

Audit Report



DISTRIBUTION STATEMENT A
Approved for Public Release
Distribution Unlimited

FOREIGN COMPARATIVE TESTING PROGRAM

Report No. 98-133

May 13, 1998

Office of the Inspector General
Department of Defense

19990916 068

AQI 99-12-2367

Additional Copies

To obtain additional copies of this audit report, contact the Secondary Reports Distribution Unit of the Analysis, Planning, and Technical Support Directorate at (703) 604-8937 (DSN 664-8937) or FAX 604-8932.

Suggestions for Future Audits

To suggest ideas for or to request future audits, contact the Planning and Coordination Branch of the Analysis, Planning, and Technical Support Directorate at (703) 604-8908 (DSN 664-8908) or FAX (703) 604-8932. Ideas and requests can also be mailed to:

OAIG-AUD (ATTN: APTS Audit Suggestions)
Inspector General, Department of Defense
400 Army Navy Drive (Room 801)
Arlington, Virginia 22202-2884

Defense Hotline

To report fraud, waste, or abuse, contact the Defense Hotline by calling (800) 424-9098; by sending an electronic message to Hotline@DODIG.OSD.MIL; or by writing to the Defense Hotline, The Pentagon, Washington, D.C. 20301-1900. The identity of each writer and caller is fully protected.

Acronym

FCT	Foreign Comparative Testing
-----	-----------------------------



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

May 13, 1998

MEMORANDUM FOR DIRECTOR, TEST, SYSTEMS ENGINEERING AND
EVALUATION

SUBJECT: Audit Report on Foreign Comparative Testing Program
(Report No. 98-133)

We are providing this report for your information and use. Management comments on a draft of this report were considered in preparing the final report. This report is the fourth and last in a series of reports addressing the Foreign Comparative Testing Program.

Comments on the draft of this report conformed to the requirement of DoD Directive 7650.3 and left no unresolved issues. Therefore, no additional response is necessary.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. John E. Meling at (703) 604-9091 (DSN 664-9091) or Mr. Harold C. James at (703) 604-9093 (DSN 664-9093). See Appendix F for the report distribution. The audit team members are listed inside the back cover.

David K. Steensma

David K. Steensma
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 98-133

(Project No. 7AE-0039.03)

May 13, 1998

Foreign Comparative Testing Program

Executive Summary

Introduction. This report is the fourth and last in a series of reports addressing the Foreign Comparative Testing Program. The first report addresses the use of the Foreign Comparative Testing Program funds for the BOL Expendable Countermeasure Dispenser. The second report addresses the reporting of Foreign Comparative Testing Program project costs. The third report addresses a proposal to test nickel cadmium batteries for use on the Advanced Sea-Air-Land Delivery System vehicle. The objective of the Foreign Comparative Testing Program is to test and evaluate foreign nondevelopmental items to determine whether the items can be used to satisfy U.S. military requirements. The Foreign Comparative Testing Program is intended to reduce overall DoD acquisition costs by facilitating the procurement of successfully tested foreign nondevelopmental items in lieu of developing comparable items domestically. In the Annual Report to Congress for 1997, the Foreign Comparative Testing Program Manager reported that testing through the Foreign Comparative Testing Program and predecessor foreign testing programs had avoided nearly \$3.3 billion in research, development, test, and evaluation costs from 1980 through 1997. The Foreign Comparative Testing Program receives about \$33 million yearly to fund DoD Component project proposals.

Audit Objectives. The primary audit objective was to determine whether DoD system acquisition managers were considering and using the Foreign Comparative Testing Program when formulating acquisition strategies. We also followed up on a recommendation relating to the Foreign Comparative Testing Program in a 1992 Inspector General, DoD, audit report and reviewed implementation of management controls applicable to the audit objective.

Audit Results. Since the 1992 audit report, the Foreign Comparative Testing Program Office (Program Office) has significantly improved the management of the Foreign Comparative Testing Program and increased the likelihood that Foreign Comparative Testing Program projects will result in procurement of foreign nondevelopmental items that satisfy validated DoD requirements. Although the Program Office has made progress in reducing the number of Foreign Comparative Testing Program projects selected without fully satisfying project funding criteria, the Program Office can make further improvements in the processes used for planning and selecting Foreign Comparative Testing Program projects. Specifically, 28 of 79 project proposals that the Review and Selection Committee selected for funding in FYs 1994 through 1998 did not satisfy one or more requirements for submitting a proposal, that is, a validated

requirements document, an assessment of logistics support requirements, or an identification of budgeted funds to procure the foreign item. In total, the Program Office allocated \$30.4 million, or 26 percent of its budget, to fund the 28 projects during FYs 1994 through 1998. As a result, the Program Manager funded testing projects that did not or may not lead to procurement of foreign nondevelopmental items at the completion of successful item testing. See Part I for details. Also, see Appendix A for details of the review of the management control program.

Summary of Recommendations. We recommend that the Foreign Comparative Testing Program Manager revise the draft Foreign Comparative Testing Program Handbook guidance to do the following:

- o include the participation of a logistics representative on the Review and Selection Committee;
- o include assessment of logistics support and reference to the Mission Need Statement as documentation to support a validated requirement in the checklist that DoD Components use in screening the completeness of project proposals; and
- o state that project proposals should meet all proposal requirements to maximize chances for selection.

Management Comments. The Director, Test, Systems Engineering and Evaluation, responding for the Foreign Comparative Testing Program Manager, concurred with and implemented the recommendations in the draft Foreign Comparative Testing Program Handbook. See Part I for a discussion of management comments to the recommendations and Part III for the complete text of management comments.

Table of Contents

Executive Summary	i
--------------------------	----------

Part I - Audit Results

Audit Background	2
Audit Objectives	2
Finding A. Foreign Comparative Testing Program Management Improvements	4
Finding B. Planning and Selecting Foreign Comparative Testing Program Projects	11

Part II - Additional Information

Appendix A. Audit Process	
Scope	20
Methodology	20
Management Control Program Review	20
Appendix B. Summary of Prior Coverage	22
Appendix C. Foreign Comparative Testing Program Process	24
Appendix D. Foreign Nation Perspectives on the Foreign Comparative Testing Program	28
Appendix E. Summary of Foreign Comparative Testing Program Projects Reviewed	30
Appendix F. Report Distribution	35

Part III – Management Comments

Director, Test, Systems Engineering and Evaluation, Comments	38
--	----

Part I - Audit Results

Audit Background

This report discusses the use of the Foreign Comparative Testing (FCT) Program as a source of funding for the Army, the Navy, the Air Force, the Marine Corps, and the U.S. Special Operations Command (referred to in this report as DoD Components) to test foreign technologies and equipment that have the potential to satisfy U.S. military requirements. Section 2350a(g) of Title 10, United States Code, "Cooperative Research and Development Projects: Allied Countries," authorizes the Secretary of Defense to perform side-by-side testing to determine whether foreign technologies and equipment can be used to satisfy U.S. military requirements. In 1989, to satisfy the Title 10 requirement, the DoD consolidated two predecessor programs, the Foreign Weapons Evaluation Program and the North Atlantic Treaty Organization Comparative Test Program, to form the FCT Program. The objective of the FCT Program is to test and evaluate foreign nondevelopmental items to determine whether the items satisfy U.S. military requirements or address mission area shortcomings. DoD guidance relevant to the FCT Program is provided in DoD Manual 5000.3-M-2, "Foreign Comparative Testing Program Procedures Manual," January 1994. The FCT Program receives separate funding in a program element included in the Office of the Secretary of Defense, Test, Systems Engineering and Evaluation, budget. The FCT Program Manager (the Program Manager) functions under the Director, Test, Systems Engineering and Evaluation. Appendix C provides an overview of the FCT Program process.

