Audit Report

AUTOMATION OF THE DOD EXPORT LICENSE
APPLICATION REVIEW PROCESS

Report No. D-2002-039 January 15, 2002

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Acronyms

DTSA	Defense Technology Security Administration
FORDTIS/TPS	Foreign Disclosure and Technical Information System/Technology Protection System
SIPRNET	Secret Internet Protocol Router Network
USASAC	U.S. Army Security Assistance Command
USXPORTS	U.S. Export Systems

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January 15, 2002

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF DEFENSE
(POLICY INTEGRATION)

SUBJECT: Audit Report on the Automation of the DoD Export License Application Review Process (Report No. D-2002-039)

We are providing this report for your information and use. We conducted the audit in response to Public Law 106-65, National Defense Authorization Act for Fiscal Year 2000, section 1402, "Annual Report on Transfers of Militarily Sensitive Technology to Countries and Entities of Concern." We considered management comments on a draft of this report in preparing the final report.

Comments on the draft report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. No additional comments are required.

For additional information on this report, please contact Ms. Evelyn R. Klemstine at (703) 604-9172 (DSN 664-9172) or Mr. Timothy E. Moore at (703) 604-9633 (DSN 664-9633). See Appendix D for the report distribution. The audit team members are listed inside the back cover.

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Report No. D-2002-039 **January 15, 2002**
(Project No. D2001LG-0087)

Automation of the DoD Export License Application Review Process

Executive Summary

Background. Public Law 106-65, National Defense Authorization Act for Fiscal Year 2000, section 1402, "Annual Report on Transfers of Militarily Sensitive Technology to Countries and Entities of Concern," October 5, 1999, requires that the Inspectors General of the Departments of Commerce, Defense, Energy, and State, in consultation with the Director, Central Intelligence Agency, and the Director, Federal Bureau of Investigation, conduct annual interagency reviews of the transfer of militarily sensitive technologies to countries and entities of concern.

The United States controls the export of certain goods and technologies for national security, foreign policy, or nonproliferation reasons. Industry applies for export licenses through the Department of Commerce (Commerce) for dual-use items and the Department of State (State) for munitions items. Commerce and State may provide a U.S. Government position on the applications received or they may refer license applications to the Defense Technology Security Administration for technical reviews. The Defense Technology Security Administration is the principal DoD Component for providing DoD positions on export license applications to Commerce and State. When the Defense Technology Security Administration receives a license application, it either prepares a position or refers the license application to the Military Departments or other DoD Components to perform a technical analysis of the application. The Defense Technology Security Administration prepares a position based on the technical analysis and returns the application with the DoD position to Commerce or State, as applicable. The U.S. Exports Systems Interagency Program Management Office was established in May 2000 to provide Federal export licensing authorities an interagency automated system for conducting comprehensive and timely reviews.

Objectives. The overall audit objective was to determine whether Federal automation programs supporting the export license and review process could be used to establish a common electronic interface creating an automated interagency export licensing system in accordance with Federal policies and regulations. This report addresses the DoD portion of automating the export license review process for dual-use items and munitions items. Specifically, we reviewed the export license application process; the review processes of the Military Departments and other DoD Component commands; and the functionality of existing DoD automated systems. We will address the DoD involvement in the overall automation effort and the effect of DoD involvement on other U.S. governmental agencies in a subsequent interagency report. We also reviewed the management control program as it related to the overall objective.

Results. The DoD export license application review process is paper driven and requires export license applications and supporting documentation to be repeatedly

copied, reviewed, and shipped from and to numerous locations. As a result, the Military Departments and other DoD Components have implemented individual automated systems to reduce the paperwork burden and increase the efficiency of the export license dissemination and review process, which may prevent the U.S. Export Systems Interagency Program Management Office from fully achieving its goal to provide Federal export licensing authorities an interagency automated system. See the Finding section for a discussion of the audit results.

The management controls that we reviewed were effective in that no material management control weakness was found. See Appendix A for details on our review of the management control program.

Summary of Recommendations. We recommend that the Deputy Under Secretary of Defense (Policy Integration) assess whether to accept export license applications and supporting documents in electronic form, assess whether to engage in electronic transactions to support the export licensing process, and determine the information security practices and management controls that are required to ensure information security. We recommend that the Deputy Under Secretary, based on those assessments and the security determination, develop a plan to automate the DoD export license dissemination and review process to ensure that the technical experts within the Military Departments and DoD Components have access to the system. We also recommend that the Deputy Under Secretary perform an analysis of multiple concepts to determine whether existing automation options can be used in developing a DoD-wide export license dissemination and review automated system. Finally, we recommend that the Deputy Under Secretary verify that the planned automation of the DoD export license review process will have connectivity with the U.S. Export Systems interagency efforts.

Management Comments. The Deputy Under Secretary of Defense (Policy Integration) concurred with the recommendations, stating that DoD is committed to addressing Government Paperwork Elimination Act requirements; that a plan to automate the dissemination and review of export licenses has been developed and is being staffed to ensure technical experts within the Military Departments and DoD Components have access; that a variety of alternative approaches are being considered; and that the DoD export license review process will have connectivity to the U.S. Export Systems Interagency Program Management Office. A discussion of management comments is in the Finding section of the report and the complete text is in the Management Comments section.

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Background

Public Law 106-65, National Defense Authorization Act for Fiscal Year 2000, section 1402, "Annual Report on Transfers of Militarily Sensitive Technology to Countries and Entities of Concern," October 5, 1999, requires that the Inspectors General of the Departments of Commerce, Defense, Energy, and State, in consultation with the Director, Central Intelligence Agency, and the Director, Federal Bureau of Investigation, conduct annual interagency reviews of the transfer of militarily sensitive technologies to countries and entities of concern. To comply with the first-year requirement of the Act, the Offices of the Inspectors General conducted an interagency review of Federal agency compliance with the deemed export licensing requirements contained in the Export Administration Regulations and the International Traffic in Arms Regulations. To comply with the second-year requirement of the Act, the Offices of the Inspectors General conducted an interagency review of the Federal agency reviews and revisions of the Commerce Control List and the U.S. Munitions List. To comply with the third-year requirement of the Act, the Offices of the Inspectors General are conducting an interagency review of Federal automation programs supporting the export licensing and review process.

Federal Export License Application Process. The United States controls the export of certain goods and technologies for national security, foreign policy, or nonproliferation reasons. Industry applies for export licenses through the Department of Commerce (Commerce) for dual-use items[1] and the Department of State (State) for munitions items. Commerce and State may provide a U.S. Government position on the applications received or they may refer license applications to DoD for technical reviews.

