

DOCUMENT RESUME

00051 - [A1051717]

Improved Management Needed for Automated Information-Handling Activities of Contract Administration. B-163074; LCD-75-115. February 17, 1977. 24 pp. + 4 appendices.

Report to the Congress; by Elmer B. Staats, Comptroller General.

Issue Area: Automatic Data Processing: Acquiring and Using Resources (102); Military Preparedness Plans: Military Communications and Information Processing Needs (803).

Contact: Logistics and Communications Div.

Budget Function: Miscellaneous: Automatic Data Processing (1001); National Defense: Department of Defense - Procurement & Contracts (058).

Organization Concerned: Department of Defense; Department of Defense: Assistant Secretary of Defense (Installations and Logistics); Department of Defense: Assistant Secretary of Defense (Comptroller); Defense Supply Agency.

Congressional Relevance: House Committee on Armed Services; Senate Committee on Armed Services; Congress.

The Defense Supply Agency (DSA) and the military services began to standardize and automate the handling of information needed for contract administration in 1964. The development of a data processing system was terminated by DSA in 1973 because design deficiencies made the implementation of the system too costly and precluded the achievement of the system's original objectives. Findings/Conclusions: The Department of Defense (DOD) reported that as of March 1974 the DSA and military services have spent more than \$47 million on modifying, developing, and operating automated systems that were to use the procedures. Implementation of this program has been in abeyance since May 1973. However, in September 1975 DOD initiated an incremental approach to automate those procedures. The new effort can be expected to be prolonged and costly because program requirements have not been firmly established, their implementation through automation has not been properly planned, the most cost beneficial automated system needed by the DSA has not been determined, and the DSA's program manager does not have the decisionmaking authority needed to guide the Mechanization of Contract Administration Services program (MOCAS). During the suspension of the procedures implementation, the DSA initiated actions to upgrade its current automated systems sufficiently to handle the increasing workload until a new system is completed in 1980. These improvements should be limited to those necessary to sustain its current operations until the Military Standard Contract Administration Procedures (MILSCAP) requirements are reevaluated and agreements are made between the DSA and the military services as to the definition of the requirements. Recommendations: The Secretary of Defense should direct the MILSCAP administrator and the defense components to make concerted efforts to quickly reestablish the requirements for

standardizing and automating the interchange and processing of contract related data under MILSCAP and to develop an overall plan to implement them through automation. These efforts should include: identifying requirements common to two or more defense components and developing interchange procedures that are suited to the users' needs; identifying requirements unique to each component and developing special procedures for handling them; developing temporary procedures for those cases where a defense component needs to develop MILSCAP capability before implementation; modularizing the requirements into subsystems and identifying the interfaces between the subsystems; and developing a schedule for incrementally implementing these subsystems in accordance with the needs and capabilities of the Defense Contract Administration Service Regions, and the defense components. (LDH)

REPORT TO THE CONGRESS

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES



Improved Management Needed For Automated Information Handling Activities Of Contract Administration

Department of Defense

Department of Defense procurement policies are insufficient to ensure successful administration of standardized contract activities and

requirements for contract administration are coordinated and consistent

data and plans are completed

cost control analyses reflecting the requirements of requirements are made, and

a full-time project manager with authority to make decisions is appointed

When an Inventory Supply Agency automated system is used for contract administration should be completed and the actions are completed



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D. C. 20548

B-163074

To the President of the Senate and the
Speaker of the House of Representatives

This report describes why the Department of Defense is having problems in standardizing and automating the information handling of contract administration activities. These problems have occurred because good management practices have not been followed. Although the Department has initiated corrective actions, we do not believe these actions are sufficient to assure program success.

This review was undertaken to determine why the Department of Defense was not making progress in implementing a major program that was started in 1964. It was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget; the Secretary of Defense; and the Administrator of General Services.

James B. Axtell

Comptroller General
of the United States

C o n t e n t s

		<u>Page</u>
DIGEST		i
CHAPTER		
1	INTRODUCTION	1
2	IMPLEMENTATION OF MILSCAP DELAYED BY SYSTEM DEVELOPMENT PROBLEMS	3
	Poor management practices led to a costly and prolonged development effort	4
	Development of MOCAS II terminated	10
3	NEED TO CORRECT MANAGEMENT WEAKNESSES BE- FORE CONTINUING WITH IMPLEMENTATION OF MILSCAP	12
	New efforts to implement MILSCAP	12
	DSA efforts to improve DCASR's computer systems	17
4	CONCLUSIONS, AGENCY COMMENTS AND OUR EVALUATION, AND RECOMMENDATIONS	19
	Conclusions	19
	Agency comments and our evaluation	20
	Recommendations	22
5	SCOPE OF REVIEW	24
APPENDIX		
I	Letter dated June 21, 1976, from the Principal Deputy Assistant Secretary of Defense (Installations and Logistics)	25
II	Principal officials responsible for administering activities discussed in this report	28

ABBREVIATIONS

DCAS	Defense Contract Administration Services
DCASR	Defense Contract Administration Services Region
DOD	Department of Defense
DSA	Defense Supply Agency
GAO	General Accounting Office
MILSCAP	Military Standard Contract Administration Procedures
MOCAS	Mechanization of Contract Administration Service

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

IMPROVED MANAGEMENT NEEDED FOR
AUTOMATED INFORMATION
HANDLING ACTIVITIES OF
CONTRACT ADMINISTRATION
Department of Defense

D I G E S T

The Defense Supply Agency and the military services began to standardize and automate the handling of information needed for contract administration and related purposes in 1964. The procedures were established through issuance of a Military Standard Contract Administration Procedures manual. (See p. 1.)

Full implementation of this manual depended upon the Defense Supply Agency's successful development of a data processing system called Mechanization of Contract Administration Services II. However, the effort was terminated in 1973 because design deficiencies made its implementation too costly and precluded the achievement of the system's original objectives. In developing the system the Defense Supply Agency did not follow the prescribed Department of Defense guidelines for developing and managing automated data processing systems. GAO believes that adherence to these principles would have enhanced the chances of success. (See pp. 3 through 4.)

GAO was unable to determine how costly the unsuccessful efforts to implement the Military Standard Contract Administration Procedures have been because the Department of Defense has not accounted for their costs nor the amount that was spent on implementing parts of the program successfully and improving related systems in general use today. The Department of Defense has reported that as of March 1974 the Defense Supply Agency and military services have spent more than \$47 million on modifying, developing, and operating automated systems that were to use the procedures. (See pp. 3 through 4.)