Audit Objectives

The primary audit objective was to determine whether DoD system acquisition managers were considering and using the FCT Program when formulating acquisition strategies. This report on the use of the FCT Program by the DoD Components to test foreign technologies and equipment is the fourth and last in a series of reports addressing the FCT Program. The first report addresses the use of FCT Program funds for the BOL Expendable Countermeasures Dispenser. The second report addresses the reporting of FCT Program project costs. The third report addresses an FCT Program proposal to test nickel cadmium batteries for use on the Advanced Sea-Air-Land Delivery System vehicle. We also followed up on a recommendation relating to the FCT Program in Inspector General, DoD, Report No. 92-049, "Foreign Weapons Evaluation in the Department of Defense," February 19, 1992, and we reviewed the implementation of

management controls applicable to the audit objective. In Appendix A, we discuss the scope and methodology used to accomplish the audit objective as well as management controls. Appendix B discusses the prior audit coverage.

Finding A. Foreign Comparative Testing Program Management Improvements

Since 1992, the FCT Program Office (the Program Office) has significantly improved the management of the FCT Program, including:

- o increasing emphasis on selecting and funding testing for projects based on procurement potential;
- o increasing DoD acquisition community awareness and understanding of the FCT Program;
- o improving FCT Program guidance; and
- o implementing acquisition reform initiatives.

The improvements occurred because the Program Manager recognized the need to increase the effectiveness and efficiency of the FCT Program. Also, the Program Manager took actions to correct a deficiency identified in the Inspector General, DoD, Report No. 92-049, "Foreign Weapons Evaluation in the Department of Defense," February 19, 1992. As a result, projects selected for testing funding were more likely to result in procurement of foreign nondevelopmental items that satisfied validated DoD requirements. In addition, DoD was able to avoid duplicative U.S. research, development, test, and evaluation costs; field needed military equipment more rapidly; and improve cooperative support between the United States and allied and friendly nations.

Test Categories Within the FCT Program

The FCT Program consists of two test categories: tests to procure items and tests where no procurement of an item is intended. The test-to-procure category supports the test and evaluation of foreign nondevelopmental items for possible procurement. The testing may involve either comparative testing of multiple items that are evaluated against each other and against a set of requirements or testing of a unique foreign item to determine whether the item's capabilities meet the vendor's claim. After the test-to-procure projects are completed, DoD Components then procure the items that successfully meet requirements and demonstrate best value. The no-procurement-intended category involves a

Finding A. Foreign Comparative Testing Program Management Improvements

technical assessment of foreign technologies or manufacturing processes to determine whether they offer the potential for significant future cost avoidance in the development or production of U.S. products.

Management Improvements in the FCT Program

The Program Office has significantly improved the project selection process, DoD acquisition community awareness and understanding of the FCT Program, and guidance for the FCT Program. The Program Office has also effectively implemented acquisition reform initiatives.

Selecting FCT Program Projects. DoD Manual 5000.3-M-2 states that:

Generally, the first priority for FCT project funding shall be for T&E [test and evaluation] of foreign equipment in production or in the final stages of development, where favorable test results could lead to a subsequent acquisition of the equipment by a DoD Component. T&E of foreign equipment may be conducted to assess the technology used in the equipment and its possible applicability to U.S. development efforts; however, in most cases, this will be a lesser priority than NDI [nondevelopmental item] projects. Technical assessment projects will not be undertaken without the full understanding of the foreign government and manufacturer that the test, regardless of its outcome, will not likely result in subsequent additional acquisition of the tested items.

In our 1992 audit report, we reported project statistics for FYs 1987 through 1990. We also recommended that program managers procure existing domestic or foreign items that meet military requirements instead of initiating or continuing development. Since 1992, the Program Office increased its emphasis on selecting and funding testing for projects that may result in procurement. As a result, the percentage of projects selected in the test-to-procure category increased from 79 percent during FYs 1987 through 1990 to 93 percent during FYs 1994 through 1998. The following table breaks out the numbers and percentages of projects selected in each of the testing categories during the two time periods.

Finding A. Foreign Comparative Testing Program Management Improvements

Significant Changes in the Percentage of FCT Program Projects by Selected Testing Category

<u>Fiscal Years</u>	<u>Test-to- Procure</u>	<u>No-Procurement- Intended</u>	<u>Total</u>
1987-1990	79 (79 percent)	21 (21 percent)	100 (100 percent)
1994-1998	81 (93 percent)	6 (7 percent)	87 (100 percent)

Accordingly, the Program Manager has placed greater emphasis on using FCT Program funding to test items with an intent for procurement to better meet the primary objective of the FCT Program.

Increasing Awareness and Understanding of the FCT Program. The Program Office increased acquisition community awareness and understanding of the FCT Program through the use of briefings and annual requests to the DoD Components for project proposals.

Briefings. Throughout the year, the Program Manager provides briefings to DoD Component acquisition staff, who are potential participants in the FCT Program. Specifically, the Program Manager provided briefings to DoD Component Acquisition Executives; Program Executive Officers; acquisition program managers; requirements sponsors or user advocates; test planners and executors; resource or funding sponsors; system, subsystem, or component users; contracting officers; and representatives of foreign and domestic industries and foreign governments. The briefings covered the following areas:

- o the purpose of the FCT Program, and how the FCT Program meets the intent of DoD Regulation 5000.2-R, "Mandatory Procedures for Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs," March 15, 1996, which requires program managers to determine the availability and suitability of existing nondevelopmental items before considering the development of a new item to satisfy stated DoD requirements;

- o examples of prior successful procurements of foreign nondevelopmental items through the FCT Program, and how successful prior projects supported the warfighter;

Finding A. Foreign Comparative Testing Program Management Improvements

- o the annual submission cycle, evaluation criteria, and selection process for the projects; and

- o identification of points of contact for the FCT Program.

In addition to giving briefings, the Program Manager raised the acquisition community's awareness of the FCT Program through an FCT Program Internet Homepage <<http://www.acq.osd.mil/te/programs/fct.html>>.

Annual Requests for FCT Program Project Proposals. Since 1995, the Program Manager has required the FCT Program focal points within the DoD Components to issue annual requests for FCT Program project proposals. The Program Manager and focal points within the DoD Components use the annual requests to increase acquisition community awareness of the FCT Program and to invite prospective sponsors and weapon system users to submit project proposals. The annual requests provide background information on the FCT Program, explain the criteria for selecting proposals, list the types of information required in the proposals, and provide points of contact for questions and assistance on the FCT Program.

