million in the Navy's procurement and operation and maintenance accounts: \$54.4 million in the fiscal year 1991 budget request and \$8.1 million in fiscal year 1990 appropriated funds. In addition, we identified \$2.4 million in potential reductions from the Marine Corps' fiscal year 1991 procurement account. These reductions result primarily from schedule slippage or changes in program direction. Details of these potential reductions are included in appendix I.

As requested by your office, we did not obtain official agency comments on this report. However, we discussed its contents with Department of Navy and Marine Corps officials and have incorporated their views where appropriate. Our work was conducted between April and July 1990. Details regarding the objective, scope, and methodology of our work are described in appendix II.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution of this report until 30 days from the date of this letter. At that time, we will send copies of this report to the Chairmen, House and Senate Committees on Appropriations; Chairmen, House and Senate Committees on Armed Services;

Chairman, House Committee on Government Operations; Chairman, Senate Committee on Governmental Affairs; the Secretaries of Defense and the Navy; and the Director, Office of Management and Budget. We also will make copies available to others upon request.

This report was prepared under the direction of Samuel W. Bowlin, Director, Defense and Security Information Systems, who can be reached at (202)275-4649. Other major contributors are listed in appendix III.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Ralph V. Carlone". The signature is written in a cursive, flowing style with a large initial "R".

Ralph V. Carlone
Assistant Comptroller General

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Abbreviations

| | |
|--------|--|
| ADP | automated data processing |
| CPU II | Central Processing Unit II |
| DOD | Department of Defense |
| EDMICS | Engineering Data Management Information and Control System |
| GAO | General Accounting Office |
| ICP | Inventory Control Points |
| IMTEC | Information Management and Technology Division |
| MAISRC | Major Automated Information System Review Committee |
| NOHIMS | Naval Occupational Health Information Management System |
| SIMS | Station Information Management System |
| SPAR | Stockpoint ADP Replacement |

Potential Budget Reductions

We identified potential budget reductions of \$64.9 million—\$56.8 million for fiscal year 1991 and \$8.1 million in fiscal year 1990 appropriated funds that could be used to reduce the 1991 request. The potential reductions are based on our assessment of budget justifications, schedule slippage, technical risks, and program changes for selected information systems. Table I.1 summarizes these potential reductions by program.

Table I.1: Potential Reductions to the Navy's and Marine Corps' Information Technology Budgets

| Navy programs | Fiscal Year 1991 | | Fiscal Year 1990 | |
|-----------------------------|------------------|-------------------------|--------------------|-------------------------|
| | Procurement | Operation & maintenance | Procurement | Operation & maintenance |
| | ICP | \$14.5 | \$6.0 ^a | |
| SPAR | | 3.5 ^a | | |
| EDMICS | 17.3 | 5.5 ^a | \$6.5 | |
| SIMS | 5.3 | 1.0 | 1.6 | |
| NOHIMS | 1.3 | | | |
| Marine Corps program | | | | |
| CPU II | | 2.4 | | |
| Total | \$40.8 | \$16.0 | \$8.1 | |

^aPotential reductions to the Navy's fiscal year 1991 operation and maintenance budget request include amounts shown in the Navy's exhibits 43 as industrial funds and/or stock funds.

Inventory Control Points (ICP) Resolicitation Program

Brief Description of the Program

The ICP Resolicitation program is intended to improve inventory management functions at the Navy's two inventory control points. The program, initiated in 1976, calls for the acquisition of hardware, conversion of existing software to operate on this new hardware, design of new software and establishment of an integrated data base management system (modernization), and the improvement of telecommunications. Software conversion was completed in February 1988. Modernization activities are still underway.

Original modernization plans called for designing the new software in four phases. The Navy has designed the software for the first phase. However, plans for the remaining phases have been revised in view of

**Appendix I
Potential Budget Reductions**

recent Department of Defense (DOD) initiatives to improve management departmentwide.¹ In October 1989, DOD announced that information management systems would be standardized DOD-wide for a number of activities including civilian personnel, civilian payroll, material management, and warehousing. Among the decisions DOD plans to make is whether to use the Navy's inventory management system or one of the other services' systems as the standard for use DOD-wide. In addition, DOD is giving consideration to consolidating the operations of all DOD inventory control points.

