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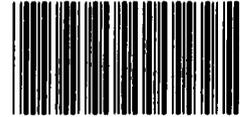
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LOGISTICS AND COMMUNICATIONS
DIVISION

B-198916

AUGUST 12, 1980

The Honorable Harold Brown
The Secretary of Defense



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Dear Mr. Secretary:

Subject: Need for a DOD Focal Point for the Studies
and Analyses Program (LCD-80-97)

We have reviewed the Department of Defense's (DOD's) progress in improving its overall management of the studies and analyses program and in strengthening program weaknesses identified during earlier reviews. We found that (1) current program weaknesses are basically the same as those identified during earlier reviews and (2) DOD has taken little or no action to correct these weaknesses.

Specifically, DOD is not centrally managing its studies and analyses program, has no accurate data on the total costs of the program, and has no assurance that program results are effectively used. Details of our review are discussed in the enclosure.

We are making recommendations to you on page 10. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Chairmen of the House and Senate Committees on Appropriations and on Armed Services.

011612 Sincerely yours,

R. W. Gutmann
Director

(943469)

NEED FOR A DOD FOCAL POINT
FOR THE STUDIES AND ANALYSES PROGRAM

BACKGROUND

The Department of Defense (DOD) has an ongoing studies and analyses program to evaluate the effectiveness of its operations. DOD defines studies and analyses as nonrecurring examinations undertaken to better understand issues and alternatives regarding policies and plans for operations. DOD is to use the study results to facilitate decisionmaking, policy development, planning, programing, and budgeting.

Studies may be performed by DOD components and private firms under contract. DOD Directive 5010.22, dated November 1976, authorizes the start of studies in any of the following subject categories.

- Manpower and personnel
- Concepts and plans
- Operations and force structure
- Installations and logistics
- Science, technology, systems, and equipment
- Management
- Intelligence
- International security

In addition, the directive (1) outlines the circumstances under which studies may be undertaken, (2) assigns specific responsibilities to the head of each DOD component, and (3) provides for establishing a studies and analyses steering group to monitor the studies and determine its responsiveness to DOD's needs and priorities.

Responsibilities of the steering group include reporting annually to the Secretary of Defense on the overall structure and value of the study efforts. The report should include total program cost of each study effort, its strengths and weaknesses, and an analysis of the results.

The studies and analyses program should include in a central data bank, the content and status of all DOD studies planned, underway, and completed. The data is to be maintained for 10 years to ensure, among other things, that

- a planned study does not duplicate other studies planned, in process, or completed and

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--maximum use is made of existing data.

DOD components are responsible for providing input to the data bank on their studies.

Annual plans for studies are to be developed by DOD components and submitted to the steering group chairman. Major changes to the plans must also be submitted to the steering group. DOD components are also required to include a special analysis of proposed studies in their annual budget submission. Planned studies of all DOD components are then combined for submission to the Congress as justification for DOD's planned studies and analyses efforts.

Prior to fiscal year 1979, annual costs for studies and analyses were impossible to determine. In commenting on the fiscal year 1979 budget requests, the Subcommittee on Defense, House Committee on Appropriations, noted that

"The subject of studies and analysis (sic) was addressed in last year's report in some detail. The Committee reported that there are so many of these studies of various types funded in the DOD budget that no one even has an accurate estimate of their total cost."

The Committee noted that future budget justifications should include detailed listings of the subjects proposed for study each budget year. DOD submitted detailed listings with estimated costs with its fiscal year 1980 budget. However, as discussed in this report, the data was not complete.

For fiscal year 1980, DOD identified \$263.4 million for studies and analyses, as follows:

<u>DOD component</u>	<u>Amount</u>
	(millions)
Army	\$119.5
Navy and Marine Corps	60.9
Air Force	45.1
Office of the Secretary of Defense and Joint Chiefs of Staff	19.9
Other Defense agencies	<u>18.0</u>
Total	<u>\$263.4</u>

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About 60 percent of the studies planned for fiscal year 1980 were programmed as in-house efforts.

Prior reports of program weaknesses

Over the past 3 or 4 years, at least six reviews have been made of DOD's management of its studies and analyses program. The reviews were prompted by congressional concern that DOD was unable to provide even a reasonably accurate estimate of the total cost of the studies. The reviews were made by the Defense Audit Service, the Air Force Audit Agency, the Surveys and Investigations Staff of the House Committee on Appropriations, and the Army's Office of the Deputy Chief of Staff for Operations and Plans.