Improving FCT Program Guidance. At the time of our audit, the Program Manager was developing the FCT Program Handbook (the Handbook) to clarify the guidance provided in the DoD Manual 5000.3-M-2. Although the manual outlined the specific procedures for DoD Components to follow in supporting the FCT Program, the Program Manager was clarifying the procedures in the Handbook to help all organizations and individuals to more fully understand how the program operates. The Handbook will assist acquisition personnel to effectively manage FCT Program projects and help personnel in other organizations to successfully obtain project funding from the FCT Program. Also, the Handbook guidance should help alleviate problems that foreign governments and contractors have encountered through participating in the FCT Program (See Appendix D).

Implementing Acquisition Reform Initiatives. The Program Office successfully implemented acquisition reform initiatives, including the use of integrated product teams and streamlined contracting procedures.

Integrated Product Teams. Since 1997, the Program Manager has required that project managers use integrated product teams to plan and manage FCT Program projects. The draft Handbook cites integrated product teams as a management tool that helps the acquisition community manage the FCT Program process from project inception to completion. The draft Handbook indicates that the composition of the integrated product teams should be fluid, with membership depending on the phase of the project in the testing process. In any project phase,

Finding A. Foreign Comparative Testing Program Management Improvements

the draft Handbook states that integrated product teams should include representatives of those organizations that can plan for and decide on project cost, schedule, and performance. Typical team members include representatives of the Program Manager, the foreign vendor, the sponsoring organization, the requirements originator, the test organization, the resource (funding) sponsor, the user organization, and the contracting office. Upon identifying foreign nondevelopmental items as candidates for the FCT Program, the draft Handbook states that sponsoring organizations should assign a project manager and convene an integrated product team to develop a draft project proposal. In preparing the draft project proposal, the integrated product team is to determine whether:

- o a valid user requirement is supported in a Mission Need Statement or an Operational Requirements Document,
- o procurement funding is available for purchasing the foreign nondevelopmental item if it passes testing and provides the Government with the best value,
- o a market investigation has been conducted, and
- o the nondevelopmental item has been used effectively in the vendor's country or in another foreign country.

Streamlined Contracting Procedures. The Program Manager implemented Office of the Secretary of Defense guidance to structure the project contracting strategy so that only one contract, which can be used for both testing and procuring a foreign item, is awarded to each competing vendor. Specifically, the Under Secretary of Defense for Acquisition and Technology issued guidance for the FCT Program that encourages procuring organizations to issue solicitations calling for proposals to include both the price for testing the foreign articles and priced options for production quantities. That type of solicitation allows procuring organizations, without further competition, to contract for the production of articles that have been successfully tested and that demonstrated best value. Accordingly, program offices need not go through a whole new contract solicitation and award process. Through use of that contracting approach, project managers can reduce the average time spent from project approval for testing to final product delivery by 2 years.

Program Manager Initiatives

The Program Manager recognized the need to improve the effectiveness and efficiency of the FCT Program. To achieve that improvement, he focused on the following areas: procurement rather than testing as the primary objective of the FCT Program, implementing acquisition reform initiatives, making acquisition managers and foreign governments and industries more aware of the FCT Program, and improving guidance for the FCT Program. Also, the Program Manager took actions to correct a deficiency identified in the 1992 Inspector General, DoD, audit report. The report criticized the Military Departments for not taking full advantage of foreign nondevelopmental items to meet U.S. military needs. One reason cited in the report was that the Military Departments were not always nominating projects that involved viable procurement candidates. Instead, many of the projects nominated for testing were technical assessments ("no-procurement-intended" test category). Tangible results, such as products or increased competition, did not result from the projects. As discussed earlier in this report, the Program Office has placed greater emphasis on selecting and funding projects based on procurement potential.

Results of Program Manager's Initiatives

The Program Manager's initiatives increased the likelihood that funded testing projects will result in procurements of foreign nondevelopmental items that satisfy validated DoD requirements. As a result, DoD was able to avoid duplicative research, development, test, and evaluation costs; to field military equipment more rapidly to meet U.S. needs; and to improve U.S. relations with allied and friendly nations.

Research, Development, Test, and Evaluation Costs. In the Annual Report to Congress for 1997, the Program Manager reported that testing and procurement through the FCT Program and the earlier Foreign Weapons Evaluation and North Atlantic Treaty Organization Comparative Test Programs had avoided nearly \$3.3 billion in research, development, test, and evaluation costs from 1980 through 1997. During the same period, FCT Program costs amounted to \$620 million.

Fielding of Needed Military Equipment More Rapidly. The Gulf War proved that DoD needs to respond quickly to warfighting requirements. The fielding time (project request to item in the hands of the warfighter) for a foreign

Finding A. Foreign Comparative Testing Program Management Improvements

nondevelopmental item already in production should be faster using the new streamlined contracting procedures than the fielding time for developing a new item.

Improving Cooperative Support. The procurement of foreign nondevelopmental items improves the U.S. relationship with its allies and friends. It provides tangible proof that the United States is committed to buying foreign nondevelopmental items from allied and friendly nations in addition to selling those nations our Defense products. In that regard, \$4.5 billion in U.S. procurements of foreign nondevelopmental items has resulted from the FCT Program since 1980. Also, agreements between foreign vendors and U.S. companies to produce foreign nondevelopmental items in the United States create domestic jobs and strengthen the domestic industrial base and economy.

Finding B. Planning and Selecting Foreign Comparative Testing Program Projects

Although the Program Office has made progress in reducing the number of FCT Program projects selected that do not fully satisfy project funding criteria, the Program Office can make further improvements in the processes used for planning and selecting FCT Program projects. Specifically, 28 of 79 project proposals that the Review and Selection Committee selected for funding in FYs 1994 through 1998 did not satisfy one or more of the following requirements for submitting a proposal:

- o a validated requirements document,
- o an assessment of logistics support requirements, and
- o an identification of budgeted funds to procure a foreign nondevelopmental item if the item passed testing and demonstrated best value.

In total, the Program Office allocated \$30.4 million, or 26 percent of its budget, to fund the 28 projects during FYs 1994 through 1998. The projects were inappropriately selected because the guidance for the FCT Program did not require the DoD Components to fully coordinate user requirements, logistics support, and funding needs when formulating project proposals. In addition, the principal focal point offices within the DoD Components did not adequately screen project proposals for completeness before forwarding them to the Review and Selection Committee for funding consideration. Further, the Review and Selection Committee did not consistently require that project proposals satisfy all proposal submission requirements before selection and funding. As a result, the Program Manager funded testing of projects that did not or may not lead to procurement of foreign nondevelopmental items at the completion of successful item testing.

Project Planning and Selection Policy

Policy. DoD Regulation 5000.2-R, Section 3.4.10, "Foreign Comparative Testing," states that the FCT Program provides funding for test and evaluation of

Finding B. Planning and Selecting Foreign Comparative Testing Program Projects

selected equipment items and technologies developed by allied countries when such items and technologies are identified as having good potential to satisfy valid DoD requirements.