Reacting to these pending decisions, the Navy cancelled plans to complete the third and fourth phases of ICP's software modernization. Navy officials elected to continue with the second phase, which they describe as the heart of the program's modernization efforts since, in their opinion, it will correct a long-standing deficiency—inventory record and financial account imbalances. Also, the Navy plans to continue its ICP modernization activities in order to provide another viable alternative system that could be considered by the Deputy Secretary of Defense in selecting a single system for use DOD-wide. As of June 5, 1990, the Navy had completed approximately 58 percent of the software development for the second phase. This modernization effort is expected to be completed in fiscal year 1992.

Table I.2 shows funds requested in fiscal year 1991 for the ICP Resolicitation Program. The Navy plans to use these funds to continue the second phase and to operate and maintain the existing system.

Table I.2: ICP Fiscal Year 1991 Budget Request

| Dollars in millions | |
|-------------------------|-------------------------|
| Source of funds | Fiscal Year 1991 |
| Military personnel | \$.4 |
| Stock fund | 35.0 |
| Procurement | 14.5 |
| Operation & maintenance | .2 |
| Total | \$50.1 |

Source: Navy exhibit 43A-1.

¹DOD completed the Defense Management Report in July 1989. This report identified a number of initiatives which, if implemented, would direct sweeping changes in the way DOD conducts its business. A number of the decisions stemming from these initiatives—referred to as Defense Management Report Decisions—affect ADP.

Results of Analysis

We identified potential reductions of \$20.5 million to the Navy's fiscal year 1991 budget request for the ICP program. Our analysis shows that the Navy plans to spend \$18.4 million to continue to modernize when the program's future is uncertain and another \$2.1 million for a procurement that has not been justified.

Future and Benefits of ICP Are Not Certain

According to Navy officials, funding for the modernization program beyond fiscal year 1991 has been cancelled and future funding is contingent upon decisions resulting from DOD-wide ADP initiatives. Given this uncertainty, funding the second phase of the software modernization effort in fiscal year 1991 is questionable since it cannot be completed until fiscal year 1992.

Further, the Navy does not have analyses (i.e., life-cycle management documentation) supporting the expected benefits of its revised modernization plan. Benefits which the Navy expected to accrue from modernization were based upon implementation of all four software phases, not just two.

Because future funding and the expected benefits of implementing the remainder of the second phase are so uncertain, the Committee may wish to consider reducing (1) the Navy's fiscal year 1991 ICP procurement budget request by the amount to be used for modernization—\$12.4 million and (2) the Navy's fiscal year 1991 overall operation and maintenance request by the \$6.0 million also targeted for ICP modernization (represented in the Navy's exhibit 43A-1 for ICP primarily as stock funds).

Procurement Request Is Not Justified

In September 1989, we reported² that the Navy did not have adequate justification for procuring ICP equipment upgrades. In response to our report, the Office of the Secretary of Defense restricted the Navy from making equipment acquisitions pending a review by the Major Automated Information System Review Committee (MAISRC)³ which was to be held by the end of March 1990. However, the MAISRC postponed its review pending the outcome of Defense Management Review initiatives. The Navy expects the MAISRC review to be held in November 1990. As of July 1990, the Navy was preparing a more comprehensive justification to support its request for new ICP equipment.

²Computer Procurement: Hardware Upgrades for Navy Inventory Control System Should be Delayed (GAO/IMTEC-89-67, Sept. 29, 1989).

³This Committee was created within the Office of the Secretary of Defense to provide structured oversight and prudent fiscal management in acquiring major automated information systems.

Our September 1989 report also recommended that, in the interim, ICP equipment purchases should be approved on a case by case basis and only if the Navy could demonstrate that current operations would be jeopardized if equipment purchases were delayed. As of July 1990, the Navy had not provided any justification to demonstrate that current operations would be jeopardized if planned fiscal year 1991 equipment purchases were delayed. The Navy is planning to justify equipment purchases through the MAISRC review process.

The Committee may wish to consider restricting the use of the remainder of the procurement funds being requested in fiscal year 1991 (i.e., the \$2.1 million in procurement funds that is not targeted for modernization) until the Navy completes its justification study and the MAISRC reviews and approves the continuation of this program.

Stock Point ADP Replacement (SPAR) Program

Brief Description of the Program

The Navy is developing SPAR to improve and modernize stock point operations by replacing existing automated systems with new equipment and software. The Navy is acquiring new hardware, converting old software (conversion), and redesigning operations as a prelude to writing new software (modernization). The converted software is being tested at the Naval Supply Center, Charleston, South Carolina, and is scheduled for completion in December 1990.

