Audit Report

OFFICE OF THE INSPECTOR GENERAL

DOD INTERIM FEDERAL ACQUISITION COMPUTER NETWORK CERTIFICATIONS

Report No. 97-030 November 25, 1996

Department of Defense

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Acronyms

AIS	Automated Information System
EC	Electronic Commerce
EDI	Electronic Data Interchange
DISA	Defense Information Systems Agency
FACNET	Federal Acquisition Computer Network

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884

November 25, 1996

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF DEFENSE
(ACQUISITION REFORM)
DIRECTOR, DEFENSE INFORMATION SYSTEMS
AGENCY

SUBJECT: Audit Report on DoD Interim Federal Acquisition Computer Network Certifications (Report No. 97-030)

We are providing this audit report for your review and comment. Management comments on a draft were considered in preparing final report.

Management is requested to provide comments on this report that conform to the requirements of DoD Directive 7650.3. In response to comments on the draft of this report by the Defense Information Systems Agency, we revised the recommendations and redirected them to the Deputy Under Secretary of Defense (Acquisition Reform). We request that the Deputy Under Secretary of Defense (Acquisition Reform) provide comments on the finding and recommendations by January 24, 1997.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Ms. Kimberley A. Caprio, Audit Program Director, at (703) 604-9210 (DSN 664-9210) (electronic mail KCaprio@DODIG.OSD.MIL) or Mr. Kent E. Shaw, Audit Project Manager, at (703) 604-9228 (DSN 664-9228) (electronic mail KShaw@DODIG.OSD.MIL). See Appendix D for the report distribution. The audit team members are listed inside the back cover.

Robert J. Lieberman
Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 97-030 **November 25, 1996**
(Project No. 6CA-0013)

DoD Interim Federal Acquisition Computer Network Certifications

Executive Summary

Introduction. Presidential memorandum "Streamlining Procurement Through Electronic Commerce," October 26, 1993, promotes the simplification and streamlining of the procurement process for small purchases by enabling the electronic exchange of procurement information between the private sector and the Government.

Congress fully endorsed the electronic commerce initiative when it passed the Federal Acquisition Streamlining Act of 1994. The Streamlining Act requires that a full-scale electronic commerce system be implemented by January 2000. Specifically, the Act establishes the Federal Acquisition Computer Network (FACNET) and provides simplified acquisition procedures for procurements below the simplified acquisition threshold of $100,000 for contracting offices that are interim FACNET certified and $50,000 for all other contracting offices.

The Defense Information Systems Agency (DISA) is responsible for verifying the interim FACNET capabilities of each contracting office. DISA certifies those contracting offices that have met all the technical requirements for interim FACNET certification.

The Director, DoD Electronic Commerce, Office of the Under Secretary of Defense for Acquisition and Technology, certifies that contracting offices are interim FACNET capable based on the DISA technical certification. As of November 5, 1996, 300 of nearly 4,000 contracting offices have been certified.

Audit Objectives. The primary audit objective was to determine whether the process that DoD uses to issue interim FACNET certifications is adequate. The specific objectives were to determine whether the interim certifications are supported with required documentation and whether organizations that have received interim certification have the required software and are capable of performing the FACNET transactions. We also examined the management control program as it applied to the audit objectives.

Audit Results. Of 13 contracting offices reviewed that were interim FACNET certified, 5 were not capable of meeting prescribed requirements for interim FACNET certification. As a result, the contracting offices were not capable of sending and receiving FACNET transactions, and contracting offices and their trading partners may be affected by potential loss of business. Additionally, because not all of the contracting offices were able to perform the tasks required for interim FACNET certifications, the success of the FACNET program may be overstated. Audit results are discussed in Part I.

Management controls over interim FACNET certification needed improvement. See Appendix A for details on our review of the management control program. Recommendation in this report, if implemented, will bring about improvements in interim FACNET certification and will ensure that contracting offices are capable of sending and receiving FACNET transactions.

