

# Inspector General

United States  
Department of Defense



## Acquisition of the Army Airborne Surveillance, Target Acquisition, and Minefield Detection System

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# Report Documentation Page

*Form Approved*  
*OMB No. 0704-0188*

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1. REPORT DATE <b>10 SEP 2008</b>	2. REPORT TYPE	3. DATES COVERED <b>00-00-2008 to 00-00-2008</b>			
4. TITLE AND SUBTITLE <b>Acquisition of the Army Airborne Surveillance, Target Acquisition, and Minefield Detection System</b>		5a. CONTRACT NUMBER			
		5b. GRANT NUMBER			
		5c. PROGRAM ELEMENT NUMBER			
6. AUTHOR(S)		5d. PROJECT NUMBER			
		5e. TASK NUMBER			
		5f. WORK UNIT NUMBER			
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) <b>Department of Defense Inspector General, ODIG-AUD, 400 Army Navy Drive, Arlington, VA, 22202-4704</b>		8. PERFORMING ORGANIZATION REPORT NUMBER			
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)		10. SPONSOR/MONITOR'S ACRONYM(S)			
		11. SPONSOR/MONITOR'S REPORT NUMBER(S)			
12. DISTRIBUTION/AVAILABILITY STATEMENT <b>Approved for public release; distribution unlimited</b>					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
a. REPORT <b>unclassified</b>	b. ABSTRACT <b>unclassified</b>	c. THIS PAGE <b>unclassified</b>	<b>Same as Report (SAR)</b>	<b>39</b>	

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## Acronyms and Abbreviations

AIMO	Aircraft Integrated Maintenance Operations
ASTAMIDS	Airborne Surveillance, Target Acquisition, and Minefield Detection System
CCS	Close Combat Systems
CPD	Capability Production Document
DCMA	Defense Contract Management Agency
FCS	Future Combat Systems
FF UAS	Future Force Unmanned Aircraft Systems
ISR	Intelligence, Surveillance, and Reconnaissance
LOD	Letter of Delegation
LRIP	Low-Rate Initial Production
MOA	Memorandum of Agreement
PEO	Program Executive Officer
RSTA/LD	Reconnaissance, Surveillance, Target Acquisition, and Laser Designation
RUS	Robotic and Unmanned Sensors
TRADOC	Training and Doctrine Command



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

September 10, 2008

MEMORANDUM FOR DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY  
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Report on the Acquisition of the Army Airborne Surveillance, Target Acquisition,  
and Minefield Detection System (Report No. D-2008-129)

We are providing this report for your information and use. We considered your comments on a draft of this report when preparing the final report.

Comments on a draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, we do not require any additional comments.

We appreciate the courtesies extended to the staff. Please direct questions to Mr. John E. Meling at (703) 604-9091 (DSN 664-9091) or Mr. Harold C. James at (703) 604-9088 (DSN 664-9088). If you desire, we will provide a formal briefing on the results.

A handwritten signature in black ink, reading "Richard B. Jolliffe", is positioned above the typed name.

Richard B. Jolliffe  
Assistant Inspector General  
Acquisition and Contract Management

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# Results in Brief: Acquisition of the Army Airborne Surveillance, Target Acquisition, and Minefield Detection System

## What We Did

We reviewed the Army's preparation of the Airborne Surveillance, Target Acquisition, and Minefield Detection System (ASTAMIDS) program for the low-rate initial production decision program review. Additionally, because ASTAMIDS will provide sensor data to the Army's Future Combat Systems (FCS), we reviewed the working relationships between the ASTAMIDS acquisition manager and the acquisition managers developing FCS.

## What We Found

Army acquisition managers did not fully use memoranda of agreement to define the current working relationships needed to develop ASTAMIDS as part of the FCS system-of-systems. This made it more difficult for acquisition managers to resolve multiple technical, schedule, and funding requirements gaps between ASTAMIDS and FCS.

The Army Director, Accelerated Capabilities Developments had not begun to develop the capability production document needed to support the ASTAMIDS low-rate initial production decision program review planned for March 2009. The capability production document is needed to support effective and efficient planning, funding, and execution of the program.

The Project Manager, Close Combat Systems did not work with the Defense Contract Management Agency to develop a memorandum of agreement to allow the agency to provide effective oversight of contractor development of ASTAMIDS.

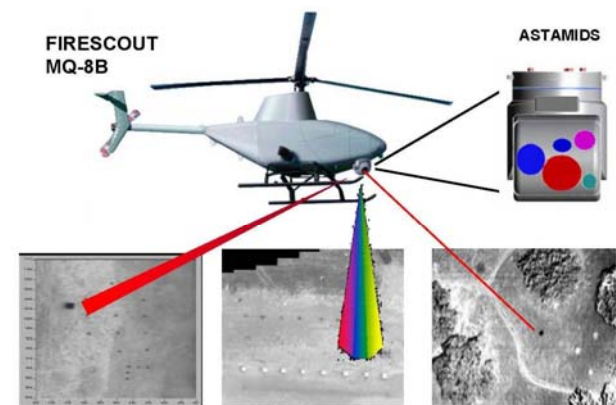
## What We Recommend

The Assistant Secretary of the Army (Acquisition, Logistics, and Technology) direct Army acquisition managers to better define working relationships in agreements for developing ASTAMIDS as part of FCS.

We made no recommendations to the Director, Accelerated Capabilities Development or the Project Manager, Close Combat Systems because the director took responsive action to begin development of a capabilities production document. Additionally, the project manager signed an agreement with the Defense Contract Management Agency to allow the agency to oversee contractor development of ASTAMIDS.

## Client Comments and Our Response

The Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army (Acquisition, Logistics, and Technology), agreed with our recommendations and planned responsive corrective actions.



Recon/Surveillance → Countermine → Targeting  
**ASTAMIDS is a Complementary System to the Army's Future Combat Systems**

## Recommendations Table

<b>Client Comments</b>	<b>Recommendations Requiring Comment</b>	<b>No Additional Comments Required</b>
Assistant Secretary of the Army (Acquisition, Logistics, and Technology)		A.1., A.2.a., A.2.b., and A.2.c.

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# Introduction

## Objectives

The audit objective was to evaluate the overall management of the Army Airborne Surveillance, Target Acquisition, and Minefield Detection System (ASTAMIDS) program. Because the program was in the system development and demonstration phase of the acquisition process, we determined whether management was effectively preparing the program for the low-rate initial production (LRIP) decision program review. See Appendix A for a discussion of the audit scope and methodology.

## Background

The ASTAMIDS program was in the systems development and demonstration phase of the acquisition process. The Product Manager, Countermine and Explosive Ordnance Disposal and the Program Manager, Close Combat Systems (CCS) were developing ASTAMIDS in preparation for the LRIP decision program review planned for March 2009.

## *Mission and System Description*

ASTAMIDS is an intelligence, surveillance, and reconnaissance sensor payload that will operate from the Class IV MQ-8B Fire Scout Unmanned Aerial Vehicle (the Fire Scout) as part of the Future Combat Systems (FCS). As such, the Army designated the ASTAMIDS program as an FCS complementary program. The contract with The Boeing Company, the lead system integrator for FCS, defines complementary programs as programs that are available to meet the functionality and performance of the FCS system-of-systems contract specifications, but that are neither developed nor provided as part of the lead system integrator effort. ASTAMIDS will help meet the FCS functionality and performance specifications for sensor data that will provide the FCS (Brigade Combat Team) with timely and accurate situational awareness information.