The Navy's fiscal year 1991 budget request for SPAR includes funds to (1) support a Defense management initiative—referred to as the Bay Area Test⁴—and (2) continue with both SPAR's conversion and modernization. Subsequent to the Navy's request for these funds, the Navy redefined the activities it plans to conduct in fiscal year 1991 and had re-

⁴In response to Defense Management Report Decision 902, which calls for the consolidation of supply depots DOD-wide, on April 12, 1990, the Deputy Secretary of Defense initiated a program to consolidate five supply depots in the San Francisco Bay Area. This effort is to serve as a prototype for future depot consolidations—hence the name Bay Area Test. According to DOD's plans, the new ADP system which is being developed to manage this consolidated warehouse is actually to be a hybrid, i.e., a composite of the best components of existing systems within the Defense Logistics Agency and the Services. This system is called the Defense Distribution System and is the first DOD-wide standard ADP system to result from the Corporate Information Management initiative.

estimated funds required, but had not formalized this information by the time we completed our field work in July 1990. Table I.3 shows funds being requested in fiscal year 1991 for SPAR.

Table I.3: SPAR Fiscal Year 1991 Budget Request

| Dollars in millions | |
|-------------------------|------------------|
| Source of funds | Fiscal Year 1991 |
| Military personnel | \$.256 |
| Stock fund | 30.775 |
| Procurement | 11.623 |
| Operation & maintenance | .358 |
| Total | \$43.012 |

Source: Navy exhibit 43A-1.

Results of Analysis

We identified potential reductions to the Navy's SPAR program of \$3.5 million that is no longer needed since the Navy has cancelled its planned modernization.

We calculated that the Navy's fiscal year 1991 funding request for SPAR includes about \$8.8 million for system modernization. We questioned program officials about the appropriateness of continuing the modernization in view of the DOD-wide efforts to consolidate inventory control and stock points and to develop a single DOD-wide system. In subsequent meetings, program officials advised us that they had cancelled modernization plans for SPAR, reconsidered their resource requirements, and adjusted SPAR's budget accordingly.

According to the Navy, about \$5.3 million of the \$8.8 million we identified as targeted for SPAR modernization is needed to support its revised plans. Navy officials told us that these funds are needed to do some additional conversion activities which would not have been required if SPAR's planned modernization had been implemented. For example, the Navy will now have to convert an accounting function which would have been taken care of by the planned modernization. Navy officials told us, however, that the remaining \$3.5 million (represented in the Navy's exhibit 43A-1 for SPAR primarily as Navy stock funds) is no longer required. Therefore, the Committee may wish to make a general reduction of \$3.5 million to the Navy's fiscal year 1991 request for operation and maintenance ADP resources.

Engineering Data Management Information and Control System (EDMICS)

Brief Description of the Program

The Navy began developing EDMICS in 1985 to improve access to engineering data. The Navy's documentation states that EDMICS will be an optical disk-based digital storage and retrieval system, using off-the-shelf hardware and software, for technical drawings stored in 43 Navy data repositories (8 primary and 35 secondary sites)⁵ and 4 Defense Logistics Agency locations. EDMICS is intended to reduce the labor-intensive, paper-based systems currently used to operate, maintain, repair, and procure spare parts. According to Navy documentation, as of March 31, 1990, EDMICS' life cycle cost is projected to be about \$450 million.

The EDMICS procurement was a competitive, indefinite delivery, indefinite quantity acquisition with a guaranteed minimum quantity of one system. The contract was awarded in June 1989 and is for 10 years with an 8-year ordering period. According to the Navy, it has satisfied its obligations under this contract with its purchase of one prototype system, which is installed at the Naval Ordnance Station in Louisville, Kentucky. The Navy's current plan is to install one system per month for sites 2 through 43 after the prototype testing is complete. There is a 6-month lead time involved in procuring EDMICS hardware (i.e., orders must be placed 6 months prior to scheduled installation).

According to a program official, the EDMICS prototype was formally accepted by the Navy on July 26, 1990, and operational test and evaluation is scheduled to begin in September. When this testing is complete, the Navy will go before the MAISRC for a Milestone III review⁶ (i.e., approval to deploy). A date for the MAISRC review has not yet been

⁵The eight primary Navy sites are drawing repositories and the 35 secondary Navy sites are technical libraries located at depots and engineering activities. In total, the Navy has approximately 237 million technical drawings in storage.