Requirements for Submitting a Project Proposal. DoD Manual 5000.3-M-2 specifies the required documentation that the DoD Components must submit to the Review and Selection Committee in their project proposals for FCT Program funding consideration. The manual states that, as a part of their project proposals, sponsors should provide an approved requirements document, an assessment of logistics support, and identification of funds that will be used for procurement of the foreign nondevelopmental item if it passed testing and demonstrated best value. The draft Handbook also includes similar requirements for submitting a project proposal.

Project Planning and Selection Processes

Annually since FY 1994, the Program Office has made progress in reducing the number of selected FCT projects that did not fully satisfy proposal submission requirements. However, the Program Office can still further improve the processes used for planning and selecting projects. Specifically, 28 of the 79 project proposals, or 35 percent, that the Review and Selection Committee selected for test-to-procure funding for FYs 1994 through 1998 did not satisfy one or more of the following proposal submission requirements:

- o a validated requirements document,
- o an assessment of logistics support requirements, and
- o an identification of funding budgeted to procure the foreign nondevelopmental item if the item passed testing and demonstrated best value.

The percentage of the projects the Program Office selected missing one or more submission requirements declined from 18 of 47, or 38 percent, for FYs 1994 through 1996 to 10 of 32, or 31 percent, for FYs 1997 through 1998. Appendix E summarizes specific documentation omissions identified for the 79 projects reviewed.

Requirements Documents. The Review and Selection Committee selected 10 projects for funding when the project proposal did not contain a valid Mission Need Statement or an Operational Requirements Document. Our review of the status of the 79 projects showed that a greater percentage of the projects having a Mission Need Statement or an Operational Requirements Document progressed to

Finding B. Planning and Selecting Foreign Comparative Testing Program Projects

procurement of a foreign nondevelopmental item than those projects that did not have a validated requirements document. Specifically, all eight projects that successfully progressed to procurement began with a project proposal that cited a validated Mission Need Statement or Operational Requirements Document. Of the 10 proposals selected without a validated requirements document, 1 had successfully passed testing, but the DoD Components had not taken procurement actions. The other 9 projects were either still in testing or had failed testing. Users, having validated an operational requirement, placed increased priority on budgeting funds for procurement actions. The draft Handbook explains that a strong validation of requirements occurs when users formulate and obtain validation of a Mission Need Statement or Operational Requirements Document.

Assessments of Logistics Support. The Review and Selection Committee selected 18 projects for funding when the project proposal did not include an assessment of logistics support requirements. Of the 18 project proposals that were selected that did not address logistics support, one project, the Chemring Chaff Block, had already been adversely impacted. The Program Manager for the U.S. Special Operations Command delayed and eventually canceled funding for the project partly because the logistics support assessment that was completed after project selection indicated that the Chemring Chaff Block could not be cost-effectively supported when fielded. As a result, the project manager unnecessarily incurred \$310,000 in FCT funds for testing an item that was not a viable candidate for U.S. procurement.

DoD Manual 5000.3-M-2 requires that each project proposal address, as a part of the acquisition strategy, follow-on logistical support during the systems' projected operational life. The draft Handbook also includes a logistics support assessment as part of the project proposal format. Although both the manual and the Handbook require that project proposals contain a logistics support assessment, the Program Manager had not in the past requested that a logistics representative be included on the Review and Selection Committee to ensure that nondevelopmental foreign items can be cost-effectively supported if acquired. The Review and Selection Committee should have a logistics support representative on the Committee to help eliminate the selection and funding of foreign nondevelopmental item candidates that cannot be cost-effectively supported in the field if procured and to enhance its integrated product team process.

Identification of Funding to Procure Foreign Nondevelopmental Items. The Review and Selection Committee selected 19 projects for funding for tests when the project proposal did not identify funds for procuring the items if they passed testing and demonstrated best value. For example, the Review and Selection Committee selected the proposal for the F-15 BOL Expendable Countermeasures

Finding B. Planning and Selecting Foreign Comparative Testing Program Projects

Dispenser project when the proposal did not identify procurement funding. During our review, we issued Inspector General, DoD, Report No. 98-047, "Use of Foreign Comparative Testing Program Funds for the BOL Expendable Countermeasures Dispenser," January 15, 1998, documenting that the Air Force Air Combat Command, as the user, had not budgeted funds to buy the BOL Dispenser if it passed testing and demonstrated best value. In response to our report recommendation, the Air Combat Command provided a memorandum stating that it now intends to budget procurement funds in the Program Objective Memorandum 2002. The Air Combat Command memorandum further stated that pending successful testing results, the Command staff will seek to accelerate the procurement of the system to earlier than FY 2002.

The DoD Manual 5000.3-M-2 and the draft Handbook both emphasize the identification of funds to procure nondevelopmental items as a sign of user commitment to a project. The draft Handbook states that future project proposals that do not identify procurement funding information will be considered technical assessments, which have the lowest priority for project funding consideration. Furthermore, the draft Handbook states that the identification of funds to procure a foreign nondevelopmental item could help shorten the contracting lead-time by making it possible to award a contract that includes an option to procure the item after successful testing.

Coordinating, Screening, and Selecting Project Proposals

The Review and Selection Committee selected proposals that did not satisfy proposal submission requirements because:

- o DoD Manual 5000.3-M-2 did not require program managers within the DoD Components to fully coordinate user requirements, logistics support, and funding needs before submitting project proposals;

- o focal point offices in the DoD Components did not adequately screen project proposals for completeness before forwarding them to the Review and Selection Committee; and

- o the Review and Selection Committee did not consistently require that project proposals meet submission requirements before selecting projects for funding.

Coordinating Project Proposals. DoD Manual 5000.3-M-2 did not require program managers within the DoD Components to coordinate project proposals before submitting them to the Review and Selection Committee. As a result,

Finding B. Planning and Selecting Foreign Comparative Testing Program Projects

program managers often prepared proposals without adequate interface within the various functional elements of the program office and with the user and the funding sponsor. The Program Manager has provided guidance in the draft Handbook that should greatly improve coordination of project proposals; therefore, this report makes no recommendation to address the issue. Most significantly, the draft Handbook states that the focal point offices in the DoD Components should ensure that proposals have been properly coordinated with functional area oversight offices. To assist in the coordination effort, the draft Handbook also states that program managers should use integrated product teams beginning with the formulation of project proposals. The integrated product teams are to include representatives from all organizations necessary to make plans and decisions related to project cost, schedule, and performance.

Project Proposal Screening Within the DoD Components. Focal point offices in the DoD Components did not adequately screen project proposals for submission requirements before referring the proposals to the Review and Selection Committee for funding consideration. Comments from the Review and Selection Committee on new project proposals submitted in FYs 1994 through 1998 indicated that 94 of the 207 project proposals did not include validated requirements documents, address logistics support when necessary, or identify funding for procurement if the item passed testing and demonstrated best value. Of the 94 proposals, the Review and Selection Committee rejected 19 proposals because requirements, logistics, or funding were not addressed in the proposal documentation. Although DoD Manual 5000.3-M-2 required the focal point offices to submit project proposals in a prescribed format, the manual did not require the focal point offices to screen the proposals for completeness. The draft Handbook contains a checklist that focal point offices will be able to use for screening project proposals.