Summary of Recommendations. We recommend that the Deputy Under Secretary of Defense (Acquisition Reform), revise the process for interim FACNET certification to require that DISA, working in conjunction with the Military Departments and Defense agencies, conduct technical compliance testing at each contracting office seeking certification and require that DISA, again working in conjunction with the Military Departments and Defense agencies, conduct technical compliance testing again at the contracting offices previously certified, and recertify those offices as appropriate.

Management Comments. DISA partially concurred with the recommendations in the draft report to conduct compliance testing at each contracting office to verify interim FACNET certification and to conduct testing again at contracting offices that had been previously certified. DISA fully agreed that some type of testing is required before an Automated Information System is declared operational. However, DISA stated that it does not have the authority to test contracting offices because DISA does not have operational control over those contracting offices. See Part I for a summary of management comments and Part III for the complete text of management comments.

Audit Response. As a result of DISA comments, we reassessed the feasibility of DISA performing the entire certification/recertification effort. We revised our recommendations and redirected them to the Deputy Under Secretary of Defense (Acquisition Reform), who is designated as the certifying official for implementation of interim FACNET certification for the DoD. We request that Deputy Under Secretary of Defense (Acquisition Reform) provide comments on the recommendations by January 24, 1997.

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Part I - Audit Results

Audit Background

This audit was a result of work performed on Inspector General, DoD, Project No. 5CA-3002, "Audit of DoD Implementation of Electronic Commerce in Contracting for Small Purchases," which identified a contracting office that was interim Federal Acquisition Computer Network (FACNET) certified, but was incapable of completing FACNET transactions.

Presidential memorandum "Streamlining Procurement Through Electronic Commerce," October 26, 1993, promotes the simplification and streamlining of the procurement process for small purchases by enabling the electronic exchange of procurement information between the private sector and the entire Government. Further, the memorandum advocates greater access to Federal procurement opportunities, simplified access for potential suppliers, and use of nationally accepted data formats.

Subsequently, Congress passed the Federal Acquisition Streamlining Act of 1994 (the Streamlining Act). The Streamlining Act, October 13, 1994, requires that a full-scale electronic commerce system be implemented by January 2000. The Streamlining Act also establishes FACNET and provides simplified acquisition procedures for procurements below the simplified acquisition thresholds. Until full FACNET certification is possible, contracting offices will employ interim FACNET certification. A contracting office must be interim FACNET certified to use the simplified acquisition threshold of $100,000. The Streamlining Act established simplified acquisition thresholds of $100,000 for interim FACNET certified contracting offices and $50,000 for all other contracting offices. Simplified acquisition procedures exempt the contractor from many of the Federal Acquisition Regulation requirements associated with procurements above the threshold. To obtain interim FACNET certification, the contracting office must be able to use FACNET to provide widespread public notice of solicitations and to receive responses to solicitations.

The Streamlining Act requires that the Under Secretary of Defense for Acquisition and Technology certify to the Office of Federal Procurement Policy that the contracting office has implemented interim FACNET requirements. During February 1995, the certifying authority was delegated through the Deputy Under Secretary of Defense (Acquisition Reform) to the Director, DoD Electronic Commerce (EC). As of September 1995, the Director, DoD EC, had certified 157 of the 3,983 DoD contracting offices. As of November 5, 1996, 300 contracting offices have been certified.

The Federal Acquisition Reform Act, February 10, 1996, amended the Streamlining Act by eliminating the $50,000 limit on use of simplified acquisition procedures until a contracting office receives interim FACNET certification. Now, a contracting office may use simplified acquisition procedures for procurements up to $100,000 without interim FACNET certification. However, the threshold will revert back to $50,000 after December 31, 1999, if a contracting office does not have full FACNET

certification. Full FACNET certification, in addition to interim FACNET certification, requires the contracting office to use FACNET to do the following:

- o receive questions regarding solicitations,
- o issue contracts and orders,
- o initiate payments to the contractor, and
- o archive procurement data.