⁶There are four major Defense life cycle management phases and milestones prior to deployment of a system: Milestone 0—Need Justification, Milestone I—Concepts Development, Milestone II—Design, and Milestone III—Development.

established, however, the Navy expects it to be held in November or December of this year. Table I.4 shows prior year funding plus funds requested for fiscal year 1991 for EDMICS.

Table I.4: EDMICS Fiscal Year 1991 Budget Request and Prior Year Funding

| Source of funds | Fiscal Year | |
|-------------------------|---------------|---------------|
| | 1991 | 1990 |
| Stock fund | \$1.9 | \$0 |
| Industrial fund | 6.2 | 3.6 |
| Procurement | 24.7 | 13.2 |
| Operation & maintenance | .3 | 1.6 |
| Total | \$33.1 | \$18.4 |

Source: Navy exhibit 43A-1.

Results of Analysis

On the basis of our review of the EDMICS program, we identified potential reductions to the Navy's fiscal year 1991 budget request of \$29.48 million—\$23.95 million in procurement funds and \$5.5 million in operation and maintenance funds.⁷ We determined that the Navy's request for these funds is premature.

The Navy's fiscal year 1991 procurement funding request of \$24.71 million for EDMICS includes \$16.47 million to procure systems for five Navy shipyards. Although the Navy has requested this funding in fiscal year 1991, it does not plan to order the EDMICS systems for these shipyards until fiscal year 1992 and beyond. For example, according to the latest revised schedule, EDMICS hardware is to be ordered in fiscal year 1992 for only two of the five shipyards.⁸ For the remaining three shipyards, the Navy plans to order EDMICS at a rate of one per fiscal year starting in fiscal year 1994. Thus, the Navy's requested procurement funding for the EDMICS systems at these shipyards is premature. In addition, the Naval Air Systems Command, which is one of the potential users of EDMICS, has reduced its estimate for fiscal year 1991 procurement funds for EDMICS from \$5.51 million to \$4.6 million. This reduction of \$.91 million, according to a Command official, was a result of better cost information being available. Therefore, in total, the Committee may wish to

⁷This potential reduction to the Navy's fiscal year 1991 operation and maintenance budget request includes amounts shown in the Navy's exhibit 43A-1 for EDMICS as industrial funds.

⁸EDMICS hardware is scheduled to be ordered for the Navy Ship Yard in Portsmouth, New Hampshire, in February 1992 with an installation date of August 1992. The EDMICS hardware for the Navy's Puget Sound Ship Yard in Bremerton, Washington, is to be ordered in April 1992 with an October 1992 installation date.

reduce the Navy's fiscal year 1991 procurement request for EDMICS by \$17.38 million.

Further, the Navy's fiscal year 1991 budget request for EDMICS includes \$6.0 million in Navy industrial funds to cover a variety of expenses such as site preparation, supplies, operations, and hardware and software maintenance for the five shipyards discussed above. According to the Navy, site preparation at the shipyards may take from 12 to 18 months to complete. The Navy estimates site preparation costs for these five shipyards at \$.5 million. However, since the Navy will not order EDMICS systems for these shipyards until at least fiscal year 1992, the Navy will not require the remaining \$5.5 million of the \$6.0 million that is targeted for the support of these systems. Since these funds are represented in the budget request as industrial funds, the Committee may wish to consider taking a general reduction of \$5.5 million from the Navy's total fiscal year 1991 operation and maintenance ADP request.

The Navy also has \$9.36 million in fiscal year 1990 procurement funds to purchase EDMICS for three other shipyards. However, \$6.58 million of this amount is not needed at this time. The EDMICS system for one of these shipyards (Norfolk) is not scheduled to be ordered until the third quarter of fiscal year 1993 with installation scheduled for the first quarter of fiscal year 1994. The Navy estimates the cost of purchasing EDMICS for the shipyard in Norfolk, Virginia, at \$3.12 million. In addition, another of these shipyards (Philadelphia) is being considered for closure. As a result, the Navy is holding the \$3.46 million earmarked for purchasing EDMICS for this shipyard pending a decision. Thus, the Committee may wish to consider reducing the Navy's fiscal year 1991 EDMICS procurement request by an additional \$6.58 million since these 1990 funds are still available for use.

Station Information Management System (SIMS)

Brief Description of the Program

The Navy is developing SIMS to automate Navy recruiting activities. SIMS will automate the process of identifying prospective recruits, preparing and processing applications and enlistment forms, and providing management reports on the results of recruiting efforts. The Navy intends,

also, to use the system for electronic data transmission between recruiting offices in the field⁹ and recruiting command headquarters. The data to be transmitted includes information on new Navy applicants, special training requests, and placement options.

