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SOFTWARE DEVELOPMENT

Update on Department of Defense Central Design Activities
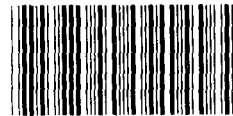
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United States
General Accounting Office
Washington, D.C. 20548

Information Management and
Technology Division

B-227227

March 11, 1988

The Honorable Bill Chappell, Jr.
Chairman, Subcommittee on Defense
Committee on Appropriations
House of Representatives

Dear Mr. Chairman:

This report is the second responding to your August 4, 1986, request
that we undertake a review of Central Design Activities (CDAs)[1] in the
Department of Defense. Our first report[2] identified inconsistencies
between (1) the number and estimated cost of CDAs reported in the spe-
cial budget exhibit (43E-CDA) submitted to the Congress by Defense and
(2) the number and cost of CDAs identified in a GAO survey. As a result,
your office expressed concern that Defense had not provided the Con-
gress with reliable information on CDAs and, in June 1987, asked us to
include this issue in our continuing review of CDAs. Specifically, we
agreed to:

• review the Office of the Secretary of Defense's efforts to reconcile the
  CDA cost data reported in the special budget exhibits;
• identify studies planned, in progress, or completed by the Department of
  Defense that address CDA consolidation issues; and
• evaluate CDA effectiveness in managing large automated systems devel-
  opment projects.

This report completes our response to the first two objectives and
updates the CDA information presented in our May 1987 report. As
agreed with your office, we will report later on the third objective.

Department of Defense CDA Budget Information

Our May 1987 report disclosed inconsistencies in Department of Defense
CDA information. As indicated in the report, these inconsistencies were
disclosed by comparing the Defense fiscal year 1988 budget data with
information we collected in a survey of Defense organizations. Although
we used the same definition and reporting criteria for collecting CDA
information as the Office of the Secretary of Defense, our survey results

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[1] CDAs are institutions that are responsible for developing, testing, and maintaining automated infor-
mation systems software in use at more than one location.

[2] Software Development: Information on Department of Defense Central Design Activities (GAO/
IMTEC-87-24FS, May 20, 1987).

differed from the Defense budget data. These inconsistencies included the number and cost of organizations reported. For example, our survey showed that there were 46 CDAs with a total estimated fiscal year 1988 cost of approximately $1.5 billion. In comparison, the Defense budget exhibit reported only 39 CDAs with a total estimated fiscal year 1988 cost of approximately $1 billion.

Defense Efforts to Reconcile CDA Budget Information

On June 16, 1987, in response to your Subcommittee's concern over these potential inconsistencies, the Office of the Secretary of Defense required the military services and the Defense Logistics Agency to review and reconcile their CDA budget submissions with the figures in our survey and to provide revised cost estimates for each CDA as appropriate. Table 1 presents a summary of the initial and revised cost estimates as reported by the Department of Defense.

Table 1: Number and Estimated Costs of CDAs by Military Service

(Dollars in Thousands)

| | Fiscal Year 1988 | | | |
| | INITIAL Budget submission (April 1987) | | REVISED Budget submission (October 1987) | |
Military Service	Number	Cost	Number	Cost
Air Force	9	$392,193	11	$426,542
Army	16	268,456	17	305,751
Navy	9	222,174	14	327,635
Defense Logistics Agency	2	76,350	3	81,184
Marine Corps	3	48,708	3	48,708
Total	**39**	**$1,007,881**	**48**	**$1,189,820**

As shown in table 1, Defense's revised budget submission included nine additional CDAs and more than $180 million in additional estimated costs than its initial budget submission. In addition, the Navy increased its estimated costs for some existing CDAs to include the development costs of certain automated systems not included in the previous budget submission. The appendix contains a list of the initial and revised CDA cost estimates from each activity as reported by the Department of Defense.

The data in both budget submissions differed from some of the data we gathered in our survey. Our data showed that there were 46 CDAs with estimated fiscal year 1988 costs totaling $1.5 billion. Defense officials offered several reasons for the differences. They stated that, in some

cases, the activities had mistakenly reported to us production and operation costs in addition to system development costs. We were also told that, in one instance, a CDA erroneously reported data processing costs that were greater than the total operating costs of the organization. In other instances, Defense officials told us that some of the organizations that responded to our survey did not meet the CDA definition and, therefore, should not have reported. Other organizations, such as the Army Finance and Accounting Center, did not respond to our survey but were added as CDAS in the revised Defense budget submission.