The scope of the reviews varied depending upon the performing organizations. However, they did identify certain deficiencies which accounted largely for DOD's inability to report accurate study data. These were:

- DOD study managers were not querying the Defense Documentation Center data bank--the designated repository for all DOD technical information--before initiating a study to determine if a proposed study was necessary, and whether a study of the subject was ongoing, or recently completed.
- DOD's studies programs lacked a common definition of studies and analyses. The basic definition in the DOD directive was too broad. DOD components independently determined the types of efforts they considered to be a study or analysis.
- DOD did not have a uniform system for accumulating cost data on studies and analyses. Because studies were funded from several appropriations and no requirement existed to separately program and budget for studies, DOD was unable to identify the amount of money expended for studies and analyses.
- DOD was not validating the accuracy of the reported benefits of the study efforts. Study managers were required to document actions, if any, taken as a result of study recommendations. However, implementation actions reported by the study manager did not always coincide with what was actually being done at the lower command levels.

SCOPE OF REVIEW

We directed our review to assessing DOD's progress in improving its overall management of the studies and analyses program and in strengthening program weaknesses identified during earlier reviews.

We reviewed current regulations, directives, policies, procedures, and controls governing the study programs. We discussed the programs with officials of the Army, Navy, Air Force, and DOD headquarters.

In selecting DOD components for review, we chose the commands which performed most of the military services' studies in the logistics area. These were:

- The Army Materiel Development and Readiness Command, Alexandria, Virginia.
- The Army Training and Doctrination Command (Fort Monroe), Hampton, Virginia.
- The Navy Materiel Command, Arlington, Virginia.

We did not review the Air Force indepth because the Air Force Audit Agency completed a review of the program in October 1979. Although subordinate commands visited were primarily involved in the installation and logistics area, discussions at the headquarters levels applied to all studies, regardless of the area.

DOD IS NOT EFFECTIVELY MANAGING THE STUDIES AND ANALYSES PROGRAM

DOD is not effectively managing its studies and analyses program, as evidenced by its inability to provide accurate and complete information on the number and cost of studies being performed. The steering group, provided for by the November 1976 directive, was to serve as a focal point within DOD on its study efforts. Effective actions by that group would have provided the type of information desired by the Congress. However, DOD has neither established that group nor provided any other means for carrying out its responsibilities. As a result, DOD is still unable to provide the Congress with accurate, detailed information on the program. DOD does not have adequate cost data on the program and has no overall assurance that the results of the study efforts are effectively used.

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The primary reasons for these weaknesses were identified to DOD in earlier reports. DOD has started actions to improve its effectiveness in one area--use of data banks--but has done little in other areas. Areas in which DOD needs to take action are discussed below, along with the actions started to improve the use of the data banks.

Need for a better definition
of studies and analyses

The definition of studies and analyses included in DOD's current directive is too broad and is subject to various interpretations. The directive states:

"Studies and Analyses refers to those nonrecurring examinations of a subject undertaken to provide greater understanding of relevant issues and alternatives regarding organizations, tactics, doctrine, policies, force plans, strategies, procedures, intelligence, weapons selection and mix, systems, programs, or resources, and leading to conclusions and recommendations contributing to planning, programming, budgeting, decision-making and policy development including those studies initiated by or for the program management office. It also includes research and development of related data base structures and models for the support of studies and analyses."

As a result of this broad definition, numerous study and analysis efforts are not reported to DOD and the Congress as part of the DOD-wide program. For example, when DOD components perform studies which, in their opinion, do not fit DOD's definition of studies and analyses, then the cost and results of such studies are not reported to DOD as part of the overall study program. Thus, DOD cannot ensure that it is receiving maximum benefit from its study program and does not know its costs.

Since 1976, when the DOD directive was issued, every audit report we reviewed on the studies and analyses area has stated that this broad definition should be revised because it has been a stumbling block to DOD effectively managing its studies program. Officials in the various DOD components agree that the current definition causes confusion concerning what efforts should be considered studies and analyses. However, the Office of the Secretary of Defense has taken no action on this problem.

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DOD components independently decide what types of effort to include in their studies program and their reports to DOD. For example, the Army's study program includes in its definition of studies and analyses the cost and operational efforts in support of the materiel acquisition process. However, an Air Force draft regulation specifically exempts such management studies from its definition.