Implementation of this program has been in abeyance since May 1973. However, in September 1975 the Department of Defense initiated an incremental approach to automate those procedures. The new effort can be expected to be prolonged and costly because program requirements are not firmly established, their implementation through automation has not been properly planned, the most cost-beneficial automated system needed by the Defense Supply Agency has not been determined, and the Defense Supply Agency's program manager does not have the decision-making authority needed to guide the Mechanization of Contract Administration Services program. (See pp. 9, 10 and 12 through 16.)

Also, during the suspension of the Military Standard Contract Administration Procedures implementation, the Defense Supply Agency initiated actions to upgrade its current automated systems sufficiently to handle the increasing workload until a new system is completed in 1980. GAO believes these improvements should be limited to those necessary to sustain its current operations until the Military Standard Contract Administration Procedures requirements are reevaluated and agreements are made between the Defense Supply Agency and the military services as to the definition of the requirements and the manner in which they will be automated. (See pp. 17 and 18.)

The Department of Defense was partially responsive to GAO proposals that the Defense Supply Agency limit further work on upgrading its computer systems to essential improvements until the Military Standard Contract Administration Procedures requirements are finalized, a detailed plan to automate them is developed, and a cost benefit analysis of the alternatives for automating them is made. (See pp. 20 through 22.)

The Department of Defense proposes to imple-

dent certain Military Standard Contract Administration Procedures features for use by those defense components who can justify them on the basis of cost and benefits, before the total requirements are defined and the planning effort is completed. The solution relies, in part, upon a requirement that the Defense Supply Agency document the capability of the upgraded Mechanization of Contract Administration Services system to handle total, but as yet unspecified, Military Standard Contract Administration Procedures requirements. GAO does not believe that the actions are sufficient to assure the success of the program. (See pp. 21 and 22.)

GAO recommends that the Secretary of Defense direct the administrator of the Military Standard Contract Administration Procedures and the defense components to make concerted efforts to quickly reestablish the requirements for standardizing and automating the interchange and processing of contract related data and to develop an overall plan to implement them through automation. The efforts should include

- identifying those requirements that are common to two or more defense components and developing interchange procedures that are suited to the user needs at both ends of the exchange.
- identifying those requirements that are unique to each component and developing special procedures for handling them.
- developing temporary procedures for those cases where a defense component needs to develop Military Standard Contract Administration Procedures capability before implementation.
- modularizing the requirements into subsystems and identifying the interfaces between the subsystems, and
- developing schedules for implementing the modules incrementally in accordance with the needs and capabilities of the Defense

**Contract Administration Service Regions
and the defense components.**

GAO recommends further that the Secretary instruct the Director of Defense Supply Agency to:

- Limit further work on the upgrading of the Defense Contract Administration Service Regions automated systems to essential improvements until the Military Standard Contract Administration Procedures are finalized.
- Make a cost-benefit analysis, using the revised Military Standard Contract Administration Procedures requirements as a basis and with the assistance of the defense components, to ascertain the type of automated system needed by the Defense Contract Administration Service Regions to implement Military Standard Contract Administration Procedures and the method of interfacing that system to the various defense activities.
- Prepare a detailed plan for developing the automated system.
- Appoint a full time project manager with decisionmaking authority, as soon as possible, so he can take part in preparing the plan, performing the analysis, and controlling the development of the Mechanization of Contract Administration Service system. (See pp. 22 and 23.)

CHAPTER 1

INTRODUCTION

The Department of Defense (DOD) has a program to automate the handling of procurement and contract information needed for contract administration and related purposes. This program began in 1964 when the Secretary of Defense's Project 60 Study substantiated findings of a lack of reliable, timely, and accurate contract administration data; established the feasibility of standardizing and mechanizing the flow of contract information; cited savings which would accrue from such action; and outlined a standard information system.

Later-in 1965--the Secretary of Defense established the Defense Contract Administration Services (DCAS) within the Defense Supply Agency (DSA) to administer certain contracts for the defense components. At about that time, he directed DSA to develop with the defense components standard procedures for exchanging procurement and contract administration data among the defense components and contractors.

Uniform procedures, including rules, data elements, codes, formats, and time standards for interchanging contract related information were established in December 1966 with the publication of the Military Standard Contract Administration Procedures (MILSCAP) manual. These were made mandatory for use by all defense components for all contracts assigned to DCAS for administration and were scheduled for implementation in July 1970.

MILSCAP is to be used with automatic data processing systems, data communication terminals, and high speed digital data transmission. These elements are to tie the military procuring offices, payment offices, contractors, and the Defense Contract Administration Service Regions (DCASRs)--established by DSA to administer contracts--into a standard contract administration information system.

In this system, contract data (quantities, prices, payment terms, and delivery dates) are abstracted from individual contracts at the time of awards by the procuring activities. This data is transmitted in machine processible form to the appropriate DCASR to form the data base from which the contract is administered. During the administration of the contract, the data base is electronically updated to reflect such things as contract modifications, shipments, and payments; and it is used to prepare various status reports, shipping reports, and other types of reports needed for contract administration and other purposes. The exchange and processing of the data is accomplished using MILSCAP.

To implement MILSCAP the defense components need to design and implement compatible internal procedures for coding, transmitting, decoding and using logistics information, and to use data communications terminals. Also, procurement and contract regulations, procedures, documents, and forms had to be revised to incorporate MILSCAP features, and a new coding and numbering document system was developed. These actions required substantial effort, interaction, and cooperation among the defense components and contractors.

MILSCAP affects contract-related segments of a large number of automated logistical systems and manual processes, but its greatest impact is on the DCASRs who interchange contract data with the defense components and contractors. (As of June 30, 1975, DCASRs were administering about 213,000 contracts valued at about \$52.6 billion.)

DSA is responsible for administering the MILSCAP program while the Office of the Assistant Secretary of Defense (Installation and Logistics) exercises overall control over the program.

Partial implementation of MILSCAP began in September 1967 when DSA installed a new computer system with sequential batch processing capabilities in each DCASR and modified the related data processing systems to use some MILSCAP features. Shortly thereafter, DSA initiated an effort to develop a new automated data processing system called Mechanization of Contract Administration Services II (MOCAS II) that was to be used to fully implement MILSCAP. This system was to replace the existing ones which were not responsive to contract administration needs nor adequate for fully implementing MILSCAP.

The development of MOCAS II and full implementation of MILSCAP was planned for July 1970. As of June 1976, MOCAS II was not operational and MILSCAP has not been fully implemented.

CHAPTER 2

IMPLEMENTATION OF MILSCAP DELAYED

BY SYSTEM DEVELOPMENT PROBLEMS

Full implementation of Military Standard Contract Administration Procedures was primarily dependent upon the successful development of Mechanization of Contract Administration Service System II. But the effort was terminated in 1973, after 6 years of work in developing that system, because system design deficiencies made the implementation of MILSCAP too costly and precluded the achievement of the original objectives and effective implementation of the MILSCAP provisions. This has resulted in an indefinite delay to the MILSCAP program.