A spokesman for the Office of the Secretary of Defense told us that the deadline for submitting the CDA budget exhibit for the fiscal year 1988 budget cycle limited the information provided to the Congress. The spokesman indicated that, because of time constraints, the fiscal year 1988 budget exhibits did not include separate exhibits on large automated information systems supported by many CDAS. Such exhibits are required by Defense's budget guidance manual. This Defense official said that at present it is not possible to ensure that reliable automated information system costs can be reported because:

- the Defense budget guidance manual does not specifically identify the cost elements to be reported for information systems in the CDA budget exhibit; and
- the Department of Defense lacks standardized cost accounting procedures for ensuring that automated information system costs are consistently recorded and reported.

Officials from the Office of the Secretary of Defense said that they plan to review and modify the budget guidance for the 43E-CDA exhibit to improve the reporting of CDA obligations and cost estimates. The office also plans to submit for the fiscal year 1989 or 1990 budget the required cost information on the automated information systems supported by each CDA. These officials also said that Defense is undertaking a longer term effort to strengthen its cost accounting procedures departmentwide. However, Defense did not provide a timetable for completing these actions.

Department of Defense CDA Consolidation Studies

In response to our request, the Office of the Secretary of Defense canvassed the military services and the Defense Logistics Agency to determine if any CDA consolidation studies were planned, currently in progress, or completed. It found that the Marine Corps is conducting a study of its future information resource requirements, which will evaluate whether or not the three CDAs in the Marine Corps should be further consolidated. None of the other services reported any ongoing or planned consolidation studies.

The Air Force and the Navy did, however, report that they had done consolidation studies in the past. The Air Force provided one study that resulted in the consolidation in 1986 of the Air Force Standard Systems Center in Gunter Air Force Station, Alabama, from multiple software development organizations. The Navy has also consolidated some CDA functions as a result of earlier studies. For example, the Navy consolidated the CDA functions of two organizations into the Naval Sea Systems Command, Automated Data Systems Activity. Neither the Army nor the Defense Logistics Agency reported any completed studies.

We note that the House Appropriations Committee, in the 1988 House Appropriations Committee Report (H.R. Report No. 100-410, Oct. 28, 1987, p. 26), has directed the Department of Defense Comptroller to study the feasibility of CDA consolidation, and report on the results of this study by June 1, 1988.

To obtain information for this report, we met with Office of the Secretary of Defense staff and reviewed the revised CDA budget data that it collected from the individual CDAs within each of the military services. We reviewed the Defense budget manual and selectively discussed the contents of the special CDA budget exhibit with Defense officials responsible for preparing it. We also worked with the Office of the Secretary of Defense to identify and obtain documentation on CDA consolidation studies. Our review was conducted from July 1987 to November 1987. We did not obtain official agency comments on a draft of this report. However, we discussed its contents with Defense officials and have incorporated their comments where appropriate.

We are sending copies of this report to the Secretary of Defense, the Secretary of the Army, the Secretary of the Air Force, the Secretary of the Navy, and the Director of the Defense Logistics Agency. We will also send copies to other interested parties upon request.

Sincerely,

William S. Franklin
Associate Director

Comparison of Department of Defense Central Design Activity (CDA) Budget Submissions for Fiscal Year 1988

(Dollars in Thousands)

CDA name and location	Initial budget submission (April 1987)	Revised budget submission (October 1987)	Difference
Army			
Armament Munitions and Chemical Command, Dover, Delaware	$14,885	$14,885	$0
Automated Logistic Management Systems Activity, St. Louis, Missouri	32,313	32,313	0
Communications and Electronics Command, Ft. Monmouth, New Jersey	24,392	24,392	0
Depot Systems Command, Chambersburg, Pennsylvania	9,000	9,000	0
Engineering Automated Support Activity, Washington, D.C.	6,605	6,605	0
Health Services Command Software Support Activity, Ft. Sam Houston, Texas	15,454	15,454	0
Information Systems Engineering Command—Army Worldwide Military Command Information System, Ft. Belvoir, Virginia	50,921	50,921	0
Information Systems Engineering Command (CSSC), Ft. Belvoir, Virginia	11,781	11,781	0
Information Systems Engineering Command Corporate Data Base, Ft. Belvoir, Virginia[a]	0	0	0
Information Systems Engineering Command Development Center Europe, Zweibrucken, West Germany	14,576	14,576	0
Information Systems Engineering Command Development Center Lee, Ft. Lee, Virginia	28,449	28,449	0
Information Systems Engineering Command Development Center Washington, Ft. Belvoir, Virginia	27,483	27,483	0
Logistics Control Activity, San Francisco, California	11,571	11,571	0
Logistics System Support Activity, Chambersburg, Pennsylvania	12,511	12,511	0
Missile Command, Huntsville, Alabama	5,379	5,379	0