Review and Selection Committee Project Selection. The Program Manager stated that the Review and Selection Committee frequently selected project proposals for funding after accepting pledges from DoD Component program managers and sponsors that required proposal documentation, such as approved requirements documents or identification of funding, was in process and would be later submitted to the Review and Selection Committee. However, DoD Component program managers were not always forthcoming with required proposal documentation after projects were selected for funding. Review and Selection Committee comments made on project proposals submitted for continuing projects that began from FYs 1994 through 1998 showed that the Committee was still waiting for required proposal documentation. As a result, the Committee continued to fund projects contingent on submission of the required proposal documentation.

Opportunities to Strengthen Draft Handbook Requirements

In reviewing the draft Handbook, we identified two areas for which opportunities existed to strengthen the project proposal screening and selection processes and to correct conditions identified in this finding. After we briefed the Program Manager, he revised the draft Handbook to strengthen the processes. As the following subsection on screening proposals discusses, additional Handbook revisions were still warranted.

Definition of a Valid Requirements Document. DoD Regulation 5000.2-R states that all acquisition programs are based on identified, documented, and validated mission needs. Before starting a new acquisition program, the regulation requires that a Mission Need Statement be approved. At program initiation, the regulation requires that the user document in an Operational Requirements Document performance thresholds and objectives as well as minimum acceptable requirements for the proposed system. The September 1997 version of the draft Handbook referenced signed versions of the Mission Need Statement and Operational Requirements Document, as well as several other more preliminary or less specific and invalidated requirements documents, such as a Mission Area Plan, as being acceptable requirements documents to support a project proposal. After we discussed the shortfall with the Program Manager, he revised the December 1997 version of the draft Handbook to state that a Mission Need Statement or an Operational Requirements Document should support project proposals in documenting a validated requirement.

Screening of Project Proposals. In the draft Handbook, the Program Manager included a checklist of essential evaluation criteria as part of the project proposal format to help the focal point offices in the DoD Components successfully screen project proposals for completeness. Although use of the checklist will enhance the effectiveness of the screening process, the checklist provided in the December 1997 version of the draft report did not list a logistics support assessment as an essential factor in determining whether a foreign nondevelopmental item can be cost-effectively supported in the field and did not reference the Mission Need Statement as an acceptable requirements document. Correction of those omissions will help focal point offices ensure that project proposals are complete before submission to the Review and Selection Committee for funding consideration.

Recommendations and Management Comments

We recommend that the Foreign Comparative Testing Program Manager revise the guidance in the draft Foreign Comparative Testing Program Handbook to:

- 1. Include a logistics representative on the Review and Selection Committee.**
- 2. Amend the essential evaluation criteria checklist that the DoD Components will use in screening the completeness of project proposals submitted by program managers to:**
 - a. Include a checklist item for assessing planned logistics support for the foreign nondevelopmental item.**
 - b. Reference the Mission Need Statement as an acceptable requirements document.**
- 3. State that project proposals should meet all proposal submission requirements to increase the opportunity for proposal selection.**

Management Comments. The Director, Test, Systems Engineering and Evaluation, responding for the FCT Program Manager, concurred with the recommendations, stating that the Program Manager revised the draft Handbook to include the recommended changes.

This page left out of original document

Part II - Additional Information

Appendix A. Audit Process

Scope

We conducted this program audit from May 1997 through February 1998 and reviewed data from July 1991 through January 1998. The FCT Program receives about \$33 million annually to fund testing of foreign nondevelopmental items. As part of our review of the FCT Program, we reviewed the DoD Component project proposals submitted to the Program Office from FYs 1994 through 1998. We also reviewed requirements, funding, market investigation, competition, logistics, production planning, estimated savings, cost reporting, and other supporting project data for 79 of 87 projects funded during the same time period.

Methodology

We conducted this program audit in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD, and accordingly included such tests of management controls as we deemed necessary. We did not rely on computer-processed data to develop conclusions on this audit.

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

Management Control Program Review

DoD Directive 5010.38, "Management Control (MC) Program," August 26, 1996, requires DoD managers 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 Review of the Management Control Program. We reviewed the adequacy of the management controls related to the process for planning, selecting, and executing FCT Program projects. We also reviewed management's self evaluation of management controls.

Adequacy of Management Controls. We identified a material management control weakness related to planning and selecting FCT Program projects as defined by DoD Directive 5010.38. Specifically, the Review and Selection Committee for the FCT Program selected 28 project proposals during FYs 1994 through 1998 that did not satisfy minimum proposal submission requirements. All the recommendations in this report, if implemented, along with the Program Manager's actions to strengthen the project selection process, will help ensure that the Program Manager selects projects for funding that have greatest probability of leading to procurement of a foreign nondevelopmental item. We will provide a copy of this report to the senior management official responsible for management controls in the Office of the Director, Test, Systems Engineering and Evaluation.

Adequacy of Management's Self Evaluation. The Program Manager identified the FCT Program as an assessable unit and performed a self evaluation. The Program Manager did not identify the material management control weakness that the audit identified because his evaluation did not include a detailed review of the procedures for planning and selecting FCT Program projects. Adequate controls over the planning and selection of projects are necessary to ensure that FCT funds are safeguarded against wasteful expenditures.

Appendix B. Summary of Prior Coverage

In 1998, the Office of the Inspector General, DoD, issued three reports in a series of reports on the FCT Program.

The Office of the Inspector General, DoD, issued Report No. 98-081, "Use of the Foreign Comparative Testing Program for the Finnish Nickel Cadmium Battery," February 23, 1998. The report states that the Navy did not update and resubmit the FCT Program project proposal for the Finnish nickel cadmium battery. If the Navy determines that the Finnish battery can meet portions of the Advanced Sea-Air-Land Delivery System vehicle power requirements, cost avoidance could total about \$166 million over the planned life of the vehicles. Because the U.S. Special Operations Command is funding the development of the Advanced Sea-Air-Land Delivery System, the report recommended that the U.S. Special Operations Command update and submit the FCT Program proposal for the Finnish nickel cadmium battery project to the Review and Selection Committee and that the Command identify alternative funding sources to test the battery if FCT Program funding is not made available. Additionally, the report recommended that the Navy Deep Submergence Program consider using the Finnish nickel cadmium battery to meet the power requirements of the other deep submergence vehicles of the Navy. The report further recommended that the Program Manager consider the FCT Program project proposal for the Finnish battery in the out-of-cycle FCT Program project selection process for FY 1998 funding. The Program Manager, the U.S. Special Operations Command, and the Navy Deep Submergence Program Office concurred with the report recommendations. The U.S. Special Operations Command stated that it had established a separate line item in Program Objective Memorandum 00-05 for battery development and evaluation. Further, it plans to identify potential battery candidates to test in FY 2000 that could more economically satisfy Air-Land Delivery System vehicle power requirements.

The Office of the Inspector General, DoD, issued Report No. 98-055, "Reporting Foreign Comparative Testing Project Costs," January 23, 1998. The report states that the Program Office did not track and summarize the costs that the DoD Components incurred as part of participating in the FCT Program. As a result, the Program Manager could not measure the overall cost-effectiveness of the FCT Program. The report recommended that the Program Manager provide specific guidance to project managers on identifying and reporting funding contributions that the DoD Components make to support the FCT Program. The report also recommended that the Program Manager track and summarize reported project costs that the DoD Components incur as part of participating in the FCT Program. Additionally, the report recommended that the Program Manager use the reported

Appendix B. Summary of Prior Coverage

project cost information annually to help measure the continued cost-effectiveness of the FCT Program. The Director, Test, Systems Engineering and Evaluation, concurred with all the recommendations.