Under Secretary of Defense for Policy. The Under Secretary of Defense for Policy is ultimately responsible for the DoD export license review process. On August 31, 2001, the Deputy Secretary of Defense announced the reestablishment of the Defense Technology Security Administration (DTSA)[2] in the Office of the Under Secretary of Defense for Policy. DTSA is the principal DoD Component for providing DoD positions[3] on export license applications to Commerce and State. The Deputy Under Secretary of Defense (Policy Integration), also within the Office of the Under Secretary of Defense for Policy, is responsible for the Foreign Disclosure and Technical Information System/Technology Protection System (FORDTIS/TPS) used by DoD to support export controls and for the U.S. Export Systems (USXPORTS) Interagency Program Management Office, an interagency effort to create a Federal export licensing system.

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[1]Dual-use items are goods or technologies that have both civilian and military application.

[2]Prior to August 31, 2001, DTSA was the Defense Threat Reduction Agency, Technology Security Directorate. For the purposes of this report, DTSA is used for the current and former names.

[3]The DoD position represents the recommendation that DoD is making on whether the export license should be approved.

Defense Technology Security Administration. After receiving export license applications referred from Commerce or State, DTSA enters summary export license application information into FORDTIS/TPS. DTSA will then provide a DoD position based on its own expertise and past historical positions or designate a Military Department or component command to perform a technical analysis. Designated offices within the Military Departments and component commands further disseminate the license applications and after receiving technical analyses enter recommended DoD positions into FORDTIS/TPS. DTSA enters the final DoD position into FORDTIS/TPS. During FY 2000, DTSA processed 23,979 export license applications.

FORDTIS/TPS. The Policy Automation Directorate, Deputy Under Secretary of Defense (Policy Integration), is the responsible DoD Component for FORDTIS/TPS.[4] FORDTIS/TPS is a Secret-level classified system that is the primary automated system used by DoD to assist decision makers and analysts in reviewing, coordinating, and reaching decisions on proposals to release sensitive military information and technology to other nations and international organizations. FORDTIS/TPS contains historical information on past export license applications, DoD and U.S. Government positions on previous cases, and a brief synopsis of current export license applications. FORDTIS/TPS was not designed to disseminate technical documentation. FORDTIS/TPS was one of four operating systems within the Security Policy Automation Network. In addition to FORDTIS/TPS, the other systems are the National Disclosure Policy System, the U.S. Visits System, and the Classified Military Information System.

U.S. Export Systems Automation Initiative. The goal of the USXPORTS Interagency Program Management Office is to provide Federal export licensing authorities an interagency automated system for conducting comprehensive and timely reviews. The USXPORTS Interagency Program Management Office, established in May 2000, was planning methods for establishing electronic connectivity between industry and the Government with emphasis on Commerce, DoD, and State. The Deputy Secretary of Defense authorized Program Budget Decision 289, which provided $30 million funding for the USXPORTS automation initiative. Included as part of the USXPORTS automation initiative objective, in compliance with Public Law 105-277, "Government Paperwork Elimination Act," October 21, 1998 (the Government Paperwork Elimination Act), is the elimination of paper where possible by substituting electronic data exchange, providing standard user interfaces for electronic submission and review of license applications, and reducing repetitive submission of technical data by industry.

[4]In FY 2001, FORDTIS was upgraded and its subsystems were separated into individual function groups. TPS supports the part of FORDTIS pertaining to export license reviews and, for the purpose of this report, we refer to the system as FORDTIS/TPS.

Objectives

The overall audit objective was to determine whether Federal automation programs supporting the export licensing and review process could be used to establish a common electronic interface creating an automated interagency export licensing system in accordance with Federal policies and regulations. Specifically, in coordination with other Federal agencies, the audit objective was to determine whether responsible program offices, or other responsible officials, ensured that the planned development and acquisition of an interagency export licensing system translated operational requirements into a system solution that balanced system cost, implementation schedule, performance, and risk.

This report addresses the DoD portion of automating the export license review process for dual-use items and munitions items. Specifically, we reviewed the export license application process; the review processes of the Military Departments and other DoD Component commands; and the functionality of existing DoD automated systems. The DoD involvement in the overall automation effort and the effect of DoD involvement on other U.S. governmental agencies will be addressed in a subsequent interagency report. See Appendix A for a discussion of audit scope and methodology and the management control program. See Appendix B for prior coverage related to the objectives.

DoD Automation of Export License Application Reviews

The DoD export license application review process is paper driven and requires export license applications and supporting documentation to be repeatedly copied, reviewed, and shipped from and to numerous locations. FORDTIS/TPS, the DoD export control system, was not designed to disseminate export license applications and associated technical documentation, and the system operates on a classified communication network that has limited accessibility. In addition, the Deputy Under Secretary of Defense (Policy Integration) had not performed an assessment weighing the costs and benefits of automating the export license application review process or performed an appropriate risk analysis in accordance with the Government Paperwork Elimination Act. As a result, the Military Departments and other DoD Components have implemented individual automated systems to reduce the paperwork burden and increase the efficiency of portions of the DoD export license dissemination and review process, which may prevent the USXPORTS Interagency Program Management Office from fully achieving its goal to provide Federal export licensing authorities an interagency automated system.

Automation and Export Control Guidance

Government Paperwork Elimination Act. The Government Paperwork Elimination Act requires Federal agencies "to allow individuals, or entities that deal with the Federal agencies, the option to submit information or transact with the agency electronically, when practicable, and to maintain records electronically, when practicable." In addition, the Government Paperwork Elimination Act requires that, by October 21, 2003, when practicable, Federal agencies use electronic forms, electronic filing, and electronic signatures to conduct official business with the public.

DoD Directive 2040.2. DoD Directive 2040.2, "International Transfers of Technology, Goods, Services, and Munitions," January 17, 1984, implements relevant portions of the Export Administration Act of 1979, as amended (title 50, United States Code, appendix section 2401, et seq.) and the Arms Export Control Act (title 22, United States Code, section 2751). DoD Directive 2040.2 provides DoD policies and procedures on the transfer of technologies, goods, services, and munitions to foreign governments. The directive also requires the Under Secretary of Defense for Policy to develop and maintain comprehensive reference databases on goods, munitions, services, and technology transfer matters that are accessible by all DoD Components. Currently, the Office of the Deputy Under Secretary of Defense (Policy Integration) has that responsibility.

DoD Instruction 5230.18. DoD Instruction 5230.18, "The DoD Foreign Disclosure and Technical Information System (FORDTIS)," November 6, 1984,

establishes the policy, responsibilities, and procedures for the implementation of FORDTIS. DoD Instruction 5230.18 requires DoD organizations to use FORDTIS/TPS for "staffing and recording of cases, and providing reference data support in fulfilling departmental responsibilities" that support export control laws and policies.

DoD Export License Application Review Automation

The DoD export license application review process is paper driven and requires export license applications and supporting documentation to be repeatedly copied, reviewed, and shipped from and to numerous locations. Military Departments and component commands either fax or hand deliver export license applications and supporting technical documentation to commands designated to perform technical analyses. USXPORTS Interagency Program Management Office "Preliminary Economic Analysis," September 22, 2000, states that DoD spends more than $1,700,000 copying export license documentation and more than $343,000 delivering that documentation to commands performing technical analyses. In addition, during FY 2000, according to estimates[5] in the analysis, DoD produced about 43.6 million pages of paper copies of the export license applications and supporting documentation received from Commerce and State.