ASTAMIDS, which consists of a multiple-mission and multiple-mode sensor package, will enhance situational awareness by providing the FCS Brigade Combat Team commanders with day and night minefield and obstacle detection for safe mobility and reconnaissance, surveillance, target acquisition, and laser designation (RSTA/LD) capabilities. In the detection mode, ASTAMIDS will automatically detect minefields and obstacles and process and send digital imagery to operators. In the RSTA/LD mode, ASTAMIDS will collect and provide imagery of sufficient quality and resolution to perform detection, recognition, identification, and tracking of combat targets by external Aided Target Recognition components. In addition to specific support to FCS, ASTAMIDS will support the Army's battle space awareness and safe mobility functions through updates on combat targets, unit dispositions, and minefield and obstacle impediments to maneuvers. Appendix B provides additional information on ASTAMIDS, including program history, system description, and illustrations of the ASTAMIDS payload and installation on the Fire Scout.

## ***Program Management***

The Product Manager, Countermine and Explosive Ordinance Disposal was developing ASTAMIDS for the Project Manager, CCS and the Program Executive Officer (PEO) for Ammunition. Additionally, because ASTAMIDS is a complementary program to the Army's FCS program, the PEO for Ammunition and the Project Manager, CCS are collaborating with the Program Manager, FCS (Brigade Combat Team) and his staff in the development of ASTAMIDS. Recognizing that ASTAMIDS' successful integration and interoperability with the FCS program is dependent on a clear understanding of needs and expectations between their programs, the PEO for Ammunition, the PEO for Ground Combat Systems (now Program Manager, FCS [Brigade Combat Team]), and their staffs established memoranda of agreement (MOA) between their offices as well as with other Army program and product offices contributing to the development of FCS and ASTAMIDS as part of FCS.

## ***Funding and Contract Data***

The President's Budget for FY 2009 provided a total of \$206.4 million in funding to develop and procure ASTAMIDS, including \$144.3 million in research, development, test, and evaluation funds and \$62.1 million for procurement of hardware, including 21 ASTAMIDS airborne payloads for installation on Fire Scout unmanned aerial vehicles.

## ***Overall Assessment***

The Product Manager, Countermine and Explosive Ordinance Disposal and the Project Manager, CCS were adequately readying ASTAMIDS for the LRIP decision in the areas of engineering and manufacturing, test and evaluation, and contracting. However, additional management attention was needed in defining the current working relationships between the ASTAMIDS and the FCS programs (Finding A), defining capability requirements (Finding B), and establishing Defense Contract Management Agency Support responsibilities (Finding C).

## **Finding A. Updating Memoranda of Agreement to Define the Current Working Relationships Between the ASTAMIDS and the FCS Programs**

The Army PEO and the program, project, and product managers (Army acquisition managers) involved with the ASTAMIDS program had not ensured the currency and completeness of the MOAs defining the working relationships necessary for developing ASTAMIDS as a complementary program to the FCS program. Specifically, the 2004 MOA that the PEO for Ammunition and the Program Manager, FCS (Brigade Combat Team) made for collaboration between FCS and complementary programs, including ASTAMIDS, did not require the parties to perform periodic reviews and updates to ensure that the MOA stayed relevant and current. Also, a draft update to this MOA did not include procedures for elevating and resolving issues that affected development of the FCS and the complementary programs. Further, the 2005 working-level MOA between the project and product managers involved in developing, integrating, and testing ASTAMIDS did not:

- include or reference specific procedures for timely elevating and resolving issues between their management chains;
- include the Product Manager, Future Force Unmanned Aircraft Systems (FF UAS), who was responsible for integrating ASTAMIDS on the Fire Scout Unmanned Aerial Vehicle, as a participant in the MOA; or
- define the current role of the Product Manager, Robotic and Unmanned Sensors (RUS) in the ASTAMIDS development.

These conditions occurred because the PEO for Ammunition and the other Army acquisition managers had not completed updating the 2004 MOA and had not started updating the 2005 MOA to implement a May 2007 request from the Military Deputy to the Assistant Secretary of the Army (Acquisition, Logistics, and Technology) to update MOAs for the FCS complementary programs. By updating the MOAs to fully define the current working relationships between all relevant acquisition management chains, the Army acquisition managers would be better able to synchronize the ASTAMIDS program technical, schedule, and funding requirements with FCS schedule and fielding requirements.

### **Policies, Procedures, and Guidance**

Specifically, on April 1, 2004, in testimony to the House Armed Services Committee regarding the FCS program, the Military Deputy to the Assistant Secretary of the Army (Acquisition, Logistics, and Technology) stated that, for FCS to succeed, the Army needed to synchronize the development timelines of existing (complementary) programs with FCS development and fielding. He then identified synchronizing the FCS and complementary system timelines as a top priority. The military deputy further stated that

the Army was using MOAs between the Program Manager, FCS (Brigade Combat Team) and other Army acquisition managers to establish responsibilities and processes for developing, testing, and fielding FCS. At the time of his testimony, he stated that the Army had 19 MOAs between PEOs and 44 MOAs between program managers for the FCS program to provide a basis for cooperative technical and acquisition efforts between the PEOs and program managers.

To help manage the FCS relationships with complementary programs, the Program Manager, FCS (Brigade Combat Team) established an FCS Complementary Program Lead staff position. The duties of that staff position included:

- acting as a focal point between the FCS program and the PEOs and managers of complementary programs,
- developing MOAs with PEOs and program managers to establish working relationships,
- developing and overseeing an FCS program-wide complementary program management and integration strategy, and
- facilitating resolution of integration issues and concerns affecting the complementary programs.

During the audit, the following two MOAs addressed responsibilities and processes related to developing, testing, and fielding ASTAMIDS:

- the MOA for “Collaboration in Support of the Program Management of FCS Planning and Execution,” April 19, 2004 (the Collaboration MOA), between the PEO for Ground Combat Systems (now Program Manager, FCS [Brigade Combat Team]) and the PEO for Ammunition, established responsibilities for integrating complementary programs, including ASTAMIDS, as part of FCS; and
- the MOA for the “Development, Integration, and Testing of the ASTAMIDS,” May 2005 (the ASTAMIDS MOA), between the Project Manager, CCS and the Product Managers for RUS and for FCS (Brigade Combat Team) Intelligence Surveillance and Reconnaissance (ISR) focused specifically on responsibilities for developing ASTAMIDS as a complementary program to FCS.

In addition to the above MOAs, the subordinate MOA for “Collaboration for the Integration of GSTAMIDS, HSTAMIDS, and ASTAMIDS with the FCS Unit of Action (UA),” June 4, 2004, established the roles and responsibilities of the signatories for ensuring integration of three complementary programs, including ASTAMIDS, with the FCS program during the systems development and demonstration phase of the acquisition process.