The unsuccessful efforts to fully implement MILSCAP and particularly those related to developing MOCAS II and its interfaces with the military services have been costly to the Government. We were unable to determine how costly because the Department of Defense has not accounted for the costs of MILSCAP nor the amount that was spent on implementing parts of MILSCAP successfully and improving related systems that are in general use today. Those latter actions have resulted in some benefits that can not be quantified by DOD including those attributed to uniform contract numbering, standardization of procurement forms, and standardization of various reporting systems.

DOD has reported that, as of March 1974, Defense Supply Agency and the three military services had spent more than \$47 million on modifying, developing, and operating contract related segments of automated systems that were to use MILSCAP. Of that amount, about \$38. million was spent on personnel and overhead and about \$8.8 million was spent primarily for equipment. The table on the following page shows the individual amounts expended by DSA and each of the military services. It should be noted that the Army's expenditure of \$12.184 million is greater than the other military services because the Army fully committed itself to use MILSCAP in conjunction with its own standard systems for handling procurement and contract information.

<u>Agency</u>	<u>Total cost</u>	<u>Personnel/overhead</u>	<u>Equipment/other</u>
	(millions)		
DSA	a/\$22.884	\$17.679	\$5.205
Army	12.184	11.012	1.172
Navy	5.161	4.129	1.032
Air Force	<u>7.003</u>	<u>5.602</u>	<u>1.401</u>
Total	<u>\$47.232</u>	<u>\$36.422</u>	<u>\$8.810</u>

a/Of this amount, \$14.851 million was for designing MOCAS II and \$8.033 million was for computer equipment and implementing portions of MILSCAP on the DCASR's computer systems.

POOP MANAGEMENT PRACTICES LED TO A COSTLY AND PROLONGED DEVELOPMENT EFFORT

DOD's policies and instructions 1/ for automated data processing systems characterize good management as including many factors, not in the least of which are

- developing a plan that can serve as both a guide and a basis for measuring progress during the system development cycle,
- reviewing and monitoring progress so that prolonged development cycles are avoided,
- identifying alternatives and selecting the most cost-beneficial method of proceeding with the development effort, and
- appointing a full-time manager for the project with sufficient authority and responsibility so that costs can be minimized and system development efforts can be properly controlled.

These factors are essential to sound management which is needed to assure a successful development effort. They were

1/DOD Instruction 5010.27, 7-8-70 (revised through 11-9-71), "Management of Automated Data System Development"; DOD Directive 4105.55, 8-5-61 (revised through 5-19-71), "Selection and Acquisition of Automated Data Processing Resources"; and DOD Directive 5100.40, 9-28-63 (revised through 8-19-75), "Responsibilities for the Administration of Automatic Data Program."

lacking throughout DSA's management of MOCAS II. Although they do not insure a successful development effort, not following them can weaken overall management control and contribute to costly, prolonged, and sometimes unsuccessful development efforts, as discussed in the following sections.

Planning and requirements not compatible

The previously cited guidelines specify that in planning an automated data processing system it is essential to establish what the system will be required to do, including how fast data should be processed and provided to users (processing time). The guidelines also require establishing a plan for developing the system and obtaining data processing equipment to meet these objectives.

The MILSCAP manual prescribed what MOCAS II was expected to do within specified time constraints. To stay within these constraints, MOCAS II had to process specified quantities of contract data daily. Accordingly, DSA identified the time constraints, the quantities of data to be processed, and the computer equipment needed; and it developed a design for a system that would meet the requirements. However, as discussed in more detail in the sections which follow, it proceeded to develop a different system.

What type of system did DSA need?

In May 1967, DSA approved a conceptual design of the type of automated system needed to implement MILSCAP. The design featured online direct-access of data with communication terminals at the military purchasing offices to enable them and the DCASRs to electronically exchange contract data previously exchanged by mail. The speeded flow of contract data, including quantity changes and shipping, inspection, acceptance, and payment data, was to enable the DCAS to administer contracts using the latest information in standard formats and to facilitate payments through a mechanized system.

The design represented a much faster system than the DCASR's sequential batch processing systems which require a record-by-record search to update or retrieve specific data on a reel of magnetic tape. DSA estimated it could design, develop, and implement the direct-access system by August 1971.

What type of system did DSA plan?

In September 1967, DSA formulated a plan for designing, developing, and implementing MOCAS II by July 1, 1970, 1 year earlier than previously scheduled to meet dates closer to those desired by the military services. The plan provided for the design of MOCAS II as a tape sequential batch processing system using DSA's existing computer system rather than a direct-access system. A DSA official said that the tape sequential batch processing system was planned because DSA doubted the capability of the direct-access devices for use with the existing computer equipment. The direct-access system would have necessitated acquiring new equipment, with the associated procurement cycle delay.

We found that DSA's plan was based upon certain assumptions that were contrary to system development principles that require determinations of workload growth, equipment needs, and cost effectiveness before proceeding with system design and development. These assumptions were:

- Future requirements would not appreciably increase computer processing time.
- MILSCAP processing requirements could be relaxed if they proved not to be cost beneficial.
- DSA's existing computer systems could be sufficiently augmented with additional tape drives and memory to process increased workloads.

In January 1968, the Office of the Assistant Secretary of Defense (Installations and Logistics)--without special effort to assess the reasonableness of DSA's assumptions or its doubts concerning direct-access technology--approved the plan and the July 1, 1970, implementation date. Also, to accommodate the sequential batch processing capabilities rather than the faster direct-access system originally contemplated, it designated the MILSCAP requirements as processing goals rather than as firm requirements essential to meeting user needs.

We believe that good management control practices dictate that the office would have determined

- the availability and adequacy of direct-access equipment,

- how much of an increase in requirements could be expected and the amount that could be handled by the slower sequential batch processing system or its augmentation so that system growth could be planned, and
- which MILSCAP requirements were not cost beneficial and, therefore, could be relaxed.

As a result, DSA proceeded to develop MOCAS II without knowing what the firm MILSCAP requirements were. Ultimately, the system was found to be incapable of meeting users needs as discussed on page 10.

Need to continually review and monitor progress during the system development cycle

DOD Instruction 5010.27, issued in July 1970, requires documented indepth reviews of system development efforts involving over 300 staff-years from start to finish (final testing) when milestones are exceeded by more than 120 days or when budgeted costs for a milestone are exceeded by 25 percent. The instruction specifies that, in formulating a remedial plan, management must reassess the adequacy of its past technical and administrative decisions as well as the tools used for forecasting and monitoring computer equipment workload and cost. Although MOCAS II required more than 300 staff-years to develop and had three major slippages, as shown below, such reviews were not made.