Audit Objectives

The primary audit objective was to determine whether the process that DoD uses to issue interim FACNET certifications is adequate. Specific objectives were to determine whether the interim certifications are supported with required documentation and whether organizations that have received interim certification have the required software and are capable of transmitting and receiving the required FACNET transactions. We also examined the management control program as it applied to the audit objectives. See Appendix A for a discussion of the scope, methodology, and management control program. Appendix B summarizes prior coverage related to the audit objectives.

Interim Federal Acquisition Computer Network Capabilities

Of 13 contracting offices reviewed, 5 were interim FACNET certified, but did not satisfy the requirements for certification. The offices were incorrectly certified because the Defense Information Systems Agency (DISA) Electronic Commerce/Electronic Data Interchange (EC/EDI) Program Management Office conducted the technical certification testing at the automated information system level and not at each contracting office. The certification testing at the automated information system level rather than at each of the contracting offices was inappropriate because such testing did not detect existing technical problems at the contracting office that precluded the office from effectively using FACNET. As a result, 5 of 13 contracting offices reviewed were not capable of sending and receiving FACNET transactions, and contracting offices and their trading partners may be affected by potential loss of business. Additionally, because not all of the contracting offices were able to perform the tasks required for interim FACNET certifications, the success of the FACNET program may be overstated.

Interim FACNET Capability

Of the 13 interim FACNET certified contracting offices, 5 offices were not capable of performing requirements for interim FACNET certification using FACNET to provide widespread public notice of solicitations and to receive responses to solicitations in accordance with the Streamlining Act. Specifically,

o Fleet Industrial Supply Center, San Diego, California, claimed that it was capable of transmitting widespread public solicitations as required. However, due to the Navy moratorium and concerns over the reliability of the FACNET architecture, it has not pursued public transactions. Instead, it only transmitted direct solicitations for contract opportunities. In addition, the Fleet Industrial Supply Center did not receive responses to solicitations through FACNET, but received them by telephone or U.S. mail.

o Naval Undersea Warfare Center, Keyport, Washington, did not have the capabilities to either transmit widespread public solicitations or receive responses to solicitations because it could not access trading partners. However, it is upgrading its FACNET software and hardware.

o Bolling Air Force Base, Washington, D.C., did not have capabilities to either transmit widespread public solicitations or receive responses to solicitations because its software could not access FACNET.

o Charleston Air Force Base, South Carolina, did not even have software or hardware to transmit FACNET transactions.

o Defense Commissary Agency, Fort Lee, Virginia, claimed that it was interim FACNET capable. However, Defense Commissary Agency officials decided not to transmit transactions through FACNET because management questioned the reliability of FACNET.

Table 1 shows that 5 of 13 the contracting offices reviewed did not have interim FACNET capabilities.

Table 1. Extent of Interim FACNET Capabilities of 13 Interim FACNET Certified Contracting Offices Reviewed

Contracting Office Reviewed	Able to Provide Widespread Solicitations	Able to Receive Responses to Solicitations	Date Interim FACNET Certification Granted
Fort Belvoir	Yes	Yes	July 5, 1995
Fort Lewis	Yes	Yes	July 5, 1995
Fort Sam Houston	Yes	Yes	September 29, 1995
Madigan Army Medical Center	Yes	Yes	July 5, 1995
Fleet Industrial Supply Center, San Diego	No	No	September 29, 1995
Naval Surface Warfare Center, Port Hueneme	Yes	Yes	July 5, 1995
Naval Undersea Warfare Center, Keyport	No	No	September 29, 1995
Andrews Air Force Base	Yes	Yes	September 29, 1995
Bolling Air Force Base	No	No	July 5, 1995
Brooks Air Force Base	Yes	Yes	July 5, 1995
Charleston Air Force Base	No	No	July 5, 1995
San Antonio Air Logistics Center	Yes	Yes	July 5, 1995
Defense Commissary Agency, Fort Lee	No	No	July 5, 1995

Technical Certification of Interim FACNET Capability

The interim FACNET certified contracting offices were inappropriately certified because the DISA EC/EDI Program Management Office had issued technical certification of contracting offices based on performance of the technical compliance testing at the automated information system (AIS) level and not at each contracting office.