## **Ensuring Currency and Completeness of MOAs**

The Army acquisition managers had not ensured the currency and completeness of the MOAs that define the working relationships necessary for developing ASTAMIDS as a complementary program to the FCS program. This condition occurred because the Army acquisition managers had not completed updating the 2004 Collaboration MOA and had

not started updating the 2005 ASTAMIDS MOA to implement a request from the Military Deputy to the Assistant Secretary of the Army (Acquisition, Logistics, and Technology) to update MOAs for the FCS complementary programs. The military deputy made this request at the FCS Board of Directors meeting held May 22–23, 2007, concerning how to ensure that complementary program requirements stayed integrated with the FCS. On June 27, 2007, the military deputy followed up his verbal request for updating the MOAs with a written message to his acquisition managers asking for MOA updates. In his message, he emphasized that a clear understanding of the needs and expectations of the FCS program and the appropriate agreements between the FCS program office and the PEOs and subordinate managers was critical to successfully integrating the complementary programs into the FCS program. The military deputy also stated that timely MOA updates were important because the MOAs were the foundation of a cooperative technical and acquisition effort between the signing parties. He further stated that: “It is my firm belief that without the expeditious staffing and approving of these key agreements that the impact on both the FCS program and the complementary programs will not be positive.”

Specific shortfalls in the two current ASTAMID-related MOAs and the Army’s completed and planned corrective actions are discussed below.

### ***Collaboration Memorandum of Agreement***

The 2004 Collaboration MOA, between the Program Manager, FCS (Brigade Combat Team) and the PEO for Ammunition, did not require the parties to perform periodic reviews and updates to ensure that the MOA stayed relevant and current. However, the Collaboration MOA signatories had a draft update to the Collaboration MOA that included a provision for performing annual reviews and updates of the MOA. In addition, the draft included the following changes that should improve the effectiveness and currency of the MOA:

- establishing appendices that delineated specific responsibilities between the Program Manager, FCS (Brigade Combat Team) and subordinate Army acquisition managers for nine complementary programs, including ASTAMIDS, and that eliminated the need for five outdated subordinate MOAs;
- managing items to be exchanged between the complementary program and FCS, including documents, hardware, software, integration efforts, and contractor-acquired property through the FCS Key Item Tracking System; and
- updating office names to align with the organizational structure.

While the draft update to the Collaboration MOA did include significant and positive changes, it did not include or reference specific procedures for resolving or elevating issues that affected the development of the complementary programs and FCS. In addition, the draft update to the Collaboration MOA would cancel the subordinate MOA for “Collaboration for the Integration of GSTAMIDS, HSTAMIDS, and ASTAMIDS with the FCS Unit of Action (UA),” June 4, 2004, which did include procedures for resolving or elevating issues. The existing 2004 Collaboration MOA did document agreed-to mechanisms for elevating and resolving disputes and disagreements between the MOA parties.

When we staffed the finding in April 2008, the Deputy Program Manager, FCS (Brigade Combat Team) Program, Platforms stated that the outdated MOA had not prevented Army acquisition managers from effectively using integrated product teams to execute the FCS and ASTAMIDS programs. However, he acknowledged that updating the MOA would further enhance cooperation and teamwork between the acquisition management chains. The audit team also suggested that the draft Collaboration MOA be revised to include a reference or link to the processes and procedures for managing complementary programs that The Boeing Company, the lead systems integrator for FCS, had documented in the “Complementary Programs Management Control Plan” (the Control Plan), September 13, 2007, and in the draft user reference guide, “Complementary Programs Gap Resolution User Reference Guide,” February 20, 2008 (the draft Reference Guide). As a result of our discussion, the Deputy Program Manager, FCS (Brigade Combat Team), Platforms and the FCS Complementary Program Lead updated the draft MOA to include three new appendices. The new appendices, which were based on Boeing’s Control Plan and draft Reference Guide, address establishing interfaces between FCS and complementary programs, and identifying and resolving funding, schedule, and technical gaps between the FCS requirements and the complementary programs. Together, the procedures in the three appendices should provide a standardized approach for resolving disputes and disagreements between the acquisition management chains of the FCS and the complementary programs, including ASTAMIDS.

We believe that the updated draft MOA, when implemented, will provide a basis for cooperative technical, resource management, scheduling, and acquisition efforts between the Program Manager, FCS (Brigade Combat Team) and the PEO for Ammunition. The enhanced cooperative efforts documented in the draft MOA will help ensure that the nine complementary programs, including ASTAMIDS, satisfactorily meet the functional requirements allocated to them by the FCS program.

## ***ASTAMIDS Memorandum of Agreement***

The ASTAMIDS MOA between the Project Manager, CCS and the Product Managers for RUS and FCS (Brigade Combat Team) ISR did not:

- include or reference specific procedures for timely resolution or elevation of issues that affected the three program offices;
- include the Product Manager, FF UAS, who was responsible for integrating ASTAMIDS on the Fire Scout Unmanned Aerial Vehicle, as a participant in the ASTAMIDS development; or
- define the current role of the Product Manager, RUS regarding reconnaissance, surveillance, and target acquisition development issues affecting the ASTAMIDS program.

While the May 2005 ASTAMIDS MOA included a requirement for annual review and update, the signatories had not begun an update as of April 2008.

During staffing of the finding, each of the signatory offices acknowledged the importance of updating the ASTAMIDS MOA. Specifically, the Project Manager, CCS and the Product Manager, FCS (Brigade Combat Team) ISR agreed that the MOA needed updating to provide an understanding of how their offices work together. In addition, the Product Manager, FF UAS agreed that his office should be a signatory and a participant in the ASTAMIDS MOA because his office was responsible for integrating the ASTAMIDS payload on the Fire Scout. Also, the Product Manager, RUS stated that the ASTAMIDS and FCS programs had evolved since the MOA was signed in May 2005 and that the MOA now overstated the responsibilities of his office. Specifically, he stated that his office was not involved in contracting, logistics, test and evaluation, support, production planning, fielding, or training, as documented in the MOA. The Product Manager, RUS emphasized that the current role of his office was to provide advice to the other MOA signatories regarding reconnaissance, surveillance, and target acquisition issues.

We also met with the Army Deputy Assistant Secretary for Acquisition and Systems Management, in the Office of the Assistant Secretary of the Army (Acquisition, Logistics, and Technology), who stated that he agreed that Army acquisition managers needed to take the time to update the Collaboration and ASTAMIDS MOAs because people and personalities change.

## **Benefits of Updating the Collaboration and ASTAMIDS Memoranda of Agreement**

By updating the Collaboration and ASTAMIDS MOAs to provide current and complete definition of the working relationships between all relevant acquisition management chains, PEOs and program managers should be better able to synchronize the ASTAMIDS program technical, schedule, and funding requirements with the FCS schedule and fielding requirements. Fully defined working relationships, to include standardized processes for closing programmatic gaps, are critical to the success of the ASTAMIDS and FCS programs. The ASTAMIDS program office planned to hold an LRIP decision program review in March 2009. However, Army acquisition officials were still working to resolve multiple technical and schedule gaps involving ASTAMIDS as a complementary program to the FCS program. Examples of unresolved technical and schedule gaps are discussed below.