(continued)

CDA name and location	Initial budget submission (April 1987)	Revised budget submission (October 1987)	Difference
Test and Evaluation Command, Aberdeen, Maryland	3,136	3,136	0
U.S. Army Finance and Accounting Center, Ft. Benjamin Harrison, Indiana[b]	•	37,295	37,295
Army Total			
Dollars	**$268,456**	**$305,751**	**$37,295**
CDAs	16	17	1
Marine Corps			
Marine Corps Central Design and Programming Activity, Albany, Georgia	16,205	16,205	0
Marine Corps Central Design and Programming Activity, Kansas City, Missouri	17,115	17,115	0
Marine Corps Central Design and Programming Activity, Quantico, Virginia	15,388	15,388	0
Marine Corps Total			
Dollars	**$48,708**	**$48,708**	**$0**
CDAs	3	3	0
Air Force			
HQ Standard Systems Center, Gunter AFB, Alabama	98,268	98,268	0
Command and Control Systems Office, Tinker AFB, Oklahoma	13,873	13,873	0
HQ Air Force Military Personnel Center, Randolph AFB, Texas	19,922	19,922	0
Accounting and Finance Center, Lowery AFB, Colorado	80,466	80,466	0
HQ Tactical Air Command, Langley AFB, Virginia	20,577	20,577	0
HQ Strategic Air Command, Offutt AFB, Nebraska	8,749	8,749	0
HQ Military Airlift Command, Scott AFB, Illinois	10,462	10,462	0
HQ Air Force Systems Command, Andrews AFB, Maryland	8,506	8,506	0

(continued)

CDA name and location	Initial budget submission (April 1987)	Revised budget submission (October 1987)	Difference
HQ Air Force Logistics Command, Wright-Patterson AFB, Ohio	131,370	131,370	0
Electronic Security Command, Kelly AFB, Texas[b]	•	7,354	7,354
Air Force Intelligence Service, Bolling AFB, Washington, D.C.[b]	•	26,995	26,995
Air Force Total			
Dollars	**$392,193**	**$426,542**	**$34,349**
CDAs	9	11	2
Navy			
Naval Supply Systems Command Fleet Material Support Office, Mechanicsburg, Pennsylvania	70,999	108,121	37,122
Navy Management Systems Support Office, Norfolk, Virginia	53,921	56,560	2,639
Naval Aviation Logistics Center, Patuxent River, Maryland	23,200	28,411	5,211
Navy Comptroller Standard Systems Activity, Pensacola, Florida	14,945	19,464	4,519
Navy Military Personnel Command, Washington, D.C.	9,878	9,878	0
Naval Sea Systems Command Automated Data System Activity, Indian Head, Maryland	8,888	8,888	0
Naval Education Training Program Management Support Activity, Pensacola, Florida	6,036	6,036	0
Navy Facilities Engineering Command Facilities Systems Office, Port Hueneme, California	5,935	5,935	0
Navy Regional Data Automation Center, Washington, D.C.	28,372	28,372	0
Office of Comptroller STAFS Project Office, San Diego, California[b]	•	24,568	24,568
Navy Regional Data Automation Center, Norfolk, Virginia[b]	•	4,956	4,956
Navy Supply Systems Command Headquarters, Washington, D.C.[b]	•	7,157	7,157

(continued)

CDA name and location	Initial budget submission (April 1987)	Revised budget submission (October 1987)	Difference
Navy Regional Data Automation Center, Jacksonville, Florida[b]	•	4,049	4,049
Naval Telecommunications Command, Washington, D.C.[b]	•	15,240	15,240
Navy Total			
Dollars	**$222,174**	**$327,635**	**$105,461**
CDAs	9	14	5
Defense Logistics Agency			
Systems Automation Center, Columbus, Ohio	60,404	60,404	0
Defense Automatic Addressing System Office, Dayton, Ohio	15,946	15,946	0
Defense Logistics Service Center, Battle Creek, Michigan[b]	•	4,834	4,834
DLA Total			
Dollars	**$76,350**	**$81,184**	**$4,834**
CDAs	2	3	1
Grand Total			
Dollars	**$1,007,881**	**$1,189,820**	**$181,939**
CDAs	39	48	9

[a]The Army established this organization as a CDA in fiscal year 1988; however, it does not plan to budget costs until fiscal year 1989.

[b]Not included in the April 1987 budget submission.

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