System development efforts began in 1985 and SIMS was scheduled to be operational by fiscal year 1992. However, the Navy's initial software development effort failed because the original contractor-developed software did not operate fast enough to meet SIMS users' needs. In 1990, the Navy brought the SIMS' software development activities in-house and redirected its programming efforts.

System development costs through May of 1990 were \$4.7 million; expected additional costs to complete the system are \$73.2 million. The Navy plans to use the funds being requested in fiscal year 1991 for software development, to purchase hardware, and to maintain the system. Table I.5 shows fiscal year 1990 funding plus funds requested for fiscal year 1991 for SIMS.

Table I.5: SIMS Fiscal Year 1991 Budget Request and Prior Year Funding

| Source of funds | Fiscal Year | |
|-------------------------|--------------|--------------|
| | 1991 | 1990 |
| Military personnel | \$.3 | \$.3 |
| Procurement | 5.3 | 2.4 |
| Operation & maintenance | 2.5 | .6 |
| Total | \$8.1 | \$3.3 |

Source: Extracted from information provided by the Naval Computer and Telecommunications Command.

Results of Analysis

We identified potential reductions to the Navy's SIMS program of \$7.96 million—\$5.3 million in procurement funds and \$1.0 million in operation and maintenance funds being requested in fiscal year 1991 and \$1.66 million in fiscal year 1990 appropriated procurement funds.

The Navy's \$5.3 million procurement request for SIMS includes funds to purchase hardware and operating system software for nine districts. The Navy plans to install most of this hardware in its designated prototype test area, an entire recruiting area with eight districts. However,

⁹The Navy Recruiting Command organizes its field activities into areas, districts, and stations. A single recruiting area is composed of several districts and a district is composed of numerous stations.

the Navy's approved plans (i.e., life cycle management documentation) call for prototype testing at a single recruiting district—Pittsburgh—not an entire recruiting area. Further, the Navy has not adequately justified its expansion of prototype testing to an entire recruiting area. Program officials said that prototype testing was expanded to include an entire recruiting area rather than a single district in order to allow the software to be more fully exercised and to maintain credibility with users. We do not believe this justification is adequate because, according to program documentation, the system requirements are the same at all districts. Program officials confirmed that there are no interdistrict processing requirements for SIMS.

Life cycle management principles recommend not deploying a system to additional sites until prototype testing proves that development has been successful—a “try before buy” strategy. This, and the fact that the Navy has officially approved only one site for SIMS prototype testing, lead us to believe that the Navy's fiscal year 1991 procurement request of \$5.3 million to purchase SIMS hardware for nine additional sites is premature. SIMS hardware for the approved prototype site (Pittsburgh) will be bought with fiscal year 1990 funds. And, this site is not scheduled to complete its test, evaluation, and approval until June 1992. Thus, the Committee may wish to consider reducing the Navy's fiscal year 1991 \$5.3 million procurement request for SIMS.

Further, the Navy's fiscal year 1991 operation and maintenance budget request of \$2.5 million includes funds for installing and maintaining hardware. However, the Navy has revised its estimate of the amount of operation and maintenance funds needed for SIMS from \$2.5 million to \$2.1 million—a difference of \$.4 million. In addition, if procurement funds are not provided for SIMS in fiscal year 1991, then the Navy will not need an additional \$.66 million in related operation and maintenance funds. Therefore, the Committee may wish to reduce the Navy's fiscal year 1991 operation and maintenance budget request for SIMS by a total of \$1.0 million.

The Navy also has \$2.386 million in fiscal year 1990 procurement funds for SIMS which is for new hardware. However, for a variety of reasons, including schedule slippage which occurred when the Navy brought SIMS software development efforts in-house, the Navy has not spent most of these funds and plans to obligate only \$.723 million of the \$2.386 million by the end of fiscal year 1990. The Committee may wish to consider reducing the Navy's total ADP fiscal year 1991 procurement request for

information technology for other systems by the remaining \$1.66 million, since it is still available for use and is not needed for the SIMS prototype site in Pittsburgh.

Naval Occupational Health Information Management System (NOHIMS)

Brief Description of the Program

NOHIMS was designed to meet the requirements of the Occupational Safety and Health Act of 1970 and Navy Occupational Safety and Health Directives. NOHIMS processes five types of data—personnel, environmental, medical, hazardous materials, and administrative. The functions of the system are to (1) identify individuals exposed to hazards in the work place, (2) ensure that potentially exposed persons receive proper medical surveillance, (3) provide medical personnel with exposure history and a list of recommended tests and procedures, (4) analyze trends in medical and hazardous exposure data, and (5) create a repository of medical and exposure data for epidemiological studies.