### ***Technical Gaps***

Technical gaps between the ASTAMIDS and FCS programs included system reliability requirements, information processing between the systems, and the Fire Scout start-up sequence.

- **Reliability:** The ASTAMIDS contractor was working towards contract reliability specifications for mean-time-between-system-aborts (breakdowns) of a minimum of 288 hours, with 576 hours desired. The FCS reliability requirement for the reconnaissance, surveillance, and target acquisition mission was 1,100 hours.
- **Information Processing Environment:** The FCS program office needs to further define hardware and software operating environments and performance requirements for any ASTAMIDS computer software configuration items that will be deployed in air and ground assets.
- **Fire Scout Start-up Sequence:** Staff at the CCS program office believed that the start-up sequence for the Fire Scout may induce unnecessary electrical and thermal shock to the ASTAMIDS payload and adversely affect the ASTAMIDS program from meeting the FCS reliability requirements.

### ***Schedule Gaps***

A 4-year gap exists between the planned LRIP decision program review for ASTAMIDS in March 2009 and the planned LRIP decision program review for the Fire Scout in FY 2013. This condition partially occurred because of a delay in developing the communication, network, data link, and computer components to link the Fire Scout with the FCS system-of-systems. As a result, Army acquisition managers are still in the process of determining how to use the eight LRIP ASTAMIDS units that are planned for delivery in FYs 2010 and 2011.

## **Recommendations, Client Comments, and Our Response**

**A. We recommend that the Assistant Secretary of the Army (Acquisition, Logistics, and Technology) direct the:**

**1. Program Executive Officer for Ammunition and the Program Manager, Future Combat Systems (Brigade Combat Team) to finalize the revised memorandum of agreement for “Collaboration in Support of the Program Management of Future Combat Systems Planning and Execution,” April 19, 2004, as updated to reference or link to processes and procedures for managing complementary programs established in the “Complementary Programs Management Control Plan,” September 13, 2007, and in the draft user reference guide, “Complementary Programs Gap Resolution User Reference Guide,” February 20, 2008.**

### ***Client Comments***

The Deputy for Acquisition and Systems Management, responding for the Assistant Secretary of the Army (Acquisition, Logistics, and Technology), agreed. He stated that the PEO for Ammunition and the Program Manager, FCS (Brigade Combat Team) finalized a revised MOA for “Collaboration in Support of the Program Manager, Future Combat Systems (BCT)’s Planning and Execution of the Future Combat Systems Program,” on July 28, 2008. The Deputy stated that the revised MOA includes procedures for managing complementary programs extracted from the “Complementary Programs Management Control Plan,” September 13, 2007, as well as procedures from the appropriate user reference guides that address how the signatories will identify, allocate, and resolve program gaps. He also stated that the revised MOA requires the signatories to perform annual reviews of their agreement.

### ***Audit Response***

The Deputy for Acquisition and Systems Management’s comments are responsive to the recommendation. The PEO for Ammunition and the Program Manager, FCS (Brigade Combat Team) revised MOA of July 28, 2008, incorporates recommended procedures for managing complementary programs and for identifying, allocating, and resolving program gaps.

**2. Product Manager, Robotic and Unmanned Sensors; Product Manager, Future Combat Systems (Brigade Combat Team) Intelligence Surveillance Reconnaissance; Project Manager, Close Combat Systems; and Product Manager, Future Force Unmanned Aerial Systems to revise the “Memorandum of Agreement for the Development, Integration, and Testing of the Airborne Surveillance, Target Acquisition, and Minefield Detection System,” May 2005, to:**

**a. Reference or link to processes and procedures for managing complementary programs, including timely elevating and resolving issues between**

**their management chains, contained in the “Complementary Programs Management Control Plan,” September 13, 2007, and in the draft user reference guide, “Complementary Program Resolution,” February 20, 2008;**

**b. Add the Product Manager, Future Force Unmanned Aerial Systems as a signatory and define his roles and responsibilities for integrating the Airborne Surveillance, Target Acquisition, and Minefield Detection System on the Future Combat Systems Class IV MQ-8B Fire Scout Unmanned Aerial Vehicle; and**

**c. Define the current role of the Product Manager, Robotic and Unmanned Sensors for reconnaissance, surveillance, and target acquisition issues.**

### ***Client Comments***

The Deputy for Acquisition and Systems Management agreed, stating that the PEO for Ammunition, the Program Manager, FCS (Brigade Combat Team), and the PEO for Intelligence, Electronic Warfare, and Sensors will oversee the preparation of a working level agreement addressing all points in the recommendation. The Deputy stated that the estimated completion date for the working level agreement was August 2009.

### ***Audit Response***

The Deputy’s plan for preparing a working level agreement, which will reference processes and procedures for managing complementary programs and define the ASTAMIDS-related roles and responsibilities of the Product Managers for Future Force Unmanned Aerial Systems and for Robotic and Unmanned Sensors, is responsive to the recommendation.

## **Finding B. Defining Capability Requirements**

The Director, Accelerated and Capabilities Developments, U.S. Army Capabilities Integration Center had not initiated the process to develop the capability production document (CPD) needed to support the ASTAMIDS LRIP decision program review planned for March 2009. This condition occurred because the director did not assign a lead office for developing a CPD after the Army's decision in May 2004 to add RSTA/LD capability requirements to the ASTAMIDS mission in support of the FCS program. A lead office needed to be assigned because the capability requirements for RSTA/LD and mine surveillance overlap the mission responsibilities of three U.S Army Training and Doctrine Command (TRADOC) offices. As a result, two of the three existing operational requirements documents relating to ASTAMIDS did not identify RSTA/LD capability requirements. The third operational requirements document provided general, top-level, requirements for RSTA/LD, but it did not provide the ASTAMIDS program with authoritative, testable capabilities to support the production and deployment phase of the acquisition process. Without fully defined requirements in a CPD, the Program Manager, CCS and the project management engineer could not update the key acquisition planning documents needed to effectively and efficiently plan, fund, and execute the ASTAMIDS program. Key acquisition planning documents derived from the CPD needing updating include the acquisition strategy, the acquisition program baseline, the test and evaluation master plan, and the system engineering plan.

### **Policies, Procedures, and Guidance for Defining Capability Requirements**

The Commander, Joint Chiefs of Staff Instruction 3170.01F, "Joint Capabilities Integration and Development System," May 1, 2007, establishes DoD policies and procedures for defining system capability requirements through the Joint Capabilities Integration and Development System.

The Commander, Joint Chiefs of Staff Manual 3170.01C, "Operation of the Joint Capabilities Integration and Development System," May 1, 2007, provides guidance and procedures for implementing the Joint Capabilities Integration and Development System.