DTSA. During FY 2000, DTSA received 9,302 dual-use export license applications from Commerce and 14,677 munitions export license applications from State. DTSA averaged 11 days to review dual-use export license applications and respond back to Commerce and 20 days to review munitions export license applications and respond back to State. DTSA manually entered pertinent information[6] from the export license applications into FORDTIS/TPS. DTSA reviewed the applications received and provided a DoD position on the applications based on its own expertise or disseminated the applications to the Military Departments or other DoD Components to receive expert technical analysis upon which to base a DoD position. The table in Appendix C shows the number of export license applications received in FY 2000 by DTSA and further disseminated to other DoD elements through the Military Departments, the Joint Staff, and the Defense Intelligence Agency.

Army. The U.S. Army Security Assistance Command (USASAC) Office for International Industrial Cooperation is responsible for the dissemination and review of export license applications within the Army. The Army used the FORDTIS/TPS system to receive summary export license application data from DTSA and to provide the Army position back to DTSA. The Army did not disseminate export license applications through FORDTIS/TPS because the system was incapable of transmitting the actual technical data that accompanies

[5]The Preliminary Economic Analysis estimates that DoD produces an average of three copies for technical documentation accompanying each application. The analysis estimates that technical documentation averages about 400 pages for a dual-use license application and about 800 pages for a munitions license application.

[6]Information such as the company name, description of item proposed to be exported, assigned action officer or organization, and comments.

most license applications and, in most cases, the technical experts did not have access to FORDTIS/TPS. During FY 2000, USASAC received 3,933 export license applications from DTSA and averaged about 14 days to respond. USASAC personnel met daily to review the applications received and to determine whether any technical experts should provide further reviews. Of the 3,933 applications received, about 75 percent were disseminated further to technical experts at various Army commands. USASAC primarily used courier service and fax to disseminate export license applications to technical experts for review. The cost for delivering applications to technical experts in FY 2000 was about $18,000.

Navy. The Navy International Programs Office is responsible for the dissemination and review of export license applications within the Navy. The Navy used the FORDTIS/TPS system to receive summary export license application data from DTSA and to provide the Navy position back to DTSA. The Navy did not disseminate export license applications through FORDTIS/TPS because the system was incapable of transmitting the actual technical data that accompanies most license applications and the technical experts did not have access to FORDTIS/TPS. During FY 2000, the Navy received 5,854 export license applications from DTSA and averaged about 19 days to respond for dual-use licenses and 14 days to respond for munitions licenses. Of the 5,854 applications received, about 25 percent were disseminated further to various Navy commands. The Navy primarily used courier service and fax to disseminate export license applications to technical experts for review. The cost for delivering applications to technical experts was not determinable.

Air Force. The Office of the Deputy Under Secretary of the Air Force (International Affairs) is responsible for the dissemination and review of export license applications within the Air Force. The Air Force used the FORDTIS/TPS system to receive summary export license application data from DTSA and to provide the Air Force position back to DTSA. The Air Force did not disseminate export license applications through FORDTIS/TPS because the system was incapable of transmitting the actual technical data that accompanies most license applications. The Air Force viewed recommending positions on export license applications as primarily a policy decision rather than a technology decision and, therefore, did not disseminate many cases to technical experts at Air Force component commands. During FY 2000, the Air Force received 5,829 export license applications from DTSA and averaged about 10 days to respond. The Office of the Deputy Under Secretary of the Air Force for International Affairs staffed approximately 15 percent of the license applications it received from DTSA to other Air Force commands, primarily to the Office of the Assistant Secretary of the Air Force (Acquisition), which contracted for support to review the export license applications. Because the Air Force did not disseminate many export license applications, the shipping costs were negligible.

Joint Staff. The Weapon Technology Control Division, Joint Staff, is responsible for the dissemination and review of export license applications

within the Joint Staff and the geographical unified commands.[7] The Joint Staff used the FORDTIS/TPS system to receive summary export license application data from DTSA and to provide the Joint Staff position back to DTSA. The Joint Staff did not disseminate export license applications through FORDTIS/TPS because the system was incapable of transmitting the actual technical data that accompanies most license applications. However, the Joint Staff had evolved its export license application dissemination and review process from a paper driven environment to an automated environment. During FY 2000, the Joint Staff received 665 export license applications from DTSA and averaged about 10 days to respond. Of the 665 applications received, about 86 percent were scanned and electronically disseminated further to technical experts at the unified commands. Because the Joint Staff uses an automated system to disseminate export license applications, the Joint Staff did not incur shipping costs for export license applications.

Defense Intelligence Agency. The Advanced Technologies/Technology Transfer Division, Technology Assessment Group, Directorate for Analysis and Production, Defense Intelligence Agency, is responsible for the dissemination and review of export license applications within the Defense Intelligence Agency. The Defense Intelligence Agency used the FORDTIS/TPS system to receive summary export license application data from DTSA and to provide the Defense Intelligence Agency position back to DTSA. The Defense Intelligence Agency did not refer license applications to other Defense Intelligence components for technical analyses. During FY 2000, the Defense Intelligence Agency received 2,548 export license applications. Its response times averaged about 3 days for dual-use items and 30 days for munitions items. The export license applications were reviewed by Defense Intelligence Agency analysts. The paper export license applications were distributed to technical experts within the agency. A senior intelligence analyst at the Defense Intelligence Agency stated that on occasion, for munitions items, they have waited 1 to 2 weeks to receive hard copies of technical information from DTSA after seeing that they had been assigned an application for review in FORDTIS/TPS. The technical review of the export license application did not begin until the technical information had been received. Because the Defense Intelligence Agency did not disseminate export license applications to other components, it did not incur shipping costs.

DoD Export License Dissemination and Review Capability

FORDTIS/TPS, the DoD export control system, was not designed to disseminate export license applications and associated technical documentation, and the system operates on a classified communication network that has limited accessibility. FORDTIS/TPS was designed as a management information system and did not have the capability to transmit technical documentation that accompanies most export license applications. In addition, the Deputy Under Secretary of Defense (Policy Integration) had not performed an assessment

[7]The geographical unified commands are the U.S. European Command, the U.S. Pacific Command, the U.S. Joint Forces Command, the U.S. Southern Command, and the U.S. Central Command.

weighing the costs and benefits of automating the DoD export license application review process or performed an appropriate risk analysis in accordance with the Government Paperwork Elimination Act.

System Design. Although DoD Instruction 5230.18 requires DoD organizations to use FORDTIS/TPS to support export control policies, the system was not designed for the dissemination and review of export license applications to DoD technical experts. Specifically, FORDTIS/TPS was designed to provide high level oversight and to serve as a historical database of U.S. Government positions on past export license applications. As a result, FORDTIS/TPS did not have the capability to provide DoD technical experts a complete copy of the export license application or a copy of the supporting technical documentation.