<u>Scheduled implementation date</u>	<u>Date slipped to</u>	<u>Number of days</u>
July 1, 1970	February 1, 1971	215
February 1, 1971	July 1, 1972	516
October 1, 1972	April 1, 1973	182

DSA officials said that they had not made the required indepth reviews, although each slippage had exceeded 120 days, because they had interpreted the instruction to mean 300 staff-years from the time the instruction was issued in July 1970. They believed that MOCAS II was exempt since fewer than 300 staff-years of development effort were required from July 1970 to January 1971--the first rescheduled date for final testing of the system. Further, DSA officials said that their management practices, which included coordination with the Office of the Assistant Secretary of Defense (Installations and Logistics), were adequate for managing MOCAS II.

By not making the types of reviews prescribed by DOD Instruction 5010.27, DSA missed opportunities to formulate a remedial plan, which could have established firm processing-time requirements that were lacking, and to reconsider the need for a direct-access system at an earlier date.

Need to identify and select
cost-beneficial alternatives

DOD Instruction 5010.27 also requires a system proponent to make a cost-benefit analysis at the start of a system development project or when a milestone slips. If properly made, an analysis can be a valuable decisionmaking tool for management, since the technique enables management to define the problem and to analyze

- alternatives that could accomplish the task,
- the cost and benefits of each alternative, and
- the assumptions on which the alternatives, costs, and benefits are based.

Once this is done, the alternatives can be compared, ranked, and used as a foundation for determining the most suitable action.

DSA did not make a cost-benefit analysis at the start of MOCAS II or at any time during its development. Thus, management officials did not know whether MOCAS II was the most cost-beneficial alternative for automating and implementing MILSCAP. Had such an analysis been made, it could have shown that a direct-access system or some other type of system should have been developed. It could have precluded the costly, prolonged development of MOCAS II and its termination.

DSA did not make a cost-benefit analysis of implementing MILSCAP through MOCAS II because the MILSCAP program was mandated by DOD. However, that should not have precluded DSA from making the needed cost-benefit analysis since it selected MOCAS II and, consequently, had the primary responsibility for assuring that it was the most cost-beneficial alternative for implementing MILSCAP. Further, the Office of the Assistant Secretary of Defense (Comptroller) said that the mandate did not excuse DSA from following DOD regulations which foster good management practices.

Absence of an authoritative
full-time MOCAS II program manager

Policy set forth in DOD Instruction 5010.27, revised in November 1971, requires appointment of a full-time manager with a wide latitude of authority to manage automated data processing system development programs and to be responsible for system progress. This policy was established as a result of our report to the House Committee on Appropriations entitled "Problems in Implementing the Defense Supply Agency's Standard Automated Materiel Management System" (B-163074, June 4, 1971). In that report we stated:

"Authority and responsibility for the planning and implementation of Standard Automated Materiel Management System have been fragmented. No one organization or individual was given the appropriate authority and responsibility to plan, direct and exercise control. We believe that the lack of a strong single manager for SAMMS contributed significantly to many of the problems that have been experienced in implementing the system."

Despite this policy, DSA pursued the development of MOCAS II without an authoritative manager.

Authority and responsibility for implementing MILSCAP are divided among the Assistant Secretary of Defense (Installations and Logistics); the Director, DSA; and the Secretaries of each of the military services. Specific assignments are:

Assistant Secretary of Defense
(Installations and Logistics)

Control the overall program.

Direct implementation.

Secretaries of Military Services

Participate in formulating MILSCAP and scheduling its implementation.

Modify their respective systems to permit the exchange of contract administration data.

Director, DSA

Administer MILSCAP development and publish manual.

Design and develop MOCAS II.

Coordinate with system participants to assure an integrated systems design.

Although MILSCAP is a DOD-wide effort, the "critical path" to its implementation was DSA's development of MOCAS II.

DSA officials said that a full-time manager was assigned to MOCAS II to coordinate the system development effort among the various functional units within DSA. However, they said that he did not have a wide-latitude of decisionmaking authority since it is DSA's policy not to delegate that much responsibility to one person.

The lack of management responsibility was cited by the Office of the Assistant Secretary of Defense (Installations and Logistics) in June 1972 as a contributing cause to MOCAS II slippages and cost overruns. In a June 15, 1972, memorandum, the Deputy Assistant Secretary of Defense (Installations and Logistics) advised the Assistant Director, Plans, Programs and Systems for DSA that there was a need to improve its decisionmaking process by appointing a full-time manager with a wide latitude of authority to resolve problems. This suggestion was not accepted by DSA. We believe this condition directly contributed to the termination of MOCAS II.

DEVELOPMENT OF MOCAS II TERMINATED

Major testing of MOCAS II began at the Boston DCASR in September 1972. In January 1973, DSA evaluated the test results and concluded that MOCAS II could not process a daily cycle of contract data within 24 hours as required by MILSCAP. The tests showed only two or at best three daily cycles could be processed during a 5 day week.

DSA officials evaluated the effect of less-than-daily processing. They concluded that

- the system would not meet the users needs;
- the cumulative effect of this could ultimately result in the processing of data totally useless for contract management;
- payment to contractors would be delayed;
- the purchase discounts lost through delayed payments could increase by an estimated \$1.2 million annually; and
- administrative computer applications, such as payroll and cost accounting, could not be processed without additional equipment.

In January 1973, despite the system's recognized shortcomings, DSA officials recommended that MOCAS II be implemented at the Boston DCASR and that actions be taken to provide all DCASRs with the computer capability needed to process a cycle daily. For the long range, DSA officials recommended that MOCAS II be redesigned with a direct-access capability, as initially conceived. DSA concluded that difficulties and failures to meet the processing-time requirements were largely due to piecing together a tape sequential batch processing system instead of the original direct-access system.

On March 30, 1973, the Director, DSA, on the basis of discussions with officials from the military services, again recommended that MILSCAP be implemented through MOCAS II, but only after it was shown to be cost effective and after service objections were resolved.

On May 1, 1973, the Assistant Secretary of Defense (Installations and Logistics) terminated DSA's efforts to use MOCAS II to implement MILSCAP. The Secretary based this decision on his office's analysis of the test results which showed that DOD-wide implementation would be costly and would not meet the original objectives.

CHAPTER 3

NEED TO CORRECT MANAGEMENT WEAKNESSES BEFORE

CONTINUING WITH IMPLEMENTATION OF MILSCAP

NEW EFFORTS TO IMPLEMENT MILSCAP

The implementation of Military Standard Contract Administration Procedures has been in abeyance since Mechanization of Contract Administration Service System II was terminated pending an evaluation by the Office of the Assistant Secretary of Defense (Installations and Logistics). That evaluation, which began in June 1973, resulted in a memorandum issued by the office in September 1975. It reaffirmed the need to standardize contract administration through MILSCAP and endorsed an incremental approach to its implementation.