### **Developing the CPD**

The Commander, Joint Chiefs of Staff Manual 3170.01C states that the CPD is the sponsor's primary means of providing authoritative, testable capabilities for the production and deployment phase of an acquisition program. The manual further states that a CPD is finalized after the design readiness review is validated and approved before the LRIP acquisition decision. Although ASTAMIDS had passed the design readiness review point in the system development and demonstration phase of the acquisition process, the Director, Accelerated and Capabilities Developments had not initiated the process to develop the CPD. In the meantime, the ASTAMIDS project management engineer was building two prototype ASTAMIDS units, under Systems Engineering and Integration Spiral 1, for contractor use in flight testing during the fourth quarter of

FY 2008 to support the March 2009 LRIP decision program review. Further, on January 28, 2008, the contracting officer authorized the contractor to begin building another two ASTAMIDS prototype units for delivery to the Government under Spiral 2. Because the ASTAMIDS program is only months away from the LRIP decision program review planned for March 2009, the Director, Accelerated and Capabilities Developments needs to quickly formulate and execute a plan for CPD development. Our audit experience has shown that it often takes sponsors a year or more to formulate, validate, and approve a CPD.

### ***Factors Affecting the Development of the CPD***

The delay in developing the CPD occurred because the Director, Accelerated and Capabilities Developments did not assign a lead office for developing a CPD after the Army's decision in May 2004 to add RSTA/LD capability requirements to the ASTAMIDS mission in support of the FCS program. At the time of our review, the project management engineer for ASTAMIDS was using the following three operational requirements documents to identify the ASTAMIDS capability requirements:

- “Operational Requirements Document for the Airborne Standoff Minefield Detection System,” August 21, 1992 (this document shows what the acronym “ASTAMIDS” meant before adding the RSTA/LD capability requirements);
- “Brigade/UA Tactical Unmanned Aerial Vehicle (TUAV) Operational Requirements Document,” June 24, 2003; and
- “Operational Requirements Document for the Future Combat Systems (FCS),” July 11, 2006.

In our discussions, the staff members of the Director, Accelerated and Capabilities Developments stated that they had discussed developing a CPD for ASTAMIDS, but were uncertain concerning which TRADOC office would take the lead in developing the CPD. This uncertainty occurred because mission requirements of the ASTAMIDS program involved the mission responsibilities of TRADOC offices at Fort Huachuca (intelligence), Fort Leonard Wood (countermine), and Fort Rucker (aviation). The director's staff stated that they were working on a briefing to outline a proposed approach to develop a CPD that had Fort Leonard Wood as the lead office for the CPD.

### ***Effect of Delaying Development of the CPD***

As a result of not initiating the development of the CPD, the ASTAMIDS program office did not have a document that fully defined the ASTAMIDS capability requirements to support ongoing system development efforts, as well as to support the program decision concerning readiness of ASTAMIDS for LRIP. Specific limitations of the three operational requirements documents the Army was using to address system capability requirements for ASTAMIDS were:

- The 1992 operational requirements document for ASTAMIDS did not include RSTA/LD missions that were added to the ASTAMIDS contract in April 2005. In addition, the 1992 operational requirements document supported the Concept Approval Decision for the ASTAMIDS program, which led to the initial system

prototyping for minefield detection. As a result, the 1992 operational requirements document did not provide detailed capability requirements as would be expected in a CPD to support a production decision.

- The June 2003 operational requirements document for the Tactical Unmanned Aerial Vehicle supported the decision to enter the ASTAMIDS program into the system development and demonstration phase of the acquisition process but did not include RSTA/LD capabilities. Additionally, the Army now plans to use the Fire Scout unmanned aerial vehicle, rather than the Tactical Unmanned Aerial Vehicle, as the platform vehicle for ASTAMIDS.
- The July 2006 operational requirements document for the FCS provides general, top-level, FCS capability requirements for RSTA/LD, but it did not provide the ASTAMIDS program with authoritative, testable capabilities to support the production and deployment phase of the acquisition process. The FCS operational requirements document is a starting point for defining RSTA/LD requirements in the CPD for ASTAMIDS.

## **Conclusion**

Without having defined program requirements in a CPD for the ASTAMIDS program, the ASTAMIDS project management engineer is not in a position to accurately update or have updated key program planning documents that are derived from the CPD, which are needed to effectively and efficiently plan, fund, and execute the program. These documents include the ASTAMIDS acquisition strategy, the acquisition program baseline, the test and evaluation master plan, and the system engineering plan.

## **Client Actions During the Audit**

On February 7, 2008, we sent a memorandum to the Commander, U.S. Army Training and Doctrine Command that discussed the urgent need for TRADOC to begin developing the CPD for ASTAMIDS to support the LRIP decision program review planned for March 2009. In response to our memorandum, the Deputy Director, Accelerated and Capabilities Developments issued the “Memorandum for United States Army Maneuver Support Center,” March 7, 2008, which directed the Maneuver Support Center to develop an accelerated document timeline to ensure that the ASTAMIDS CPD is written, staffed, and approved in time to meet the March 2009 LRIP decision program review. The deputy director’s memorandum is included in Appendix C. The deputy director’s direction for an accelerated document timeline for writing, staffing, and approving the CPD will enable the Army to have an authoritative, testable capability requirements document for ASTAMIDS in time to support the LRIP decision program review to be held in March 2009. As a result of the deputy director’s action taken, we are not making an audit recommendation in this finding.

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## **Finding C. Establishing Defense Contract Management Agency Support Responsibilities**

The Project Manager, CCS did not work with the Commander, Defense Contract Management Agency (DCMA) Aircraft Integrated Maintenance Operations (AIMO), Melbourne, Florida, to develop and negotiate a performance-based management MOA. The performance-based management MOA was necessary to define the DCMA AIMO support required to attain the project manager's desired program outcomes for the ASTAMIDS program. This condition occurred because the project management engineer, as a representative of the Project Manager, CCS, was not responsive to invitations from the Program Integrator, DCMA AIMO to develop and negotiate a performance-based management MOA. As a result, DCMA did not have the information and agreement needed to provide the project management engineer and Project Manager, CCS with effective oversight of contractor efforts during the systems development and demonstration phase for the ASTAMIDS program. Specifically, the commander could not effectively plan and execute DCMA surveillance activities to support desired program management outcomes for the ASTAMIDS program, to include establishing letters of delegation (LOD) with other DCMA contract management offices to provide surveillance of the four major ASTAMIDS subcontractors.

### **Regulations and Guidance for Defense Contract Management Agency Support**

Federal and DCMA regulations and guidance define the DCMA role in supporting the program manager's development of weapon systems.

#### ***Federal Acquisition Regulation***

Federal Acquisition Regulation 42.302, "Contract Administration Functions," specifies the contract administration functions that Federal organizations normally delegate to contract administration offices. The contract administration functions include program status reporting; assessing contractor compliance with contract terms; surveilling contractor engineering efforts and management systems; and reviewing and evaluating the contractor's logistics support, maintenance, and modification programs.

#### ***DCMA Policy and Guidance***

The *DCMA Instruction and Guidebook* provides mandatory policy and guidance for performing the contract management functions listed in the Federal Acquisition Regulation. Specifically, it provides the DCMA staff with direction for performing

outcome-based program management support for DoD acquisition programs, including direction for establishing:

- MOAs with program managers that focus on desired program outcomes,
- surveillance plans detailing the tasks necessary to meet the provisions of the MOA, and
- program support teams led by program integrators to carry out the tasks documented in the surveillance plan.