Originally, the Navy was planning to have 20 NOHIMS installations that would serve over 150 different locations. Currently, however, the Navy's plan is to have 15 rather than 20 NOHIMS installations. The Navy awarded the NOHIMS hardware contract in September 1986. To date, only 1 of the 15 NOHIMS installations is fully operational, although some hardware has been installed at each of the 15 installations.

Table I.6 shows funds being requested in fiscal year 1991 for NOHIMS.

Table I.6: NOHIMS Fiscal Year 1991 Budget Request

| Dollars in millions | |
|-------------------------|------------------|
| Source of funds | Fiscal Year 1991 |
| Procurement | \$1.4 |
| Operation & maintenance | .3 |
| Total | \$1.7 |

Source: Extracted from information provided by the Naval Computer and Telecommunications Command.

Results of Analysis

For fiscal year 1991, the Navy is requesting \$1.4 million in procurement funds to buy additional NOHIMS hardware. However, subsequent to the submission of the fiscal year 1991 budget request to Congress, the Navy's plan for this program was revised. The Navy now plans to spend approximately \$.1 million on NOHIMS hardware. Therefore, the Committee may wish to consider reducing the Navy's fiscal year 1991 budget request for procurement by \$1.3 million.

Central Processing Unit (CPU) II

Brief Description of the Program

The objective of the CPU II program is to replace the central processing units currently in use at the Marine Corps' seven major regional information processing centers. This information processing equipment replacement is the second phase in the Marine Corps' procurement strategy to acquire sufficient processing capacity to meet projected requirements in fiscal years 1990-1993. This program is based on a requirements analysis that indicates the Marine Corps' existing central processing units are quickly becoming saturated and will have to be replaced in the near future in order to meet user requirements. Table I.7 shows funds being requested in fiscal year 1991 for CPU II.

Table I.7: CPU II Fiscal Year 1991 Budget Request

| Dollars in millions | |
|---------------------|------------------|
| Source of funds | Fiscal Year 1991 |
| Procurement | \$11.1 |
| Total | \$11.1 |

Source: Marine Corps exhibit 43B.

Results of Analysis

In fiscal year 1991, the Marine Corps is requesting \$11.1 million in procurement funds to procure hardware and software for the CPU II program. However, subsequent to the submission of the fiscal year 1991 budget request to Congress, the Marine Corps' budget plan for this program was revised. The Marine Corps now plans to spend \$8.7 million for hardware and software on CPU II in fiscal year 1991. According to Marine Corps officials, the amount of funding required in fiscal year 1991 was reduced because (1) two central processing units were bought from the

**Appendix I
Potential Budget Reductions**

Navy and (2) the Marine Corps is eliminating one of its Regional Automated Service Centers in an effort to consolidate ADP operations. Therefore, the Committee may wish to consider reducing the Marine Corps' fiscal year 1991 budget request for procurement by \$2.4 million.

Objective, Scope, and Methodology

Our objective was to review the Department of the Navy's fiscal year 1991 budget request for selected general-purpose automated information systems and to provide information on these systems to the Subcommittee to assist it in determining whether the systems should be funded in the amounts requested. We performed our work in the Washington, D.C., area between April and July 1990.

To obtain budget request information, we examined the Procurement Programs (P-1) Department of Defense Budget for Fiscal Year 1991, as well as the Department of the Navy's procurement backup book, which contains information on equipment, contracts, and schedules (including Department of Defense forms P-22 and P-40). We also examined the Department of the Navy's information and technology systems budget (which contains exhibits 43A-E) and documents used to prepare both the information technology systems budget and the automated data processing portions of the Navy's procurement and operation and maintenance budgets.

We met with officials from the Department of the Navy's Office of Information Resources Management, Office of the Navy Comptroller, Naval Computer and Telecommunications Command, Naval Supply Systems Command, Naval Air Systems Command, Naval Sea Systems Command, the Marine Corps, and the Defense Logistics Agency to obtain information on the six automated data processing programs covered in this report.

We discussed issues covered in this report with officials from the Navy and Marine Corps, and have incorporated their comments where appropriate. As requested, we did not obtain official agency comments on this report. We conducted our work in accordance with generally accepted government auditing standards.

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