System Accessibility. FORDTIS/TPS operates on the Secret Internet Protocol Router Network (SIPRNET), a classified communication network. Technical experts who perform export license reviews rarely have access to FORDTIS/TPS[8] and do not have readily available access to the SIPRNET. As of October 2001, there were a total of about 160 FORDTIS/TPS sites, usually one site per base, with the FORDTIS/TPS terminal being located in the foreign disclosure office.

The Director, Policy Automation Directorate, Office of the Deputy Under Secretary of Defense (Policy Integration) stated that it was not economically feasible to provide SIPRNET access to technical experts to perform export license reviews. The Policy Automation Directorate and the USXPORTS Interagency Program Management Office estimated that to provide SIPRNET capability to the technical experts, to include the required hardware, infrastructure, and software for workstations with SIPRNET, would cost approximately $30,000 per workstation. The full impact of the cost to provide SIPRNET access could not be determined, as there are numerous technical experts located throughout the country. For example, the Army Aviation and Missile Command distributed export license applications to 42 separate addresses that represented both technical experts and program offices. That command estimated that more than 100 technical experts who are requested to conduct technical analyses on export license applications are within the Army Aviation and Missile Command alone. Therefore, because of cost, providing SIPRNET access to all technical experts was an impractical solution for distributing license applications and supporting technical documentation.

Government Paperwork Elimination Act Requirements. The Deputy Under Secretary of Defense (Policy Integration) had not performed an assessment weighing the costs and benefits of automating the DoD export license application review process or performed an appropriate risk analysis in accordance with the Government Paperwork Elimination Act. The intensive paperwork burden related to business-to-Government and Government-to-

[8]The Inspector General, DoD, previously reported on the lack of access to FORDTIS/TPS by DoD officials performing export license reviews in Inspector General, DoD, Report No. 99-186, "Review of the DoD Export Licensing Processes for Dual-Use Commodities and Munitions," June 18, 1999, as well as in Interagency Report No. 99-187, "Interagency Review of the Export Licensing Processes for Dual-Use Commodities and Munitions," June 18, 1999.

Government transactions in support of the export licensing and review process necessitates that DoD consider automating the process. Although the Government Paperwork Elimination Act requires Federal agencies to use electronic forms by October 2003, the Office of Management and Budget Memorandum M-00-10, "OMB Procedures and Guidance on Implementing the Government Paperwork Elimination Act," April 25, 2000, requires that an assessment of using and accepting documents in electronic form and engaging in electronic transactions be completed by October 2000. The memorandum outlines the process by which agencies should conduct an assessment, including weighing the costs and benefits of automating the process and performing an appropriate risk analysis. Included as part of the risk analysis, agencies should indicate the security practices, authentication technologies, management controls, or other business processes that would be practicable. If a particular part of the process being considered for automation is not practicable for conversion to electronic interaction, agencies should explain the reasons and report any strategy to make such a conversion possible. However, as of October 2001, the Deputy Under Secretary had not performed such an assessment.

DoD Automation Efforts and USXPORTS Goals

The Military Departments and other DoD Components have implemented individual automated systems to reduce the paperwork burden and increase the efficiency of portions of the DoD export license dissemination and review process, which may prevent the USXPORTS Interagency Program Management Office from fully achieving its goal to provide Federal export licensing authorities an interagency automated system. Through close cooperation with the USXPORTS Interagency Program Management Office, the Military Departments and other DoD Components can ensure future DoD systems supporting the export license review process work together seamlessly.

Automation Efforts. To improve the export license review process, Military Departments, the Joint Staff, and DoD Component commands were either studying automation options or had implemented various degrees of automation efforts. The Navy was studying the use of information technology for obtaining and disseminating technical documentation and the Air Force, in collaboration with the USXPORTS Interagency Program Management Office, had contracted for development of the Secure Air Force Export Data System.[9] The Joint Staff and the Army Aviation and Missile Command had automated the further dissemination and review of the applications and associated technical documentation after receipt of the documentation from DTSA. The Joint Staff and the Army Aviation and Missile Command found that automating portions of the process by relatively simple methods significantly reduced processing time and support personnel. Automation of the distribution of export license applications and technical data throughout DoD would improve customer service

[9]USXPORTS Contract 263-96-D-0327, task 3 (Integration Services), task order tracking no. C-1799, to provide project management and technical expertise in support of the Disclosure Division, Deputy Under Secretary of the Air Force for International Affairs.

and governmental efficiency through the use of information technology. In addition, the Deputy Under Secretary of Defense (Policy Integration) should conduct an "analysis of multiple concepts" to determine whether the existing systems could be used in developing a DoD-wide automated export license dissemination and review system.

Navy Initiatives. As of September 2001, the Navy International Programs Office was studying the use of Internet web hosting to obtain technical documentation from industry and to disseminate that information to other commands in a more efficient manner. If successful, the initiative would reduce the delays of industry mailing additional information to Navy commands and allow Navy commands to review technical information compiled by the exporter in a database accessed over the Internet. The initiative addresses the distribution of technical documentation, but does not eliminate the dissemination of actual export license applications from DTSA to the Navy International Programs Office or from the Navy International Programs Office to other Navy commands. In addition, the initiative does not address processing those applications that contain classified information.

Air Force Initiatives. In July 2001, the Air Force, in collaboration with the USXPORTS Interagency Program Management Office, contracted for the development of the Secure Air Force Export Data System, a pilot program to develop and implement an unclassified web-based system that will enable the rapid electronic dissemination of Air Force export license applications and supporting technical documentation. The system will facilitate direct staffing of export license applications and technical documentation to all applicable Air Force elements; allow components to perform analysis and research of export license applications; and aid in the archiving of all assigned licenses and their final dispositions within the Air Force. The effort is a cost-plus-fixed-fee contract with an estimated value of $160,000, including the cost of hardware, software, and software development. The system, if implemented as envisioned, could achieve the objective for Air Force commands to operate in a near paperless environment when reviewing export license applications, similar to the methods already used by the Joint Staff. However, the initiative does not address processing those applications that contain classified information.

Joint Staff. The Joint Staff used the Joint Tracking Retrieval and Control System, an automated export license dissemination system, to distribute, review, and track the status of export license applications. The Joint Tracking Retrieval and Control System was internally developed by the Joint Staff. The system is wholly owned by the Federal Government and uses Microsoft Office products. To automate the export license review process, the Joint Staff scanned hard copies of export license applications and supporting technical documentation it received from DTSA to a Joint Staff secure web site that uses SIPRNET. The Joint Staff either provided its position on an application at that time or disseminated an application to the appropriate geographical unified command. The various geographical unified commands reviewed the applications through the web site on SIPRNET. The geographical unified commands had a version of the Joint Tracking Retrieval and Control System. The unified commands used their version of the Joint Tracking Retrieval and Control System to review the license applications and submit their position back to the Joint Staff. Because the infrastructure exists for the Joint Tracking

Retrieval and Control System to operate completely in a classified environment, technical experts at the Joint Staff and the unified commands all operated in one classification domain and all had access to SIPRNET. Although the Joint Staff relies on SIPRNET for its dissemination of information, the Joint Tracking Retrieval and Control System could be used with the Non-Secure Internet Protocol Routing Network. The Joint Tracking Retrieval and Control System is a useful automated system that reduces paperwork burdens and increases the efficiency of export license dissemination.