## **Establishing the Memorandum of Agreement**

DCMA staff advised that a performance-based management MOA was not established between the Project Manager, CCS and the Commander, DCMA AIMO. The *DCMA Instruction and Guidebook* requires that DCMA staff establish performance-based management MOAs with program managers that provide the following mandatory information:

- Customer Outcomes: Annex A documents customer (program manager) priorities for outcomes and for DCMA performance commitments.
- Cause-and-Effect Analysis: Annex B is a cause-and-effect analysis that links each metric and standard in the body of the MOA to applicable desired customer outcomes.
- Activity That DCMA Does Not Plan to Engage In or Plans to Deemphasize: Annex C clarifies what the MOA does not cover or include in the metrics describing DCMA's performance commitments. Annex C also documents any contract administration functions specified in Federal Acquisition Regulation 42.302 that DCMA does not plan to provide support for under the MOA.

## **Factors Affecting Establishment of an MOA**

The Program Integrator, DCMA AIMO stated that the project management engineer for ASTAMIDS was not responsive to his invitations during the period from January through November 2007 to coordinate in developing and negotiating a performance-based management MOA. In response, the project management engineer stated that his office did sign an MOA in March 2004 and sent it to DCMA AIMO by e-mail. However, the program integrator stated that his office had not seen the March 2004 MOA and that the MOA would not have been a performance-based MOA as required by the *DCMA Instruction and Guidebook* since May 2004. The Project Manager, CCS and the Deputy PEO for Ammunition stated that they were unaware that a performance-based management MOA was not established between the Project Manager, CCS and the Commander, DCMA AIMO.

## ***Need for Establishing an MOA***

Without a focused and comprehensive performance-based management MOA, DCMA did not have the information and agreement needed to provide the project management engineer and Project Manager, CCS with effective oversight of contractor progress during the systems development and demonstration phase of the acquisition process for the ASTAMIDS program. Specifically, the commander could not effectively plan and execute DCMA surveillance activities to support desired program management outcomes for the ASTAMIDS program, to include establishing LODs with other DCMA contract management offices to provide surveillance of the four major ASTAMIDS subcontractors. While DCMA staff stated that they can establish an LOD without an MOA in place, having an MOA documenting the program manager's desired program outcomes before establishing the LOD helps ensure that the work DCMA performs under the LOD focuses on the needs of the program manager. Because the DCMA AIMO staff had not established LODs for subcontractor surveillance, the Program Integrator, DCMA AIMO indicated that his office had to rely on the prime contractor to pass on critical information concerning these four major ASTAMIDS subcontractors:

- DRS Technologies, Inc., was developing the reconnaissance, surveillance, and target acquisition capability for ASTAMIDS. The contractor allocated \$23.8 million to DRS to develop this capability.
- Fibertek, Inc., was developing a compact eye-safe laser rangefinder/designator. The contractor allocated \$6.7 million to Fibertek to develop the laser rangefinder/designator.
- Apogen Technologies was developing the camera and lens for ASTAMIDS. The contractor allocated \$10.6 million to Apogen to develop the camera and lens.
- ARETE Associates was developing the software for ASTAMIDS. The contractor allocated \$2.7 million to ARETE to develop the software.

While the Program Integrator, DCMA AIMO acknowledged having a working relationship with the Project Manager, CCS, he emphasized that, without an MOA with the ASTAMIDS program office, the percentage of DCMA resources used to support ASTAMIDS was much lower than the resources used for programs that had MOAs in place.

## **Client Actions During the Audit**

In response to audit concerns, the Project Manager, CCS and the Commander, DCMA AIMO prepared and approved a performance-based management MOA, "Performance-Based Management (PBM) Memorandum of Agreement (MOA) between Product Manager, Countermine & EOD for Airborne Surveillance, Target Acquisition and Minefield Detection System (ASTAMIDS) Program and Defense Contract Management Agency Aircraft Integrated Maintenance Operations – Melbourne, FL," April 1, 2008. We reviewed the approved MOA and determined that it adhered to the mandatory policy and guidance in the *DCMA Instruction and Guidebook*. Specifically, the approved MOA includes the mandatory annexes for customer outcomes, cause and

effect analysis, and activities DCMA does not plan to engage in or plans to deemphasize. Additionally, the approved MOA includes an annex documenting the strategies that DCMA plans to use for surveillance of contractor activities. This annex includes surveillance activities planned for the following DCMA functional specialists: program integrator, engineering, earned value management, logistics management, property administration, industrial planning, quality control, software acquisition, business management, contracting, and supply chain integration. Further, the annex states that the frequency and intensity of DCMA surveillance will vary depending on the assigned risk of the process, phase of the program, and activities the contractor is currently performing. After approval of the MOA, DCMA AIMO issued an LOD on June 26, 2008, to DCMA, Santa Ana, California, to perform surveillance of DRS Technologies, Inc. Implementation of the approved MOA, along with the LOD, should enable DCMA to provide the project management engineer for ASTAMIDS and the Project Manager, CCS with effective contractor surveillance information as the ASTAMIDS program progresses towards the LRIP decision. Since corrective action has been taken, we are not making an audit recommendation in this finding.

## **Appendix A. Scope and Methodology**

We conducted this performance audit from August 2007 through June 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

During the audit, we evaluated whether management was effectively developing and readying the program for the low-rate initial production phase of the acquisition process. We reviewed requirements and capabilities, testing, systems engineering, contracting, acquisition strategy, and funding documents dated from August 1992 through June 2008. We interviewed staff from the offices of the Assistant Secretary of the Army (Acquisition, Logistics, and Technology); the Commander, Army Test and Evaluation Command; the Program Executive Officer for Ammunition; the Program Manager, Future Combat Systems (Brigade Combat Team); the Project Manager, Close Combat Systems; the Product Manager, Robotic and Unmanned Sensors; the Product Manager, Future Force Unmanned Aircraft Systems; and the Product Manager, Brigade Combat Team (Intelligence, Surveillance, and Reconnaissance).

### **Review of Internal Controls**

We determined that a material internal control weakness in the management of ASTAMIDS existed as defined by DoD Instruction 5010.40, "Managers' Internal Control (MIC) Program Procedures," January 4, 2006. The DoD 5000 series of guidance requires acquisition managers to exercise discretion and prudent business judgment in structuring tailored, responsive, and innovative programs. Planning and executing the ASTAMIDS program as a complementary system to the Army FCS program without having up-to-date and complete MOAs between applicable command chains, without having the user fully define system capability requirements, and without using the program surveillance resources of the Defense Contract Management Agency (DCMA) efficiently and effectively comprise less than prudent business practices. Implementing our recommendations will improve internal controls by ensuring that the Army more effectively and efficiently readies the ASTAMIDS program for LRIP. We will provide a copy of this report to the senior Army official responsible for internal controls in the Department of the Army.

### **Use of Computer-Processed Data**

We did not use computer-processed data to perform this audit.

### **Use of Technical Assistance**

Two electrical engineers and one computer engineer from the Electronics Engineering and Information Technology Branches, Technical Assessment Directorate, Policy and

Oversight, Department of Defense Office of Inspector General assisted in the audit. The engineers evaluated and reviewed the ASTAMIDS software, systems engineering, and other acquisition-planning-related documentation.