Because DOD's guidance on the types of studies to be reported on is not clear, DOD components' published instructions are also vague. For example, the Army regulation on studies and analyses includes "staff studies of considerable scope and substance determined by the sponsor to have significant impact on Army planning, programming and decision making." Thus, the study sponsor determines what is considerable scope and substance and what has significant impact on Army planning, programming, and decisionmaking. This general statement on staff studies may cause sponsors to exclude a valid study effort from the study program.

Air Force instructions are equally as vague. For example, an Air Force Audit Agency report dated October 1979 stated that "the absence of current guidance and useable definitions for 'logistics,' 'research,' 'formal studies,' and 'unique versus common studies' were cited by potential participants as a basic source of confusion concerning what was or was not appropriate for inclusion in the AFLRSP [Air Force Logistics Research and Studies Program]."

The Air Force audit report also identified 70 logistics study projects which, in the opinion of the auditors, were of sufficient scope to be included in the Air Force study program and to be reported to DOD. Costs for 40 studies were not reported to DOD and not included as part of the studies program because the Air Force classified them as staff studies with "limited applications." The other 30 were not reported because of an administrative error.

It is essential that each DOD component interpret the definition identically since it is a basic requirement for determining the magnitude of the total DOD program. Failure to do so has contributed to DOD's inability to provide the Congress accurate information on the number, cost, and usefulness of studies and analyses. Valid study efforts which are not reported render the data banks as incomplete bibliographic sources. Without complete and accurate information, DOD cannot minimize the potential for study duplication, consider trade-off opportunities, or evaluate overall program efforts.

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Need for a uniform system for
accumulating cost data

DOD does not have a uniform system for identifying, collecting, and reporting the total cost of in-house studies and analyses. The lack of a uniform system for accumulating cost data has been the subject of comment in several reviews of the DOD program. DOD estimated its planned in-house study efforts for fiscal year 1980 to be about 60 percent of the total program. But DOD has not issued guidance on how to determine and report the cost of in-house efforts nor has it required a comparison of estimated and actual costs. In the absence of overall guidance, the procedures for determining the cost of in-house efforts differ among the DOD components. In addition, the factors used in determining the reported cost of in-house efforts result in unreliable approximations.

Costs for study efforts performed in-house are estimated on the basis of professional staff-years required to complete the study. For fiscal year 1979, the Air Force and Army estimated \$50,000 per staff-year for determining such costs and the Navy estimated \$55,000.

We did not determine the actual costs for a staff-year of effort for in-house studies, but we noted that the accuracy of the amounts used is questionable. For example, the Air Force Audit Agency reported that the \$50,000 per year appeared excessive for several major Air Force commands. Actual expenditures for one command were determined to be approximately \$35,000.

For one Army activity, the \$50,000 estimate was too low. The Logistics Studies Office of the Army's Materiel Development and Readiness Command has an established method for determining the cost of its in-house studies. Estimated costs include direct labor, supervision and administration, travel, general and administrative overhead, and other direct costs. On the basis of these cost categories, the estimated staff-year cost for the Logistics Studies Office ranged from \$54,600 to \$59,400. This fulfills the requirement of DOD Directive 5010.22, that individual study plans contain estimated direct and indirect study cost data. However, the cost data accumulated is not, as a matter of procedure, requested or reported above the local command level.

The Navy's submissions to DOD for in-house studies contain estimates of both staff-year and costs. However, staff-year costs, which are based on an arbitrary amount of \$55,000, are applied to all Navy activities.

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On March 5, 1980, the Office of the Comptroller, Program/Budget, Office of the Assistant Secretary of Defense, issued a memorandum concerning additional justification material for congressional committees. The memorandum concerned a new budget exhibit which included studies and analyses as defined in DOD Directive 5010.22. However, the memorandum concerned only contract studies and analyses and did not address in-house study efforts. This action was prompted by a request from the Congress to segregate contracts on consultants, studies and analyses, and management support.

Actually, DOD requests funds for its studies and analyses program from data submitted by the DOD components; however, the cost data reported for in-house study efforts is questionable. DOD has not provided guidance on how to determine in-house costs nor has it required a comparison of estimated and actual costs. Therefore, DOD cannot assure the Congress that funds identified for studies and analyses are reasonable estimates of the cost of the program.

