Defense Acquisition Reform Panel Submits Recommended Fixes

Written by Administrator
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On March 4, 2010, after a year of "holding 12 hearings and numerous briefings covering a broad range of issues in defense acquisition," the House Armed Services Committee (HASC) Panel on Defense Acquisition Reform (PDAR, DAR, or DARP) issued its interim report. The interim report covered many topics, and is summarized below—

The Panel found that while the nature of defense acquisition has substantially changed, the defense acquisition system has not kept pace. The system remains structured primarily for the acquisition of weapon systems at a time when services represent a much larger share of the Department's acquisitions. As a result, the Department's formal acquisition policy has limited application to the majority of the Department's acquisitions. Furthermore, while the Department is currently working to modernize in the 'information age,' the acquisition system is particularly poorly designed for the acquisition of information technology. Even in

the acquisition of weapon systems, the Department's historical strength, the system continues to generate development timeframes for major systems measured in decades, an approach which has resulted in unacceptable cost growth, negative effects on industry, and in too many cases, a failure to meet warfighter needs.

The DARP interim report looked at the entire defense acquisition/program management system and also focused on a few select areas. Following are some selected quotes from the report.

- The bulk of the system is largely outside the day to day purview of USD AT&L and many of the most well known acquisition statutes (e.g. Nunn-McCurdy) don't apply to the entire acquisition system. A much greater share of the defense acquisition system is run entirely by the military departments and is not centrally managed.
- Put simply, the Panel believes that there is a mismatch between the culture of weapon systems acquisition and the demands that current operational requirements put on the acquisition system. Even in the Department's ninth year of active warfare during which large quantities of equipment have been consumed and numerous new mission needs have been generated, weapon systems acquisition remains typified by programs with development timelines lasting more than a decade.
- The Panel notes with concern that in contrast to the formal, even rigid, requirements process for weapons systems acquisition the requirements process

for services contracting is almost entirely ad hoc. In many cases the user community on a services contract is a military base commander or operational commander. However, these users are not accustomed to thinking of themselves, or operating, as requirements generators. They are not staffed or trained to perform these responsibilities, and for this reason, requirements for services contracts are often poorly written. As a result, the Department is either unable to obtain what it needs, is unable to hold contractors accountable for poor performance, or both.

- Only 16% of IT projects are completed on time and on budget. 31% are cancelled before completion. The remaining 53% are late and over budget, with the typical cost growth exceeding the original budget more than 89%. Of the IT projects that are completed, the final product contains only 61% of the originally specified features.

- The Panel reviewed a recent study by the National Research Council which indicated a number of findings that reflect the reality that DOD's weapon systems acquisition focused process is insufficient to deal with IT acquisition. As was pointed out in testimony before the Panel, the traditional defense acquisition process is ' *ill-suited for information technology systems. Phase A is intended to mature technology; yet information technologies are now largely matured in the commercial sector. Phase B is intended to ready a program for production; yet information technologies are not produced in quantity. Phase C is a production phase, which again is generally not relevant to information technology that is not produced in quantity* .'

Weapon system acquisition processes are often applied to IT systems acquisition, without addressing unique aspects of IT. As one witness before the Defense Acquisition Reform panel put it, '
the weapon systems acquisition process is optimized to manage production risk and does not really fit information technology acquisition tha
t does not lead to significant production quantities
'
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… As a result, the Department is unable to keep pace with the rate of IT innovation in the commercial market place, cannot fully capitalize on IT-based opportunities, and seldom delivers IT-based capabilities rapidly. By way of example, the private sector is able to deliver capabilities and incrementally improve on those initial deliveries on a 12 to 18 month cycle; defense IT systems typically take 48-60 months to deliver. In an environment where technology is obsolete after 18 months, defense IT systems are typically two to three generations out of date by the time they are delivered.
[Emphasis in original.]

- Requirements in the weapon system acquisition context are governed by the Joint Capabilities Integration and Development System (JCIDS). The problems with the JCIDS process that the Panel heard about include: (1) An inability to meaningfully prioritize, (2) An inability to understand the costs and trade-offs inherent in establishing requirements, (3) Excessive paperwork and bureaucratic delay in the process of considering new requirements, (4) A lack of clear communication between those setting requirements and those in the acquisition process turning requirements into evaluation criteria and contract specifications, (5) A lack of sufficient communication on requirements with defense industry necessary to allow industry planning for appropriate R&D and capacity investments, (6) The achievement of "   jointness" by accommodating inputs from all commenters, including inputs from those with no resources at stake, (7) A lack of capacity on the joint staff devoted to requirements, (8) A consistent pattern of "requirements creep" that happens after a JROC-approved requirement is established but before and during the period of contract specification and execution, (9) A lack of ability to monitor "requirements creep" in between program milestones, (10) An inability to properly incorporate requirements relating to system
sustainability.

The Panel made a number of recommendations to address the problems reported above (as well as others in the interim report). Among the recommendations that our readers are likely to find to be of interest are the following—

1. Congress should expand the role of the Office of Performance Assessment and Root Cause Analysis (PARCA) to operate as an auditable performance management function for the entire defense acquisition system.

2. PARCA and all Program Executive Offices (PEOs) and buying activities should negotiate specific measurable goals for each PEO/buying activity relating, at a minimum, to cost, quality, delivery, acquisition workforce quality (including program manager tenure   where relevant), quality of market research, small business utilization, and utilization of acquisition best practices. In cases where they are unable to negotiate a set of goals by consensus, PARCA's recommendation would take precedence with the possibility of review by the USD AT&L   .

3. The Department and Congress should review and clarify the Goldwater-Nichols Act's separation between acquisition and the military service chiefs to allow detailed coordination and interaction between the requirements and acquisition processes and to encourage for enhanced military service chief participation in contract quality assurance.

4. The Department should work the Department of Commerce, Small Business Administration, General Services Administration, and the private sector to proactively notify relevant firms, especially small businesses, of contract solicitations rather than only relying on firms to find those notifications on   Fe dBizOpps
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5. Congress should repeal the 3% contract payment withholding requirement.

6. The Department should identify potential contractors and grantees with serious tax delinquencies and include that information in databases relating to past performance and contractor integrity.

7. The Department should consider shifting the responsibility for certification of contractor business systems to independent teams within or outside of DCAA and DCAA should allocate its audit resources on the basis of risk.

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The entire interim report can be found **here** .

We are pleased by some of the recommendations, notably numbers 5 and 7 above. We hope the rest of Congress is listening and decides to take appropriate action. Our optimism is tempered, however, by the knowledge that literally hundreds of panels and commissions have made literally thousands of similar recommendations over the past four decades, without noticeably improving the Defense acquisition system and/or its program management framework.

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