### **Prior Coverage**

No prior coverage has been conducted on the overall management of the ASTAMIDS program during the last 5 years.

# Appendix B. Background Information

The following paragraphs provide information on the program history and system description for ASTAMIDS.

## Program History

On November 5, 2002, the Program Executive Officer for Ammunition, the Army milestone decision authority for the ASTAMIDS program, approved the program for entry into the system development and demonstration phase of the acquisition process. During the summer of 2003, the FCS program office staff recognized that ASTAMIDS could meet the FCS operational requirements for RSTA/LD. Accordingly, on March 31, 2004, the FCS Council of Colonels designated ASTAMIDS as a complementary program to the FCS because the ASTAMIDS minefield and obstacle detection capability could also satisfy the FCS countermine capability requirements identified in the FCS operational requirements document. On April 1, 2005, the Army Communications and Electronics Command issued modification 18 to contract DAAB15-03-C-0013, the ASTAMIDS development contract, which added the RSTA/LD sensor requirements to the contract and increased the contract value by \$24.1 million.

## System Description

Each ASTAMIDS unit consists of two subsystems: the airborne payload and the tactical ground segment.

### *The Airborne Payload*

The Airborne Payload subsystem consists of six equipment groups. Descriptions of each equipment group follow.

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• \* \*

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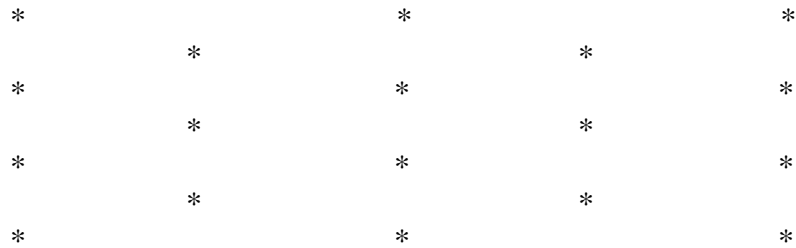
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\* Freedom of Information Act Exemption 4, which includes trade secrets or commercial or financial information, as stated in DoD 5400.7-R, "Freedom of Information Act," September 1998.



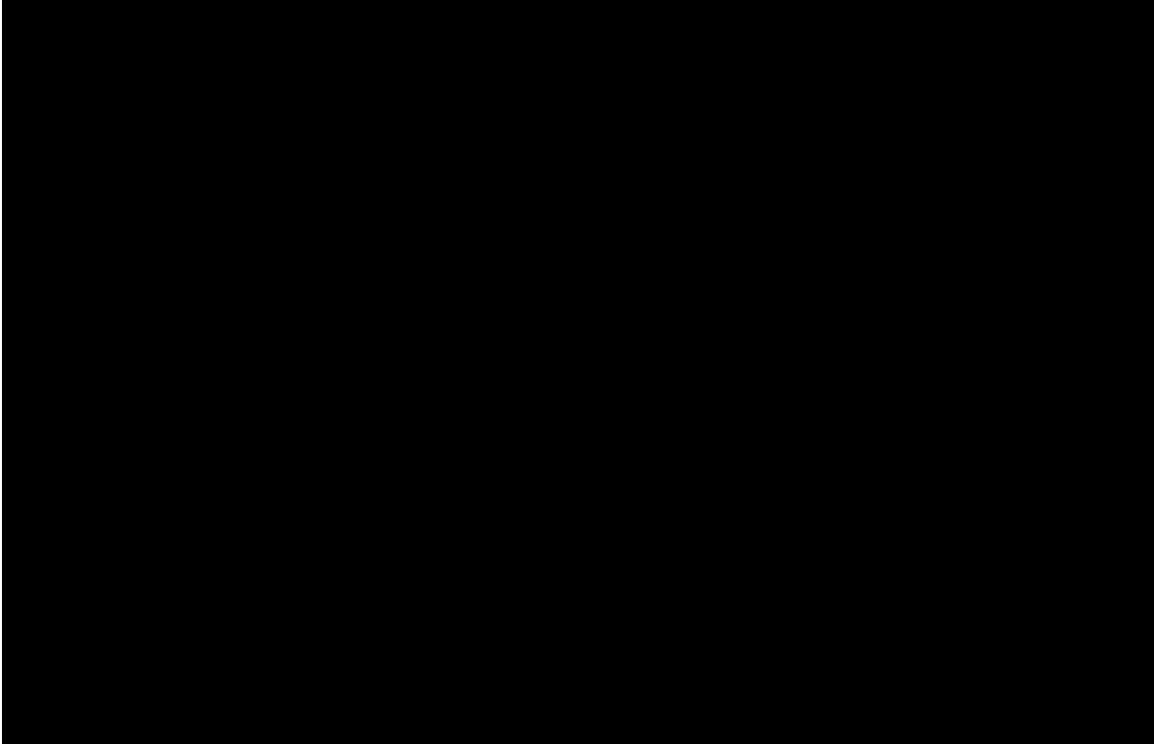
Figure B-1 on the next page shows the external design of the airborne payload and Figure B-2 shows the airborne payload mounted on the Fire Scout.

***The Tactical Ground Segment***




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\* Freedom of Information Act Exemption 4, which includes trade secrets or commercial or financial information, as stated in DoD 5400.7-R, "Freedom of Information Act," September 1998.



**Figure B-1. The Payload Design\***



**Figure B-2. The Payload Mounted on the Fire Scout Unmanned Aerial Vehicle\***

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\* Freedom of Information Act Exemption 4, which includes trade secrets or commercial or financial information, as stated in DoD 5400.7-R, "Freedom of Information Act," September 1998.

# Appendix C. Army Training and Doctrine Command Client Actions to Define Capability Requirements



DEPARTMENT OF THE ARMY  
HEADQUARTERS UNITED STATES ARMY TRAINING AND DOCTRINE COMMAND  
ARMY CAPABILITY INTEGRATION CENTER  
33 INGALLS ROAD  
FORT MONROE, VIRGINIA 23651-1067

REPLY TO  
ATTENTION OF

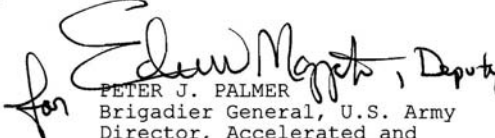
ATFC-DP

- 7 MAR 2008

MEMORANDUM FOR United States Army Maneuver Support Center (AT2T-CDR), 320 MANSCEN Loop Ste 141, Fort Leonard Wood, MO 65473-8929

SUBJECT: Approval to Write a Stand Alone Airborne Surveillance Target Acquisition Mine Detection System (ASTAMIDS) Capability Production Document (CPD)

1. Reference: Department of Defense Inspector General Memorandum, Subject: Audit of the Acquisition of the Airborne Standoff Minefield Detection System (Project No. D2007-D000AE-0244.000), 7 FEB 08.
2. The Army Capability Integration Center (ARCIC) approves the Maneuver Support Center's (MANSCEN) request to write an Airborne Surveillance Target Acquisition Mine Detection System (ASTAMIDS) Capability Production Document (CPD) in order to support a MAR 09 Milestone C Decision.
3. MANSCEN will develop an accelerated document timeline to ensure that the ASTAMIDS CPD is written, staffed, and approved in time to meet the MAR 09 decision.
4. Points of contact for this action are:
  - a. ARCIC. MAJ Bill Tennant, william.tennant@us.army.mil, 757-788-2295, (DSN: 680).
  - b. MANSCEN. Mr. Tom Clement, thomas.clement@us.army.mil, 573-563-7323, (DSN: 676).