The office is proceeding with the incremental approach. The new efforts can be expected to be prolonged and costly because the MILSCAP requirements still have not been firmly established, their implementation through automation has not been planned, the most cost-beneficial automated system needed by the Defense Supply Agency to implement MILSCAP has not been determined, and DSA still has not appointed an authoritative manager to guide the MOCAS program. DSA and the the office's need to address these issues if the new efforts are to be successful.

Description of new efforts

During the period June 1973 through March 1974, a management review team evaluated the MILSCAP program. Its evaluation indicated that full implementation of MILSCAP simultaneously by all defense components is not feasible because some MILSCAP provisions are not applicable to some activities and capabilities do not exist to start at the same time. It was determined that MILSCAP should consider the different needs and capabilities of organizations to implement and use this program.

The team concluded that MILSCAP should remain as the defense components' objective. It proposed that MILSCAP be implemented on a phased basis with phasing coordinated with interfacing systems capabilities to best satisfy user requirements and assure the reliability and quality of systems design and operation. The proposal and its workability were deliberated within DOD until September 1975.

The Office of the Assistant Secretary of Defense (Installations and Logistics) promulgated the phased approach in its memorandum of September 19, 1975, and outlined the following guidelines to accomplish them:

- Each part of MILSCAP will be considered as serviceable and each will be selectively pursued only after a cost-benefit analysis shows that its implementation is justified.
- Implemented procedures will remain in effect but exemptions from their use will be granted on the basis of waivers supported by a cost-benefit analysis, validated by a joint review, and approved by the Office of the Assistant Secretary of Defense before any unilateral action is taken to void the procedure.
- Implementation of the remaining parts of MILSCAP will be optional with each defense component. Future implementation actions will be scheduled bilaterally or multilaterally based on component needs and capabilities. Cost-benefit analysis by the involved components will be required before implementation.
- Each component will maintain flexibility to refine its data systems. All data interchange requirements will be submitted for possible inclusion in MILSCAP prior to expending resources on developing independent procedures. Requests to use nonstandard procedures will be submitted in accordance with the stated waiver procedures.
- Certain portions of MILSCAP concerning the omission of data, erroneous data, and acceleration and deceleration of delivery will be eliminated.

Evaluation of new efforts

The incremental approach, as outlined in the September memorandum, is practical for reevaluating the MILSCAP provisions, including those that have been implemented and for identifying those unique interchange requirements that require special handling. But it is lacking in that it does not adequately recognize that the implementation of MILSCAP is completely dependent upon the automated data processing systems to be acquired and operated by the Defense Contract Administration Service Regions, who administer most of the defense contracts and have the greatest requirements to interchange contract related information with the defense components.

Specifically, the approach presupposes that DSA can incorporate into DCASRs automated systems the MILSCAP provisions as they are identified and incrementally implemented, that the systems have sufficient capacity to process the workload as it is generated by the MILSCAP implementation, and that the pieces or modules will fit together without planning the implementation within the data processing capabilities of the DCASRs.

To continue as presently planned could result in saturating DCASRs computers at some critical point in the implementation of MILSCAP and the evolution of automated contract administration system composed of disjointed subsystems or applications not capable of providing reliable, timely and accurate contract administration data because of the lack of adequate interfaces and comprehensiveness in design. It could also subject DSA and the defense components to constant changes to any interfaces developed, with corresponding delays in implementing MILSCAP and increases in development costs. This matter is discussed further below.

Need firm requirements to determine data processing needs

MOCAS II was to be the cornerstone system for implementing MILSCAP. The procurement and contract related systems of the defense components were to interface with it through MILSCAP which was to facilitate the interchange of contract data by providing uniform procedures, rules, data elements, codes, formats, and time standards. These were to be used by all components who assign contracts to the DCASRs for administration.

When MOCAS II was terminated, DSA and DCASRs had to fall back on the existing automated systems that were to be replaced by MOCAS II. Although some MILSCAP provisions have been implemented through those systems, they were not designed for MILSCAP. They do not have the capabilities such as teleprocessing, disk storage, and direct-access to data nor sufficient computer capacity for DSA to fully implement MILSCAP or to process all of the workload in the manner prescribed by MILSCAP. This was recognized by DSA in 1967 when it began to develop MOCAS II (see page 2) and in its June 1975 economic analysis of proposed improvements (see page 17). In that analysis DSA stated that it is highly unlikely that the remainder of MILSCAP or other requirements of any magnitude could be accomplished with the existing computer equipment and that the application programs would probably have to be completely redesigned to optimize operations.

DSA should determine whether those systems can be sufficiently improved or redesigned to handle MILSCAP, or whether a new system needs to be developed. To do this it needs to know beforehand what MILSCAP requirements will be implemented since they form the basis for determining, through cost benefit analyses, the kind of automated data processing system needed--including the software, the type and size of computer, and the supporting telecommunications--and for planning the system development or improvement program. The need to have the requirements beforehand was recognized by DSA in August 1973 when it told the Assistant Secretary of Defense (Installation and Logistics) the following:

"Until the indepth Management Review of MILSCAP is completed and revised MILSCAP requirements are formulated, a meaningful schedule for redesign of MILSCAP/MOCAS cannot be developed. The size and scope of the redesign effort will be dependent upon the extent of revision to MILSCAP."

The incremental approach does not provide for DSA to determine its data processing needs since the MILSCAP provisions or requirements will be analyzed and revalidated on a piecemeal basis over an extended period and concurrently with their implementation. Thus, the full requirements and related data processing workload will not be known until the work is completed. These requirements need to be identified as quickly as possible so that DSA can evaluate its data processing needs.

Need for cost-benefit analysis

The incremental approach requires each MILSCAP provision to be independently subjected to cost-benefit analysis before it is implemented so as to provide some assurance that it will be cost beneficial. However, the approach does not require DSA and the defense components to make a total cost-benefit analysis in accordance with DOD instructions to determine the most cost beneficial automated data processing system needed by DSA to fully implement MILSCAP and by the defense components to develop the needed interfaces.

The lack of a complete cost-benefit analysis was detrimental to the prior efforts to implement MILSCAP and caused the Departments of the Navy and Air Force to express deep concern that its implementation through MOCAS II had not been determined to be cost-beneficial. That concern was expressed in March 1973 when Navy and Air Force officials told the Director of DSA that

--as presently conceived MILSCAP/MOCAS II is too costly and is not needed and

--phased implementation of MILSCAP/MOCAS II will further increase cost.