The technical compliance testing is a testing procedure that verifies the AIS ability to send and receive EDI transactions between the AIS and the DISA testing facility using the FACNET infrastructure.

An AIS is an assembly of computer hardware and software to create, process, and store procurement data. DoD has 10 AISs linked to FACNET. The AIS performs DoD business functions necessary for accomplishing electronic commerce through FACNET. The primary services that an AIS provides are interface with the contracting offices and electronic generation of all forms and data bases necessary to conduct FACNET transactions.

The DISA EC/EDI Program Management Office compliance test facility at Columbus, Ohio, performs technical certification for interim FACNET compliance. According to the DISA EDI compliance test facility test plan, the test facility validates that contracting offices' EC/EDI transactions are in compliance with approved national standards. The test facility also requires the contracting office to successfully complete three transmissions of EC/EDI transactions with 100-percent accuracy.

However, DISA issues technical certification of contracting offices based on performance of the technical compliance testing at the AIS linked to the contracting offices. DISA bases this testing in accordance with the Deputy Under Secretary of Defense (Acquisition Reform) memorandum "Certification Process for Interim FACNET Compliance," June 23, 1995. Table 2 lists the 10 AISs that have been approved for interim FACNET certification.

Table 2. Automated Information Systems Linked to FACNET

Component	Automated Information System	Date System Approved
Army and DoD	Standard Army Automated Contracting Systems	January 17, 1995
Navy	Automation of Procurement and Accounting Data Entry	January 27, 1995
	Emery	March 31, 1995
	Federal Express	March 31, 1995
	Integrated Logistics Support Management Information System	January 27, 1995
	Integrated Technical Item Management Procurement	October 18, 1994
	Prism	June 13, 1995
	Standard Automated Contracting Systems	January 17, 1995
Air Force	Menu Assisted Data Entry System I	July 14, 1995
	Menu Assisted Data Entry System II	July 23, 1995

A contracting office receives technical certification from DISA when the AIS linked to the contracting office has successfully completed technical compliance testing using the FACNET infrastructure. DISA then provides the Director, DoD EC, a list of contracting offices that are linked to the AIS that has successfully achieved DISA technical certification. Consequently, the Director, DoD EC, certifies the contracting offices linked to that AIS as interim FACNET certified.

All of the 157 interim FACNET certified contracting offices obtained their approvals because they used or planned to use one of the 10 approved AISs. However, DISA tested the AISs, not each contracting office, to validate interim FACNET capabilities of various contracting offices linked to the AISs.

The five contracting offices reviewed that were not capable of sending and receiving FACNET transactions were certified because the AISs that they were linked to were successfully tested. To ensure that not only the AISs but each

contracting office is interim FACNET capable, DISA needs to perform testing at each contracting office in accordance with the DISA EDI compliance test facility test plan. Because testing was limited to AISs, reliability of FACNET was weakened, and contracting offices and their trading partners may be affected by potential loss of business when contracting offices and trading partners are unable to transmit FACNET transactions to each other. Additionally, because not all the contracting offices were able to perform the tasks required for interim FACNET certifications, the success of the FACNET program may be overstated.

To eliminate problems and to ensure that all contracting offices are interim FACNET capable, the DISA EC/EDI Program Management Office should direct the Military Departments or Defense agencies to ensure that each contracting office can transmit transactions to their Automated Information Systems.

Recommendations, Management Comments, and Audit Response

Revised and Redirected Recommendations. As a result of management comments, we redirected the recommendations to the Deputy Under Secretary of Defense (Acquisition Reform). We redirected the recommendations because DISA stated that it lacked the authority to perform testing at the contracting office level because those contracting offices are not under DISA operational control. Further, DISA stated that a Deputy Under Secretary (Acquisition Reform) memorandum, "Certification Process for Interim FACNET Compliance," June 23, 1995, stated that testing was only required at the AIS level. We also revised the recommendations to include DISA coordinating the compliance testing with the applicable Military Departments and Defense agencies. Because DISA is the technical expert on EC/EDI issues, we believe that certifications should include both the DISA as well as the Military Departments and Defense agencies.