The Joint Staff credited its automated system with giving the Joint Staff the ability to provide its position on an export license application to DTSA within 8 working days and allowing the technical experts enough time to thoroughly review the applications. The system provided the Joint Staff an effective management tool for disseminating, reviewing, and managing export license applications within the unified commands. Officials from the Joint Staff stated that receiving export license applications electronically from DTSA would further improve their processing time.

Army Aviation and Missile Command. The Army Aviation and Missile Command had not developed a complete system, but did implement its own initiative to facilitate the dissemination of export license applications to technical experts residing in component commands that are located throughout widely dispersed areas at Redstone Arsenal. However, the Army Aviation and Missile Command did not process those license applications that contained classified information on the system. Specifically, the Army Aviation and Missile Command procured a high-speed scanner to convert the unclassified hard copy export license applications and associated technical documentation into an electronic format. The electronic format was distributed via unclassified e-mail to approximately 42 program offices or functional technical experts located throughout the command. The 42 program offices distributed the license applications to functional groups that usually consisted of four or five technical experts representing technical expertise on a single component of a weapons platform. The most qualified technical expert conducted the export license review. The Army Aviation and Missile Command reduced its response time from 14 working days to 5 working days.

Analysis of Multiple Concepts. The Deputy Under Secretary of Defense (Policy Integration) should conduct an "analysis of multiple concepts" to determine whether the existing systems could be used in developing a DoD-wide automated system for dissemination and review of export license applications. DoD Regulation 5000.2-R, "Mandatory Procedures for Major Defense Acquisition Programs (MDAPS) and Major Automated Information Systems (MAIS) Acquisition Programs," June 10, 2001, states that the analysis of multiple concepts is a process of looking at reasonable concepts and selecting those that are most likely to satisfy the need at a cost, and on a schedule, that are acceptable to the user. The analysis of multiple concepts should include an analysis of a DoD export license dissemination and review system that uses existing systems.

USXPORTS Goals. The USXPORTS Interagency Program Management Office may not fully achieve its goal to provide Federal export licensing authorities an interagency automated system for conducting comprehensive and

timely export license application reviews. The USXPORTS Interagency Program Management Office is in the process of developing an interagency system designed to overhaul and modernize the U.S. export license review process and to produce business-to-Government and Government-to-Government electronic capabilities. However, the USXPORTS Business Plan does not specify procedures for disseminating export license applications to DoD Components but indicates that export license applications are disseminated to the Military Departments and component commands using FORDTIS/TPS. The USXPORTS plan does not consider that DoD technical experts do not have readily available access to classified systems, such as FORDTIS/TPS, or to classified network communications, such as SIPRNET. In addition, the USXPORTS plan relies on all systems connected in an export licensing system having one classification domain and does not explore alternatives, such as handling applications containing classified information separately from the applications that do not contain classified information. The USXPORTS Interagency Program Management Office estimated that about 95 percent of the export license applications received by DTSA are unclassified.

Conclusion

In 1995, prior to passage of the Paperwork Elimination Act, Public Law 104-13, "Government Paperwork Reduction Act," May 22, 1995, was passed. Although it contains few specific agency requirements, the Government Paperwork Reduction Act promotes the use of information technology to improve the productivity, efficiency, and effectiveness of Federal programs and interagency information technology initiatives to enhance agency performance and the accomplishment of agency missions. The purpose of the Government Paperwork Reduction Act is to minimize the paperwork burden for individuals, small businesses, educational and nonprofit institutions, Federal contractors, State and local governments, and other persons resulting from the collection of information by or for the U.S. Government. The Government Paperwork Reduction Act provides the basis for many of the requirements contained in the Government Paperwork Elimination Act. The purpose of both Acts is to improve the productivity, efficiency, and effectiveness of processes, such as the DoD export license review process, that are paper driven and can be improved with the use of information technology to minimize DoD and industry paperwork burdens.

Converting from the DoD paper driven process to an automated system for the dissemination and review of export license applications will provide DoD a more efficient method of performing export license reviews and reduce the paperwork burdens associated with such reviews. In addition, by automating the export license dissemination and review process, DoD can avoid unnecessary costs of approximately $2 million per year by reducing the amount of copying and delivering export license applications and associated documentation. DoD needs to consider automating its export license review processes to relieve the Military Departments and DoD Components of the burden associated with a paper driven process.

Management Comments on the Finding and Audit Response

Management Comments. Although we directed the draft report to the Deputy Under Secretary of Defense (Policy Support), the Office of the Deputy Under Secretary of Defense (Policy Integration) responded, noting that his organization is responsible for the USXPORTS program and the Technology Protection System. The Director of Policy Automation in the Office of the Deputy Under Secretary of Defense (Policy Integration) stated that this report had a strong theme that DoD should be responsible for the initial automation of technical and license data, when the Departments of Commerce and State actually have that responsibility. The Director also commented on the finding paragraph statement in the draft report that "the Deputy Under Secretary of Defense (Policy Support) had not performed an assessment weighing the costs and benefits of automating the export license application review process," stating that the USXPORTS Interagency Program Management Office had in fact done an assessment. In addition, the Director stated that there is another theme throughout the report that assumes export licenses should be processed as unclassified information within DoD, a policy he feels is questionable. The Director also suggested minor corrections to the draft report. See the Management Comments section for the complete text of his comments.

Audit Response. As a result of management comments, we redirected the report from the Deputy Under Secretary of Defense (Policy Support) to the Deputy Under Secretary of Defense (Policy Integration). The Office of the Deputy Under Secretary of Defense (Policy Integration) has the responsibility to assess whether DoD should accept license applications and supporting documents in electronic form, whether DoD should engage in electronic transactions to support the export licensing process, and to determine the information security practices and management controls that DoD requires to ensure information security. In contrast to the Policy Automation Director's statements, at the time of our audit, the USXPORTS Interagency Program Management Office had assessed initial automation of technical and license data, but had not conducted a comprehensive assessment of automating the DoD portion of the export licensing process. The question of handling export license data has been answered by the Deputy Under Secretary of Defense (Technology Security Policy and Counter-Proliferation), who approved on December 14, 2001, the decision to treat unclassified export license data as extremely sensitive but unclassified data, with no security classification based on information compilation. Classified export license data will continue to be stored on a classified system and marked appropriately.

Recommendations and Management Comments

We recommend that the Deputy Under Secretary of Defense (Policy Integration):

1. In accordance with Office of Management and Budget Memorandum M-00-10, "OMB Procedures and Guidance on Implementing the Government Paperwork Elimination Act," assess whether to accept

export license applications and supporting documents in electronic form, assess whether to engage in electronic transactions to support the export licensing process, and determine the information security practices and management controls that are required to ensure information security.