As a result, the services were reluctant to spend funds for implementing MILSCAP.

We believe that a complete cost-benefit analysis is essential to eliminate the concern expressed by the Departments of the Navy and Air Force and to obtain the total commitment of the defense components to MILSCAP.

Need to manage system improvements or development

The incremental approach is a continuation of the MILSCAP implementation that began with MOCAS II. Consequently, DSA's efforts to provide the DCASRs with automated systems capable of implementing MILSCAP are subject to the management controls of DOD Instruction 5010.27 and should be managed accordingly. Those efforts may result in the expansion of the capabilities and capacities of the existing systems sufficiently to handle MILSCAP or the development of a new uniform system. To provide reasonable control over this process, we believe that DSA should appoint a full-time manager with decisionmaking authority, despite DSA's position that a project manager's function is to coordinate rather than direct.

Need to modify MILSCAP implementation

The incremental approach should be modified to accommodate DSA needs. The modification should require the defense components, including DSA, to make a concerted effort to revalidate the MILSCAP provisions or requirements and to identify their unique requirements within a short period of time. This should be followed by assembling those requirements into modules or related subsystems, identifying the interfaces between the modules, and planning to assure that the modules will fit together as a system without subsequent redesign or modifications to accommodate them. The modules should then be scheduled for incremental implementation in accordance with the defense components' needs and capabilities. This modification would provide the components with the flexibility needed in implementing MILSCAP and DSA with the basis it needs to determine the kind of automated data processing system needed to implement MILSCAP and to plan that system.

DSA EFFORTS TO IMPROVE DCASR'S COMPUTER SYSTEMS

During the evaluation of MILSCAP, DSA developed a plan to improve its DCASR's computer systems over a period of about 3 years. This plan was primarily intended to sustain current contract administration systems through fiscal year 1980 rather than to accommodate the MILSCAP incremental approach. However, in March 1976, DSA officials said that the upgrade could provide sufficient capacity to handle the incremental approach.

The plan provides for three phases of development. During the first two phases, DSA will design and develop a direct-access system using existing computers. This is to be completed by November 1977. According to a June 1975 cost study, the new system will cost about \$1.5 million to develop if a vendor-supplied data base management system is used and about \$1 million to develop if less sophisticated data base software is used.

The cost study did not identify any functional benefits, although it did indicate that data processing cost reductions may be achieved. According to the study, the first alternative system may result in cost reductions of \$40,000 over a 5-year period, while the second alternative system may save about \$300,000 during that period of time. We noted, however, that the cost reductions are dependent upon DSA receiving value for excess equipment which the agency estimates has a residual value of \$650,000.

The third phase is a long range effort to redesign the direct-access system to provide more responsive inquiry capability to the functional user through telecommunications and to take advantage of the latest data processing techniques. This phase is to be completed by 1980 and recognizes that the existing computer equipment will have to be replaced by larger equipment with teleprocessing capabilities. However, the long range functional requirements have not been identified nor has this phase been cost justified.

DSA has started to implement the first two phases of its plan to accommodate the MILSCAP incremental approach. DSA is doing so on the basis of tests which indicated that the use of a data base system and disc storage will substantially increase the capacity of the DCASR's computer systems. The test did not include the sizing of the workload that can be expected when MILSCAP is fully implemented nor an evaluation of the effects that the addition of

increments periodically could have on the data base structure and the data processing system design. Consequently, DSA is proceeding with its plan without assurance that the upgrade will be sufficient to handle the increasing MILSCAP workload until the redesign phase of its plan is completed in 1980.

Until the MILSCAP requirements are reevaluated and agreements are made between DSA and the military services as to the definition of the requirements and the manner in which they will be automated, there is no foundation for DSA to upgrade MILSCAP. Accordingly, DSA should limit the improvements to those necessary to sustain its current operations.

Specifically DSA should not proceed with the data base management system because of the high risk in developing such a system and the lack of assurance that it will be effectively transferable to new computers and adequate to handle the MILSCAP requirements.

CHAPTER 4

CONCLUSIONS, AGENCY COMMENTS AND OUR EVALUATION, AND RECOMMENDATIONS

CONCLUSIONS

The efforts of designing and developing complex automated data processing systems are costly and time consuming, constrained by time and affected by changing technology. Moreover, they greatly affect the functional users and the efficiency and effectiveness of operations. Each effort requires (1) numerous systems analysts, (2) programmers who are generally in short supply, and (3) limited financial and managerial resources. Consequently, the success of such efforts is highly dependent upon a disciplined approach and the proper management of needed data processing resources.

The Department of Defense recognizes the requirements for successful system development. It has issued many instructions to the military departments and defense agencies to discipline the approach and to properly manage development efforts and the needed resources. However, the Defense Supply Agency and the Office of the Assistant Secretary of Defense (Installations and Logistics) did not follow the issued guidelines in their unsuccessful efforts to implement Military Standard Contract Administration Procedures through Mechanization of Contract Administration Service System II. Specifically, they did not follow the guidelines for planning system development, for reviewing and monitoring its progress, for identifying alternatives and selecting the most cost-beneficial method of proceeding with the development effort, and for appointing a full-time project manager to guide the development (see p. 4). Had they done so, the chances of success would have been enhanced from the start, or at least remedial actions to re-direct MOCAS II could have been initiated earlier and DOD would have been much closer to full MILSCAP implementation.

DOD's plan to implement MILSCAP incrementally does not recognize that the critical path to that implementation is the automated data processing systems of the Defense Contract Administration Service Regions. It does not provide a basis for DSA to determine through cost-benefit analyses whether those systems can be improved, modified, or redesigned to handle MILSCAP or whether a new uniform system needs to be developed to accomplish the implementation. Unless the plan is modified to provide for the establishment of the revised

MILSCAP requirements at an early date so that DSA can determine its total needs, the implementation efforts can be expected to be prolonged and costly without any assurance that an adequate automated contract administration system will emerge.

Although an incremental or modular approach to automating MILSCAP is practicable, it must be disciplined and properly managed if it is to be successful. This requires MILSCAP requirements to be identified and modularized before the keystone automated system is designed or modified by DSA so that the interface between the modules can be identified and planned. This is necessary to assure that the modules will fit together as a system without subsequent redesign or modification to accommodate the interfaces. Next, the alternatives to automating the requirements or projected workload, including the upgrading of DSA's interim computer system, need to be analyzed by DSA using cost-benefit studies to ascertain the type of automated system needed, the software needed, and the type and size of computer system (including teleprocessing) that will be capable of processing the workload. After this is done, a system development plan should be prepared and a full-time manager appointed to guide the development effort. The plan should include identification of resources needed, milestones to track progress and provisions to alter the modules without changing the interfaces.