We recommend that the Deputy Under Secretary of Defense (Acquisition Reform):

1. Revise the process for interim FACNET certification to require that DISA, working in conjunction with the responsible Military Departments and Defense agencies, conduct technical compliance testing at each contracting office to ensure that each contracting office can transmit transactions required for interim FACNET certification before providing technical certification as required by the Federal Acquisition Streamlining Act of 1994.

2. Require that DISA, working in conjunction with the responsible Military Departments and Defense agencies, conduct technical compliance testing again at the contracting offices previously certified, and recertify the contracting offices as appropriate.

DISA Comments on the Draft Report: DISA partially concurred with the draft report recommendations to conduct compliance testing at each contracting office to verify that each contracting office can transmit transactions required for interim FACNET certification and to conduct technical compliance testing again at contracting offices that had been previously certified. DISA fully agreed that some type of testing is required before an AIS is declared operational. However, DISA stated that the individual Military Department or Defense agency is responsible for ensuring that its AIS is compliant with DoD and Governmentwide standards. Further, DISA stated that because those organizations are not under DISA operational control, the only way that DISA could ensure compliance with established standards is to test at the AIS level. DISA however, stated that we should redirect the recommendations to the Deputy Under Secretary of Defense (Acquisition Reform), who is responsible for interim FACNET certification for the DoD.

Audit Response. We maintain that testing is still needed at the contracting office level. We also agree with DISA that the Defense agency or Military Department with authority over the contracting office should play a role in the certification process. As a result of the DISA comments, we revised the draft recommendations to encourage cooperation and coordination with the respective Military Departments and Defense agencies, and we redirected the recommendations to the Deputy Under Secretary of Defense (Acquisition Reform), who is designated as the certifying official for implementation of interim FACNET for the DoD. We request the Deputy Under Secretary (Acquisition Reform) provide comments to the revised recommendations by January 24, 1997.

Part II - Additional Information

Appendix A. Scope and Methodology

Scope of Audit. We judgmentally selected for our review 13 of 157 contracting offices that had been given interim FACNET certification as of September 1995. The 13 contracting offices include 4 Army, 3 Navy, 5 Air Force, and 1 DoD organization contracting office. We selected those contracting offices from the following three geographical areas of the continental United States: east, central, and west. The following table shows our audit coverage.

Audit Coverage

Component	Number of Contracting Offices With Interim FACNET Certification	Number Reviewed During Audit
Army	55	4
Navy	25	3
Air Force	75	5
Defense Commissary Agency	1	1
Defense Intelligence Agency	1	0
Total	**157**	**13**

Methodology. At each site visited, we examined supporting documentation dated January 1995 through September 1995 for the interim FACNET certifications and tested capabilities of FACNET transactions. We also obtained statistics on the number of transactions, by type, that each of the contracting offices had sent and received over the FACNET for the period July 1995 through February 1996. We also reviewed plans and procedures that the DISA EC/EDI Program Management Office used for performing technical certification for interim FACNET certification and examined DoD EC Office supporting documentation dated January 1995 through September 1995 for interim FACNET certifications. Appendix C lists those organizations contacted during the audit.

Audit Period, Standards, Locations. We performed this economy and efficiency audit from November 1995 through April 1996. The audit was made in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. The audit did not rely on computer-processed data or statistical sampling procedures.

Management Control Program

DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987, requires DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and to evaluate the adequacy of the controls.

Scope of Review of the Management Control Program. We reviewed the adequacy of Deputy Under Secretary of Defense (Acquisition Reform) and DISA management controls over the interim FACNET technical certification. We also assessed the adequacy of management's self-evaluation of those controls.