Management Comments. The Director, Policy Automation, concurred, stating that FORDTIS/TPS meets Government Paperwork Elimination Act and Government Performance and Results Act requirements. The USXPORTS Interagency Program Office is committed to addressing those requirements in the interagency arena, including achieving that portion of the recommendation pertaining to determining security practices and management controls that are required to ensure information security.

2. Based on the results of the assessments and security determination performed in response to Recommendation 1., develop a plan to automate the DoD export license dissemination and review process to ensure that the technical experts within the Military Departments and DoD Components have access to the system.

Management Comments. The Director, Policy Automation, concurred, stating that a plan to automate the dissemination and review process has been developed and is being staffed to ensure that, to the maximum extent possible, the technical experts in the Military Departments and DoD Components have access to the system.

3. Perform an analysis of multiple concepts to determine whether existing automation options can be used in developing a DoD-wide automated system for the dissemination and review of export licenses.

Management Comments. The Director, Policy Automation, concurred, stating that in complying with Program Budget Decision 289, the Clinger-Cohen Act, and DoD Regulation 5000.2, a variety of alternative approaches and concepts are being considered.

4. Verify that the planned automation of the DoD export license review process will have connectivity with the automation efforts of the U.S. Export Systems Interagency Program Management Office.

Management Comments. The Director, Policy Automation, concurred, stating that the Office of the Under Secretary of Defense for Policy has gone to extraordinary lengths in providing staff and oversight to ensure the planned automation of the DoD export license review process will have connectivity with the automation efforts of the USXPORTS Interagency Program Management Office.

Appendix A. Audit Process

Scope

This is one in a series of reports being issued by the Inspector General, DoD, in accordance with the National Defense Authorization Act for Fiscal Year 2000, section 1402, which requires an annual report on the transfer of militarily sensitive technology to countries and entities of concern.

We reviewed the export license application review processes for dual-use items and munitions items; the specific review processes of the Military Departments and other DoD Components; and the functionality of existing DoD automated export control systems. The DoD involvement in the overall automation effort and the effect of DoD involvement on other U.S. governmental agencies will be addressed in a subsequent interagency report.

Work Performed. We examined the DoD process of disseminating export license applications to DoD Components and the Military Departments to obtain technical reviews performed by technical experts. We analyzed the procedures used by the Army, the Navy, the Air Force, the Joint Staff, and the Defense Intelligence Agency to receive, review, and transmit their reviews of export license applications. In addition, we looked at FORDTIS/TPS; the Joint Staff's Joint Tracking Retrieval and Control System; the Army's export license tracking system; and the Air Force database program that assists in the management of export license applications. Also, we looked at security classification issues involving DoD export license dissemination and review.

To accomplish this audit, we reviewed the current DoD system, FORDTIS/TPS, used for export license processing. We reviewed DoD and Military Department policies, regulations, and memorandums implemented during the period 1979 through 2000 pertaining to export licenses. Specifically, we reviewed the Arms Export Control Act; the Export Administration Act; Executive Order 12981, "Administration of Export Controls," December 5, 1995; Office of Management and Budget Memorandum M-00-10; Deputy Secretary of Defense Memorandum, "DoD Export License Review Process," October 4, 1999; DoD Directive 2040.2; DoD Instruction 5230.18; DoD Regulation 5000.2-R; the Government Paperwork Elimination Act; and the Government Paperwork Reduction Act.

High-Risk Area. The General Accounting Office has identified several high-risk areas in DoD. This report provides coverage of the DoD Systems Modernization high-risk area.

Methodology

We researched the DoD process for disseminating export license applications to technical reviewers at commands. We reviewed the systems and processes used in the business process for export license application reviews. On the basis of recommendations made by USASAC and the Navy International Programs Office, we visited technical experts at the Army Aviation and Missile Command and the Naval Air Systems Command. At each location, we interviewed the point of contact who received the applications initially and then we reviewed the procedures used by the locations to further disseminate the license applications and technical documentation to technical experts when necessary. We reviewed how the Military Departments and the DoD Components used FORDTIS/TPS in the export license review process.

We conducted interviews with personnel at the Office of the Deputy Under Secretary of Defense (Policy Integration); the Joint Staff; the Defense Intelligence Agency; the DoD Deputy Chief Information Officer; DTSA; the USXPORTS Interagency Program Management Office; USASAC; the Navy International Programs Office; the Office of the Deputy Under Secretary of the Air Force (International Affairs); the Army Aviation and Missile Command; the Naval Air Systems Command; and Anteon Corporation. We interviewed technical experts at the Military Department component command level who perform technical analyses of export license applications.

Use of Computer-Processed Data. We obtained data from FORDTIS/TPS; the Joint Tracking Retrieval and Control System; the export license tracking system; and the Air Force database program that processes export license applications. We did not review the general and application controls of those systems because we were reviewing the DoD export license application review process and not the data provided. The opinions and conclusions in this report were not based on the data produced by the systems; therefore, the evaluation of the controls was not necessary.

Audit Type, Dates, and Standard. We performed this program audit from April through October 2001 in accordance with generally accepted government auditing standards.

Contacts During the Audit. We visited or contacted individuals and organizations within DoD and industry. Further details are available upon request.

Management Control Program Review

DoD Directive 5010.38, "Management Control (MC) Program," August 26, 1996, 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 those controls.

Scope of the Review of the Management Control Program. We reviewed the adequacy of DTSA controls over the dissemination and review of export license applications. Prior to August 31, 2001, the Defense Threat Reduction Agency officials had identified export control and security policies as an assessable unit. In September 2001, DTSA initiated a separate management control program. Because we did not identify a material weakness, we did not assess the DTSA self-evaluation.

Adequacy of Management Controls. DTSA management controls were adequate in that we identified no material management control weaknesses.

Appendix B. Prior Coverage

During the last 5 years, the General Accounting Office and the Inspector General, DoD, have conducted multiple reviews related to the adequacy of management controls over transfers of sensitive and critical DoD technology with potential military application to foreign nationals. Unrestricted General Accounting Office reports can be accessed over the Internet at http://www.gao.gov. Unrestricted Inspector General, DoD, reports can be accessed over the Internet at http://www.dodig.osd.mil/audit/reports. The following previous reports are of particular relevance to the subject matter in this report.