The success of an incremental approach, as outlined above, will be highly dependent upon the cooperation of DSA and the three military services. Although the MILSCAP objectives are desirable, the defense components must recognize the need to validate those requirements which are common to all and those that require special handling because they are unique. Once validated, MILSCAP would provide the means for automatic interchange of contract related data. Further, there must be agreement on the manner in which MILSCAP will be implemented through automation and on the time schedule for incorporating them into the contract administration function. Unless this cooperation is forthcoming, the full implementation of MILSCAP will be jeopardized. The defense components should recognize that achievement of a standard system demands an element of compromise.

AGENCY COMMENTS AND OUR EVALUATION

In our preliminary report, we proposed that DSA limit further work on upgrading its computer systems to essential improvements until the MILSCAP requirements are finalized and

a detailed plan to automate them was developed. We also proposed that a cost-benefit analysis be made of the alternatives for automating MILSCAP requirements. We believe this to be sound advice.

The reply of the Principal Deputy Assistant Secretary of Defense, included as appendix I, was partially responsive to these recommendations. He agreed that total MILSCAP requirements should be defined and implementation schedules prepared. However, he proposes to implement certain MILSCAP features for use by those defense components who can justify them on the basis of cost and benefits, before the cited total requirements are defined and the planning effort is completed. As part of this solution, DSA will be required to verify the capability of its upgraded MOCAS system to handle total MILSCAP requirements, and final approval of the system improvements will be contingent upon a documented capability to meet the validated MILSCAP requirements.

Under this approach the uncertainties of proceeding incrementally, without defining the total requirements, will persist. Its success would be dependent upon DSA's ability to forecast the magnitude of the final validated requirements, and their impact upon the configuration of the MOCAS system to be upgraded. DSA has previously stated (see page 15) that it cannot do this. We think it is clearly advantageous to first complete, or substantially complete, the defining and planning effort.

Further, we do not believe that independent analysis of costs and benefits by each defense component for MILSCAP increments is practical or reasonable. The total MILSCAP implementation cost has not been estimated and cannot be until the revised MILSCAP requirements have been established and DSA has postulated the automated system alternatives. In the absence of such total cost, the analysis would be limited to the impact that each MILSCAP feature would have on the internal functional systems of the defense components. This would tend to suboptimize MILSCAP in favor of each component's parochial interests without due consideration of DOD-wide needs and benefits.

Further, the approach allows each defense component to select and implement only those MILSCAP provisions that are internally beneficial without regard to the input and output requirements of the contract administrators. This particularly affects the DCASRs who have the greatest requirement for interchanging contract information. If the defense components use only those MILSCAP procedures that

are internally beneficial, then the DCASRs need special information handling procedures to process that portion of data not received in MILSCAP format. This complicates the processing of contract data, places an unwarranted workload on the DCASRs, and defeats the intent of MILSCAP. The needs at both ends of the exchange must be considered in evaluating the MILSCAP procedures.

While we agree that incremental implementation of MILSCAP is practicable, until all of the MILSCAP provisions are identified, validated, and modularized there is no firm foundation for planning and developing the needed automated system for cost/benefit analyses and for scheduling and monitoring future incremental implementation of MILSCAP.

Regarding our other proposal, in our preliminary report, that a full-time manager be appointed so that he can control the development of the program, the Deputy Assistant Secretary of Defense stated that although DSA has such a manager functioning according to DOD policy, his role will be examined as part of an upcoming review of MOCAS proposed improvements and will be changed as necessary. We believe that such a review is warranted because we found that the manager does not have the decisionmaking authority needed to control the program (See pp. 9 and 10.)

RECOMMENDATIONS

We recommend that the Secretary of Defense through the Office of the Assistant Secretary of Defense (Installations and Logistics) direct the MILSCAP administrator and the defense components to make concerted efforts to quickly re-establish the requirements for standardizing and automating the interchange and processing of contract related data under MILSCAP and to develop an overall plan to implement them through automation. These efforts should include:

- Identifying those requirements that are common to two or more defense components and developing interchange procedures that are suited to the user needs at both ends of the exchange.
- Identifying those requirements that are unique to each component and developing special procedures for handling them.
- Developing temporary procedures for those cases where a defense component needs to develop MILSCAP capability before implementation.

- Modularizing the requirements into subsystems and identifying the interfaces between the subsystems.
- Developing a schedule for incrementally implementing these subsystems in accordance with the needs and capabilities of the DCASRs and the defense components.

Because the critical path in implementing MILSCAP is DCASRs' automated systems, we further recommend that the Secretary instruct the Director of DSA to

- limit further work on the upgrading of the DCASRs automated systems to essential improvements until the MILSCAP requirements are finalized.
- make a cost-benefit analysis, using the revised MILSCAP requirements as a basis and the assistance of the defense components, to ascertain the type of automated system needed by the DCASRs to implement MILSCAP and the method of interfacing that system to the various defense activities.
- prepare a detailed plan for developing the automated system.
- appoint a full-time project manager with decision-making authority as soon as possible so he can take part in preparing the plan, performing the analysis, and controlling the development of the MOCAS system.

CHAPTER 5

SCOPE OF REVIEW

We reviewed and analyzed pertinent congressional hearings, Department of Defense and Defense Supply Agency regulations, correspondence, program plans, expenditures, and other operational data. We also interviewed officials of the Office of the Assistant Secretary of Defense (Installations and Logistics), Office of the Assistant Secretary of Defense (Comptroller), DSA, the Navy, the Army, and the Air Force.

During our review, we visited the following offices and installations

Office of the Secretary of Defense

Defense Supply Agency

Headquarters, Defense Supply Agency
Alexandria, Virginia

Data Systems Automation Office
Columbus, Ohio

Defense Contract Administration Service Regions--
Chicago, Detroit, and New York

Defense Contract Administration Services
District Office, Garden City, New York

Defense Personnel Support Center
Subsistence Regional Headquarters
Chicago, Illinois

U.S. Army

Headquarters, U.S. Army

Picatinny Arsenal, Dover, New Jersey

Fort Monmouth, New Jersey

Fort Hamilton, Brooklyn, New York



ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

SS

INSTALLATIONS AND LOGISTICS

21 JUN 1975

Mr. Fred J. Shafer
Director, Logistics and
Communications Division
General Accounting Office
Washington, D. C. 20548

Dear Mr. Shafer:

Your Draft Report, dated November 5, 1975, on "Need to Improve Department of Defense (DoD) Automated Information Handling Activities for Contract Administration" (OSD Case No. 4210) has been reviewed and the following comments apply:

- a. The \$47 million (estimate) was expended on operating, modifying, and developing contract-related segments of 52 automated systems. These efforts encompassed actions to consolidate and standardize systems within Components. The Military Standard Contract Administration Procedures (MILSCAP) are intended to provide common automated language, procedures and disciplines for communicating required contract-related data among these systems.
- b. A number of MILSCAP features and prerequisite MILSCAP standardization actions were implemented prior to May 1973 (enclosure 1) which have resulted in substantial benefits in DoD and in industry. The May 1973 action was directed toward cancelling an effort to achieve simultaneous implementation of remaining MILSCAP features and related internal operating systems of the Defense Supply Agency (DSA) and the Services. This was largely caused by wide differences in the readiness of these systems to implement on schedule.
- c. Although the attempt at simultaneous implementation was canceled, almost all of the systems continued to function and are operating today. Many systems have been consolidated and standardized. In some instances, the efficiency of the systems was reduced (for example, Army has had to generate most of its MILSCAP inputs locally). In the case of the Mechanization of the Contract Administration Services (MOCAS) System, the Phase II development was dropped, but the hardware and many applications were incorporated into the ongoing operating system. Enclosure 2

reflects MILSCAP/MOCAS II concepts incorporated prior to cancellation, and enclosure 3 reflects those concepts incorporated since cancellation. In those instances where a system was not implemented (for example, the contract-related processes of the Air Force's Advanced Logistics System), the actions generally resulted from non-MILSCAP related causes.

d. Guidance contained in the Office of the Assistant Secretary of Defense (Installations & Logistics) memorandum of September 19, 1975, subject: "MILSCAP Implementation" (enclosure 4), has been reviewed in light of the Draft Report and the following comments apply:

(1) The Draft Report cites the failure to assign a project manager to MOCAS. This system has a full-time project officer, with wide latitude to make functional versus systems trade-offs, who is held responsible for system progress. His responsibilities are in accordance with current DoD policy for management of Automatic Data Processing (ADP) systems. However, as part of an upcoming review of MOCAS proposed improvements, the role of the project manager will be examined and changed as necessary.

(2) While the Draft Report endorses MILSCAP objectives and agrees that the incremental approach to implementation is practical, it also claims that there was a failure to identify and modularize MILSCAP requirements or to conduct a cost-benefit analysis of the alternatives for automating MOCAS. Although the September 19, 1975 guidance directed some modifications, the revised MILSCAP Manual will continue to identify the procedural interface requirements. The Manual is organized to permit identification of the various MILSCAP procedures as separate modules. Implementation to date has been modular. Schedules for future implementation of this are being developed, and implementation will be carefully monitored. The guidance also directs an analysis of costs and benefits with all major (MILSCAP) increments and exemptions. Ultimately, decisions are most influenced by the needs and capabilities of the users. Examining the issues in reasonable increments is a reliable method which allows the employment of MILSCAP to be tailored to these needs and capabilities. For example, this approach would not deny two or three Components the use of standard automatic payment notices simply because it is currently impractical for another Component. Under this approach management attention would not be confined to MILSCAP. All ADP systems will be managed in accordance with existing policy. This includes requirements to generate cost-benefit analyses for significant systems improvements. For example, DSA is currently developing such an analysis for MOCAS. In addition, a joint study is conducting a comprehensive review of contract administration systems. The initial report of this effort is due in June 1976.

(3) Conceptually, the September 19, 1975 guidance establishes a framework which provides that, when there is a common need and capability to exchange automated data, the data exchange will be accomplished through

standard procedures which have been justified, jointly developed and centrally maintained. Schedules for extending implementation are required. These must be developed with and monitored by the Systems Administrator. This approach permits the use of MILSCAP elements as they are justified and at the same time prevents the proliferation of nonstandard automated interchange procedures. This approach is based on a clear recognition of current conditions and past problems. It is especially intended to avoid the mistakes associated with simultaneous implementation. Realistically, the great variations in the mode and extent of automated processing of contract-related data require this kind of flexible approach. It offers better control and more assurance of positive results than the course of action recommended by the Draft Report.

e. Since the Draft Report was issued, the following actions have been initiated:

(1) Operational segments of MILSCAP have been reviewed and improvement actions are underway.


(2) Components are currently reviewing requirements and establishing schedules associated with additional MILSCAP modules identified for early implementation between two or more Components. As a follow-on action, remaining MILSCAP modules will be reviewed to validate requirements and establish schedules for initiating implementation.

(3) DSA is in the process of performing an economic analysis on MOCAS improvements. DSA will be requested to verify the capability of the upgraded system to meet MILSCAP requirements identified as a result of (2) above. Final approval of the MOCAS improvement efforts will be contingent upon a documented capability of the system to meet validated MILSCAP requirements.

This Office appreciates your support of the MILSCAP objectives and will keep your Office apprised on the results of the above efforts.

Sincerely,

Enclosures
As stated


JOHN J. BENNETT
Principal Deputy Assistant Secretary of Defense
(Installations and Logistics)

PRINCIPAL OFFICIALS RESPONSIBLE
FOR ADMINISTERING ACTIVITIES
DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
<u>DEPARTMENT OF DEFENSE</u>		
SECRETARY OF DEFENSE:		
Dr. Harold Brown	Jan. 1977	Present
Donald H. Rumsfeld	Nov. 1975	Jan. 1977
James R. Schlesinger	July 1973	Nov. 1975
William P. Clements, Jr. (acting)	May 1973	July 1973
Elliot L. Richardson	Jan. 1973	May 1973
Melvin R. Laird	Jan. 1969	Jan. 1973
Clark M. Clifford	Mar. 1968	Jan. 1969
Robert S. McNamara	Jan. 1961	Feb. 1968
ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS & LOGISTICS):		
Dale R. Babione (acting)	Jan. 1977	Present
Frank A. Shrontz	Feb. 1976	Jan. 1977
Dr. John J. Bennett (acting)	Apr. 1975	Jan. 1976
Arthur I. Mendolia	June 1973	Mar. 1975
Barry J. Shillito	Feb. 1969	Feb. 1973
Thomas D. Morris	Sept. 1967	Feb. 1969
Paul R. Ignatius	Dec. 1964	Aug. 1967
Thomas D. Morris	Jan. 1961	Dec. 1964
<u>DEFENSE SUPPLY AGENCY</u>		
DIRECTOR, DEFENSE SUPPLY AGENCY:		
Lt. Gen. Woodward W. Vaughan	Dec. 1975	Present
Lt. Gen. Wallace H. Robinson, Jr.	Aug. 1971	Dec. 1975
Lt. Gen. Earl C. Hedlund	July 1967	July 1971
Adm. Joseph M. Lyle	July 1964	July 1967