Adequacy of Management Controls. We identified a material management control weakness, as defined by DoD Directive 5010.38, relating to interim FACNET technical certifications. Deputy Under Secretary of Defense (Acquisition Reform) and DISA management controls for interim FACNET technical certification were not adequate to ensure that interim FACNET certified contracting offices had the capability of meeting requirements for interim FACNET certification. The recommendations, if implemented, will establish management controls to ensure that the interim FACNET technical certification process is adequate and that contracting offices are capable of sending and receiving FACNET transactions. A copy of this report will be provided to the senior official in charge of management controls for FACNET.

Adequacy of Management's Self Evaluation. Deputy Under Secretary of Defense (Acquisition Reform) and DISA officials did not identify the interim FACNET technical certification as an assessable unit and, therefore, did not identify or report the material management control weaknesses identified by the audit.

Appendix B. Summary of Prior Audits and Other Reviews

We identified one General Accounting Office report that dealt with the FACNET program. Additionally, the Inspector General, DoD, has issued four reports about FACNET.

General Accounting Office

General Accounting Office report, GAO/T-NSIAD/AIMD-95-190, "Implementation of the Federal Acquisition Streamlining Act of 1994," July 20, 1995, reported that Government-wide standards for protecting the security of sensitive procurement information were not yet defined. The report made no recommendations.

The Inspector General, DoD

Report No. 96-129, "Audit of DoD Implementation of Electronic Commerce in Contracting for Small Purchases," was issued on May 24, 1996. The review identified a series of issues involved in the implementation of electronic commerce within DoD. The issues include: realization of the "single face to industry" concept, adequacy of the transmission of data by the DoD FACNET infrastructure, implementation of security controls, level of vendor participation, adequacy of management controls for FACNET transactions, and adequate development of FACNET implementation plans. This report contains no findings or recommendations.

Report No. 96-214, "Audit of Computer Security for Electronic Data Interchange and Electronic Commerce Program," was issued on August 22, 1996. The audit objective was to evaluate procedures of data security, continuity of operations, transaction audit trails, personnel security, and compliance with security requirements of small purchases made through the FACNET electronic commerce and electronic data interchange program. The report recommends that DISA approve a plan and establish milestones for implementing digital signatures and data encryptions for the FACNET system and limit use of FACNET transactions that require signatures until DISA obtains digital signatures capabilities; develop backup procedures for the FACNET gateways that include storage of critical data at an off-site location; develop continuity-of-operations plans for the gateways; and enhance network security by implementing a firewall protection mechanism and by ensuring that FACNET complies with controlled access protection requirements. DISA concurred with the draft report recommendation, stating that DISA either has

implemented or plans to implement corrective actions. However, DISA requested the redirection of two recommendations to the Deputy Under Secretary of Defense (Acquisition Reform) pertaining to digital signatures and encryption.

Report No. 96-172, "Audit of Certification Management of Value-Added Networks," was issued on June 21, 1996. The overall audit objective was to determine the adequacy of the value-added network certification process and of the management and oversight of value-added networks. The report recommends that DISA issue policy requiring enforcement of compliance with the Federal Acquisition Regulation section 9.104, "Contractor Qualifications," to include establishing a system for evaluating business qualifications such as a weighted procedure or point system; issue policy of monitoring value-added networks for compliance with the value-added network license agreement; and expedite the completion and issuance of the new value-added network license agreement. DISA partially concurred with the draft report recommendations. The comments stated that DISA either has implemented or plans to implement each of the recommendations. Also, DISA has procedures regarding contractor responsibility that are in accordance with the Federal Acquisition Regulation requirements and, therefore, DISA does not see a need to revise current procedures to determine contractor responsibility in accordance with the Federal Acquisition Regulation.

Report No. 96-057, "Audit of DoD Use of Electronic Bulletin Boards in Contracting," was issued on January 8, 1996. The report states that the use of bulletin boards by DoD procurement offices to conduct small purchase transactions was not a major impediment to FACNET implementation. Bulletin boards served as an interim solution that enabled procurement offices to conduct electronic commerce until FACNET becomes fully operational. Procurement officials were not investing significant resources to establish new bulletin boards or to upgrade existing capabilities, and the officials were committed to phasing out the use of bulletin boards when FACNET becomes fully operational. The report contains no findings or recommendations.