General Accounting Office

General Accounting Office Report No. GAO-01-528, "Export Controls: State and Commerce Department License Review Times Are Similar," June 2001

General Accounting Office Report No. GAO/NSIAD-00-190R (OSD Case No. 2045), "Defense Trade: Status of the Department of Defense's Initiatives on Defense Cooperation," July 19, 2000

Inspector General, DoD

Inspector General, DoD, Report No. D-2001-088, "DoD Involvement in the Review and Revision of the Commerce Control List and the U.S. Munitions List," March 23, 2001

Inspector General, DoD, Report No. D-2001-007, "Foreign National Security Controls at DoD Research Laboratories," October 27, 2000

Inspector General, DoD, Report No. D-2000-130, "Foreign National Access to Automated Information Systems," May 26, 2000

Inspector General, DoD, Report No. D-2000-110, "Export Licensing at DoD Research Facilities," March 24, 2000

Inspector General, DoD, Report No. 99-186, "Review of the DoD Export Licensing Processes for Dual-Use Commodities and Munitions," June 18, 1999

Interagency Reviews

Inspectors General of the Departments of Commerce, Defense, Energy, and State, Report No. D-2001-092, "Interagency Review of the Commerce Control List and the U.S. Munitions List," March 23, 2001

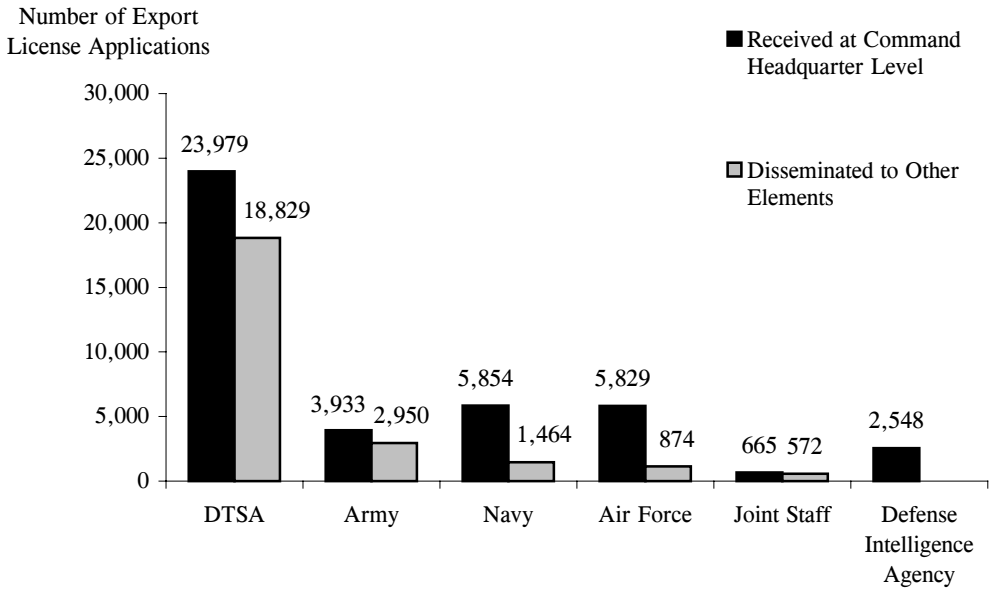
Inspectors General of the Departments of Commerce, Defense, Energy, and State, Report No. D-2000-109, "Interagency Review of the Export Licensing Process for Foreign National Visitors," March 24, 2000

Inspectors General of the Departments of Commerce, Defense, Energy, State, and the Treasury and the Central Intelligence Agency, Report No. 99-187, "Interagency Review of the Export Licensing Processes for Dual-Use Commodities and Munitions," June 18, 1999

Appendix C. Export License Applications Processed by DoD

For FY 2000, DTSA received 23,979 export license applications. DTSA either provided a DoD position on the export license applications or disseminated the applications to one or more DoD Components for further analysis. The following table shows the number of export license applications received by DTSA and further disseminated to other DoD Components. The table does not show all DoD Components that received export license applications. Also, DTSA can disseminate export license applications to multiple DoD Components; therefore, the total shown for DTSA will not equal the total of the other DoD Components.

FY 2000 Export License Applications Processed by DoD



Appendix D. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition, Technology, and Logistics
Under Secretary of Defense for Policy
  Assistant Secretary of Defense (International Security Affairs)
  Deputy Under Secretary of Defense (Policy Integration)
  Deputy Under Secretary of Defense (Technology Security Policy and Counter-Proliferation)
Under Secretary of Defense (Comptroller)
  Deputy Chief Financial Officer
  Deputy Comptroller (Program/Budget)

Joint Staff

Director, Joint Staff

Department of the Army

Deputy Under Secretary of the Army (International Affairs)
Commanding General, Army Material Command
Auditor General, Department of the Army

Department of the Navy

Director, Navy International Programs Office
Naval Inspector General
Auditor General, Department of the Navy

Department of the Air Force

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

Other Defense Organizations

Director, Defense Technology Security Administration
Director, U.S. Export Systems Interagency Program Management Office
Director, Defense Intelligence Agency

Other Non-Defense Organizations

Office of Management and Budget
Inspector General, Department of Commerce
Inspector General, Department of Energy
Inspector General, Department of State
Inspector General, Department of the Treasury

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
Senate Committee on Intelligence
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Reform
House Subcommittee on Government Efficiency, Financial Management, and Intergovernmental Relations, Committee on Government Reform
House Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform
House Subcommittee on Technology and Procurement Policy, Committee on Government Reform
House Committee on International Relations
House Subcommittee on International Economic Policy and Trade, Committee on International Relations
House Permanent Select Committee on Intelligence

Deputy Under Secretary of Defense (Policy Integration) Comments

Final Report Reference

OFFICE OF THE UNDER SECRETARY OF DEFENSE
2000 DEFENSE PENTAGON
WASHINGTON, DC 20301-2000

POLICY

December 13, 2001

MEMORANDUM FOR DIRECTOR, READINESS AND LOGISTICS SUPPORT, DOD IG

SUBJECT: Audit Report D2001LG-0087

Our review of this report indicates there is a misunderstanding about export licensing responsibilities in the Department of Defense. There is a strong theme in this report that DoD should be responsible for the initial automation of the technical and license data. We feel strongly that this is the responsibility of DoS and DoC. This is the exact reason that DoD is sponsoring the USXPORTS program to encourage these organizations to automate their functions and allow us to improve connectivity for industry and interagency sharing of data.

There is also a questionable theme throughout this report that assumes export license can and should be processes as unclassified within DoD. The IG encourages extension of selected MILDEP activities using unclassified communications to coordinate cases. At best we feel this is a questionable security practice and believe the IG has the responsibility to raise this as an issue. We were concerned enough about this practice to initiate an OPSEC review. This review is ongoing with NSA assistance. Indications are at a minimum the data is very sensitive and should not be transmitted over totally unsecure communications lines as is currently occurring.

In addition to the above, there are a number of problems with the report as reflected at the attachment. One of the most critical is that the report was forwarded to the wrong office. The DUSD(PI) was organized on 15 July 2001 and is the organization responsible for the USXPORTS program and the Technology Protection System (TPS). We want to make it clear that TPS and USXPORTS are not in competition with each other. TPS is a technology upgrade that USXPORTS will take advantage of by using as the basis for export license automation and incorporate additional requirements and capabilities identified during the ongoing USXPORTS requirements update. Revised

Our verbal comments were provided to Mr. Tim Moore in a meeting on 14 November 2001. Unfortunately since this latest draft was published 13 November, your office did not have an opportunity to incorporate the verbal comments into the draft. If you need further information, my POC is Mr. Lothar Harris, 703 601-0055.