The Office of the Inspector General, DoD, issued Report No. 98-047, "Use of Foreign Comparative Testing Program Funds for the BOL Expendable Countermeasures Dispenser," January 15, 1998. The report states that the F-15 System Program Office began testing the BOL Expendable Countermeasures Dispenser (BOL Dispenser) for the F-15 aircraft without submitting required documentation to the Program Manager to show that use of FCT Program funding was warranted. As a result, the Program Manager planned to allocate \$1.6 million of limited FCT Program funds to continue the project, which did not have an executable plan to support the Air Force decision authority in making a procurement decision for the BOL Dispenser. The report recommended that the F-15 System Program Director provide the Program Manager with approved integration and operational test plans and Air Combat Command documentation showing its intent to budget procurement funds in the Program Objective Memorandum 2000 for the BOL Dispenser project. The report also recommended that the Program Manager delay allocating additional funding to the BOL Dispenser project until the Air Force provides the required information. The F-15 System Program Director concurred with the recommendation and has begun work on test plans. He also provided a memorandum from the Air Combat Command stating that the Command intended to budget procurement funds for the BOL Dispenser in the Program Objective Memorandum. As a result of the F-15 System Program Director's corrective actions, the Program Manager allocated funding to continue the BOL Dispenser project.

Appendix C. Foreign Comparative Testing Program Process

FCT Program Phases

The FCT Program process includes the following four phases: identification of candidate foreign nondevelopmental items; development and selection of FCT Program project proposals; project management, execution, and reporting; and procurement.

Identification of Candidate Foreign Items. The FCT Program process begins when program management or weapon system user staff within a DoD Component identify a foreign nondevelopmental item that may have potential for military use. DoD Component staff use a number of methods to identify foreign items including U.S. market investigations, foreign vendor marketing, targeted searches for materiel to satisfy urgent military requirements, and vendor demonstrations. After a foreign nondevelopmental item is identified, the sponsoring organization must match the item with a valid military requirement. Further, the sponsoring organization must determine whether the user organization is sufficiently interested in a foreign nondevelopmental item to provide funding for procurement and fielding if the item passes testing and demonstrates best value. If users do not have a valid requirement for an item, the Program Manager will not normally fund a test demonstration.

Project Proposal Development and Selection. Once a candidate item for the FCT Program process has been identified, the project manager in the sponsoring organization is to establish and use an integrated product team to develop a proposal for a FCT Program project. The integrated product team normally includes representatives of all organizations and activities (including the foreign vendor and the Program Office) necessary to make plans and decisions related to project cost, schedule, and performance. The project proposals must address the following questions:

- o Is the item(s) foreign?
- o Does it have user or operator advocacy with general or flag officer support?
- o Does it have a validated requirement?
- o Has anyone done a recent market investigation on the item?

Appendix C. Foreign Comparative Testing Program Process

- o Does funding exist for procurement?
- o Does it have a reasonable opportunity for acquisition after completing testing?
- o Is the item(s) nondevelopmental?
- o Does the sponsoring DoD Component have funding available to test and evaluate credible U.S. domestic contender(s)?
- o Is the item(s) in use or soon to be in use by the host nation?
- o Is the proposed test approach cost-effective?
- o Is foreign vendor participation apparent in the proposal development?

After a draft project proposal is completed, it is forwarded through DoD Component channels to the Program Office. Project proposals must include the following: an acquisition strategy, a test plan, an assessment of logistic support, and an identification of the resources needed to complete the project.

Project Selection. The Review and Selection Committee for the FCT Program selects projects on an annual cycle. The Committee can also select urgent projects on a more immediate out-of-cycle basis.

Annual Selection Cycle. The Program Manager established deadlines of March 15 for receiving draft project proposals and May 1 for receiving final project proposals. In June, the Review and Selection Committee meets to initially prioritize project proposals. At the meeting, the Review and Selection Committee separates the proposals into the following three categories: proposals selected for funding, proposals that may be selected and funded if the sponsoring organizations can provide additional information to the Committee, and proposals rejected or deferred to the next year. In July, the Review and Selection Committee reconvenes and selects additional projects for funding. In late summer, the Office of the Secretary of Defense sends notification letters to Congress listing the individual projects to be funded. In October, if Congress has expressed no objections, the Program Manager provides project funding to sponsoring organizations for test and evaluation of the foreign nondevelopmental items. The Program Manager normally funds projects for no more than 2 years, but may consider additional funding on a case-by-case basis.

Out-of-Cycle Selection. In addition to the annual project selection cycle, the Program Manager can select and fund "out-of-cycle" project proposals at any time during the year. FCT Program funding of "out-of-cycle" project proposals is dependent on documented urgent requirements and on funding becoming

Appendix C. Foreign Comparative Testing Program Process

available from slow-executing or canceled projects. The Program Office funding of “out-of-cycle” project proposals makes the FCT Program more responsive in meeting worthy project proposals and helps minimize unobligated funding.

Project Management, Execution, and Reporting. After project selection, the sponsoring organization’s project manager manages, executes, and reports on the project with the assistance of an integrated product team. The project managers must ensure that testing plans are promptly and accurately executed so that acquisition managers can make timely and informed procurement decisions.

During project execution, project managers and staff must adhere to legal and policy reporting requirements and must submit periodic (usually quarterly) status reports to the Program Manager. The Program Manager uses the status reports to determine whether projects are progressing satisfactorily and to identify problems early, when they are easier to correct. In addition, the DoD Components provide the Program Manager with periodic financial reports that indicate the funding status of each project.

Procurement. Procurement is the ultimate goal of the FCT Program. If a foreign nondevelopmental item successfully passes testing and provides best value, project sponsoring organizations should be ready to buy it. Therefore, the project manager must have an acquisition strategy that includes the contracting method for acquiring the test articles and the production items in quantity, if procurement is intended.

FCT Program Participants

The following organizations and groups are key participants in the FCT Program.

Office of the Secretary of Defense FCT Program Organization. The Program Manager works under the Director, Test, Systems Engineering, and Evaluation, in the Office of the Under Secretary of Defense for Acquisition and Technology. The Program Office oversees the DoD Component’s selection, recommendation, and execution of projects.

Sponsoring Organization. The DoD Components sponsor and provide funding for projects. Each DoD Component has an office that is responsible for the FCT Program at the senior staff level. Within the DoD Components, FCT Program points of contact located at the major commands and organizations are involved either in the project proposal process or in the testing and evaluation of foreign nondevelopmental items.

Users. Users are the individuals and organizations that determine whether an item is required to meet mission requirements. Users must be involved in the FCT Program process from the beginning and must be included on the project manager's integrated product team.