Appendix C. Organizations Visited or Contacted

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
  Deputy Under Secretary of Defense (Acquisition Reform), Washington, DC
Assistant Secretary of Defense (Command, Control, Communications, and Intelligence), Washington, DC

Department of the Army

Assistant Secretary of the Army (Research, Development, and Acquisition), Washington, DC
U.S. Army Military District of Washington, Fort McNair, Washington, DC
  Fort Belvoir, Alexandria, VA
U.S. Army Forces Command, Fort McPherson, GA
  U.S. Army I Corps, Fort Lewis, WA
U.S. Army Medical Command, Fort Sam Houston, TX
  Madigan Army Medical Center, Tacoma, WA

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller), Washington, DC
Assistant Secretary of the Navy (Research, Development and Acquisition), Washington, DC
Naval Supply Systems Command, Washington, DC
  Fleet Industrial Supply Center, San Diego, CA
Naval Surface Warfare Center, Port Hueneme, CA
Naval Undersea Warfare Center, Keyport, WA

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller), Washington, DC
Deputy Assistant Secretary of the Air Force (Contracting), Washington, DC
Andrews Air Force Base, Camp Springs, MD
Bolling Air Force Base, Washington, DC

Department of the Air Force (cont'd)

Brooks Air Force Base, San Antonio, TX
Charleston Air Force Base, Charleston, SC
San Antonio Air Logistics Center, San Antonio, TX

Other Defense Organizations

Defense Commissary Agency, Fort Lee, VA
Defense Information Systems Agency, Arlington, VA

Appendix D. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
  Deputy Under Secretary of Defense (Acquisition Reform)
  Director, Defense Procurement
Under Secretary of Defense (Comptroller)
  Deputy Chief Financial Officer
  Deputy Comptroller (Program/Budget)
Assistant Secretary of Defense (Command, Control, Communications, and Intelligence)
Assistant to the Secretary of Defense (Public Affairs)
Director, Defense Logistics Studies Information Exchange

Department of the Army

Assistant Secretary of the Army (Financial Management and Comptroller)
Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Auditor General, Department of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force

Other Defense Organizations

Director, Defense Commissary Agency
Director, Defense Contract Audit Agency
Director, Defense Information Systems Agency
Director, Defense Logistics Agency
Director, National Security Agency
  Inspector General, National Security Agency
Inspector General, Defense Intelligence Agency

Non-Defense Federal Organizations

Federal Electronic Commerce Acquisition Program Management Office, General Services Administration
Office of Federal Procurement Policy, Office of Management and Budget
Secretariat, Federal Electronic Data Interchange, National Institute of Standards and Technology
Small Business Administration
Technical Information Center, National Security and International Affairs Division, General Accounting Office

Chairman and ranking minority member of each of the following congressional committees and subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Subcommittee on Acquisition and Technology, Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Subcommittee on Military Procurement, Committee on National Security
House Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal Justice, Committee on Government Reform and Oversight
House Committee on National Security

Part III - Management Comments

Defense Information Systems Agency Comments

DEFENSE INFORMATION SYSTEMS AGENCY
701 S. COURTHOUSE ROAD
ARLINGTON, VIRGINIA 22204-2199

IN REPLY REFER TO: Inspector General

14 AUG 1998

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE
ATTN: Director, Contract Management

SUBJECT: DODIG Report on DOD Interim Federal Acquisition Computer Network Certifications (Project No. 6CA-0013)

Reference: DODIG Draft Report, subject as above, 17 Jun 96

1. The Defense Information Systems Agency (DISA) has reviewed the subject report and partially concurs with the findings and recommendations. While we agree that some type of testing is required before a system is declared operational, DISA is not the authority to mandate such a test. DISA's responsibility is to maintain and provide accurate listings of successful DISA technical certifications and to provide that information to the Director, Electronic Commerce.