*for*   
PETER J. PALMER  
Brigadier General, U.S. Army  
Director, Accelerated and  
Capabilities Developments

CF: DoD Inspector General

# Department of the Army Comments



**DEPARTMENT OF THE ARMY**  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
ACQUISITION LOGISTICS AND TECHNOLOGY  
103 ARMY PENTAGON  
WASHINGTON DC 20310-0103

AUG 15 2008

SAAL-SMA

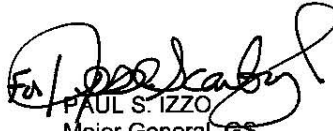
MEMORANDUM FOR DEPARTMENT OF DEFENSE OFFICE OF THE DEPUTY  
INSPECTOR GENERAL FOR AUDITING, ACQUISITION  
AND CONTRACT MANAGEMENT DIRECTORATE,  
400 ARMY NAVY DRIVE, ARLINGTON, VA 22202

SUBJECT: Audit of Acquisition of the Army Airborne Surveillance, Target Acquisition,  
and Minefield Detection System

Reference the following report: Department of Defense Office of Inspector  
General, subject: Acquisition of the Army Airborne Surveillance, Target Acquisition, and  
Minefield Detection System, D2007-D000AE-0244.000, dated July 18, 2008.

We concur with the report and recommendations. Specific comments to the audit  
recommendations and additional clarification comments are enclosed.

My point of contact is Mr. Jeffrey C. Brooks at (703) 604-7227, or e-mail:  
jeffrey.brooks@us.army.mil.

  
PAUL S. IZZO  
Major General, GS  
Deputy for Acquisition and  
Systems Management

Enclosure

## RECOMMENDATIONS

### **A. We recommend that the Assistant Secretary of the Army (Acquisition, Logistics and Technology) direct the:**

1. Program Executive Officer for Ammunition and the Program Manager, Future Combat Systems (Brigade Combat Team) to finalize the revised memorandum of agreement for "Collaboration in Support of the Program Management of Future Combat Systems Planning and Execution," April 19, 2004, as updated to reference or link to processes and procedures for managing complementary programs established in the "Complementary Programs Management Control Plan," September 13, 2007, and in the draft user reference guide, "Complementary Programs Gap Resolution User Reference Guide," February 20, 2008.

**Command Comments: Concur.** The Program Executive Officer for Ammunition and Program Manager, Future Combat Systems (Brigade Combat Team) already approved and signed the revised Memorandum of Agreement (MOA) between the two organizations on July 28, 2008 (Enclosed). The revised MOA now requires an annual review conducted by the two organizations and includes procedures extracted from the "Complementary Programs Management Control Plan," dated September 13, 2007. The MOA also includes appropriate user reference guides that address how gaps are allocated, identified and resolved, and updated point of contacts for the various offices.

2. Product Manager, Robotic and Unmanned Sensors; Product Manager, Future Combat Systems (Brigade Combat Team) Intelligence Surveillance Reconnaissance; Project Manager, Close Combat Systems; and Product Manager, Future Force Unmanned Aerial Systems to revise the "Memorandum of Agreement for the Development, Integration, and Testing of the Airborne Surveillance, Target Acquisition, and Minefield Detection System," May 2005, to:

a. Reference or link to processes and procedures for managing complementary programs, including timely elevating and resolving issues between their management chains, contained in the "Complementary Programs Management Control Plan," September 13, 2007, and in the draft user reference guide "Complementary Program Resolution," February 20, 2008;

b. Add the Product Manager, Future Force Unmanned Aerial Systems as a signatory and define his roles and responsibilities for integrating the Airborne Surveillance, Target Acquisition, and Minefield Detection System on the Future Combat Systems Class IV MQ-8B Fire Scout Unmanned Aerial Vehicle; and

c. Define the current role of the Product Manager, Robotic and Unmanned Sensors for reconnaissance, surveillance, and target acquisition issues.

-2-

**Command Comments: Concur.** The Program Executive Officer for Ammunition, Program Manager, Future Combat Systems (Brigade Combat Team) and Program Executive Officer for Intelligence, Electronic Warfare & Sensors will oversee the preparation of a working level agreement addressing all points in recommendation A2. The estimated completion date for this working level agreement is August 2009.

# Defense Contract Management Agency Comments



DEFENSE CONTRACT MANAGEMENT AGENCY  
6350 WALKER LANE, SUITE 300  
ALEXANDRIA, VIRGINIA 22310-3226

IN REPLY  
REFER TO DCMA-DMI

AUG 8 2008

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL,  
PROGRAM DIRECTOR, ACQUISITION AND CONTRACT  
MANAGEMENT, ATTN: MR. JOHN E. MELING

SUBJECT: DODIG Draft Report on Audit of Acquisition of the Army Airborne  
Surveillance, Target Acquisition, and Minefield Detection System

Reference: Subject draft audit report (Project No. D2007-D000AE-0244.000)

We have attached the Headquarters, Defense Contract Management Agency  
response to subject audit report.

Point of contact is Ms. Dorotherine Eaddy at 703-428-1446 or  
[Dorotherine.Eaddy@dcma.mil](mailto:Dorotherine.Eaddy@dcma.mil).

A handwritten signature in blue ink, appearing to read "C. Williams, Jr.", written over a light blue horizontal line.

CHARLIE E. WILLIAMS, JR.  
Director

**DODIG Audit of the Acquisition of the Army Airborne Surveillance, Target Acquisition, and Minefield Detection System, Project No. D2007-D000AE-0244.000**

**DCMA Comments:** We have reviewed the report and concur with the Auditor's comments to our response to the Discussion Draft. We have also reviewed our statement regarding the designation as "FOUO" and maintain that it should be designated as "FOUO".

DCMA's Office of Counsel position is that the entire document should be marked FOUO and fits in the 5th exemption of the Freedom of Information Act; that is, Inter-Agency memoranda that are deliberative in nature; this exemption is appropriate for internal documents that are part of the decision making process and contain subjective evaluations, opinions and recommendations.

The last two pages would fall under exemption 4, that is, information such as trade secrets and commercial or financial information obtained from a company on a privileged or confidential basis that, if released, would result in competitive harm to the company, impair the Government's ability to obtain like information in the future, or protect the Government's interest in compliance with program effectiveness.

Pages 21-22

**Attachment**

## **Team Members**

The Department of Defense Office of the Deputy Inspector General for Auditing, Acquisition and Contract Management prepared this report. Personnel of the Department of Defense Office of Inspector General who contributed to the report are listed below.

Richard B. Jolliffe  
John E. Meling  
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Andrew D. Greene  
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Steven P. Mazur  
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Charles S. Dekle  
Christopher J. Jamieson  
Meredith H. Johnson



# Inspector General Department of Defense