Foreign Vendors and U.S. Partners. Foreign vendors' nondevelopmental products make the FCT Program possible. Vendors with nondevelopmental items normally become involved in the FCT Program through marketing their products when user interest is identified or in response to a sources-sought announcement (requests for information and requests for proposal) from sponsoring DoD Components. The vendor may also suggest to the user or operator that the FCT Program can provide the sponsoring organization with funds to test and evaluate the foreign nondevelopmental item, if the vendor senses interest in the product. Also, U.S. prime contractors seek teaming arrangements with foreign vendors for nondevelopmental items having market potential in the United States. The business arrangements include work-sharing or U.S. production of a foreign-developed item under license. Also, the vendor should be an active participant in the project integrated product team.

Foreign Government Organizations. Foreign embassies and defense attachés play an important role as liaisons for coordinating, communicating, and exchanging information regarding the FCT Program. Once a project is selected for funding, a representative from the defense attaché office or a representative from the embassy section responsible for industrial and economic issues also monitors the progress of the projects for vendors from their nation. The earlier the foreign government becomes involved in the FCT Program process, the better they are equipped to overcome obstacles that may threaten the project's success.

Appendix D. Foreign Nation Perspectives on the Foreign Comparative Testing Program

We solicited input from government and contractor officials of France, Germany, the Netherlands, and the United Kingdom to determine how well the FCT Program was performing from a foreign perspective. From FYs 1980 through 1996, the FCT Program funded 262 projects, costing \$379 million, from vendors in those four countries, or 63 percent of the total FCT funds during that period. We interviewed foreign embassy staff from each country to obtain their opinions of the FCT Program and to determine their concerns with program management and operation. In addition, we forwarded letters soliciting input concerning the effectiveness and efficiency of the FCT Program to contractors in each of the four countries.

Overall, the embassies and contractors were pleased with the FCT Program and would like the FCT Program to continue. They felt that the FCT Program provided their contractors a valuable avenue into the U.S. market. However, the foreign representatives also expressed the following concerns:

- o the lag time for making a procurement decision after the completion of successful item testing,
- o protection of foreign technology, and
- o availability of procurement funding to purchase items that successfully passed testing.

Lag Time in Procurement. French and German representatives felt that far too much lag time took place between the completion of testing for a foreign nondevelopmental item and a U.S. procurement decision. The delay sometimes allowed U.S. competitors to prepare a competitive item.

Protection of Technology. French and German representatives did not believe that their technology had always been adequately protected during their participation in the FCT Program. In some cases, they believed that U.S. contractors had adapted and used the foreign technology to develop competing items. The DoD then bought the U.S. item, and the foreign nation was left without a sale.

Appendix D. Foreign Nation Perspectives on the Foreign Comparative Testing Program

Availability of Procurement Funding. Representatives from France, Germany, and the Netherlands stated that their contractors had experienced instances in which foreign items had proven themselves in testing but were not bought because the DoD Components had not budgeted procurement funds.

Other Concerns. Other concerns that the foreign nations mentioned included the imbalance of trade (the amount of U.S. weapon sales to each of the countries is many times greater than the U.S. purchases of their weapons), communication barriers, and lack of understanding of U.S. acquisition strategies.

FCT Program Initiatives. The Program Manager considered foreign concerns when formulating the draft Handbook. The draft Handbook includes the following clarifications to FCT Program policies and procedures that should at least partially address concerns of the foreign representatives.

- o The draft Handbook encourages project managers to use FCT Program contracts with options for obtaining production items to reduce the lag time for a procurement decision.
- o The draft Handbook urges foreign vendors to obtain copies of requirement documents or at least the title and signature page of the documents, even if classified, to verify the interest of potential weapon system users.
- o With regard to protecting foreign technology, the draft Handbook states that foreign vendors should be part of integrated product teams from the development of the project proposal through project completion. Foreign vendor participation in integrated product teams should enable foreign vendors to better verify that their technology is being adequately protected and to document instances in which technology is used without their authorization.
- o The draft Handbook clearly states that the absence of identified sponsors' procurement funding will likely result in no FCT Program funding for a proposed project.

Appendix E. Summary of Foreign Comparative Testing Program Projects Reviewed

<u>Projects</u>	<u>Documentation Omitted From Proposals*</u>		
	<u>Validated Requirements</u>	<u>Procurement Funds Budgeted</u>	<u>Logistics Assessment</u>
<u>Army</u>			
<u>1997-1998</u>			
Anti-Riot Grenade		x	
120mm Round for M1A1/A2 Tank			
Laser/Primer Igniters			x
Afocal Assembly Kit			
Scanner Assembly Kit			
Standard Advanced Dewar Assembly I			
Mobile Subscriber Equipment Radios			
Insensitive Munitions Hellfire Missile			
Advanced Tactical Parachute System		x	
7.62mm Short Range Training Ammo		x	
1.75 Watt Linear Drive Cooler			
Subtotal	0	3	1
<u>1994-1996</u>			
Universal/Precision Time Mortar Fuze			
Improved Ballistic Armor Grille		x	x
Small Projected Line Charge		x	
M127 Electronic Time Distance Fuze		x	x
Less Than 3KW Generator Set		x	x
Interim Vehicle-Mounted Mine Detector			x
One-Watt Linear Drive Cooler			
Standard Advanced Dewar Assembly II			
Automatic Chemical Agent Detector			
Powered Multi-Fuel Burner Unit	x		
Automatic Target Tracker	x	x	x
Individual Personnel Parachute	x	x	x

Note: See the footnote and acronym list at the end of the appendix.

**Appendix E. Summary of Foreign Comparative Testing Program Projects
Reviewed**

<u>Projects</u>	<u>Documentation Omitted From Proposals*</u>		
	<u>Validated Requirements</u>	<u>Procurement Funds Budgeted</u>	<u>Logistics Assessment</u>
<u>Army 1994-1996 (cont'd)</u>			
In-Stride Land Mine Extraction Capability	x		x
25mm Breakup Cartridge Ammunition	x	x	x
Subtotal	5	7	8
<u>Navy</u>			
<u>1997-1998</u>			
RDX/HMX Qualification			
Solid State DC Reference Standard			
Submarine Escape and Immersion Equip.			
Digital Voice and Data System			
NBC Analysis System			
Evacuation Hyperbaric Stretchers			
Attitude Heading Reference System			
Vehicle Hot Tap and Pump System			
Super Sonic Sea Skimming Target ER			
Titanium Nitride Coatings			
Subtotal	0	0	0
<u>1994-1996</u>			
Shipboard Mast Detection System		x	
C303S Mobile Torpedo Countermeasure			
Mine-Hunting Outboard Motor			
Aircrew Laser Eye Shield			
Communications Faired Mast			
Bearing Ambiguity Resolving Sonar			
Submarine Antenna Outfit			
Dyad Magnetic Sweep			
Modular 5-Inch/54-Gun System			
Rifle Optical Sighting System			
Atmospheric Diving Suit			

Note: See the footnote and acronym list at the end of the appendix.