2. Our detailed management comments are enclosed. The point of contact for this action is Ms. Sandra J. Sinkavitch, Audit Liaison, (703) 607-6316.

FOR THE DIRECTOR:

1 Enclosure a/s

RICHARD T. RACE
Inspector General

Quality Information for a Strong Defense

COMMENTS TO DODIG DRAFT AUDIT REPORT ON
DOD INTERIM FEDERAL ACQUISITION COMPUTER NETWORK CERTIFICATIONS
(Project No. 6CA-0013)

RECOMMENDATIONS

1. Conduct technical compliance testing at each contracting office to ensure that each contracting office can transmit transactions required for interim FACNET certification before providing technical certification as required by the Federal Acquisition Streamlining Act of 1994, October 13, 1994.

2. Conduct technical compliance testing again at the 157 contracting offices previously certified and recertify the contracting offices as appropriate.

RESPONSE: Concur in Part to both recommendations. While we fully agree that some type of testing is required before a system is declared operational, the respective Services/Agencies are responsible for ensuring their Automated Information Systems (AIS) are compliant with the Department's/Government's standards. As the individual Service/Agency AIS and sites are not under DISA's operational control, the only way to ensure compliance with established standards is to test at the AIS level. Compliance testing ensures each AIS has been certified using approved Federal/DOD Implementation Conventions (ICs) for all appropriate Electronic Commerce/Electronic Data Interchange (EC/EDI) transaction sets. Certification assures the AIS is generating American National Standards Institute (ANSI) ASC X12 compliant electronic documents, i.e. transaction sets. Arguments throughout the findings indicate that the definition of compliance testing is misunderstood as well as DISA's role in DOD Interim Federal Acquisition Computer Network Certification.

The Deputy Under Secretary of Defense for Acquisition Reform (DUSD(AR)) memorandum, subject: Certification Process for Interim Federal Acquisition Computer Network (FACNET) Compliance, dated June 23, 1995, outlined DOD standard capabilities that must be met in order to be FACNET certified. Applications must show they successfully sent and received EDI transactions using the DOD's EC/EDI Infrastructure and have passed compliance testing against approved DOD Implementation Conventions to the ANSI ASC X12 standards designated, as required for FACNET compliance. As specified in the DUSD(AR) memorandum:

"The DISA EC/EDI [Program Office] PO's role in the Certification Process for Interim Federal Acquisition Computer Network Compliance is achieved when the following two technical requirements are met:

1. The application has successfully completed compliance testing through the DOD Compliance Test Facility against approved DOD ICs to X12 standards for all appropriate transaction sets.

2. The site has successfully deployed the application and has established the necessary connectivity to the DOD EC/EDI Infrastructure via a DISA Gateway and/or Network Entry Point."

Prior to establishing site connectivity, each Service and Agency is responsible for training their EDI Site Administrators on how to use the new EDI Application Interface. The Services and Agencies have left it to the Site's discretion whether to use the EDI Application. DISA is not responsible for ensuring usage.

It is the DISA EC/EDI Program Office's responsibility to maintain and provide to the Director of Electronic Commerce an accurate list of the contracting offices which have successfully achieved DISA Technical Certification.

DISA's Technical Certification Process consists of the following steps:

Step 1 - Successfully establish connectivity between Site/Gateway/Network Entry Point (NEP)
Step 2 - DISA Compliance Testing Validation
Step 3 - Gateways, through the Accountable Site reporting POC, will notify by E-mail the Program Office of which sites are DISA Technical Certified. The Accountable Site reporting POC is also responsible for notifying the NEP when sites are added to Gateway/AIS table
Step 4 - Primary POC provides Program Office the combined Gateway-DISA Certification of Site Data Status Chart
Step 5 - Program Office provides the Director of Electronic Commerce the list of Contracting Offices which are DISA Certified

GENERAL COMMENT
The table on page 6 is an accurate representation of interim FACNET capabilities at the time of the audit. Since then, DISA has taken the necessary steps to correct the DISA Site Certification List. Sites in question have either been certified or deleted from the weekly report.

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