Need for validation of reported
implementation actions

DOD Directive 5010.22, dated November 1976, requires the head of each DOD component to establish a mechanism for evaluating the effectiveness, quality, usefulness, objectivity, and costs of completed studies. Prior reviews have disclosed that the actions reportedly taken in response to study recommendations were not always taken. In some cases, the description of actions taken to implement study recommendations was so brief that they were virtually meaningless.

Some of the major commands throughout the services have instituted their own review boards and steering groups to monitor studies from initiation of the study to the report of actions taken in response to the study's recommendations. Only the Marine Corps has established a servicewide review mechanism.

DOD Directive 5010.22 instructs the head of each DOD office to forward an overall evaluation of quality, usefulness, and cost of studies to the studies and analyses steering group. According to a DOD official, these evaluations are not reported since the steering group was never formally established. There is no concerted effort within DOD to validate the accuracy and adequacy of reported implementation actions. Until the current DOD directive is revised and updated, it is unlikely that this problem will be addressed by DOD officials.

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Actions taken to improve
use of data bank

DOD established the Defense Technical Information Center (DTIC), formerly the Defense Documentation Center for Scientific and Technical Information, to be the repository for all DOD technical information, including studies and analyses. Study sponsors are required to query the DTIC data bank prior to initiating a new study to determine studies previously done on a subject. They are also required to report to DTIC updated information on all approved studies. The Congress has expressed concern that many study sponsors are not querying the system prior to initiating a study or are not reporting to DTIC updated information on approved studies.

Of all the problems identified in DOD's study program, inadequate use of the data bank seems to have received most of DOD's attention. Since 1968 DOD has required that studies be entered in the data bank; however, the study sponsors routinely entered only those studies for which contracts had actually been let. It was not until 1978, when the House Committee on Appropriations recommended that funding be withdrawn for any study not entered in the data bank, that DOD began enforcing the requirement to enter all studies, in-house as well as contract, in the data bank. Since 1978 DOD has reported a steady increase in the number of studies entered and updated in the data bank.

Then, in early 1979, DOD announced that it was revising the format of DOD form 1498--the document used to report study data. Originally scheduled to be issued in June 1979, the revised form 1498 still had not been issued as of May 1980. DOD plans to require more specific information on a study, such as an explanation of how this study differs from related studies. This type of information should be useful to study sponsors querying the data bank.

In October 1979, when the Defense Documentation Center's name was changed to DTIC, DOD also began a series of changes to improve DTIC's operating efficiency. For example, all information to be entered in the data bank must be entered by DTIC personnel at a central location. Because the volume of entries varies, occasionally there is a backlog of information to be entered by DTIC personnel. We were told that DOD officials have begun experimenting with using terminals at selected locations so that a DOD component can enter study data directly into the data bank. If this practice proves to be desirable, the terminals will be made accessible to all DOD components. DOD officials believe this will eliminate any backlog and will

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provide the latest information to anyone querying the data bank. The success of DOD's efforts cannot be evaluated until the ongoing improvements are completed.

CONCLUSIONS AND RECOMMENDATIONS

DOD is not centrally managing its studies and analyses program, does not have accurate and complete data on the total cost of the program, and has no assurance that program results are effectively used.

DOD's definition of its program is vague and subject to various interpretations by DOD components. As a result, each component determines the study efforts that fit the DOD definition. For studies considered not to fit that definition, cost data and study results are not reported to DOD. On those studies which are reported, cost data for in-house studies are questionable because DOD does not have a uniform system for accumulating such data.

A November 1976 directive provided for establishing a steering group at the DOD level to monitor the program and determine its responsiveness to needs. However, DOD has not established such a group. In our opinion, such a focal point at the DOD level is needed to ensure effective management of the program and to provide the data needed to assure the Congress that maximum benefits are received from study funds.

We recommend, therefore, that you establish such a group to carry out the responsibilities outlined in the DOD Directive 5010.22, dated November 22, 1976. In addition to those specific duties, we also recommend that the group be responsible for providing:

- Additional guidance as to the specific types of studies on which the DOD components are to (1) report cost data to the DOD level and (2) include the study results in the data bank.
- A more uniform basis for determining cost data on in-house studies.
- More effective procedures for assuring that DOD components evaluate the usefulness and overall effect of study efforts.