Appendix E. Summary of Foreign Comparative Testing Program Projects Reviewed

<u>Projects</u>	<u>Documentation Omitted From Proposals*</u>		
	<u>Validated Requirements</u>	<u>Procurement Funds Budgeted</u>	<u>Logistics Assessment</u>
<u>Navy 1994-1996 (cont'd)</u>			
Barracuda Target Boat System			
Lightweight Blasting Machine			
Avenger Land Navigation System			
MSG 90 Military Sniping Rifle			
Super Sonic Sea Skimming Target			
Cladding Underwater Repair System			
Minimum Operating Strip Lighting Kit			
Marine Propeller Inspection System			
Explosive Ordnance Disposal			
Electro-Optical Payload for UAVs			
84mm Insensitive Munition Heat Round			
CAS/AUR for JSOW and CALCM			
Subtotal	0	1	0
<u>Air Force</u>			
<u>1997-1998</u>			
New Generation Heater	x		x
Milstar Rubidium Standard			
Parachute Flare Pylon for F-16		x	x
Night Vision Goggle Camera System		x	x
Next Generation Small Loader			
Micro-Satellite for Space Experiments	x		
F-16 600-Gallon Tank	x		x
F-15 Countermeasures Dispenser	x	x	x
Subtotal	4	3	5

Note: See the footnote and acronym list at the end of the appendix.

**Appendix E. Summary of Foreign Comparative Testing Program Projects
Reviewed**

<u>Projects</u>	<u>Documentation Omitted From Proposals*</u>		
	<u>Validated Requirements</u>	<u>Procurement Funds Budgeted</u>	<u>Logistics Assessment</u>
<u>1994-1996</u>			
Renaissance View Satellite Data		x	
Modular Reconnaissance Pod		x	x
Milstar Traveling Wave Tube			x
Infrared Flare for C-17 Aircraft			
Light Defender		x	x
Electronic Warfare Management System		x	
84mm Carl Gustaff	<u>x</u>		
Subtotal	1	4	3
<u>U.S. Special Operations Command</u>			
<u>1997-1998</u>			
Patrol Coastal Decoy System			
JRAAWS Phase II			
Low Insensitive Rocket Motor Propellant	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	0	0	0
<u>1994-1996</u>			
JRAAWS Phase I			
Maritime Craft Air Deployment System			
Chemring Chaff Block	<u>-</u>	<u>x</u>	<u>x</u>
Subtotal	0	1	1
Total	10	19	18

Note: See the footnote and acronym list at the end of the appendix.

Appendix E. Summary of Foreign Comparative Testing Program Projects Reviewed

Acronyms:

ACADA	Automatic Chemical Agent Detector Alarm
CALCM	Conventionally Armed Air Launched Cruise Missile
CAS/AUR	Close Air Support/All-Up Round
DC	Direct Current
ER	Extended Range
JRAAWS	Joint Ranger Anti-Armor Weapons System
JSOW	Joint Stand-Off Weapon
KW	Kilowatt
LGER	Liquid Gas Eutectic Reaction
mm	Millimeter
MSG	Marine Sniper Gun
NBC	Nuclear Biological Chemical
RDX/HMX	Hexagon/Octagon
UAV	Unmanned Aerial Vehicle

* This appendix shows the documentation that the DoD Components omitted (as indicated by an "x") from FCT project proposals at the time the FCT Review and Selection Committee approved funding for the projects. We defined a valid requirement as a DoD Component approved Mission Need Statement or Operational Requirements Document. We considered procurement funds budgeted if the DoD Components identified a funding source and full procurement funding budgeted in a Program Objective Memorandum. We considered the DoD Components to have performed a logistics assessment if the DoD Components documented a logistics support plan or provided a logistic support analysis in the project proposal.

Appendix F. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
 Director, Test, Systems Engineering and Evaluation
 Program Manager for the Foreign Comparative Testing Program
Deputy Under Secretary of Defense (Logistics)
 Director, Defense Logistics Studies Information Exchange
Under Secretary of Defense (Comptroller)
 Deputy Chief Financial Officer
 Deputy Comptroller (Program/Budget)
Assistant Secretary of Defense (Public Affairs)

Department of the Army

Deputy Under Secretary of the Army, International Affairs
Director, U.S. International Cooperative Programs Activity
 Foreign Comparative Testing Program Manager
Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Director, Navy International Program Office
 Foreign Comparative Testing Program Manager
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)
 Foreign Comparative Testing Program Manager
Auditor General, Department of the Air Force

Unified Command

Director, U.S. Special Operations Command Acquisition Center
Foreign Comparative Testing Program Manager

Other Defense Organizations

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

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
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 Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on Government Management, Information, and Technology,
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

Director, Test, Systems Engineering and Evaluation, Comments



ACQUISITION AND
TECHNOLOGY

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

APR 6 1996

MEMORANDUM FOR INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE

SUBJECT: Department of Defense Inspector General Audit Report on the Foreign Comparative Testing Program

The purpose of this memo is to respond to the subject audit report in accordance with the requirements of Department of Defense (DoD) Directive 7650.3.

The following lists the DoD Inspector General (IG) audit report recommendations for the Office of the Secretary of Defense (OSD) Foreign Comparative Testing (FCT) Program along with the respective response to the IG recommendation.

Audit Report Topic: Audit Report on Foreign Comparative Testing Program.
(Project No. 7AE-0039.03)

IG Summary of Recommendations: We recommend that the Foreign Comparative Testing Program Manager revise the draft Foreign Comparative Testing Program Handbook (the draft Handbook) guidance to do the following:

- Include the participation of a logistics representative on the Review and Selection Committee.
- Include assessment of logistics support and reference to the Mission Needs Statement as documentation to support a validated requirement in the checklist that DoD components use in screening the completeness of project proposals.
- State that project proposals should meet all proposal requirements, or include a senior officer commitment to provide any missing requirements, to maximize chances for selection.

Response:

The Office of the Secretary of Defense Foreign Comparative Testing Program Manager concurs with these recommendations and has included the information in the FCT Handbook. The FCT Handbook has been released in draft form and is available on the FCT Homepage at: <http://www.acq.osd/te/programs/fct/>.



Director, Test, Systems Engineering and Evaluation, Comments

I appreciate your efforts. My POC is Major Christoff, (703) 578-6578, e-mail: christjr@acq.osd.mil.



Patricia Sanders
Director, Test, Systems
Engineering and Evaluation

Audit Team Members

The Acquisition Management Directorate, Office of the Assistant Inspector General for Auditing, DoD, produced this report.

Thomas F. Gimble
Patricia A. Brannin
John E. Meling
Harold C. James
Patrick E. McHale
Rodney D. Britt
Donald E. Pierro
Renee L. Gaskin
Addie B. Frundt

INTERNET DOCUMENT INFORMATION FORM

A . Report Title: Foreign Comparative Testing Program

B. DATE Report Downloaded From the Internet: 09/15/99

C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #): OAIG-AUD (ATTN: AFTS Audit Suggestions)
Inspector General, Department of Defense
400 Army Navy Drive (Room 801)
Arlington, VA 22202-2884

D. Currently Applicable Classification Level: Unclassified

E. Distribution Statement A: Approved for Public Release

F. The foregoing information was compiled and provided by:
DTIC-OCA, Initials: __VM__ Preparation Date 09/15/99

The foregoing information should exactly correspond to the Title, Report Number, and the Date on the accompanying report document. If there are mismatches, or other questions, contact the above OCA Representative for resolution.