Ronnie R. Larson
Director, Policy Automation
Office of the Deputy Under Secretary of Defense
(Policy Integration)

Attachment
As

Final Report Reference

Comments on IG Report D2001LG-0087

Revised 1. Executive Summary/Background/last sentence - says USXPORTS established Jan 01. That was when we had the ribbon cutting but we were established in May of 2000. .

Revised 2. Executive Summary/Objectives/first sentence – there is no plan for a "Federal" single system. The preferred wording conveys the idea of "an interagency system to improve the interchange of information between the parties of interest".

Revised 3. Executive Summary/Summary of Recommendations - tasking DUSD(Policy Support), i.e. DUSD(PI) to make these assessments is not reasonable. This is a functional responsibility. We translate requirements into an IT project.

Revised 4. Page 3 - OBJECTIVES - "Federal System" again.

5. Page 4 - first para - "Deputy Under Secretary of Defense (Policy Support) had not performed an assessment..." - I think this refers back to the legacy upgrade. USXPORTS had in fact done an assessment. There seems to be confusion over the fact that TPS will become USXPORTS or vice versa.

6. Page 4 - bottom of page - DoDI 5230.18 is being rescinded. 5230.11, 5230.20, and 2040.2 are in various stages of being rewritten.

7. Page 7 - bottom - "assessment" again - see #5

Revised 8. Page 9 DOD Automation Efforts and USXPORTS Goals - we mentioned several times that USXPORTS is working with the MILDEP and JS to ensure that future systems work together. Our goal is a single DOD system from top to bottom. It would help by making the write-up more specific to say the services need to cooperate with USXPORTS.

Revised 9. Page 10 - Air Force Initiatives - USXPORTS collaborated with AF to build a prototype system and continues to work with them to ensure future systems are fully interoperable with the USXPORTS system.

10. Page 11 - Analysis of Multiple Concepts - "The Deputy Under Secretary of Defense (Policy Support) should conduct" - in fact this was done by USXPORTS.

11. Page 12 - Conclusion - last sentence - again USXPORTS has done this study and is part of the requirement package.

OFFICE OF THE UNDER SECRETARY OF DEFENSE
2000 DEFENSE PENTAGON
WASHINGTON, DC 20301-2000

POLICY

December 21, 2001

MEMORANDUM FOR DIRECTOR, READINESS AND LOGISTICS SUPPORT, DOD IG

SUBJECT: Audit Report D2001LG-0087

We sent a reply to this draft report on 13 December 2001, however, Mr. Tim Moore requested that we provide an addendum that summarized our position on each recommendation in the report. This is a consolidated response on behalf of the Office of the Deputy Under Secretary of Defense (Policy Integration). We do feel that the report continues to be misleading in the areas summarized in our 13 December response but the recommendations are generally reasonable.

Recommendation 1 – Assessment – Concur.

We agree that the Government Paperwork Elimination Act (GPEA) governs our efforts, along with the Government Performance and Results Act (GPRA), other applicable statutes, and certain departmental regulations. We note that TPS does extensively meet GPEA, GPRA and other related requirements as is possible with available data and security restrictions and that our commitment to USXPORTS from the outset is addressing those requirements in the interagency arena.

We are committed in the USXPORTS program to achieve that portion of the recommendation that pertains to DUSD(PI) determining the security practices and management controls that are required to ensure information security. To that end, we are working closely with NSA, ISOO, NIST, DoC, DoS, DTSA, the Military Departments and the Joint Staff, with oversight by the C3I Chief Information Officer.

Although not mentioned in your recommendation, we believe it is also essential to establish the security practices and management controls required to ensure information security with industry. We are actively engaged with our USXPORTS partners, the Federal Electronic Commerce Coalition (FECC), and a number of industry organizations to explore this important area.

Recommendation 2 – Develop a Plan to Automate the Review Process – Concur.

This is the heartbeat of USXPORTS. As pointed out in your June 1999 report, the limitations of DoD systems existing at that time and the impending requirements of GPEA had to be addressed. Our response was the creation of PBD 289, which launched USXPORTS. A plan to automate the dissemination and review process has been developed and is being staffed to assure that to the maximum extent possible, the technical experts in the Military Departments and DoD Components have access to the system.

Your report seems to ignore the fact that DISA is responsible for providing secure DISN to DoD activities needing SIPRNET access. We have been working with DISA and the MILDEPS to obtain this capability. It is difficult competing for resources with the warfighters.

Recommendation 3 – Perform an Analysis of Multiple Concepts – Concur.

In complying with the provisions of PBD 289, Clinger-Cohen, and DoD Regulation 5000.2, a variety of alternative approaches and concepts are being considered. In your draft report mention is made of the Secretary of the Air Force Export Data System (SAFEDS). This is a project funded by USXPORTS in cooperation with the Air Force. It is a prime example of one potential solution set for improving the dissemination and review process at the Military Department level. Another is the Space Launch project, funded by USXPORTS in cooperation with DTSA, providing a DoD Component view. A third is the Electronic Support Documentation (ESD) project, funded by USXPORTS in cooperation with DoC, providing insights into the needs of our interagency partners. Combined, these initiatives are contributing significantly to defining and refining the requirements for the larger enterprise system. We still need your assistance in recruiting the assistance of the DoS IG to get their increased participation in this interagency effort.

Recommendation 4 – Verify Automated Connectivity, DoD to USXPORTS – Concur.

OUSD(P) has gone to extraordinary lengths in providing staff and oversight to ensure that the planned automation of the DoD export license review process will have connectivity with the automation efforts of the USXPORTS IPMO. The Director, Policy Automation Directorate, assigned his Deputy as the Program Manager for USXPORTS. The former Director of Policy's Operations Control Center was assigned as Deputy PM. A senior technical analyst from DTRA was assigned as the Project Manager for DoD. The Deputy Under Secretary of Defense for Technology Security Policy and Counter Proliferation Co-Chairs the Steering Committee. The Deputy Under Secretary of Defense for Policy Integration is an active member of the committee. All of these actions have been taken with the specific intent of ensuring the connectivity called for in this recommendation. We plan to integrate the existing TPS into USXPORTS after integrating new requirements identified by the IPMO in their extensive user requirements efforts.

Again, we are pleased to provide this consolidated response to your draft report. If you need further information, my POC is Mr. Lothar Harris, 703-601-0055.

Ronnie R. Larson
Director, Policy Automation
Office of the Deputy Under Secretary of Defense
(Policy Integration)

Audit Team Members

The Readiness and Logistics Support Directorate, Office of the Assistant Inspector General for Auditing, DoD, prepared this report. Personnel of the Office of the Inspector General, DoD, who contributed to this report are listed below.

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